OFFICIAL STATEMENT

NEW ISSUE **RATING: Moody's: "Aa2" (Stable Outlook)†**
(Book Entry Only)

*In the opinion of bond counsel, interest on the Series 2023A Bonds is **NOT** excludable from gross income for federal income tax purposes. In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Series 2023B Bonds is excludable from gross income for federal income tax purposes, and (ii) interest on the Series 2023B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2023B Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. In bond counsel's further opinion, under existing law, interest on the Series 2032A Bonds and Series 2023B Bonds is exempt from all present State, county and municipal taxation in the State of Arkansas (See **TAX MATTERS** herein.).*

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITY REVENUE BONDS
(FAYETTEVILLE CAMPUS)
$62,335,000 TAXABLE SERIES 2023A
AND
$60,075,000 REFUNDING SERIES 2023B

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

The Series 2023A Bonds and the Series 2023B 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 defined herein). 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 2023A 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 2023A Bonds. The Series 2023B Bonds are being issued for the purpose of current refunding certain outstanding bonds through a purchase by means of a tender offer and cancellation, as described below and herein, and paying costs of issuance of the Series 2023B Bonds and costs of the refunding and tender offer (see **PURPOSES FOR THE BONDS AND FINANCING PLAN** herein).

The Board, with the assistance of J.P. Morgan Securities LLC, as dealer manager, has released an "Invitation to Tender Bonds for Purchase" dated July 7, 2023 inviting owners of the Invited Bonds (as defined herein) to tender such bonds for purchase by the Board. On the date of delivery of the Series 2023B Bonds (the "Settlement Date"), the Board will purchase for cash the Invited Bonds that are validly tendered for purchase (in the principal amounts comprising the "Purchased Bonds," as set forth in **Schedule I – SCHEDULE OF PURCHASED BONDS**). The purchase of the Purchased Bonds will be funded with proceeds of the Series 2023B Bonds (See **PURPOSES FOR THE BONDS AND FINANCING PLAN** 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, 2024. 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 LLP, 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 August 17, 2023.

J.P.Morgan

Crews&Associates Stephens Inc.

Dated: July 25, 2023

† See **DESCRIPTION OF RATING** herein.

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITY REVENUE BONDS
(FAYETTEVILLE CAMPUS)

$62,335,000 TAXABLE SERIES 2023A

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

$19,570,000 Serial Bonds

Year (November 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2024	$ 905,000	5.467%	5.467%	914073GM7
2025	950,000	5.237%	5.237%	914073GN5
2026	1,000,000	4.956%	4.956%	914073GP0
2027	1,050,000	4.751%	4.751%	914073GQ8
2028	1,105,000	4.801%	4.801%	914073GR6
2029	1,155,000	4.818%	4.818%	914073GS4
2030	1,210,000	4.868%	4.868%	914073GT2
2031	1,270,000	4.816%	4.816%	914073GU9
2032	1,335,000	4.866%	4.866%	914073GV7
2033	1,405,000	4.936%	4.936%	914073GW5
2034	1,475,000	5.036%	5.036%	914073GX3
2035	1,550,000	5.136%	5.136%	914073GY1
2036	1,630,000	5.236%	5.236%	914073GZ8
2037	1,720,000	5.266%	5.266%	914073HA2
2038	1,810,000	5.316%	5.316%	914073HB0

$10,655,000 5.309% Term Bonds due November 1, 2043 – Yield 5.309% CUSIP†: 914073HC8

$32,110,000 5.410% Term Bonds due November 1, 2053 – Yield 5.410% CUSIP†: 914073HD6

$60,075,000 REFUNDING SERIES 2023B

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

Year (November 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2024	$1,295,000	5.000%	3.140%	914073HE4
2025	1,200,000	5.000%	2.950%	914073HF1
2026	5,275,000	5.000%	2.800%	914073HG9
2027	1,300,000	5.000%	2.730%	914073HH7
2028	3,305,000	5.000%	2.710%	914073HJ3
2029	7,740,000	5.000%	2.710%	914073HK0
2030	3,060,000	5.000%	2.690%	914073HL8
2031	4,835,000	5.000%	2.670%	914073HM6
2032	540,000	5.000%	2.690%	914073HN4
2033	5,045,000	5.000%	2.760%	914073HP9
2034	3,175,000	5.000%	2.860%*	914073HQ7
2035	2,570,000	5.000%	2.950%*	914073HR5
2036	3,720,000	5.000%	3.070%*	914073HS3
2037	3,300,000	5.000%	3.160%*	914073HT1
2038	665,000	5.000%	3.280%*	914073HU8
2039	1,140,000	5.000%	3.310%*	914073HV6
2040	4,225,000	5.000%	3.380%*	914073HW4
2041	1,655,000	5.000%	3.440%*	914073HX2
2043	4,810,000	5.000%	3.520%*	914073HY0
2044	1,220,000	5.000%	3.610%*	914073HZ7

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* Priced to the first optional redemption date of November 1, 2033.

† 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), Taxable Series 2023A, in the aggregate principal amount of $62,335,000 (the "Series 2023A Bonds"), and Refunding Series 2023B, in the aggregate principal amount of $60,075,000 (the "Series 2023B Bonds," and together with the Series 2023A Bonds, the "Bonds"), each 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 resolutions duly adopted by the Board on May 25, 2023. 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 2023 Trust Indenture dated as of the date of delivery of the Bonds (the "Series 2023 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 Series 2022 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 Series 2022 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 (as hereinafter defined) 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.

Redemption

The Series 2023A 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, 2033, 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, as described herein. In addition to and independent of the redemption rights described in the previous sentence, the Series 2023A 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 2023A 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 2023A 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 2023A 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 ten (10) basis points for Series 2023A Bonds maturing in 2024, 2026, 2027 and 2028; plus five (5) basis points for Series 2023A Bonds maturing in 2025; plus fifteen (15) basis points for Series 2023A Bonds maturing in 2029, 2030, 2031, 2032 and 2033; and plus twenty (20) basis points for Series 2023A Bonds maturing in 2034 and thereafter; plus in each case, accrued and unpaid interest on the Series 2023A Bonds being redeemed to the date fixed for redemption, as described herein. The Series 2023A Bonds maturing on November 1 in the years 2043 and 2053 are also subject to mandatory sinking fund redemption prior to maturity, as described herein.

The Series 2023B 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, 2033, 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, as described herein. See **REDEMPTION** herein.

Use of Proceeds and Tender Offer

The proceeds from the sale of the Series 2023A Bonds will be used to finance certain capital improvements for UA, Fayetteville (as hereinafter defined) and to pay costs of issuance of the Series 2023A Bonds.

The Board intends to use proceeds of the Series 2023B Bonds to accomplish the current refunding of certain of the Invited Bonds (as defined below) through a purchase by means of a tender offer and cancellation. The Board, with the assistance of J.P. Morgan Securities LLC, as dealer manager, has released an "Invitation to Tender Bonds for Purchase" dated July 7, 2023 (the "Invitation") inviting owners of the Board's Series 2016A Bonds, Series 2017 Bonds, Series 2019B Bonds and Series 2021 Bonds (collectively, the "Invited Bonds") to tender such bonds for purchase by the Board. On the date of delivery of the Series 2023B Bonds (the "Settlement Date"), the Board will purchase for cash the "Purchased Bonds" (as hereinafter defined), as set forth in **Schedule I – SCHEDULE OF PURCHASED BONDS**. The purchase of the Purchased Bonds will be funded by proceeds of the Series 2023B Bonds. The Purchased Bonds will be cancelled on the Settlement Date and will no longer be deemed outstanding. Based on the outcome of the Invitation, some of the Invited Bonds may be purchased pursuant to the Invitation and some may remain outstanding. Series 2023B Bond proceeds will also pay costs of issuance of the Series 2023B Bonds and costs of accomplishing the refunding and tender offer. See **PURPOSES FOR THE BONDS AND PLAN OF FINANCING** 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) and the funds and accounts held pursuant to the Indenture (with the exception of the Rebate Fund). 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 actions 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 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, on the Pledged Revenues except for Existing Obligations, Other Obligations and bonds issued under and in accordance with the provisions of the Master Indenture. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Pledged Revenues; Permitted Encumbrances** herein.

There is no debt service reserve securing the Bonds.

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OFFICIAL STATEMENT

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITY REVENUE BONDS
(FAYETTEVILLE CAMPUS)
$62,335,000 TAXABLE SERIES 2023A
AND
$60,075,000 REFUNDING SERIES 2023B

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 its Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2023A, in the aggregate principal amount of $62,335,000 (the "Series 2023A Bonds"), and its Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2023B, in the aggregate principal amount of $60,075,000 (the "Series 2023B Bonds," and together with the Series 2023A Bonds, the "Bonds"), each 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 Resolutions adopted by the Board on May 25, 2023.

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 2023 Trust Indenture to be dated as of the date of delivery of the Bonds (the "Series 2023 Indenture"), by and between the Board and the Trustee. The Bonds will be payable from Pledged Revenues (defined below).

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 Series 2022 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 Series 2022 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), Series 2014B (the "Series 2014B Bonds"), (ii) Various Facility Revenue Bonds (Fayetteville Campus), Series 2015B (the "Series 2015B Bonds"), (iii) Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2016A (the "Series 2016A Bonds"), (iv) Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2016B (the "Series 2016B Bonds"), (v) Various Facility Revenue Bonds (Fayetteville Campus), Series 2017 (the "Series 2017 Bonds"), (vi) Various Facility Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2018A (the "Series 2018A Bonds"), (vii) Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2018B (the "Series 2018B Bonds"), (viii) Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2019A (the "Series 2019A Bonds"), (ix) Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B (the "Series 2019B Bonds"), (x) Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the "Series 2021 Bonds"), and (xi) Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A and Taxable Series 2022B (collectively, the "Series 2022 Bonds"), and with the foregoing bonds described in clauses (i) through (xi) 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. As further set forth in **PURPOSES FOR THE BONDS AND FINANCING PLAN** herein, the Board has invited owners of the Series 2016A Bonds, Series 2017 Bonds, Series 2019B Bonds and Series 2021 Bonds to tender such bonds for purchase by the Board.

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) secured by Pledged Revenues. The Series 2023 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 2023 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, the Series 2023 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 forms thereof and the information with respect thereto included in the Master Indenture and Series 2023 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

In January 2020, the Secretary of the United States Department of Health and Human Services declared a public health emergency related to COVID-19, a respiratory disease caused by a new strain of coronavirus. The World Health Organization (the "WHO") declared a pandemic on March 11, 2020 following the global outbreak of COVID-19. On March 13, 2020, then President Donald Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Arkansas's then 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. On April 10, 2023, President Joe Biden signed a congressional resolution that terminated the national emergency related to COVID-19. On May 5, 2023, the WHO announced that it was ending its COVID-19 emergency declaration. On May 11, 2023, the Department of Health and Human Services' ("HHS") public health emergency declaration expired. 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 saw 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 March 11, 2021, legislation providing an additional $1.9 trillion of economic relief (known as the American Rescue Plan) was signed into law by President Joe Biden. Such legislation included, 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.

On September 9, 2021, President Biden announced a COVID-19 Action Plan (the "Action Plan") that, among other things, required 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 would have resulted 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. The University of Arkansas for Medical Sciences achieved compliance under the Action Plan. On May 1, 2023, President Biden announced the end of the COVID-19 vaccine requirements for federal employees, federal contractors, and international air travelers. On May 31, 2023, the Centers for Medicare and Medicaid Services ("CMS") issued a final rule formally withdrawing the vaccine requirement for health care staff. The final rule was published in the *Federal Register* on June 5, 2023, and will take effect on August 4, 2023; however, CMS explicitly stated that it will not be enforcing the staff vaccination provisions of the interim rule between June 5, 2023 and August 4, 2023, the date the final rule becomes effective.

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. In April 2023, the State legislature passed further reductions in individual income tax rates and corporate income tax rates.

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.

Beginning in fall 2022, UA, Fayetteville's operations have been 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, 2022, and 2023 UA, Fayetteville received a total of $44,978,255 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.

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The following table details such funding received in FY2021, in FY2022, and in FY2023:

	Sum of Amounts Received
FY2021	**$21,470,723**
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	717,731
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	**$23,434,425**
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
Remote Expenses	184,646
Financial Aid Outreach	8,020
COVID-19 Monitoring and Suppression	305,700
FY2023	**$73,107**
COVID-19 Monitoring and Suppression	73,107
Grand Total	**$44,978,255**

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.

Developments with respect to COVID-19 and the State's responses to COVID-19 (including governmental mandates) may continue to occur. The full and future 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 AND FINANCING PLAN

Series 2023A Bonds

Proceeds of the Series 2023A 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 Institute for Integrative and Innovative Research, (b) the acquisition, construction, furnishing, and equipping of the Multi-User Silicon Carbide Research and Fabrication Facility, and (c) 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 UA, Fayetteville

Certain components of the Project are further described below:

Institute for Integrative and Innovative Research. A portion of the proceeds of the Series 2023A Bonds, along with other available funds, is expected to be used to acquire, construct, furnish, and equip a new facility on Dickson Street on the UA, Fayetteville campus with an area of approximately 143,676 square feet to be known as the Institute for Integrative and Innovative Research, or "I^{3}R". I^{3}R is intended to create a flexible, state-of-the-art, collaborative home that facilitates integration of research across disciplinary boundaries, particularly material science, data science, bioscience and bioengineering research and education in metabolism, food and technology, and integrative systems neuroscience. UA, Fayetteville contemplates that I^{3}R will create space for around 30 faculty researchers and 180 research bench positions. The total cost of I^{3}R is anticipated to be approximately $121,700,000, with approximately $30,000,000 being funded with proceeds of the Bonds and the remainder being funded with grants, gifts, and UA, Fayetteville reserves. Planning and design work began in 2020, and construction started in November 2021. Completion is expected in November 2024.

Multi-User Silicon Carbide Research and Fabrication Facility. A portion of the proceeds of the Series 2023A Bonds, along with other available funds, is expected to be used to acquire, construct, furnish, and equip a new facility to be known as the Multi-User Silicon Carbide Research and Fabrication Facility, or the "MUSiC Facility," located within the Arkansas Research and Technology Park near the intersection of West Cato Springs Road and Innovation Drive in Fayetteville, Arkansas. The MUSiC Facility is expected to have an area of approximately 18,559 square feet. The MUSiC Facility is being constructed to provide a laboratory that will give UA, Fayetteville a unique semiconductor fabrication capability that will meet the need for relevant power electronics semiconductor research and manufacturing in the United States. The MUSiC Facility's laboratory space is intended to expand UA, Fayetteville's capability for research and market applications for silicon carbide technology. The total cost of the MUSiC Facility is anticipated to be approximately $36,185,000, with approximately $32,000,000 being funded with proceeds of the Bonds and the remainder being funded with researching funding, gifts, and UA, Fayetteville reserves. Planning and design work began in 2022, and construction is anticipated to start in July 2023. Completion is expected in December 2024.

Series 2023B Bonds

The Board, with the assistance of J.P. Morgan Securities LLC, as dealer manager, has released an "Invitation to Tender Bonds for Purchase" dated July 7, 2023 (the "Invitation") inviting owners of the Series 2016A Bonds, Series 2017 Bonds, Series 2019B Bonds and Series 2021 Bonds (collectively, the Series 2016A Bonds, Series 2017 Bonds, Series 2019B Bonds and Series 2021 Bonds are referred to herein as the "Invited Bonds") to tender such bonds for purchase by the Board. Proceeds of the Series 2023B Bonds will be used to accomplish the current refunding of certain portions of the Invited Bonds that are validly tendered for purchase (the "Purchased Bonds") as set forth in **Schedule I – SCHEDULE OF PURCHASED BONDS** and to pay costs of issuance of the Series 2023B Bonds and costs of accomplishing the refunding and purchase of the Purchased Bonds. On the date of delivery of the Series 2023B Bonds (the "Settlement Date"), the Board will purchase for cash the Purchased Bonds, as set forth in **Schedule I – SCHEDULE OF PURCHASED BONDS**. The purchase of the Purchased Bonds will be funded with proceeds of the Series 2023B Bonds. On the Settlement Date, a portion of the proceeds of the Series 2023B Bonds will used by the Trustee to purchase the Purchased Bonds. The Purchased Bonds will be cancelled on the Settlement Date and will no longer be deemed outstanding under the Master Indenture. Based on the outcome of the Invitation, some of the Invited Bonds may be purchased pursuant to the Invitation and some may remain outstanding.

This description is not intended to summarize the terms of the Invitation or to solicit offers to tender Invited Bonds, and reference is made to the Invitation for a discussion of the terms of the Invitation and the conditions for settlement of the Invited Bonds validly tendered and accepted for purchase. The Board will file the Invitation with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, and a copy is available from the dealer manager identified above.

The Series 2016A Bonds were issued to were issued to advance refund all of the Board's outstanding Various Facility Revenue Bonds (Fayetteville Campus), Series 2007A (the "Series 2007A Bonds"), and all of the Board's outstanding Various Facility Revenue Bonds (Fayetteville Campus), Series 2008A (the "Series 2008A Bonds") and to finance certain capital improvements for UA, Fayetteville, including (1) the renovation, improvement and equipping of Discovery Hall, (2) the renovation, expansion and equipping of Kimpel Hall, (3) the acquisition, construction and equipping of an offsite Library Storage Building, (4) the construction of monument signs at the entrances to the campus of UA, Fayetteville, (5) the acquisition, construction and equipping of intramural sports facilities, (6) the acquisition, construction and equipping of the Civil Engineering Research and Education Center, (7) the acquisition, construction and equipping of an expansion to the Pat Walker Health Center, and (8) the renovation, expansion and equipping of a residence facility to be used by the Sigma Alpha Epsilon fraternity. The Series 2007A Bonds were issued to finance a portion of the costs associated with the acquisition, construction, equipping and furnishing of two residence facilities for UA, Fayetteville (Maple Hill South and Duncan Avenue Apartments). The Series 2008A Bonds were issued to finance costs associated with (1) the acquisition, construction, equipping, improvement and renovation of parking facilities, including particularly, without limitation, (a) the acquisition, construction and equipping of a portion of the Garland Avenue Parking Garage, (b) the acquisition, construction and equipping of improvements and renovations to the Harmon Avenue Parking Garage, and (c) the acquisition, construction and equipping of improvements and renovations to the Douglas Street Surface Parking Lot, (2) the acquisition of land and properties for expansion and other UA, Fayetteville related purposes, and (3) the renovation of a building for KUAF radio.

The Series 2017 Bonds were issued to were issued to finance various facilities and improvements at UA, Fayetteville, including particularly, without limitation, the following: (a) the acquisition, construction, equipping and furnishing of the Stadium Drive Residence Halls, (b) the acquisition, construction and equipping of improvements to the south campus steam and utility systems, (c) the renovation expansion and equipping of Kimpel Hall, (d) the acquisition, construction and equipping of an offsite Library Storage Building, (e) the acquisition, construction and equipping of intramural sports facilities, (f) the acquisition, construction and equipping of a Civil Engineering Research and Education Center, (g) the acquisition, construction and equipping of an expansion to the Pat Walker Health Center, (h) the renovation, expansion and equipping of a residence facility to be used by the Sigma Alpha Epsilon Fraternity, (i) the acquisition, construction and equipping of a black box theatre facility, (j) the design of renovations to the David W. Mullins Library, and (k) the design of the Cordia Harrington Center for Excellence.

The Series 2019B Bonds were issued to advance refund a portion of the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2011A (the "Series 2011A Bonds") and to advance refund a portion of the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2012B (the "Series 2012B Bonds"). The Series 2011A Bonds were issued to finance various facilities and improvements at UA, Fayetteville, including particularly, without limitation, the following: (a) the renovation, construction of additions to and equipping of Vol Walker Hall and Ozark Hall, (b) the acquisition, construction, equipping and furnishing of Hillside Auditorium, including demolition of the Science Engineering Auditorium and the Geology Building, (c) Phase II of the modernization and equipping of classrooms and teaching labs, (d) the renovation, modernization and equipping of Discovery Hall (formerly known as the Science Building), (e) the acquisition, construction, equipping and furnishing of the Jean Tyson Child Development Study Center, including necessary demolition, (f) the renovation, improvement and equipping of the Arkansas Union, (g) the acquisition, construction and equipping of a hazardous material storage and handling facility and related infrastructure improvements, (h) the expansion, improvement and upgrading of campus utility infrastructure, (i) the renovation, equipping and construction of an addition to a residence facility used by the Phi Gamma Delta Fraternity, (j) the acquisition, construction and equipping of improvements to existing residence facilities (Futrall Hall, Humphrys Hall, Pomfret Hall, Yocum Hall, and Walton Hall), and (k) the acquisition, construction, equipping and furnishing of an expansion to the 1021 West Dickson (formerly known as Brough Commons) student dining facility. The Series 2012B Bonds were issued to finance various facilities and improvements at UA, Fayetteville, including particularly, without limitation, the following: (a) the renovation and equipping of Hotz Hall, (b) the acquisition, renovation and equipping of property for the Uptown Campus off of North College Avenue, (c) the acquisition, construction and equipping of a Housing Office, (d) the acquisition, construction and equipping of Founders Hall (a housing facility), (e) the acquisition, construction and equipping of an expansion to 1021 West Dickson (formerly known as Brough Commons) student dining facility, (f) the acquisition, construction, improvement, renovation and/or equipping of various facilities as part of facilities renewal and critical capital projects, including particularly, without limitation, an addition to Vol Walker Hall, Phase I of improvements to the John A. White Jr. Engineering Hall, improvements to Discovery Hall (formerly known as the Science Building) and construction of the Jean Tyson Child Development Study Center, and (g) the acquisition of property at 1 East Center Street in downtown Fayetteville, Arkansas.

The Series 2021 Bonds were issued to advance refund the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2012A (the "Series 2012A Bonds"), the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2013A (the "Series 2013A Bonds"), the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2014A (the "Series 2014A Bonds"), and the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015A (the "Series 2015A Bonds"). Only portions of the Series 2021 Bonds allocable to the Series 2013A Bonds are being refunded by and purchased with proceeds of the Series 2023B Bonds; no Purchased Bonds that are Series 2021 Bonds are allocable to the Series 2012A Bonds, the Series 2014A Bonds or the Series 2015A Bonds. The Series 2013A Bonds were issued to finance various facilities and improvements for UA, Fayetteville, including particularly, without limitation, (a) the acquisition, construction, equipping and furnishing of Champions Hall (a classroom and laboratory building), (b) the renovation, improvement, equipping and furnishing of the Faulkner Performing Arts Center (formerly the Field House building) for use as a performing arts center, (c) the acquisition, construction and equipping the of Leroy Pond Utility Plant, utility infrastructure and storm water system upgrades, and (d) the renovation of the Central Heating Plant Building and upgrading of the production infrastructure therefor.

USE OF PROCEEDS

The proceeds of the Series 2023A Bonds are expected by the Board to be used as follows:

Proceeds:	
Par Amount of Series 2023A Bonds	$ 62,335,000.00
Total Proceeds:	$ 62,335,000.00
Uses:	
Project Deposit	$ 62,000,000.00
Costs of Issuance and Underwriters' Discount	335,000.00
Total Uses:	$ 62,335,000.00

The proceeds of the Series 2023B Bonds and other available funds are expected by the Board to be used as follows:

Proceeds:	
Par Amount of Series 2023B Bonds	$ 60,075,000.00
Original Issue Premium	8,335,733.60
Board Contribution	775,628.78
Total Proceeds:	$ 69,186,362.38
Uses:	
Purchase of Purchased Bonds(1)	$ 68,698,688.63
Costs of Issuance and Underwriters' Discount	487,673.75
Total Uses:	$ 69,186,362.38

(1) See **PURPOSES FOR THE BONDS AND FINANCING PLAN** herein and **Schedule I – Schedule of Purchased Bonds** hereto. Includes $775,628.78 contributed by the Board to pay accrued interest on the Purchased Bonds to the settlement date.

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, 2024, 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 2023A 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, 2033, 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.

In addition to and independent of the redemption rights described in the previous paragraph, the Series 2023A 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 2023A 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 2023A 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 2023A 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 ten (10) basis points for Series 2023A Bonds maturing in 2024, 2026, 2027 and 2028; plus five (5) basis points for Series 2023A Bonds maturing in 2025; plus fifteen (15) basis points for Series 2023A Bonds maturing in 2029, 2030, 2031, 2032 and 2033; and plus twenty (20) basis points for Series 2023A Bonds maturing in 2034 and thereafter; plus in each case, accrued and unpaid interest on the Series 2023A 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 2023A 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, but no more than 45 calendar 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 2023A Bond to be redeemed (taking into account any sinking fund installments for the Series 2023A Bonds); provided, however, that if the period from the redemption date to such maturity date (taking into account any sinking fund installments for the Series 2023A Bonds) 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 2023A Bonds.

The Series 2023B 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, 2033, 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.

Mandatory Sinking Fund Redemption

The Series 2023A Bonds maturing on November 1 in the years 2043 and 2053 are subject to mandatory sinking fund redemption and payment prior to maturity pursuant to the mandatory sinking fund redemption requirements of the Series 2023 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:

Series 2023A Term Bonds Maturing November 1, 2043

Year	Principal Amount
2039	$1,910,000
2040	2,015,000
2041	2,125,000
2042	2,240,000
2043 (maturity)	2,365,000

Series 2023A Term Bonds Maturing November 1, 2053

Year	Principal Amount
2044	$2,490,000
2045	2,625,000
2046	2,770,000
2047	2,925,000
2048	3,090,000
2049	3,260,000
2050	3,440,000
2051	3,630,000
2052	3,835,000
2053 (maturity)	4,045,000

Redemption in Part

Whenever Bonds are to be optionally redeemed as provided above under the subcaption **Optional Redemption**, the Bonds to be redeemed shall be selected by the Board from any maturity and series of the Bonds then outstanding and within each series and maturity as provided below under the subcaption **Redemption Within a Maturity**. If Series 2023A Term Bonds optionally redeemed, each of the sinking fund redemptions for such Series 2023A Term Bonds shall be reduced in the same proportion the optional redemption bears to the total amount of such Series 2023A Term Bonds outstanding at the time of the optional redemption.

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 maturity of a series of the Bonds is to be called for redemption, the particular Bonds to be redeemed will be allocated on a pro rata pass-through distribution of principal basis in accordance with procedures established by The Depository Trust Company ("DTC"); provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Bonds will be selected for redemption, in accordance with DTC procedures, by lot. In connection with any repayment of principal, including payments of scheduled mandatory sinking fund payments, the Trustee will direct DTC to make a pass-through distribution of principal to the Owners of the Bonds.

The Board intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Board nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Bonds on such basis. In connection with any repayment of principal, including payments of scheduled mandatory sinking fund payments, the Trustee will direct DTC to make a pass-through distribution of principal to the Owners of the Bonds.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Bonds where (a) the numerator of which is equal to the amount due to the respective Owners on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Bonds.

If the Bonds are no longer registered in book-entry only form, each Owner will receive an amount of Bonds equal to the original face amount the beneficially held by that Owner, registered in such Owner's name. Thereafter, any redemption of less than all of the Bonds of any maturity of a series will continue to be paid to the registered Owners of such Bonds on a pro-rata basis, based on the portion of the original face amount of any such Bonds to be redeemed. The Bonds must be redeemed in Authorized Denominations.

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 2023 Indenture and shall not be deemed to be outstanding under the provisions of the Master Indenture and the Series 2023 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) the Series 2014B Bonds, (ii) the Series 2015B Bonds, (iii) the Series 2016A Bonds, (iv) the Series 2016B Bonds, (v) the Series 2017 Bonds, (vi) the Series 2018A Bonds, (vii) the Series 2018B Bonds, (viii) the Series 2019A Bonds, (ix) the Series 2019B Bonds, (x) the Series 2021 Bonds, and (xi) the Series 2022 Bonds, in each case to the extent outstanding (the foregoing bonds described in clauses (i) through (xi) being sometimes hereinafter referred to collectively as the "Existing Parity Bonds"). As further set forth in **PURPOSES FOR THE BONDS AND FINANCING PLAN** herein, the Board has invited owners of the Series 2016A Bonds, Series 2017 Bonds, Series 2019B Bonds and Series 2021 Bonds to tender such bonds for purchase by the Board.

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 Series 2022 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 Series 2022 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. The Bonds will be secured by a pledge of, and payable first from, the Pledged Revenues and the funds and accounts held pursuant to the Indenture (as hereinafter defined) (with the exception of the Rebate Fund). 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. 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. 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 pledge of Pledged Revenues in favor of the Bonds will rank on a parity with the pledge in favor of 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 2023 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 covenanted that it will take all actions 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 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, on the Pledged Revenues except for Existing Obligations, Other Obligations and bonds issued under and in accordance with the provisions of the Master Indenture. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Pledged Revenues; Permitted Encumbrances** herein.

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 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, 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 2023 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 127 issues representing approximately $2.25 billion of bond debt outstanding. Of these issues, the Trustee serves as trustee for approximately 100 bond issues representing approximately $1.9 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 2023 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 2023 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 Series 2022 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 Series 2022 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 2023 Indenture (collectively, the "Indenture").

Application of Bond Proceeds

Proceeds of the Series 2023A Bonds (exclusive of accrued interest, if any) will be applied as follows:

<u>Construction</u>. The amount of proceeds of the Series 2023A Bonds necessary to finance costs of the Project shall be deposited into the Series 2023 Construction Account within the Construction Fund (described below).

Cost of Issuance. The amount of the proceeds of the Series 2023A Bonds necessary to pay the costs of issuing the Series 2023A Bonds shall be deposited into the Series 2023 Cost of Issuance Account of the Construction Fund (described below).

Proceeds of the Series 2023B Bonds (exclusive of accrued interest, if any) will be applied as follows:

Purchase of Purchased Bonds. The amount of proceeds of the Series 2023B Bonds necessary to accomplish the current refunding of the Purchased Bonds by paying the purchase price thereof shall be deposited into the Series 2023B Purchase Account within the Construction Fund and shall be used by the Trustee to purchase the Purchased Bonds. See **PURPOSES FOR THE BONDS AND FINANCING PLAN** herein.

Cost of Issuance. The amount of the proceeds of the Series 2023B Bonds necessary to pay the costs of issuing the Series 2023B Bonds and costs of the refunding and the tender offer shall be deposited into the Series 2023 Cost of Issuance Account of the Construction Fund (described below).

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, and (ii) to pay the fees and expenses of the Trustee. 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 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, and (ii) any amounts then due the Trustee as payment for its fees and expenses.

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 2023A Construction Account (the "Series 2023A Construction Account"), a Series 2023A Cost of Issuance Account (the "Series 2023A Cost of Issuance Account"), a Series 2023B Purchase Account (the "Series 2023B Purchase Account"), and a Series 2023B Cost of Issuance Account (the "Series 2023B Cost of Issuance Account"). Moneys in the Series 2023A Construction Account shall be used for the purpose of paying costs of the 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 2023A Construction Account shall be transferred to the Bond Fund and used to pay interest on the Series 2023A Bonds when due. Moneys in the Series 2023A Cost of Issuance Account shall be used for the purpose of paying the costs incurred in connection with issuing the Series 2023A Bonds. Moneys in the Series 2023A 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 in the Series 2023B Purchase Account shall be used by the Trustee to purchase the Purchased Bonds. Moneys in the Series 2023B Cost of Issuance Account shall be used for the purpose of paying the costs incurred in connection with issuing the Series 2023B Bonds and costs of accomplishing the refunding and purchase of the Purchased Bonds.

Moneys remaining in the Series 2023A Cost of Issuance Account on November 1, 2023, will be transferred to the Series 2023A Construction Account and used to pay costs of the Project. Moneys remaining in the Series 2023A Construction Account upon completion of the Project will be transferred to the Bond Fund and applied pursuant to the Indenture, first, to make the payment on the Series 2023A Bonds on the next succeeding Interest Payment Date, and second, to redeem the Series 2023A Bonds on the first optional redemption date. Moneys remaining in the Series 2023B Cost of Issuance Account on November 1, 2023, will be transferred to the Bond Fund and used to pay interest on the Series 2023B Bonds.

Notwithstanding the foregoing, if any Event of Default shall have occurred, amounts in the Series 2023A Construction Account shall be applied to the payment of principal of and interest on the Series 2023A Bonds.

Rebate Account. The Board has established with the Trustee a special fund with respect to the Series 2023B Bonds, in the name of the Board designated the "Series 2023B 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 2023B 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 2023B 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 2023B 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 Series 2023B 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 2023 Indenture, and any other Series Indenture providing for the issuance of additional bonds then outstanding.

Pledged Revenues; Permitted Encumbrances

The Board represents and warrants that as of the date of the Master Indenture, there are no superior liens against the Pledged Revenues, other than 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). The Board covenants that it shall use due diligence to ensure collection of the Pledged Revenues and that it shall take all actions 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, and Other Obligations. The Board has further covenanted 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, on the Pledged Revenues except for Existing Obligations, Other Obligations and bonds issued under and in accordance with the provisions of the Master Indenture. See also **SECURITY FOR THE BONDS** herein.

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 (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 issued under the Master Indenture 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 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 an Event of Default with respect to the Bonds or with respect to any other series of bonds issued under the Master Indenture under (c), (d), or (e) above, 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, by notice to the Board, 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 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 to the redemption of bonds, all in accordance with the provisions of the Master Indenture and the applicable Series Indentures (including the Series 2023 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 of a series 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; 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 are no longer outstanding), the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2011B (which are no longer outstanding), the Board's Various Facility Revenue Bonds (Fayetteville Campus), Series 2012B (which are no longer outstanding), the Series 2014B Bonds, the Series 2015B Bonds, the Board's Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015C Bonds (which are no longer outstanding), 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 Series 2022 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 Series 2022 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, the Orthopaedic and Spine Hospital, 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 UA Little Rock William H. Bowen 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
Morril Harriman, Chairman	Attorney	2024
Sheffield Nelson, Vice Chairman	Attorney	2025
Kelly Eichler*, Secretary	Attorney	2026
Ted Dickey, Assistant Secretary	Business Executive	2030
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
Kevin Crass**	Attorney	2033

* Ms. Eichler is the spouse of an officer of Stephens Inc., one of the Underwriters.
** Mr. Crass is a partner at Friday, Eldredge & Clark, LLP, bond counsel.

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 University Relations
Steven Fulkerson	Vice President for Administration and CIO
Chris Thomason	Vice President for Planning and Development
Patrick Hollingsworth*	Interim General Counsel

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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* Mr. Hollingsworth has served as Interim General Counsel since January 2023. David Curran has been selected by the Board to serve as General Counsel, with an effective date of August 1, 2023.

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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 2018-19	Fall 2019-20	Fall 2020-21	Fall 2021-22	Fall 2022-23
University of Arkansas, Fayetteville	24,407	24,068	24,035	25,193	26,976
University of Arkansas at Little Rock[(1)]	7,003	6,483	6,014	5,567	5,430
University of Arkansas for Medical Sciences	2,466	2,490[(2)]	2,604[(2)]	2,727	2,785
University of Arkansas at Monticello	2,589[(3)]	2,275	2,109	2,072	2,040
University of Arkansas at Pine Bluff	2,456	2,357	2,468	2,503	2,080
Phillips Community College of the University of Arkansas	891	886	651	715	710
University of Arkansas Community College at Hope - Texarkana	936	871	761	726	669
University of Arkansas Community College at Batesville	903	977	852	743	729
University of Arkansas Community College at Morrilton	1,366	1,327	1,330	1,322	1,291
Cossatot Community College of the University of Arkansas	882	939	882	824	811
University of Arkansas at Fort Smith	5,176	4,872	4,604	4,158	4,112
University of Arkansas Community College at Rich Mountain	495	553	585	525	471
University of Arkansas-Pulaski Technical College	3,621	3,700	3,366	3,065	2,922
University of Arkansas System eVersity[(4)]	--	628	668	574	--
University of Arkansas - Grantham[(4)]	--	--	--	--	3,868
Total, All Campuses	53,191	52,426	50,929	50,714	54,894

[(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)] Includes full-time equivalent numbers for the University of Arkansas System eVersity.

[(4)] 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 4,837 students, 4,402 students and 3,782 students in school years 2019-20, 2020-21 and 2021-22, respectively. UA-Grantham has a different enrollment cycle than other System campuses, with courses starting at the beginning of each month.

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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	Chancellor
Ann Bordelon	Executive Vice Chancellor for Finance and Administration
Laura Jacobs	Associate Vice Chancellor and Chief of Staff
Terry Martin, PhD	Provost and Executive Vice Chancellor for Academic Affairs
Mike Malone	Vice Chancellor for Economic Development
Randy Massanelli	Vice Chancellor for Governmental and Community Relations
Angela Mosely-Monts	Interim Vice Chancellor for Diversity and Inclusion
Scott Varady	Vice Chancellor for Advancement
Jeremy Battjes, Ed.E	Vice Chancellor for Student Affairs
Margaret E. Sova McCabe	Interim Vice Chancellor for Research and Innovation
Hunter Yurachek	Vice Chancellor for Intercollegiate Athletics and Director of Athletics

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. Currently, 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 101 bachelor's degrees, 92 master's degrees, 27 graduate certificates, 4 post-master certificates, 6 undergraduate certificates, and 38 doctoral degrees and specialist programs. 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	1,286
Percent Tenured	46.3%	46.7%	45.9%	46.5%	45.0%

Admissions - Fayetteville Campus

UA, Fayetteville, considers applications for new freshman students based on several factors, including high school GPA, official transcripts and, in some cases, test scores and additional academic materials. UA, Fayetteville offers test-optional admission for students reporting a 3.2 GPA or higher on a standard 4.0 scale and requires test scores for applicants reporting below a 3.2 GPA. Admitted students must supply ACT, SAT or Accuplacer scores for placement and enrollment purposes.

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

	New Freshmen					New Transfers		
Year	Applied	Admitted	Enrolled	ACT	HSGPA	Applied	Admitted	Enrolled
2018-2019	18,732	14,512	5,005	26.4	3.72	3,577	2,360	1,351
2019-2020	17,913	13,809	4,601	26.3	3.72	4,181	2,356	1,245
2020-2021	19,780	15,361	4,726	26.1	3.75	4,253	2,265	1,353
2021-2022	21,462	17,743	6,063	24.5	3.74	4,584	2,760	1,616
2022-2023	26,235	20,697	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	21,035	3,000	24,035
2021-2022	22,167	3,026	25,193
2022-2023	24,087	2,889	26,976

The number of students from within the State of Arkansas, from out of State, and of international students for the last five years (expressed in terms of headcount) has been as follows:

	Fall 2018-19	Fall 2019-20	Fall 2020-21	Fall 2021-22	Fall 2022-23
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

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	$22,630	$7,568	$24,056	$7,384	$23,422	$7,568	$24,056	$7,666	$25,420
Fees	1,276	1,276	1,395	1,395	1,334	1,334	1,395	1,395	1,990	1,990
College Fees	402	402	422	422	412	412	422	422	432	432
Total	$9,062	$24,308	$9,385	$25,873	$9,130	$25,168	$9,385	$25,873	$10,088	$27,842

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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, 2018 through 2022:

Fiscal Year	2018[1]	2019	2020	2021	2022
OPERATING REVENUES					
Student tuition and fees, net	$240,489,120	$250,731,149	$253,947,459	$251,638,655	$255,331,306
Federal appropriations	10,522,785	11,436,062	12,740,568	8,415,304	8,954,499
County appropriations	4,460,212	4,551,791	4,560,963	4,594,341	4,605,531
Federal grants and contracts	55,333,386	70,399,139	66,443,033	73,420,062	86,487,805
State and local grants and contracts	32,129,524	25,556,054	19,966,408	20,298,666	17,684,507
Nongovernmental grants and contracts	33,718,319	19,641,617	24,015,325	22,860,829	17,636,396
Sales and services of educational departments	24,051,001	22,098,014	18,052,451	19,391,946	26,245,297
Auxiliary enterprises					
Residence Life, net	54,020,198	55,654,857	57,508,166	45,401,767	74,354,109
Athletics	104,833,597	112,613,294	101,090,667	107,281,179	125,807,171
Bookstore, net [2]	11,302,662	10,903,754	8,906,318	1,356,927	2,211,647
Student Health Services	2,728,603	3,051,023	2,635,306	2,289,707	3,245,433
Transit and Parking	8,785,539	8,960,419	8,087,870	5,696,446	10,364,596
Student Organizations/Activities	345,462	110,272	33,610	134	26,420
Other Auxiliary Enterprises	186,815	58,510	72,140	1,697,729	2,025,234
Other operating revenues	12,513,954	11,652,343	9,729,699	14,975,466	17,312,249
Total operating revenues	$595,421,177	$607,418,298	$587,789,983	$579,319,158	$652,292,200
OPERATING EXPENSES					
Salaries, wages, and benefits	511,934,706	516,859,882	533,951,691	537,518,637	550,974,730
Scholarships and fellowships	22,755,152	23,495,596	27,339,687	39,824,877	48,769,413
Supplies and other services	256,530,026	279,744,590	254,225,531	211,293,714	287,678,479
Depreciation	75,620,509	86,167,691	90,518,501	88,018,257	94,796,517
Total operating expenses	$866,840,393	$906,267,759	$906,035,410	$876,655,485	$982,219,139
Operating loss	(271,419,216)	(298,849,461)	(318,245,427)	(297,336,327)	(329,926,939)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	207,202,611	212,639,371	214,519,597	217,257,710	$229,720,207
Gifts	77,059,113	78,997,092	86,506,052	74,813,467	83,835,006
Investment income, net	10,163,270	19,356,562	16,134,565	35,832,123	(24,940,333)
Interest on capital asset – related debt	(23,799,689)	(31,883,875)	(30,341,700)	(28,126,526)	(24,766,869)
Federal grants (nonexchange)	22,972,561	23,262,107	29,774,750	51,540,708	68,111,289
State & local grants (nonexchange)	30,016,898	30,816,891	30,590,181	30,659,158	30,833,611
Nongovernmental grants (nonexchange)	-0-	39,414	-0-	29,012	13,202
Gain (loss) on disposal of assets	1,915,937	135,459	5,448,183	221,774	185,627
Other nonoperating revenues	4,844,582	5,556,290	6,470,136	5,588,237	7,856,433
Other nonoperating expenses	(475,280)	(250,672)	(1,246,111)	(43,664)	(786,485)
Net nonoperating revenues	$329,900,003	$338,668,639	$357,855,653	$387,771,999	$370,061,688
Gain or loss before other revenues and changes in net assets	$ 58,480,787	$ 39,819,178	$ 39,610,226	$ 90,435,672	$ 40,134,749
OTHER REVENUES AND CHANGES IN NET POSITION					
Capital appropriations	$ 510,000	$ 1,173,500	$ 2,900,000	$ 983,846	$ 1,434,819
Capital grants and gifts	85,782,493	54,209,072	32,852,948	8,043,572	49,426,023
Other changes	115,882	200,173	216,186	(114,297)	136,577
Extraordinary item – pollution remediation	(13,224,210)	(571,154)	-0-	-0-	-0-
Total other revenues and changes in net position	$ 73,184,165	$ 55,011,591	$ 35,969,134	$ 8,913,121	$ 50,997,419
Increase in net position	$ 131,664,952	$ 94,830,769	$ 75,579,360	$ 99,348,793	$ 91,132,168
NET POSITION - beginning of year	$ 973,218,370	$1,104,883,322	$1,199,714,091	$1,275,293,451	$1,374,642,244
Cumulative effect of GASB No.87[3]	-0-	-0-	-0-	-0-	549,745
Other Adjustments	-0-	-0-	-0-	-0-	(8,953,130)
NET POSITION - beginning of year (restated)	$ 973,218,370	$1,104,883,322	$1,199,714,091	$1,275,293,451	$1,366,238,859
NET POSITION – end of year	$1,104,883,322	$1,199,714,091	$1,275,293,451	$1,374,642,244	$1,457,371,027

[1] Beginning net position, as reported on the Statement of Revenues, Expenses and Changes to Net Position, was reduced by $6,388,343 as a result of a restatement due to the implementation of GASB Statement 75.

[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.

[3] Effective for the fiscal year ended June 30, 2022, UA, Fayetteville adopted GASB Statement No. 87, Leases. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

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]
Tuition and Fees	$316,569,768	$326,830,169	$334,720,781	$330,448,683	$343,295,236
Sales and Services	9,324,536	9,738,047	9,044,450	7,424,615	14,241,354
Residence Halls	68,982,596	70,636,688	72,885,437	58,278,641	82,489,244
Transit and Parking Services	8,785,539	8,960,419	8,087,870	6,256,788	10,364,596
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	3,245,433
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	$462,094,065

(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.

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 2014B	Series 2015B	Series 2016A[(1)] & 2016B	Series 2017[(1)]	Series 2018A & 2018B	Series 2019A	Series 2019B[(1)]	Series 2021[(1)]	Series 2022	Series 2023A	Series 2023B	Total
2024	$ 297,395	$ 433,193	$6,866,958	$5,123,500	$ 1,782,559	$ 4,313,000	$8,869,366	$14,180,893	$ 5,213,887	$ 2,321,705	$ 2,119,313	$51,521,769
2025	298,315	437,470	6,873,938	5,125,625	1,779,950	4,319,250	8,868,586	12,507,014	5,211,786	4,170,868	4,266,375	53,859,177
2026	298,535	431,586	6,865,776	5,123,000	1,780,903	4,321,000	8,377,902	11,840,826	5,210,912	4,166,254	4,109,000	52,525,694
2027	298,035	435,057	6,866,551	5,125,375	1,780,232	4,323,125	5,154,172	9,723,982	5,215,878	4,166,598	8,022,125	51,111,130
2028	297,335	432,789	6,865,332	5,122,500	1,782,824	4,320,500	8,032,508	11,093,234	5,216,438	4,166,875	3,882,750	51,213,085
2029	296,435	430,337	4,585,576	5,124,125	1,778,736	4,318,000	7,555,534	12,072,230	5,214,668	4,170,407	5,772,625	51,318,673
2030	300,235	437,517	3,812,813	5,124,875	1,782,909	4,320,250	2,790,546	12,330,477	5,215,944	4,166,057	9,931,500	50,213,123
2031	298,488	439,237	3,650,938	3,983,750	1,780,040	4,317,000	9,195,202	12,521,170	5,215,623	4,163,782	4,981,500	50,546,730
2032	296,285	440,085	3,701,438	3,431,125	1,780,194	4,318,000	8,942,362	11,238,318	5,215,959	4,163,749	6,559,125	50,086,640
2033	298,760	435,143	5,871,213	4,677,750	1,783,395	4,322,750	9,138,108	12,524,759	5,214,637	4,165,687	2,129,750	50,561,952
2034	295,913	434,893	2,334,613	3,718,000	1,779,613	4,321,000	9,194,198	8,708,289	4,699,188	4,168,531	6,495,125	46,149,363
2035	297,743	434,233	4,047,988	4,088,750	1,778,575	4,322,500	9,190,108	9,000,669	4,699,437	4,166,715	4,419,625	46,446,343
2036	298,938	433,163	6,149,988	2,867,250	1,784,950	4,326,750	9,193,018	9,121,394	4,700,063	4,164,771	3,671,000	46,711,285
2037	294,600	436,363	3,790,488	4,082,750	1,783,875	4,323,500	9,210,200	9,266,938	4,700,812	4,162,293	4,663,750	46,715,569
2038	294,925	433,825	4,059,738	4,410,375	1,780,450	4,322,500	9,200,741	4,262,470	4,701,438	4,164,332	4,068,250	41,699,044
2039	294,800	430,863	3,857,119	4,979,500	1,779,575	4,313,500	9,202,700	2,867,682	4,701,687	4,160,935	1,334,125	37,922,486
2040	294,225	437,263	430,250	5,440,250	1,310,625	4,319,500	9,200,663	2,863,986	4,701,313	4,162,124	1,764,000	34,924,199
2041	298,088	433,025	903,125	4,421,625	1,308,875	1,582,375	9,204,807	139,217	4,700,062	4,162,935	4,714,875	31,869,009
2042	296,388	432,990	1,566,250	5,849,125	1,310,000	1,581,875	3,493,281	1,046,866	4,702,563	4,163,039	1,997,875	26,440,252
2043	294,238	436,930	1,565,250	5,845,750	1,313,750	1,578,875	3,493,412	2,990,381	4,698,562	4,162,170	301,500	26,680,818
2044	296,525	435,100	1,566,125	1,048,750	1,310,125	1,583,125	--	1,368,124	4,697,813	4,164,930	4,991,250	21,461,867
2045	--	432,610	1,563,750	4,783,000	1,314,000	1,579,500	--	--	4,699,812	4,159,797	1,250,500	19,782,969
2046	--	434,350	1,567,875	6,151,500	1,310,250	1,582,875	--	--	4,699,188	4,156,436	--	19,902,474
2047	--	--	1,568,250	6,153,000	1,313,750	1,578,125	--	--	4,700,562	4,155,501	--	19,469,188
2048	--	--	--	6,155,125	1,309,375	1,580,125	--	--	4,698,562	4,156,451	--	17,899,638
2049	--	--	--	--	1,312,000	1,578,625	--	--	4,698,050	4,158,745	--	11,747,420
2050	--	--	--	--	--	1,578,500	--	--	4,702,894	4,156,978	--	10,438,372
2051	--	--	--	--	--	--	--	--	4,701,844	4,155,743	--	8,857,587
2052	--	--	--	--	--	--	--	--	4,699,506	4,154,499	--	8,854,005
2053	--	--	--	--	--	--	--	--	4,700,225	4,157,571	--	8,857,796
2054	--	--	--	--	--	--	--	--	--	4,154,417	--	4,154,417
Total	$6,236,201	$9,998,022	$90,931,342	$117,956,375	$41,611,530	$89,246,125	$157,507,414	$171,668,919	$146,149,313	$127,190,895	$91,445,938	$1,049,942,074

(1) The Board, with the assistance of J.P. Morgan Securities LLC, as dealer manager, released an "Invitation to Tender Bonds for Purchase" dated July 7, 2023 (the "Invitation") inviting owners of the Series 2016A Bonds, Series 2017 Bonds, Series 2019B Bonds and Series 2021 Bonds (collectively referred to herein as the "Invited Bonds") to tender such bonds for purchase by the Board. Proceeds of the Series 2023B Bonds will be used to accomplish the current refunding of certain portions of the Invited Bonds that are validly tendered for purchase (the "Purchased Bonds") as set forth in **Schedule I – SCHEDULE OF PURCHASED BONDS.** The debt service numbers in the table above reflect cancellation of the Purchased Bonds.

Debt Service Requirements for the Series 2023A Bonds

Debt service requirements for the Series 2023A Bonds for the fiscal years ending June 30 of the years set forth below, are as follows:

Year	Principal	Interest	Total
2024	$ --	$2,321,705.17	$2,321,705.17
2025	905,000.00	3,265,867.59	4,170,867.59
2026	950,000.00	3,216,253.67	4,166,253.67
2027	1,000,000.00	3,166,597.92	4,166,597.92
2028	1,050,000.00	3,116,875.17	4,166,875.17
2029	1,105,000.00	3,065,406.89	4,170,406.89
2030	1,155,000.00	3,011,057.41	4,166,057.41
2031	1,210,000.00	2,953,782.06	4,163,782.06
2032	1,270,000.00	2,893,749.06	4,163,749.06
2033	1,335,000.00	2,830,686.91	4,165,686.91
2034	1,405,000.00	2,763,530.96	4,168,530.96
2035	1,475,000.00	2,691,715.06	4,166,715.06
2036	1,550,000.00	2,614,770.56	4,164,770.56
2037	1,630,000.00	2,532,293.16	4,162,293.16
2038	1,720,000.00	2,444,332.16	4,164,332.16
2039	1,810,000.00	2,350,934.76	4,160,934.76
2040	1,910,000.00	2,252,124.01	4,162,124.01
2041	2,015,000.00	2,147,934.88	4,162,934.88
2042	2,125,000.00	2,038,038.58	4,163,038.58
2043	2,240,000.00	1,922,169.66	4,162,169.66
2044	2,365,000.00	1,799,929.93	4,164,929.93
2045	2,490,000.00	1,669,796.50	4,159,796.50
2046	2,625,000.00	1,531,435.75	4,156,435.75
2047	2,770,000.00	1,385,501.00	4,155,501.00
2048	2,925,000.00	1,231,451.25	4,156,451.25
2049	3,090,000.00	1,068,745.50	4,158,745.50
2050	3,260,000.00	896,978.00	4,156,978.00
2051	3,440,000.00	715,743.00	4,155,743.00
2052	3,630,000.00	524,499.50	4,154,499.50
2053	3,835,000.00	322,571.25	4,157,571.25
2054	4,045,000.00	109,417.25	4,154,417.25
Total:	$62,335,000.00	$64,855,894.57	$127,190,894.57

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Debt Service Requirements for the Series 2023B Bonds

Debt service requirements for the Series 2023B Bonds for the fiscal years ending June 30 of the years set forth below, are as follows:

Year	Principal	Interest	Total
2024	$ --	$ 2,119,312.50	$2,119,312.50
2025	1,295,000.00	2,971,375.00	4,266,375.00
2026	1,200,000.00	2,909,000.00	4,109,000.00
2027	5,275,000.00	2,747,125.00	8,022,125.00
2028	1,300,000.00	2,582,750.00	3,882,750.00
2029	3,305,000.00	2,467,625.00	5,772,625.00
2030	7,740,000.00	2,191,500.00	9,931,500.00
2031	3,060,000.00	1,921,500.00	4,981,500.00
2032	4,835,000.00	1,724,125.00	6,559,125.00
2033	540,000.00	1,589,750.00	2,129,750.00
2034	5,045,000.00	1,450,125.00	6,495,125.00
2035	3,175,000.00	1,244,625.00	4,419,625.00
2036	2,570,000.00	1,101,000.00	3,671,000.00
2037	3,720,000.00	943,750.00	4,663,750.00
2038	3,300,000.00	768,250.00	4,068,250.00
2039	665,000.00	669,125.00	1,334,125.00
2040	1,140,000.00	624,000.00	1,764,000.00
2041	4,225,000.00	489,875.00	4,714,875.00
2042	1,655,000.00	342,875.00	1,997,875.00
2043	--	301,500.00	301,500.00
2044	4,810,000.00	181,250.00	4,991,250.00
2045	1,220,000.00	30,500.00	1,250,500.00
Total:	$60,075,000.00	$31,370,937.50	$91,445,937.50

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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	Series 2023A Bonds Debt Service	Series 2023B Bonds Debt Service	Existing Parity Bonds Debt Service	Total Debt Service
2024	$2,321,705	$2,119,313	$47,080,751	$51,521,769
2025	4,170,868	4,266,375	45,421,934	53,859,177
2026	4,166,254	4,109,000	44,250,440	52,525,694
2027	4,166,598	8,022,125	38,922,407	51,111,130
2028	4,166,875	3,882,750	43,163,460	51,213,085
2029	4,170,407	5,772,625	41,375,641	51,318,673
2030	4,166,057	9,931,500	36,115,566	50,213,123
2031	4,163,782	4,981,500	41,401,448	50,546,730
2032	4,163,749	6,559,125	39,363,766	50,086,640
2033	4,165,687	2,129,750	44,266,515	50,561,952
2034	4,168,531	6,495,125	35,485,707	46,149,363
2035	4,166,715	4,419,625	37,860,003	46,446,343
2036	4,164,771	3,671,000	38,875,514	46,711,285
2037	4,162,293	4,663,750	37,889,526	46,715,569
2038	4,164,332	4,068,250	33,466,462	41,699,044
2039	4,160,935	1,334,125	32,427,426	37,922,486
2040	4,162,124	1,764,000	28,998,075	34,924,199
2041	4,162,935	4,714,875	22,991,199	31,869,009
2042	4,163,039	1,997,875	20,279,338	26,440,252
2043	4,162,170	301,500	22,217,148	26,680,818
2044	4,164,930	4,991,250	12,305,687	21,461,867
2045	4,159,797	1,250,500	14,372,672	19,782,969
2046	4,156,436	--	15,746,038	19,902,474
2047	4,155,501	--	15,313,687	19,469,188
2048	4,156,451	--	13,743,187	17,899,638
2049	4,158,745	--	7,588,675	11,747,420
2050	4,156,978	--	6,281,394	10,438,372
2051	4,155,743	--	4,701,844	8,857,587
2052	4,154,499	--	4,699,506	8,854,005
2053	4,157,571	--	4,700,225	8,857,796
2054	4,154,417	--	--	4,154,417
Total:	$127,190,895	$91,445,938	$831,305,241	$1,049,942,074

Coverage

Pledged Revenues for the fiscal year ended June 30, 2022, were $462,094,065. Combined maximum annual debt service for the Existing Parity Bonds and the Bonds is $53,859,177 (in the fiscal year ending June 30, 2025). Accordingly, the Pledged Revenues for fiscal year ending June 30, 2022 equaled or exceeded 8.58 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 $531,088[±], 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 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, 2023, there was $1,259,729 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, 2023, there was $9,037,628 in principal amount outstanding under this agreement.

[±] As of June 30, 2023.

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

* 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 Bonds (Fayetteville Campus), Tax-Exempt Series 2016A (the "Series 2016A Athletic Bonds"), (iii) Athletic Facilities Revenue Bonds (Fayetteville Campus), Taxable Series 2016B (the "Series 2016B Athletic Bonds"), and (iv) 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 Board has authorized and sold, but not yet issued, an issue of athletic facilities revenue bonds to refund the Series 2013A Athletic Bonds maturing after September 15, 2023 for debt service savings. Such athletic facilities revenue bonds, if and when issued, will be secured by and payable from gate receipts and other revenues of the athletic department, not by Pledged Revenues.

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 $115,826,056 for the fiscal year ended June 30, 2022. Any future cancellations, postponements, attendance limits or other limitations during the fall 2023 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.

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 Athletic 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, 2022, 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, 2022, 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, 2022, which financial statements have been audited by the Arkansas Legislative Audit, as indicated in its report dated December 13, 2022, 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, 2022, which consolidated financial statements have been audited by the Arkansas Legislative Audit of the State of Arkansas, as indicated in its report dated December 13, 2022, 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.

TAX MATTERS

Federal Law (Series 2023A Bonds - Federally Taxable)

Any federal tax advice contained in this Official Statement pertaining to the Series 2023A Bonds was written to support the promotion or marketing of the Series 2023A 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 2023A 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 2023A 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 2023A 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 2023A 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 2023A 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 2023A Bonds, Bond Counsel has advised that the Series 2023A 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 2023A 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 2023A Bonds are issued by the State, interest on the Series 2023A 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 2023A Bonds will be fully subject to federal income taxation. Thus, owners of the Series 2023A Bonds generally must include interest (including any original issue discount and market discount) on the Series 2023A Bonds in gross income for federal income tax purposes.

In general, interest paid on the Series 2023A Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2023A 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 2023A Bond for a price less than the adjusted issue price of such Bond (or an investor who purchases a 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 2023A Bond originally issued at a discount, the amount by which the issue price of such Series 2023A 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 2023A Bond not originally issued at a discount, the amount by which the stated redemption price of such Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2023A 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 2023A Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2023A Bond who acquired a Series 2023A Bond at a market discount also may be required to defer, until the maturity date of such Series 2023A 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 2023A 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 2023A 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 2023A Bond for the days during the taxable year on which the owner held the Series 2023A 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 2023A 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 2023A 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 2023A Bond. The adjusted basis of a Series 2023A 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 2023A Bond and reduced by any amortized bond premium under Section 171 of the Code and by the payments on the Series 2023A 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 2023A Bond to which it is attributable is held as a "capital asset."

Gain on the sale or other disposition of a Series 2023A 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 2023A 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 2023A Bonds to call all or a portion of the Series 2023A Bonds prior to maturity, then gain on the sale or other disposition of a Series 2023A 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 2023A Bonds, as well as payments of proceeds from the sale of Series 2023A 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 2023A 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 2023 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 2023A Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2023A 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 2023A Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2023A 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 2023A 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 2023A Bond.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), 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 2023A 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 2023A 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 2023A 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 2023A Bonds.

The foregoing summary as to Series 2023A Bonds is not intended as an exhaustive recital of the potential tax consequences of holding the Series 2023A Bonds. Prospective purchasers of the Series 2023A Bonds should consult their tax advisors with respect to the federal, state and local tax consequences of the ownership of the Series 2023A Bonds. Bond Counsel will not render any opinion with respect to any federal tax consequences of ownership of the Series 2023A Bonds.

Federal Law (Series 2023B Bonds - Federally Tax-Exempt)

In the opinion of Friday, Eldredge & Clark, LLP, bond counsel, under existing law, interest on the Series 2023B 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, 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 2023B 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 2023B Bonds, and restrictions on the ownership and use of the capital improvements being refinanced with proceeds of the Series 2023B 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 2023B Bonds in gross income for federal tax purposes to be retroactive to the date of issuance of the Series 2023B 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 2023B Bonds.

Purchasers of the Series 2023B 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 2023B Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Series 2023B Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2023B 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 2023B Bonds. Prospective purchasers of the Series 2023B 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 2023B 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 2023B 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.

State Law

Further, in the opinion of Bond Counsel, under existing laws, the Series 2023A Bonds and the Series 2023B 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 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.

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.

The trustee for the Board's Student Fee Refunding Revenue Bonds (Phillips Community College), Series 2015 merged with another banking institution and changed its name effective October 1, 2022. Though no determination of materiality was made, a notice of the change in the trustee's name was not filed on EMMA until March 17, 2023.

In addition, 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 year ended

June 30, 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 2023 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 2023 Indenture. Rights of the registered owners of the Bonds and the enforceability of the remedies available under the Master Indenture and the Series 2023 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 2023 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 System and by UA, Fayetteville to perform professional services in the capacity of financial advisor. In its role as financial advisor to the System and UA, Fayetteville, 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 replaced 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 related to COVID-19 or related to some other emergency 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. In April 2023, the State legislature passed further reductions in individual income tax rates and corporate income tax rates. Despite these developments, there can be no assurance that budget or funding decreases related to COVID-19 or related to some other emergency 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, 2023, approximately $567,625,000 in aggregate principal amount of UAMS Hospital Revenue Bonds was outstanding (the outstanding bonds amount does not include the $71,378,932 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 36% of the Board's fiscal year 2022 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.

In recent years, health care reform at both the federal and state levels has been identified as a priority by political leaders and candidates, business leaders and public advocates. In 2010, H.R. 3590, the Patient Protection and Affordable Care Act, amended by H.R. 4872, the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act") was enacted. Various aspects of the Affordable Care Act are described below.

A significant component of the Affordable Care Act is reformation of the sources and methods by which consumers pay for health care for themselves and their families, and by which employers procure health insurance for their employees and dependents of their employees and, as a consequence, expansion in the overall number of consumers of health care services. The Affordable Care Act was designed, in substantial part, to make available, or subsidize the premium costs of, health care insurance for some of the millions of uninsured (or underinsured) consumers, in particular those who fall below certain income levels. The Affordable Care Act proposed to accomplish that objective through various provisions, including the following: (i) the creation of active markets (referred to as exchanges) in which individuals and small employers can purchase health care insurance for themselves and their families or their employees and dependents; (ii) the provision of means tested subsidies for premium costs to certain individuals and families based upon their income relative to federal poverty levels; (iii) the requirement that individual consumers obtain, and certain employers provide, a minimum level of health care insurance, and the provision of a penalty in the form of taxes on consumers and employers that do not comply with these mandates; (iv) the expansion of private commercial insurance coverage generally through reforms such as prohibition on denials of coverage for pre-existing conditions and elimination of lifetime or annual cost caps; and (v) the expansion of existing public programs for individuals and families, including the Medicaid program. The Affordable Care Act has produced some of the results expected from its passage – an increase in utilization of health care services by those who were avoiding or rationing their health care. Although bad debt expenses and/or charity care may have been reduced as a result of some provisions of the Affordable Care Act, increased utilization has also resulted in increased variable and fixed costs of providing such health care services, which costs may or may not be offset by increased revenues.

The Affordable Care Act contains a number of coverage expansion measures, including prohibitions against insurers denying coverage or imposing coverage exclusions on children with preexisting conditions, provisions permitting young adults to obtain coverage under their parents' plans, and restrictions on insurance policy coverage limits. An array of coverage expansion, health insurance regulation and tax increase measures are also in effect, including broad insurance coverage mandates for individuals and certain employer mandates.

In June 2012, in response to litigation brought by a group of state attorneys general, the U.S. Supreme Court (*National Federation of Independent Business v. Sebelius*) upheld most provisions of the Affordable Care Act 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. 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. Subsequent to implementation of the Work Requirement (as hereinafter defined and discussed below), it was estimated that insurance coverage was extended to approximately 227,284 previously uninsured persons. 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, including the Bonds.

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 to be 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 and that petition was granted in December 2020. Oral arguments originally set for late March were cancelled at the request of the acting U.S. Solicitor General. The Biden administration reversed the position of the Trump administration regarding waiver approvals for work requirements in conjunction with the Medicaid program. On March 17, 2021, CMS revoked the waiver previously issued to Arkansas. The Supreme Court dismissed the pending appeal as moot on April 18, 2022.

Because the earlier decision did not grant a stay, the Work Requirement was not in effect after March of 2019 and individuals who lost eligibility for Arkansas Works coverage are currently eligible to reapply. Reauthorization and appropriation of the program for 2019 was impacted as a result of the initial decision by the federal judge; although the bill to fund the Division of Medical Services, which implements the state Medicaid program, 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. Since the Medicaid Expansion in 2013, it has proven difficult to achieve the 75 necessary votes necessary for the Division of Medical Services' appropriation. Reauthorization was extended for another year without controversy in April 2020. In 2021, the reauthorization and appropriation bill passed on its fifth try in the House, eventually receiving 78 votes to pass, though it passed on the first vote in the Senate. Reauthorization was extended without controversy in 2022 and 2023.

Given the annual appropriation requirement for the Arkansas private option (which is also subject to a lengthy review and approval process by CMS with respect to any changes to the program), the State budget challenges stemming from the COVID-19 pandemic, and the current political environment, the long-term status of Arkansas' private option program cannot be assured. In order for the program to continue into the State's next fiscal year, it will be necessary for the Arkansas House of Representatives and Senate to approve reauthorization by the 75% supermajorities of senators and representatives described above. As noted above, CMS has rescinded the waivers that permitted the work requirements discussed above in connection with Medicaid expansion in several states, including Arkansas. Although a rescission of such waivers is subject to legal challenge by the states that enacted work requirements in reliance thereon, the results of any such challenge are impossible to predict.

Given these developments, legislation known as the Arkansas Health and Opportunity for Me Act ("ARHOME") has been enacted by the Arkansas General Assembly and signed by the Governor. ARHOME retains the private insurance model for purchasing health insurance plans for participants that exists in the current Arkansas Works program, but makes the private option available only to those applicants who meet certain work requirements similar to those previously included in the Arkansas Works program. Otherwise qualifying applicants who do not satisfy such work requirement incentives will nevertheless be covered under ARHOME on a fee-for-service basis, under which providers are generally reimbursed for services at a lesser rate than by private insurers. CMS approved some provisions of ARHOME on December 21, 2021. CMS did not approve the State's request to continue to require individuals with income above 100 percent of the federal poverty level to pay a share of the premiums for their coverage. CMS is still considering other provisions of ARHOME, including Life360 HOMES, which would provide additional aid for people with mental illnesses and young people at risk for long-term poverty. CMS has approved a provision relating to Life360 HOMES for additional support for pregnant women. There can be no assurance that any future continuation of the Medicaid expansion program in Arkansas will be enacted, and, if enacted, the impact on Medicaid revenues received by UAMS. The provisions of ARHOME approved by CMS became effective January 1, 2022.

Governor Sarah Huckabee Sanders announced on February 15, 2023 that she had directed the Arkansas Department of Human Services to implement a work requirement for able-bodied adults who receive enhanced Medicaid coverage through ARHOME. Implementation of the work requirement will require an amendment to the ARHOME Section 1115 Medicaid Demonstration Waiver to be approved by CMS. If approved, the proposed effective date for the amendment is January 1, 2024.

Any repeal or revision of the Arkansas private option program that would reduce the number of Arkansans with insurance coverage could have a material negative impact on patient revenues of UAMS and its ability to satisfy its payment obligations with respect to its indebtedness.

Any repeal or amendment of the Affordable Care Act (or change in the implementation thereof) or of Arkansas' private option expansion could have a material negative impact on revenues of UAMS and its ability to satisfy its payment obligations for its indebtedness.

In 2014, the federal and state health insurance exchanges intended to facilitate the purchase of health insurance became operational. The federal exchange and some state exchanges initially experienced widespread technical difficulties and lower than expected enrollment figures. Issues with respect to the exchanges have been largely resolved. Health insurance providers participating in the health insurance exchanges are subject to regulation of benefit packages and review of premiums. Purchasers of insurance on these exchanges meeting certain income limitations are eligible for tax credits. The U.S. Supreme Court has upheld United States Treasury Regulations permitting health insurance exchange purchasers to receive tax credit subsidies, regardless of whether the purchase is made through a federal or a state-operated health exchange.

In 2015, the employer mandate, after being delayed twice, went into effect for certain employers, and in 2016, the employer mandate for smaller employers became effective. In November 2015, the Bipartisan Budget Act of 2015 repealed a provision of the Affordable Care Act which required employers offering one or more health benefit plans and having more than 200 full-time employees to automatically enroll new full-time employees in a health plan.

The Affordable Care Act contains provisions aimed at reducing Medicare and Medicaid reimbursements to providers and reducing projected growth of the Medicare program, including reducing Medicare Advantage payments, reducing reimbursement under the disproportionate share hospital ("DSH") program, and tying provider payments more closely to efficiency and quality outcomes. Another major component of the Affordable Care Act is its enhanced health care program integrity provisions. The Affordable Care Act contains more than thirty-two sections relating to health care fraud and abuse and federal health care program integrity, as well as significant amendments to existing criminal, civil and administrative anti-fraud statutes. Specifically, the Affordable Care Act amended the False Claims Act regarding the timing of the obligation to reimburse overpayments. Further, the Affordable Care Act authorizes the Secretary of Health and Human Services ("HHS") to exclude a provider's participation in the Medicare, Medicaid and the Children's Health Insurance Program programs, as well as to suspend payments to a provider, pending an investigation of a credible allegation of fraud against the provider. The potential for increased legal exposure due to the Affordable Care Act's enhanced compliance and regulatory requirements, disclosure and transparency obligations, quality of care expectations and extraordinary enforcement provisions could increase the UAMS's operating expenses.

With expanded health insurance coverage under the Affordable Care Act, UAMS has benefitted from reduced charity care write-offs and bad debt expenses. A portion of those gains, however, have been offset by the increase in high deductible insurance plans under which insured patients are more likely to fail to make payment. UAMS has also benefitted from the expansion of the Medicaid program and increased Medicaid reimbursement for services provided by employed physicians. Conversely, the Affordable Care Act has resulted in lower Medicare reimbursements and reduced Medicare and Medicaid DSH funding. The new reimbursement methodologies have resulted in increased pressures for greater operational efficiency. Also, since commercial and managed care insurers have experienced increased regulation and fees, UAMS's negotiations with those insurers have become more difficult.

Many states have also enacted or are considering health care reform measures. Both as a part of recent reform efforts and throughout the preceding decades, numerous legislative proposals have been introduced or proposed in the Arkansas General Assembly aimed at effecting major changes in health care policy and systems. The purpose of much of the statutory and regulatory activity has been to control health care costs, particularly costs paid under the Medicaid program. A significant portion of UAMS's revenue is derived from the Medicaid program. It is not known what additional proposals may be proposed or adopted or, if adopted, what effect such proposals would have on UAMS's operations or revenue.

The content and implementation of the Affordable Care Act has been, and remains, highly controversial. Accordingly, the Affordable Care Act has continually faced multi-front challenges, including repeated repeal efforts, since its enactment. Management of UAMS cannot predict the impact any major modification or repeal of the Affordable Care Act, or any replacement health care reform legislation, might have on UAMS's business or financial condition, although such effects 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's business or financial condition.

Several attempts to repeal and/or replace the Affordable Care Act have been made since its passage. While past attempts have not been successful in gaining the approval of both chambers of Congress, certain portions of the Affordable Care Act have been repealed or their implementation delayed. As a result of the passage of the Tax Cuts and Jobs Act of 2017, beginning in 2019, the Affordable Care Act's requirement that individuals obtain health insurance or pay a penalty has been eliminated.

In addition to the potential legislative changes discussed above, Affordable Care Act implementation and the Affordable Care Act insurance exchange markets can be significantly impacted by executive branch actions.

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 Affordable Care Act insurance exchanges, 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 Affordable Care Act 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. Approved rate changes for 2021 range from a decrease of -1.77% to an increase of 5.87%. Approved rate changes for 2022 ranged from no increase to an increase of 8.2%. Approved rate changes for 2023 range from an increase of 7.1% to 13.7%. Management cannot predict the likelihood or effect of any such executive actions on UAMS's business or financial condition, 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 final notice of rulemaking has not been published. 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 Affordable Care Act, 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 Affordable Care Act 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 Affordable Care Act 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 Affordable Care Act 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 Affordable Care Act in its entirety. The Court of Appeals affirmed the lower-court ruling in December 2019, determining that the Affordable Care Act'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 Affordable Care Act, 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 Affordable Care Act 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 Affordable Care Act'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.

If the Affordable Care Act is repealed or replaced, if repeal or revision of the Affordable Care Act invalidates the Arkansas private option program, if the Arkansas private option program is invalidated by CMS, if the private option 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 private option program, UAMS estimates that approximately $60-$70 million in annual 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 Arkansas private option program or the failure by the Arkansas General Assembly to reauthorize, continue or approve funding for the Arkansas private option 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). There can be no assurance that a new surge of 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 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. 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. For the fiscal year ended June 30, 2022, UAMS's change in net position was a decrease of approximately $31.8 million, with a total reduction in net position of approximately $20 million attributed to COVID-19 before relief funding. Relief funding recognized during the fiscal years ended June 30, 2020, June 30, 2021 and June 30, 2022 was approximately $34.1 million, $46.4 million and $36.8 million, respectively. No additional relief funding was received during the fiscal year ended June 30, 2023.

Assistance and Relief Programs and Remediation Efforts. The CARES Act (see **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein) included 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 years ended June 30, 2022 and June 30, 2023.

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 settled 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, and all amounts were fully repaid by October 2022.

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. Through June 30, 2023, UAMS has been reimbursed $440,887 for equipment related to COVID variant testing, $1,283,932 for expenses related to COVID-19 entrance screenings, and $3,192,959 for the purchase of PPE.

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, 2022 and 2023, the total amounts awarded under these grants totaled $27,928,502, $19,418,311 and $1,609,293, 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 provided 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 expanded 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.

Certain Medicaid eligibility verification processes were suspended in connection with the US Department of Health and Human Services public health emergency declaration. With the expiration of the public health emergency declaration, the Arkansas Department of Human Services ("DHS") began a process of reassessing Medicaid eligibility. As of May 8, 2023, DHS reported that the cases of 72,802 Medicaid beneficiaries were closed in April because they either did not return the requested information to determine their eligibility or they are no longer eligible for Medicaid. DHS also reported that 61,236 Medicaid beneficiaries had their coverage renewed after their eligibility was confirmed. DHS has identified an additional 304,631 Medicaid beneficiaries whose coverage had been extended because of special rules put in place during the public health emergency; however, DHS is unable to estimate how many more people will no longer qualify for Medicaid as the department continues to redetermine Medicaid eligibility. The loss of Medicaid eligibility may lead to an increase in UAMS's uncompensated care, which may have a material adverse financial impact.

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 had 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 System and the insurance company settled this matter for a confidential amount on December 9, 2022, and the trial court dismissed the matter with prejudice.

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 Bonds are being purchased at a purchase price of $130,545,175.93, being the sum of (i) $62,232,951.13 (the principal amount of the Series 2023A Bonds less Underwriters' discount of $102,048.87) and (ii) $68,312,224.80 (the principal amount of the Series 2023B Bonds plus original issue premium of $8,335,733.60 and less Underwriters' discount of $98,508.80). 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, the System and certain of its campuses, 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, the System and certain of its campuses, 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, the System and certain of its campuses, 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, the System and certain of its campuses, 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, the System and certain of its campuses, 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.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

JPMS is also serving as Dealer Manager in connection with the tender offer for the Purchased Bonds pursuant to the terms of a Dealer Manager Agreement dated July 7, 2023, by and between the Board and JPMS, as dealer manager.

Kelly Eichler, 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.

DESCRIPTION OF RATING

Moody's Investors Service Inc. has assigned the 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.

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

SCHEDULE I – SCHEDULE OF PURCHASED BONDS

Board of Trustees of the University of Arkansas
Various Facility Revenue Bonds (Fayetteville Campus),
Refunding and Improvement Series 2016A

Original Dated Date	Original Maturity (November 1)	Interest Rate	Principal Amount: Outstanding	Principal Amount: Invited Bonds	Principal Amount: To Be Tendered for Purchase	Principal Amount: Remaining Outstanding	Purchase Settlement Date
April 5, 2016	2023	5.000%	$2,955,000	$ --	$ --	$2,955,000	--
	2024	5.000%	3,110,000	--	--	3,110,000	--
	2025	5.000%	3,265,000	--	--	3,265,000	--
	2026	5.000%	3,430,000	--	--	3,430,000	--
	2027	5.000%	3,610,000	--	--	3,610,000	--
	2028	5.000%	3,790,000	3,790,000	2,335,000	1,455,000	08/17/2023
	2029	5.000%	3,990,000	3,990,000	1,825,000	2,165,000	08/17/2023
	2030	5.000%	4,185,000	4,185,000	2,075,000	2,110,000	08/17/2023
	2031	5.000%	4,395,000	4,395,000	2,125,000	2,270,000	08/17/2023
	2032	3.000%	4,565,000	--	--	4,565,000	--
	2033	5.000%	4,755,000	4,755,000	3,630,000	1,125,000	08/17/2023
	2034	5.000%	5,000,000	5,000,000	2,060,000	2,940,000	08/17/2023
	2035	3.250%	5,200,000	--	--	5,200,000	--
	2036	5.000%	5,415,000	5,415,000	2,415,000	3,000,000	08/17/2023
	2037	5.000%	5,695,000	5,695,000	2,265,000	3,430,000	08/17/2023
	2038	3.375%	3,370,000	--	--	3,370,000	--
	2046(1)	5.000%	10,325,000	10,325,000	1,720,000	8,605,000	08/17/2023

(1) Term Bond with a final maturity of November 1, 2046

SCHEDULE I – SCHEDULE OF PURCHASED BONDS

Board of Trustees of the University of Arkansas
Various Facility Revenue Bonds (Fayetteville Campus),
Series 2017

Original Dated Date	Original Maturity (November 1)	Interest Rate	Principal Amount: Outstanding	Principal Amount: Invited Bonds	Principal Amount: To Be Tendered for Purchase	Principal Amount: Remaining Outstanding	Purchase Settlement Date
August 1, 2017	2023	5.000%	$ 1,810,000	$ --	$ --	$ 1,810,000	--
	2024	5.000%	1,905,000	--	--	1,905,000	--
	2025	5.000%	2,000,000	--	--	2,000,000	--
	2026	5.000%	2,105,000	--	--	2,105,000	--
	2027	5.000%	2,210,000	--	--	2,210,000	--
	2028	5.000%	2,325,000	--	--	2,325,000	--
	2029	5.000%	2,445,000	--	--	2,445,000	--
	2030	5.000%	2,570,000	2,570,000	1,170,000	1,400,000	08/17/2023
	2031	5.000%	2,700,000	2,700,000	1,795,000	905,000	08/17/2023
	2032	5.000%	2,840,000	2,840,000	610,000	2,230,000	08/17/2023
	2033	5.000%	2,985,000	2,985,000	1,625,000	1,360,000	08/17/2023
	2034	5.000%	3,140,000	3,140,000	1,330,000	1,810,000	08/17/2023
	2035	5.000%	3,300,000	3,300,000	2,650,000	650,000	08/17/2023
	2036	5.000%	3,470,000	3,470,000	1,540,000	1,930,000	08/17/2023
	2037	5.000%	3,645,000	3,645,000	1,280,000	2,365,000	08/17/2023
	2038	5.000%	3,830,000	3,830,000	760,000	3,070,000	08/17/2023
	2039	5.000%	4,030,000	4,030,000	330,000	3,700,000	08/17/2023
	2042(1)	5.000%	13,370,000	13,370,000	1,390,000	11,980,000	08/17/2023
	2047(2)	5.000%	27,230,000	27,230,000	6,255,000	20,975,000	08/17/2023

(1) Term Bond with a final maturity of November 1, 2042
(2) Term Bond with a final maturity of November 1, 2047

SCHEDULE I – SCHEDULE OF PURCHASED BONDS

Board of Trustees of the University of Arkansas
Various Facility Revenue Bonds (Fayetteville Campus),
Taxable Refunding Series 2019B

Original Dated Date	Original Maturity (November 1)	Interest Rate	Principal Amount: Outstanding	Principal Amount: Invited Bonds	Principal Amount: To Be Tendered for Purchase	Principal Amount: Remaining Outstanding	Purchase Settlement Date
November 5, 2019	2023	1.969%	$5,500,000	$ --	$ --	$ 5,500,000	--
	2024	2.019%	5,610,000	5,610,000	--	5,610,000	--
	2025	2.256%	5,735,000	5,735,000	500,000	5,235,000	08/17/2023
	2026	2.356%	5,870,000	5,870,000	3,775,000	2,095,000	08/17/2023
	2027	2.450%	6,015,000	6,015,000	955,000	5,060,000	08/17/2023
	2028	2.550%	6,155,000	6,155,000	1,450,000	4,705,000	08/17/2023
	2029	2.560%	6,320,000	6,320,000	6,320,000	--	08/17/2023
	2030	2.630%	6,490,000	6,490,000	--	6,490,000	--
	2031	2.730%	6,665,000	6,665,000	255,000	6,410,000	08/17/2023
	2032	2.850%	6,865,000	6,865,000	75,000	6,790,000	08/17/2023
	2033	2.900%	7,045,000	7,045,000	--	7,045,000	--
	2034	2.950%	7,250,000	7,250,000	--	7,250,000	--
	2035	3.081%	7,475,000	7,475,000	--	7,475,000	--
	2039(1)	3.301%	32,505,000	32,505,000	--	32,505,000	--
	2042(2)	3.401%	15,580,000	15,580,000	--	15,580,000	--

(1) Term Bond with a final maturity of November 1, 2039
(2) Term Bond with a final maturity of November 1, 2042

SCHEDULE I – SCHEDULE OF PURCHASED BONDS

Board of Trustees of the University of Arkansas
Various Facility Revenue Bonds (Fayetteville Campus),
Taxable Refunding Series 2021

Original Dated Date	Original Maturity (November 1)	Interest Rate	Principal Amount: Outstanding	Principal Amount: Invited Bonds	Principal Amount: To Be Tendered for Purchase	Principal Amount: Remaining Outstanding	Purchase Settlement Date
December 1, 2021	2023	0.531%	$11,590,000	$ --	$ --	$ 11,590,000	--
	2024	0.863%	11,765,000	2,260,000	1,775,000	9,990,000	08/17/2023
	2025	1.127%	11,015,000	2,275,000	1,595,000	9,420,000	08/17/2023
	2026	1.317%	9,710,000	2,305,000	2,305,000	7,405,000	08/17/2023
	2027	1.507%	9,955,000	2,340,000	1,065,000	8,890,000	08/17/2023
	2028	1.677%	10,220,000	2,375,000	200,000	10,020,000	08/17/2023
	2029	1.774%	10,515,000	2,415,000	60,000	10,455,000	08/17/2023
	2030	1.874%	10,840,000	2,465,000	--	10,840,000	--
	2031	1.974%	11,160,000	2,510,000	1,405,000	9,755,000	08/17/2023
	2032	2.084%	11,255,000	2,565,000	--	11,255,000	--
	2033	2.204%	7,790,000	2,620,000	150,000	7,640,000	08/17/2023
	2034	2.304%	8,110,000	2,675,000	--	8,110,000	--
	2035	2.394%	8,445,000	2,745,000	20,000	8,425,000	08/17/2023
	2036	2.474%	8,780,000	2,810,000	--	8,780,000	--
	2039(1)	2.585%	9,350,000	5,795,000	100,000	9,250,000	08/17/2023
	2043(2)	2.685%	9,850,000	4,665,000	4,665,000	5,185,000	08/17/2023

(1) Term Bond with a final maturity of November 1, 2039
(2) Term Bond with a final maturity of November 1, 2043

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: $62,335,000 Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2023A

$60,075,000 Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2023B

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 $62,335,000 Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2023A (the "Series 2023A Bonds") and its $60,075,000 Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2023B (the "Series 2023B Bonds" and, together with the Series 2023A Bonds, the "Bonds"), each dated August 17, 2023, 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 2023 Trust Indenture dated as of August 17, 2023, between the Issuer and the Trustee (the "Series 2023 Indenture") (the Master Indenture and the Series 2023 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"), Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the "Series 2021 Bonds"), and Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A and Taxable Series 2022B (collectively, the "Series 2022 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, the Series 2022 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 Series 2023A Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Issuer. Interest on the Series 2023A 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.

(6) The interest on the Series 2023B 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, 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 2023B 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 2023B Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023B Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2023B Bonds.

(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 of the University of Arkansas, Fayetteville
for the Fiscal Year Ended June 30, 2022

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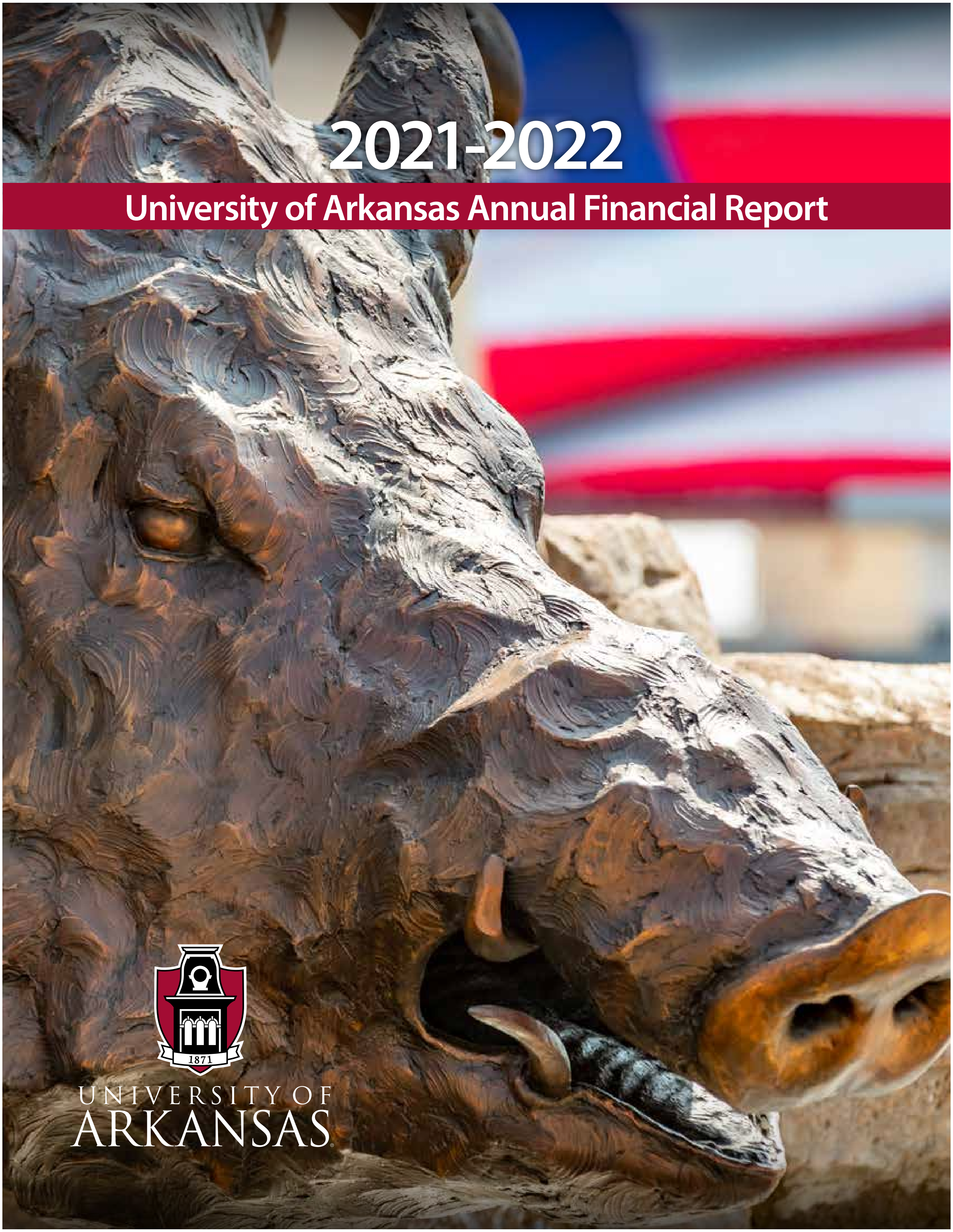
2021-2022

University of Arkansas Annual Financial Report



1871

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ARKANSAS


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ARKANSAS

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The University of Arkansas

A MESSAGE FROM THE CHANCELLOR AND EXECUTIVE VICE CHANCELLOR FOR FINANCE AND ADMINISTRATION

Charles F. Robinson
Chancellor

Ann Bordelon
Executive Vice Chancellor for Finance and Administration

The University of Arkansas first welcomed students onto campus in January 1872 – 150 years ago. As Arkansas' land-grant, flagship university, we have taken pride in our fiscally responsible stewardship of our resources to best serve students and the state of Arkansas throughout our history. And we are proud of the way we continued to uphold that tradition during our sesquicentennial year.

We are pleased to present the University of Arkansas' Annual Financial Report, reflecting our commitment to sound fiscal management, and outlining the university's financial activities for the fiscal year ending June 30, 2022. In FY22, the University of Arkansas' operating revenues rebounded to exceed pre-pandemic levels with a 12.6% increase over FY21 to $652 million. FY22 also saw a continued return of students to campus, as well as sustained enrollment growth and improved retention. In fact, enrollment exceeded 30,000 students for the first time in the university's history in the fall 2022 semester.

The University of Arkansas continues to maintain a strong financial position, ending FY22 with an overall net position of $1.5 billion. The university gains support through a variety of means – including state appropriations, tuition revenue, private gifts, research grants and more – and we strive to leverage that support to further our mission of teaching, research and service to Arkansas. As the state's only institution to receive the highest classification of research activity from the Carnegie Foundation for Advancement of Teaching, we are also dedicated to serving and supporting Arkansas through life-changing discoveries, inventions, commercialization and entrepreneurship.

Advancing Student Success

The generosity of our benefactors and community allows the university to continue making important investments in classrooms, faculty, studio spaces and student support services. In FY22, using federal, state, institutional and private funding, the university provided more than $145.8 million in academic and need-based scholarships to students.

As part of that $145.8 million, the university continued to grow the amount of institutional scholarship dollars devoted solely to Arkansans with $1 million in additional funding committed in FY22. Since 2019, institutional scholarship funding for Arkansans has increased by $6 million. Additionally, in-state tuition remained flat and fees only increased by less than 1% for the fall 2022 semester.

Our new Student Success Center was also completed in FY22, which was a $45 million project funded by bonds, gifts and university reserves. The Student Success Center embodies the university's commitment to each and every student, offering outreach programs and resources that help students overcome barriers on their path to success, improving on-time graduation rates and making academic success attainable for everyone.

Augmenting the Research Enterprise

The University of Arkansas is actively committed to its role as a leading, flagship research university with research excellence a key part of our strategic plan. In FY22, the university began construction of a new campus research facility to serve as a home to the Institute for Integrative and Innovation Research (I^3R). The 135,000-square foot facility will house leading-edge technology, laboratory space and research equipment. Every floor will feature expansive collaborative spaces designed to bring the people of I^3R together to workshop ideas and move them toward innovation.

Additionally, a world-class research institution is built on the work of faculty, post-doctoral researchers and graduate students. We are committed to developing a plan that supports the growth of our tenure and tenure-track faculty, which will have a direct and measurable impact on our ability to conduct ground-breaking research and discovery in all disciplines. Our growth plan will include marshaling resources where possible, seeking endowments and other key partnerships.

Making the University an Employer of Choice

In FY22, we shared our intent for the University of Arkansas to become an employer of choice. When a person chooses to work for the University of Arkansas, they are making a big commitment to us and the state. They should know what we value in them, and what they will gain from working with us.

Looking ahead, we will develop an employee value proposition – in conjunction with our staff classification and compensation study – to advance our ambition to be an employer of choice. We are defining the characteristics and qualities we want to foster in our employees so we can better retain them and attract additional talent with transparency and a shared vision. We're developing a philosophy and defining the essence of what it means to work for the U of A.

As our celebration of the university's 150th anniversary concluded during FY22, our hope is that this report makes clear the many ways that we are investing in our institution, our students and the state of Arkansas to build a better future. It's been 150 years, and we've only just begun.

Thank you for your continued support.

Charles F. Robinson, PhD
Chancellor

Ann Bordelon
Executive Vice Chancellor for Finance and Administration

INDEPENDENT AUDITOR'S REPORT

Arkansas

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Arkansas, Fayetteville
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We did not audit the financial statements of The 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 report has 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 report of the other auditors. 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*. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1V to the financial statements, in 2022 the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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www.arklegaudit.gov

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
December 13, 2022
EDHE13522

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The University of Arkansas (the University) is pleased to present its financial statements for the fiscal year 2022. While audited financial statements for fiscal year 2021 are not presented with this report because of the implementation of new GASB pronouncements discussed below, condensed operations and financial position data will be presented in this discussion and analysis to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on the current year data. The University's financial statements, notes to the financial statements and discussion and analysis are the responsibility of and have been prepared by management. This discussion and analysis should be read in conjunction with financial statements and notes. All references to "2022" and "2021" 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.

Effective for the year ended June 30, 2022, the University adopted GASB Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources**.**

As a result, the University recognized the following in the Statement of Net Position as of June 30, 2022:

Effects of GASB 87 on Statement of Net Position

		June 30, 2022
ASSETS		
Current Assets		
Accounts receivable - net	$	$947,045
Noncurrent Assets		
Other assets	$	$6,981,643
Capital assets, net		6,690,140
LIABILITIES		
Current Liabilities		
Bonds, notes, leases and installment contracts payable - Current portion	$	$1,526,476
Noncurrent Liabilities		
Bonds, notes, leases and installment contracts payable	$	$4,588,891
DEFERRED OUTFLOWS OF RESOURCES		
Deferred inflows - other	$	$7,781,921

Sufficient information was not available to restate the 2021 statements, and accordingly no comparative amounts for 2021 are presented. The beginning net position balance for 2022 was restated by $549,745 on the Statement of Revenues, Expenses, and Changes in Net Position to recognize the effects of implementation of the GASB statement. For the purposes of the following discussion, the comparisons are between the June 30, 2022 audited financial statements and the June 30, 2021 financial statements as originally reported prior to the adoption of GASB 87.

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

Note 15 "Other Entities" refers to the University of Arkansas Foundation, Inc. (UA Foundation). The University is the beneficiary of 55.9% of the net assets of the UA Foundation; therefore, it does not meet the requirements of a component unit.

Statement of Net Position

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

Net Position is presented in four categories:

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

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

Restricted expendable – net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire 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, 2022, and 2021:

Condensed Summary of Net Position

	2022	2021*	Change
ASSETS			
Current Assets	$ 682,511,240	$ 645,298,702	$ 37,212,538
Capital Assets, Net of Depreciation	1,545,982,343	1,525,888,590	20,093,753
Other Noncurrent Assets	215,857,707	201,325,434	14,532,273
Total Assets	**$ 2,444,351,290**	**$ 2,372,512,726**	**$ 71,838,564**
Total Deferred Outflows of Resources	**$ 13,034,246**	**$ 19,677,096**	**$ (6,642,850)**
LIABILITIES			
Current Liabilities	$ 153,626,075	$ 144,893,902	$ 8,732,173
Noncurrent Liabilities	829,613,328	867,166,455	(37,553,127)
Total Liabilities	**$ 983,239,403**	**$ 1,012,060,357**	**$ (28,820,954)**
Total Deferred Inflows of Resources	**$ 16,775,106**	**$ 5,487,221**	**$ 11,287,885**
NET POSITION			
Net Invested in Capital Assets	$ 721,837,717	$ 687,450,722	$ 34,386,995
Restricted – Nonexpendable	46,393,697	34,754,044	11,639,653
Restricted – Expendable	189,853,611	197,542,164	(7,688,553)
Unrestricted	499,286,002	454,895,314	44,390,688
Total Net Position	**$ 1,457,371,027**	**$ 1,374,642,244**	**$ 82,728,783**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Overall, the University's financial position strengthened again in fiscal year 2022 with Net Position increasing by $82.7 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, of $20 million 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.

The following summarizes the changes in capital assets as of June 30, 2022, and 2021:

Condensed Changes in Capital Assets

	FY2022	FY2021*
Restatement GASB 87	$ 7,226,880	$
Additions	17,595,465	48,253,914
Reductions	(4,728,592)	(2,630,164
Total Changes	**$ 20,093,753**	**$ 45,623,750**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Current cash, cash equivalents, and short-term investments increased in aggregate by $33.8 million due in large part to a return to normal operations after the COVID-19 pandemic. The return of typical levels of the on-campus residential population resulted in greatly increased auxiliary enterprise cash collections of $45.5 million compared to 2021. Increases were seen in student housing, dining, student health and parking revenues. In addition, attendance at athletic events returned to pre-pandemic levels. Educational and general related cash also showed a significant increase. Cash collected from grants and contracts increased by $50.7 million due to increased numbers of awards and more efficient billing and collection efforts on existing awards. Sales and services collections increased by $12.4 million and other operating receipts increased by $4.7 million. Outside of operating receipts, state appropriations and nonoperating federal grants increased $12.5 million and $16.0 million, respectively. The increase in nonoperating grants can be largely attributable to funds received from federal HEERF programs. Gift collections were up $7.6 million with campus returning to higher levels of activity coming out of the pandemic. Reimbursement draws from the foundations grew to cover increased programmatic expenses.

Increased cash inflow was offset by an increase in overall operating expenses of $113.1 million, with the largest increases coming in payments to suppliers of $80.3 million. Salary and benefits payments increased $24.2 million and cash payments for scholarships and fellowships increased $8.6 million.

The increase in other noncurrent assets of $14.5 million is attributable to net outstanding new pledges of $23.6 million primarily designated for capital assets and an increase in other assets of $6.6 million due almost exclusively to the adoption of GASB 87 and the related recording of lease receivables. This was offset by a decrease of $14.6 million in long-term investments.

Deferred outflows of resources decreased $6.6 million due to the amortization of deferred amount on refunding of bonds of $4.3 million and actuarial determined decrease in deferred outflows related to pensions of $1.6 million and other post-employment benefits of $0.7 million.

Current liabilities increased $8.7 million. Advance receipts increased $9.9 million due to increased cash collections of revenues to be recognized in fiscal 2023 caused by the timing of summer terms, as well as a significant increase in athletic ticket sales for the Fall 2022 season of over $5.0 million. Current bonds, notes, leases, and installment contracts payable decreased $5.3 million.

Noncurrent liabilities decreased $37.6 million. Noncurrent bonds, notes, leases and installment contracts payable decreased $27.3 million as a result of normal amortization of principal on outstanding long-term debt throughout 2022. Pension liability decreased $9.1 million as a result of actuarially compiled statistics on the statewide pension plans in which University employees and retirees participate.

Deferred inflows and resources increased $11.3 million. Deferred inflows related to OPEB decreased $1.4 million and deferred inflows related to pensions increased $4.9 million. Additional information about these computations can be found in Note 11 "Employee Benefits" and Note 12 "Other Postemployment Benefits (OPEB)." Deferred inflows other increased $7.8 million as a result of the adoption of GASB 87 as referenced above.

The following summarizes the composition of unrestricted net position owned by the units of the University of Arkansas Fund as of June 30, 2022 and 2021:

Unrestricted Net Position

Unit	2022	2021*	Change
Fayetteville Campus	$ 427,337,462	$ 375,903,014	$ 51,434,448
Division of Agriculture	57,298,620	65,710,053	(8,411,433)
Arkansas Archeological Survey	1,878,217	1,713,677	164,540
Criminal Justice Institute	5,176,640	4,727,959	448,681
Clinton School of Public Service	2,243,599	1,801,887	441,712
AREON	5,351,464	5,038,724	312,740
Total Unrestricted Net Position	**$ 499,286,002**	**$ 454,895,314**	**$ 44,390,688**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Unrestricted net position for the Fayetteville Campus as of June 30, 2022 and 2021 is allocated as follows:

Unrestricted Net Position – Fayetteville Campus						
Allocation		**2022**		**2021***		**Change**
Educational and General Department Uses	$	217,790,645	$	202,147,308	$	15,643,337
Service Operations		6,419,150		6,514,837		(95,687)
Auxiliaries		49,486,265		43,547,386		5,938,879
Plant Funds		136,525,123		104,759,723		31,765,400
Quasi-Endowment Funds		17,116,279		18,933,760		(1,817,481)
Total Fayetteville Campus Unrestricted Net Position	**$**	**427,337,462**	**$**	**375,903,014**	**$**	**51,434,448**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Although unrestricted net position is not subject to externally imposed restrictions, the University's unrestricted net position is largely subject to internal designations to meet various specific commitments. These commitments include reserves established for capital projects, scholarships, and other academic or research priorities, working capital for self-supporting auxiliary enterprises, reserves for the continued recognition of 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 $329.9 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, 2022 and 2021:

Condensed Summary of Net Revenues, Expenses, and Changes in Net Position						
		2022		**2021***		**Change**
Operating Revenues	$	652.292,200	$	579,319,158	$	72,973,042
Operating Expenses		982,219,139		876,655,485		105,563,654
Operating Loss		(329,926,939)		(297,336,327)		(32,590,612)
Net Nonoperating Revenues		370,061,688		387,771,999		(17,710,311)
Gain Before Other Revenues and Changes in Net Position		40,134,749		90,435,672		(50,300,923)
Other Revenues and Changes in Net Position		50,997,419		8,913,121		42,084,298
Increase in Net Position	**$**	**91,132,168**	**$**	**99,348,793**	**$**	**(8,216,625)**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

Operating revenue increased $73.0 million in 2022. The biggest contributors of such increase were auxiliary enterprises. Specifically, residence life increased approximately $29.0 million, Athletics increased approximately $18.5 million, and Transit and Parking increased approximately $4.7 million. These increases are due to the return to more normal operations after the measures taken during the pandemic were relaxed.

Other operating revenues seeing substantial increases included Federal grants and contracts increasing approximately $13.1 million, Sales and services of educational departments increasing approximately $6.9 million, and Student tuition and fees increasing approximately $3.7 million.

The increase in Federal grants and contracts is a function of several factors. As already stated, campus activities have returned to more typical levels post COVID-19. Large equipment purchases increased $3.5 million due in part to supply chain constrictions in the previous year and the award of newer grants with equipment components. Salaries charged to grants increased $5.4 million in 2022, grant related travel expenses increased $2.0 million due to restrictions in the previous year, and facility and administrative costs increased $2.7 million. Due to the cost reimbursable nature of most grants, revenues increased along with the increases in these types of expense. The University has also seen record numbers of proposals and awards over the past couple of years that have resulted in increased federally sponsored research activity. Increases in Sales and services of educational departments are attributable to the resumption of several educational programs that were either restricted or curtailed completely due to COVID-19. In particular, the resumption of study abroad programs resulted in an increase of approximately $3.1 million. Student tuition and fees increase is attributed to an overall enrollment increase of approximately 1,500 students combined with small increases in various mandatory and non-mandatory student fees for 2022.

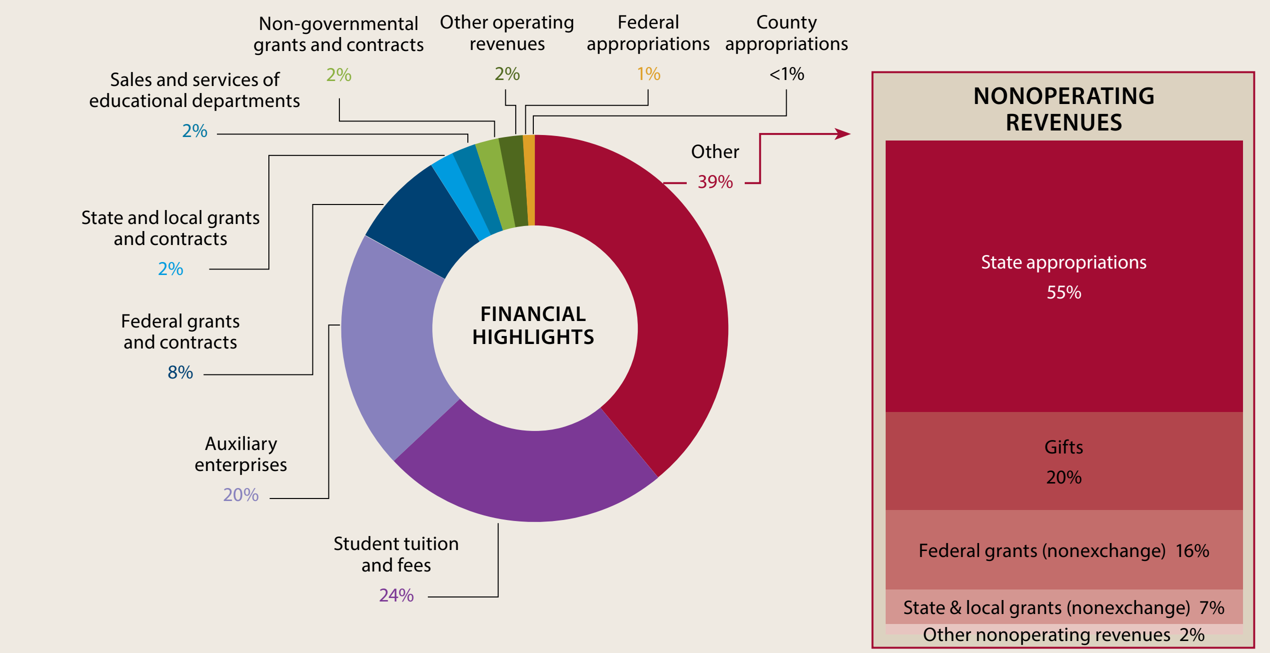
Operating expenses increased $105.6 million with the single largest increase coming in Supplies and other services of approximately $76.4 million. This significant increase indicates a return to more normal levels of operations as compared to 2021. A better comparison can be made with 2020 which reflects an increase of $33.5 million. Specific changes in that timeframe that contribute to the increase include an increase of insurance premiums of $7.0 million and increase in allowance for doubtful accounts of approximately $5.6 million. Remaining increases are broadly distributed and reflect increased expense related to growing enrollment, growing research activities and general inflationary pressures.

Salaries, wages and benefits increased approximately $13.5 million which was an overall change of 2.5%. Scholarships and fellowships increased approximately $8.9 million, reflecting a major University effort to increase scholarship awards to in-state students, and overall general growth in student enrollment.

Net other nonoperating revenues declined by approximately $17.7 million. Investment income saw a decline from the previous year of approximately $60.8 million. This comes after record investment income in 2021 due to extraordinary performance in the University's investment portfolio, with investment income reported at $35.8 million in that year. In 2022, the University was not immune to the challenging investment environment seen across the market and incurred overall investment losses of $24.9 million. Offsetting this decline were increases in state appropriations, gifts, and non-operating federal grants of $12.5 million, $9.0 million, and $16.6 million, respectively. State appropriations can vary year to year and are based on State revenues which were reported as strong in 2022. The increase in gifts coincide in large part with the increase in operating expenses since expense reimbursements from the University's affiliated foundations are reflected in this line. The increase in non-operating federal grants is due almost exclusively to the increase in funding from the federal government in the various COVID-19 relief funds of approximately $22.8 million.

The increase in Other revenues and changes in net position of $42.1 million is due primarily to an increase in capital gifts and grants of $41.4 million. This increase reflects the recording of a $30.0 million pledge for the construction of the Windgate Studio and Design Center and the receipt of $9.4 million in funding for the construction of the I^{3}R facility.

Fiscal Year 2022 Operating and Nonoperating Revenues

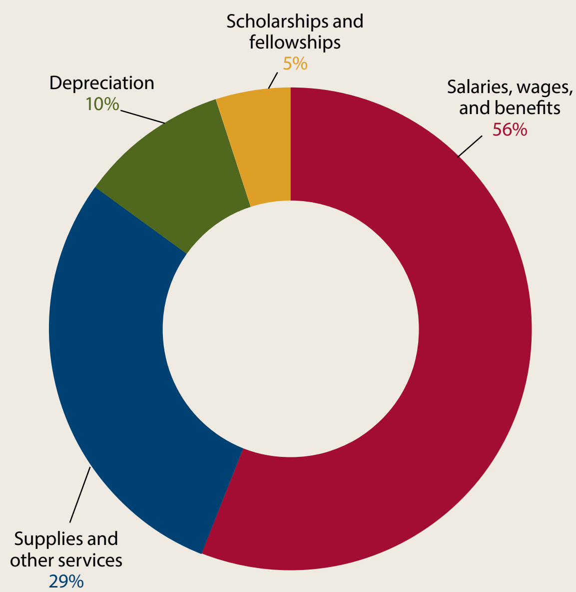


Financial Highlights

Operating Revenues		**FY2022**
Student tuition and fees	$	255,331,306
Auxiliary enterprises		218,034,610
Federal grants and contracts		86,487,805
Sales and services of educational departments		26,245,297
State and local grants and contracts		17,684,507
Non-governmental grants and contracts		17,636,396
Other operating revenues		17,312,249
Federal appropriations		8,954,499
County appropriations		4,605,531
Total	**$**	**652,292,200**

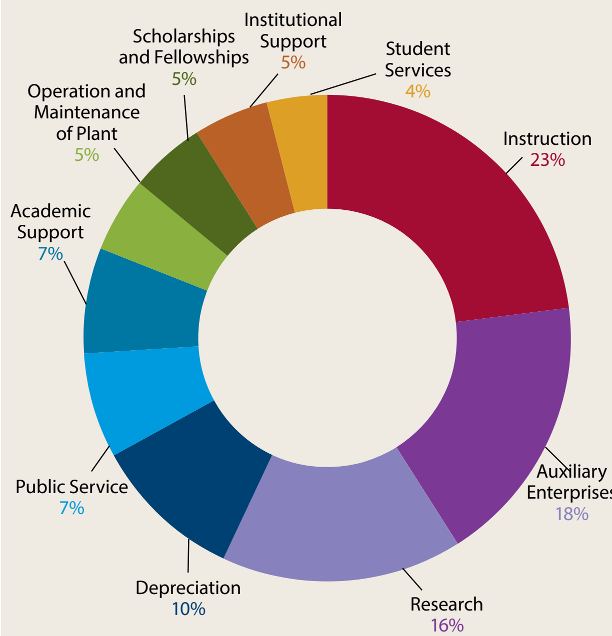
Nonoperating Revenues		**FY2022**
State appropriations	$	229,720,207
Gifts		83,835,006
Federal grants (nonexchange)		68,111,289
State & local grants (nonexchange)		30,833,611
Other nonoperating revenues		8,055,262
Total	**$**	**420,555,375**

Fiscal Year 2022 Operating Expenses by Natural Classification



Operating Expenses by Natural Classification		FY2022
Salaries, wages, and benefits	$	550,974,730
Supplies and other services		287,678,479
Depreciation		94,796,517
Scholarship and fellowships		48,769,413
Total	**$**	**982,219,139**

Fiscal Year 2022 Operating Expenses by Function



Operating Expenses by Function		FY2022
Instruction	$	222,394,625
Auxiliary Enterprises		174,681,253
Research		157,009,454
Depreciation		94,796,517
Public Service		72,175,842
Academic Support		68,287,863
Operation and Maintenance of Plant		56,123,431
Scholarships and Fellowships		49,505,311
Institutional Support		47,107,025
Student Services		40,137,818
Total	**$**	**982,219,139**

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 non-operating, 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 reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

The 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, 2022 and 2021:

Condensed Summary of Cash Flows

	2022	2021*	Change
Net Cash Used by Operating Activities	$ (218,218,271)	$ (220,888,406)	$ 2,670,135
Net Cash Provided by Noncapital Financing Activities	408,066,004	374,539,708	33,526,296
Net Cash Provided by Operating and Noncapital Financing Activities	189,847,733	153,651,302	36,196,431
Net Cash Used by Capital and Related Financing Activities	(139,342,472)	(123,674,328)	(15,668,144)
Net Cash Used by Investing Activities	(84,321,245)	(6,347,113)	(77,974,132)
Net (Decrease) Increase in Cash	**$ (33,815,984)**	**$ 23,629,861**	**$ (57,445,845)**

*As originally reported in 2021 financial report see Note 1V for breakdown of restatement

The University used $218.2 million of cash for operating activities in 2022 offset by cash provided by noncapital financing activities of $408.1 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 $189.8 million for 2022 indicates that these activities contributed to cash and liquidity for the year.

Cash used by capital and related 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 provides 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 index trend is positive, demonstrating the positive effect of renewal, stewardship, renovations and the continued reduction of deferred maintenance to campus infrastructure and educational and general buildings.

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

Changes in Net Invested in Capital Assets						
	FY21 6/30/2021	Net Change for GASB 87	FY22 7/1/2021	Additions	Reductions	FY22 6/30/2022
Capital assets, net of depreciation (Note 4)	$ 1,525,888,590	$ 7,226,880	$ 1,533,115,470	$ 17,595,465	$ 4,728,592	$1,545,982,343
Bonds, leases, notes and installment contracts (Note 8)	(843,027,435)	(6,677,135)	(849,704,570)	(196,095,119)	(224,755,199)	(821,044,490)
Deferred amount on refunding	10,626,042		10,626,042	981,617	5,301,711	6,305,948
Unspent bond proceeds	3,961,913		3,961,913		3,707,174	254,739
Accounts payable and contract retainage	(9,998,388)		(9,998,388)	9,998,388	9,660,823	(9,660,823)
Net invested in capital assets (Statement of Net Position)	**$ 687,450,722**	**$ 549,745**	**$ 688,000,467**	**$(167,519,649)**	**$(201,356,899)**	**$721,837,717**

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

Capital projects continued at an impressive pace in 2022, with several construction projects that began in previous years completed or substantially completed, continued progress on multi-year projects and new projects initiated.

The list of projects begun in previous years completed in 2022 includes:

- Civil Engineering Research & Education Center – Project constructed a research and education facility for the civil engineering department. The facility is approximately 25,000 square feet of high bay lab and an adjacent 2-story space. Lab features structural testing floor, associated materials preparation and testing areas, lab personnel office and research space. Total project cost was $13.8 million funded from bonds, gifts, grants and state funds. The project was completed in July 2021.

- Baseball Development Center – Is a facility at the Baum Walker Stadium. Located at the southwest corner of Baum Walker Stadium, the 47,700 square foot facility provided 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 project cost of $27 million was funded by $20 million in bonds, $6 million in gifts and $1 million from Athletic reserves. Project was completed in July 2021.

- Track and Field High Performance Center – Is a track operation facility. This facility will house the Men's and Women's Track and Field teams and combines many of the day to day operations to create an efficient space to serve both programs. The building is 21,000 square feet and located at the south end of the John McDonnell Field. The facility will provide an improved and expanded training room, weight room, team room and equipment storage space. The project cost of $15 million was funded by $10 million in bonds with the remaining amount funded from gifts and Athletic reserves. Project was complete in July 2021.

- Brough Commons Retail Shops Renovation – Renovation of the ground floor retail space to accommodate student demand based on increased customer counts, student feedback and food service trends. Change will improve variety of offerings, speed of service and increase seating. The estimated project cost is $5.6 million funded by dining contract revenue and University reserves. Was completed August 2022.

- Student Success Center – Is a 71,000 square foot facility. The student success center created a home for a new program for which its mission is 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 their transitions into careers. The Student Success Center is located in the core of campus, just north of Old Main and adjacent to Memorial Hall. The construction cost was $45 million from bond proceeds, gifts, and University funds. The project was completed in December 2021.

- University Recreation Intramural Fields – Is the Indian Trails Tennis Complex/Mountain Biking Trails. The Indian Trails project provided 12 tennis courts, biking trails and parking. The project was funded from bond funds and was completed March 2022.

Ongoing construction and new projects beginning in 2022 include:

- Studio and Design Center – Construction of a new 142,600 square foot facility for the School of Art at the southeast corner of Martin Luther King Boulevard and Hill Avenue to consolidate several disciplines across campus and support the expected growth of students and faculty in the School of Art. The estimated project cost is $55 million funded by $40 million in gifts, bond proceeds and University sources. Estimated completion is Fall 2022.

- Ventilation Improvements – Project will prioritize replacement of air handling units and high efficiency filtration systems across campus to increase ventilation in classroom spaces to mitigate spread of the SARS-COV-2 virus. Estimated project cost is $7.6 million from HEERF funds. Estimated completion date is Summer 2023.

- I^{3}R Research Facility – Construction a new campus research facility to serve as a home to the Institute for Integrative & Innovation Research (I^{3}R). The current facility is approximately 135,000 gross square feet located on main campus. The current construction budget is $120 million, which will be funded from gifts and University reserves. Estimated completion is August 2024.

- North Chilled Water Plant Modernization – Replaced the existing 1994 chiller at the North Chiller Water Plant with a new nominal 2,500-ton capacity unit (100% capacity increase). The project also replaced supporting process systems, including the plant electrical switchgear and, cooling tower fan drive systems. Total cost was $4.3 million. Funding consisted of bond proceeds and University funds. Project was completed Summer 2024.

- Fine Arts Restoration – Renovation of the interior and exterior of 55,000 square feet of the Fine Art building constructed in 1951. The exterior landscape and public spaces will be restored to their historic condition. Classrooms, concert hall and library will be upgraded to meet current capacity and building requirements. The total estimated cost is $38 million funded by bonds, gifts, and University reserves. Estimated completion is Summer 2024.

- Mullins Library Renovation first and second floors – Renovation consists of installing fire sprinklers, abating asbestos and renovating 116,000 square feet on the first and second floors to upgrade study and collaboration spaces as well as special collections. Estimated project cost is $35.5 million to be funded from gifts, bond proceeds and University reserves. Estimated completion is Summer 2024.

- Windgate Galleries – Project will construct a new 47,000 square foot facility containing professional quality galleries, a fabrication lab, art foundation studios and an auditorium. It will allow for flow of faculty and students between the other two art buildings located in the Windgate Arts & Design District. The estimated cost is $34 million from gifts and University sources. Estimated completion Summer 2024.

- Anthony Timberlands Center for Design & Material Innovation – Construction of a 41,000 square foot facility located at the northeast corner of the Windgate Art & Design District. This facility will provide space for a timber and wood design graduate program and an applied research center for wood innovation. This will include classroom, studio, conference, office and fabrication space. The estimated project cost is $33.5 million funded by gifts, University reserves, state funds and bond proceeds. Estimated completion is Fall 2024.

- Nano Clean Room Fit-Out – Project will fit-out a 3,600 square feet clean room with an additional 3,600 square feet for mechanical equipment. The clean room will support research into fabrication and characterization of nanomaterials or semiconductor devices. Estimated project cost is $10 million funded through gifts. Estimated completion is Fall 2024.

- MUSiC National Research Fabrication Facility – Project will construct a new facility 18,645 square feet with 7,400 square feet of cleanroom and clean support space. Estimated project cost is $28.1 million from gifts, grants and University sources. Estimated completion is Fall 2024..

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

Summary of Changes in Long-Term Debt

	FY21 6/30/2021	Net Change for GASB 87	FY22 7/1/2021	Additions	Retirement of Principal	Amortization of Net Bond Premium	FY22 6/30/2022
Bonds	$ 819,974,895		$ 819,974,895	$ 175,645,000	$(193,185,000)	$(23,873,861)	$ 778,561,034
Leases	1,072,822	$ 5,828,267	6,901,089	879,647	(1,665,369)		6,115,367
Notes	13,394,676		13,394,676	8,729,576	(1,286,913)		20,837,339
Installment Contract	8,585,042	848,868	9,433,910	10,840,896	(4,744,056)		15,530,750
	$ 843,027,435	**$ 6,677,135**	**$ 849,704,570**	**$ 196,095,119**	**$(200,881,338)**	**$(23,873,861)**	**$ 821,044,490**

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

During the fiscal year ended June 30, 2022, the University issued $175,645,000 in taxable bonds with coupon rates ranging from 0.371% to 2.685% to refund outstanding balances of Various Facility Revenue Bonds (Fayetteville Campus), Series 2012A, Series 2013A, Series 2014A and Series 2015A. The University completed the refunding to realize an economic gain of $17,915,240 over the next 23 years.

Additionally, the University executed an installment contract loan agreement in the amount of $10,840,896 to finance associated project costs to install certain energy conservation and facility improvements across the University of Arkansas, Fayetteville campus, as well as the costs of issuance of the loan. The loan began amortizing immediately for a term of ten years at a rate of 1.23% maturing August 15, 2031.

The final advance for $8,729,576 of a taxable promissory note initiated during the fiscal year ended June 30, 2021 was drawn down in 2022 to pay the principal and interest on refinanced Athletics bond issues.

Conditions and other factors having a significant effect

As the effects of the COVID-19 pandemic eased, the University returned to a primarily traditional face-to-face format with safety precautions in place. Individual students were able to request in writing not to attend a face-to-face lecture but were able to return to classes face-to-face at any time. Capacity limits were removed for housing and attendance at athletic events.

As a result, Auxiliary revenues experienced a rebound to more normal performance results and, in many cases, exceeded pre-pandemic levels.

University operations for Fall 2021 are substantially similar to pre-pandemic operations.

During fiscal year 2022, the University received approximately $23.3 million in funds from the multiple congressional acts of the federal government. This amount was recovered primarily as due to lost revenue resulting from the effects of the pandemic.

Financial and political support from state government remains a critical element to the continued financial health of the University. In 2022, the total general revenue distribution from the State increased to $218.8 million from the $212.9 million reported in 2021. The forecast for 2023 indicates general revenue and Educational Excellence Trust Fund distributions from the State may increase 2.9%. If State revenue continues to be as strong as the State has reported in early 2022, 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 Division of Higher Education developed a productivity-based funding model with measures for effectiveness, affordability, and efficiency. That model was first used to determine funding recommendations for the 2018-19 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.

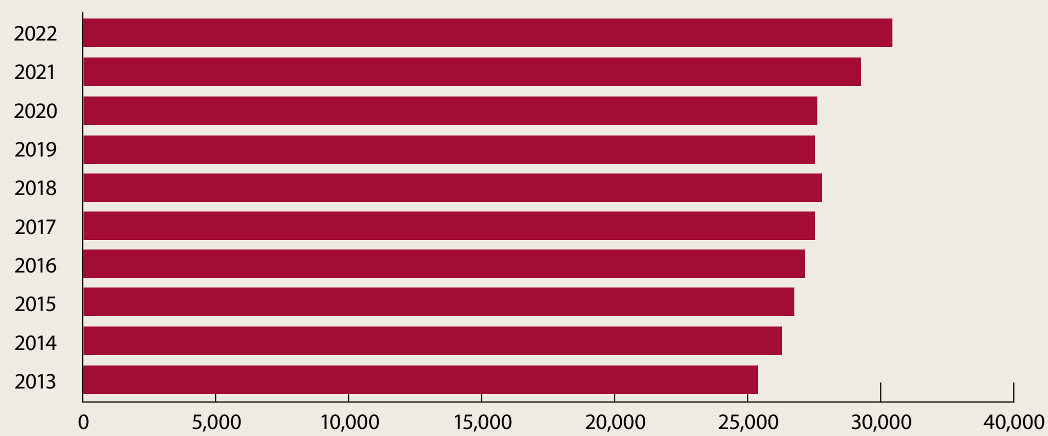
The University continues to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue support necessary to offer a high-quality university experience. Diverse revenue resources, including state appropriations, tuition, and fees (net of scholarship allowance), private supportand sponsored grants and contracts all contribute to support the mission of teaching, research and service. For the 2022-23 academic year, enrollment and state appropriations are anticipated to exceed budget. Student Fees and Non-Resident tuition increased slightly in 2023 to maintain the facilities, faculty and other support needed to fulfill our mission.

The University's last capital campaign, Campaign Arkansas, completed on June 30, 2020. Since the completion of that campaign, the University has continued to see positive momentum with philanthropic support. Fiscal year 2022 saw the largest fundraising year at the University outside a capital campaign with a total of $138.6 million raised. The University's endowment reached an all-time high of $1.68 billion on June 30, 2021, however, due to challenging market conditions in fiscal year 2022, the endowment balance as of June 30, 2022 is approximately $1.47 billion.

The University enrolled 30,936 students for the Fall 2022 semester while setting new records for retention and graduation rates. As the charts below indicate, University enrollment has increased 22.1%, or 5,595 students, over the past ten years. Enrollment has now exceeded 30,000 for the first time ever and the Fall 2022 term has seen the largest incoming freshman class in the history of the University. Leading indicators suggest another strong incoming freshman class for the Fall 2023 semester as well. Considering the uncertainty brought on by the COVID-19 pandemic, the growth experienced in fiscal year 2022 and expected in fiscal year 2023 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 outlookand our conservative budgeting approach to the 2022-23 fiscal year, we have a high level of confidence that the University will maintain its strong position.

Enrollment Trend Over the Last 10 Years

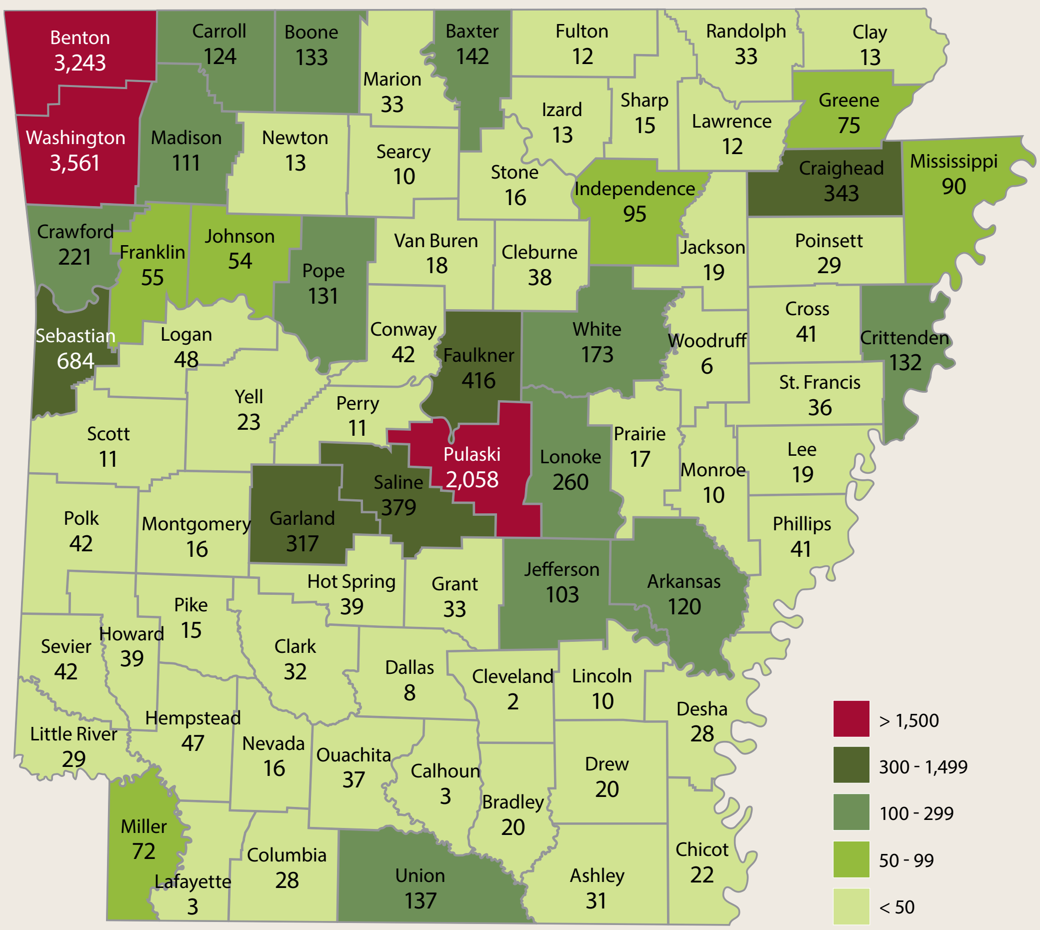


Fall Semester Enrollment

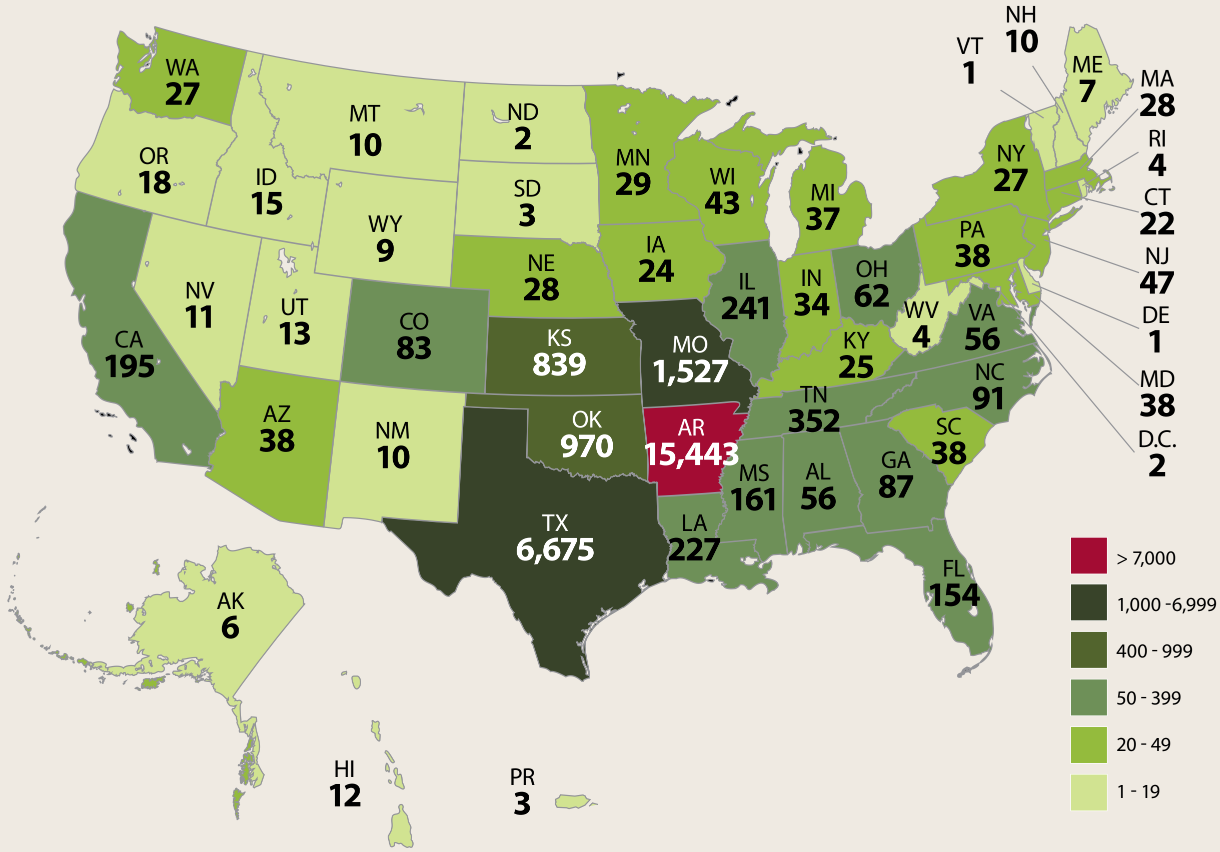
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total	25,341	26,237	26,754	27,194	27,558	27,778	27,559	27,562	29,068	30,936
Undergraduate	21,009	21,836	22,158	22,548	23,044	23,386	23,025	22,825	24,265	26,269
Law	390	379	375	371	353	368	364	383	388	390
Graduate	3,942	4,022	4,221	4,275	4,161	4,024	4,170	4,354	4,415	4,277
New Freshmen	4,357	4,590	4,927	4,998	5,092	5,019	4,653	4,782	6,141	7,099

Per the Office of Institutional Research and Assessment

Fall 2021 In-State Enrollment by County of Origin



Enrollment by State



Foreign Countries

1,179

STATEMENT OF NET POSITION

For the Year Ended June 30, 2022

		June 30, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$	137,871,091
Short-term investments		418,675,424
Accounts receivable, net		92,731,393
Accrued interest receivable		562,469
Pledges receivable		14,300,746
Inventories, net		8,305,639
Deposits with bond trustees		100,388
Notes receivable, net		2,494,705
Other assets - current		7,469,385
Total Current Assets	**$**	**682,511,240**
Noncurrent Assets		
Cash and cash equivalents		-
Endowment investments	$	115,877,677
Other long-term investments		57,863,006
Notes receivable, net		6,157,831
Pledges receivable		28,540,224
Deposits with bond trustees		254,739
Other assets		7,164,230
Capital assets, net		1,545,982,343
Total Noncurrent Assets	**$**	**1,761,840,050**
Total Assets	**$**	**2,444,351,290**
DEFERRED OUTFLOWS OF RESOURCES	$	6,305,948
Deferred outflows related to other post employment benefits		5,110,000
Deferred outflows related to pensions		1,618,298
Total Deferred Outflows of Resources	**$**	**13,034,246**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$	33,061,886
Accrued payroll liabilities		14,469,174
Accrued interest expense		5,120,849
Student overpayments		527,866
Funds held in trust for others		4,925,273
Advance receipts		42,437,546
Compensated absences payable - current portion		2,248,489
Liability for other post employment benefits		824,000
Bonds, notes, leases and installment contracts payable - current portion		50,010,992
Total Current Liabilities	**$**	**153,626,075**

		June 30, 2022
Noncurrent Liabilities		
Refundable federal advance - Perkins loans	$	7,147,158
Compensated absences payable		21,186,585
Liability for other post employment benefits		24,455,000
Pension liability		3,395,965
Bonds, notes, leases and installment contracts payable		771,033,498
Other noncurrent liabilities		2,395,122
Total Noncurrent Liabilities	**$**	**829,613,328**
Total Liabilities	**$**	**983,239,403**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to other post employment benefits	$	1,783,000
Deferred inflows related to pensions		7,210,185
Deferred inflows - other		7,781,921
Total Deferred Inflows of Resources	**$**	**16,775,106**
NET POSITION		
Net invested in capital assets	$	721,837,717
Restricted for		
Nonexpendable		
Scholarships and fellowships		9,407,310
Research		18,739,659
Instructional department uses		10,686,325
Loans		1,464,746
Other		6,095,657
Expendable		
Scholarships and fellowships		22,141,750
Research		57,800,394
Public service		31,711,796
Instructional department uses		4,880,670
Loans		941,370
Capital projects		63,598,179
Debt service		49,955
Other		8,729,497
Unrestricted		499,286,002
Total Net Position	**$**	**1,457,371,027**

See Accompanying Notes To Financial Statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2022

		Fiscal 2022 Total
REVENUES		
Operating Revenues		
Student tuition and fees (net of scholarship allowances of $88,934,151)	$	255,331,306
Federal appropriations		8,954,499
County appropriations		4,605,531
Federal grants and contracts		86,487,805
State and local grants and contracts		17,684,507
Nongovernmental grants and contracts		17,636,396
Sales and services of educational departments		26,245,297
Auxiliary enterprises		
Residence life (net of scholarship allowances of $8,135,135)		74,354,109
Athletics		125,807,171
Bookstore (net of scholarship allowances of $0)		2,211,647
Student health services		3,245,433
Transit and parking		10,364,596
Student organizations/activities		26,420
Other auxiliary enterprises		2,025,234
Other operating revenues		17,312,249
Total Operating Revenues	**$**	**652,292,200**
EXPENSES		
Operating Expenses		
Salaries, wages, and benefits	$	550,974,730
Scholarships and fellowships		48,769,413
Supplies and other services		287,678,479
Depreciation		94,796,517
Total Operating Expenses	**$**	**982,219,139**
Operating Loss	**$**	**(329,926,939)**
NONOPERATING REVENUES (EXPENSES)		
State appropriations	$	229,720,207
Gifts		83,835,006
Investment loss (net of investment expense of $812,419)		(24,940,333)
Interest on capital asset - related debt		(24,766,869)
Federal grants (nonexchange)		68,111,289
State and local grants (nonexchange)		30,833,611
Nongovernmental grants (nonexchange)		13,202
Gain on disposal of assets		185,627
Other nonoperating revenues		7,856,433
Other nonoperating expenses		(786,485)
Net Nonoperating Revenues	**$**	**370,061,688**
Gain Before Other Revenues and Changes in Net Position	**$**	**40,134,749**

		Fiscal 2022 Total
OTHER REVENUES AND CHANGES IN NET POSITION		
Capital appropriations	$	1,434,819
Capital grants and gifts		49,426,023
Other changes		136,577
Extraordinary item - pollution remediation		-
Total Other Revenues and Changes in Net Position	**$**	**50,997,419**
Increase in Net Position	**$**	**91,132,168**
NET POSITION		
Net position, beginning of year, as originally reported	$	1,374,642,244
Cumulative effect of GASB No. 87 adoption		549,745
Other Adjustments		(8,953,130)
Net Position, Beginning of Year, Restated	**$**	**1,366,238,859**
Net Position, End of Year	**$**	**1,457,371,027**

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 2022 Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	253,952,876
Federal appropriations		8,274,735
County appropriations		4,605,531
Grants and contracts		135,288,464
Payments to suppliers		(287,714,830)
Payments to employees		(439,664,571)
Payments for benefits		(119,190,814)
Payments for scholarships and fellowships		(48,744,962)
Loans issued to students		(29,500)
Collections of loans to students		(274,283)
Collections of interest on loans to students		219,421
Auxiliary enterprise charges		
Residence Life		74,028,299
Athletics		130,042,635
Bookstore		2,029,146
Student Health Services		3,155,804
Transit and Parking		10,046,361
Student Organizations/Activities		6,249
Other Auxiliary Enterprises		2,141,588
Sales and services of educational departments		28,451,089
Other receipts		25,158,491
Net Cash Used by Operating Activities	**$**	**(218,218,271)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	$	229,720,207
Gifts and grants for other than capital purposes		80,206,812
Federal grants (nonexchange)		67,509,527
State and local grants (nonexchange)		30,847,284
Nongovernmental grants (nonexchange)		63,134
Direct Lending, and private loan receipts		127,375,653
Direct Lending, and private loan payments		(129,321,451)
Net agency fund transactions		1,664,838
Net Cash Provided by Noncapital Financing Activities	**$**	**408,066,004**
Net Cash Provided by Operating Activities and Noncapital Financing Activities	**$**	**189,847,733**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Realized proceeds related to capital debt transactions	$	18,669,119
Capital appropriations		1,434,819
Capital grants and gifts received		8,322,963
Proceeds from sale of capital assets		401,120
Purchases of capital assets		(105,694,000)
Principal paid on capital debt and leases		(33,726,338)
Interest paid on capital debt and leases		(28,750,155)
Net Cash Used by Capital and Related Financing Activities	**$**	**(139,342,472)**

		Fiscal 2022 Total
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	$	46,706,008
Investment income		(27,253)
Purchase of investments		(131,000,000)
Net Cash Used by Investing Activities	**$**	**(84,321,245)**
NET (DECREASE) IN CASH		**(33,815,984)**
Cash - Beginning of Year		171,687,075
Cash - End of Year	**$**	**137,871,091**
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(329,926,939)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense		94,796,517
Other miscellaneous operating receipts		7,199,617
Changes in assets and liabilities		
Receivables, net		8,990,957
Inventories		(1,338,278)
Prepaid expenses		2,039,174
Accounts payable and accrued liabilities		(1,089,422)
Accrued payroll liabilities		(5,883,841)
Student overpayments		(211,128)
Advance receipts		9,898,351
Refundable federal advance		(1,693,922)
Compensated absences		73,763
OPEB related		794,000
Pension related		(2,521,258)
Loans to students and employees		654,138
Net Cash Used by Operating Activities	**$**	**(218,218,271)**
NONCASH TRANSACTIONS		
Donations of land, buildings, improvements, infrastructure, equipment and library holdings	$	1,721,961
Payment of bond proceeds directly into deposits with trustees		174,873,086
Payment of underwriter's discounts paid directly from bond proceeds		332,379
Debt issuance costs paid directly from debt proceeds		454,106
Interest on long-term debt paid directly from deposits with trustees		10,602
Investment income paid on and deposited directly into deposits with trustees		881
Note proceeds used to directly to pay bond interest and principal		8,729,576
Capital outlay and other related expenses paid directly from proceeds of University of Arkansas long-term debt instruments		879,647
Land swap (book value)		212,045
Value of goods received from sponsorship agreements with vendors		3,781,153


GLOBAL

DISCRETELY PRESENTED COMPONENT UNITS

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
Assets		
Investments	$ 643,525,694	$ 748,157,500
Liabilities and Net Assets		
Accounts payable	$ 575,734	$ 1,562,542
Net assets with donor restrictions	642,949,960	746,594,958
Total liabilities and net assets	$ 643,525,694	$ 748,157,500

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Interest and dividends	$ -	$ 1,990,228	$ 1,990,228
Net realized and unrealized losses on investments	-	(83,216,904)	(83,216,904)
Net assets released from restrictions	22,418,322	(22,418,322)	-
Total revenue, gains (losses) and other support	22,418,322	(103,644,998)	(81,226,676)
Expenses and losses:			
Program services:			
Fayetteville campus support	22,418,322	-	22,418,322
Changes in net assets	-	(103,644,998)	(103,644,998)
Net assets, beginning of year	-	746,594,958	746,594,958
Net assets, end of year	$ -	$ 642,949,960	$ 642,949,960

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

DISCRETELY PRESENTED COMPONENT UNITS
THE RAZORBACK FOUNDATION, INC.

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

Assets	
Cash and cash equivalents	$ 21,008,396
Restricted cash and cash equivalents	12,886,075
Contributions receivable, net	19,565,062
Investments, at fair value	26,134,717
Prepaid rent	375,095
Other	2,036,512
Property and equipment, net	1,539,323
Total assets	$ 83,545,180
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued liabilities	$ 352,787
Net assets:	
Net assets of nonprofit parent without donor restriction	69,127,955
Stockholder's equity in for-profit subsidiary	100
Total net assets without donor restrictions	69,128,055
With donor restrictions	14,064,338
Total net assets	83,192,393
Total liabilities and net assets	$ 83,545,180

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Contributions - cash and securities	$ 26,978,311	$ 5,450,931	$ 32,429,242
Contributions - gifts-in-kind	651,673	-	651,673
Interest and dividends	99,837	167,861	267,698
Net realized and unrealized losses on investments	(2,484,210)	(794,912)	(3,279,122)
Other	30,193	-	30,193
Net assets released from restrictions	15,928,314	(15,928,314)	-
Total revenues, gains and other support	41,204,118	(11,104,434)	30,099,684
Expenses and losses:			
Program services:			
Athletic department expenses	6,251,494	-	6,251,494
Athletic department construction and capital projects	7,832,611	-	7,832,611
Athletic department scholarships	224,934	-	224,934
Total program services	14,309,039	-	14,309,039
Supporting services:			
Management and general	2,875,309	-	2,875,309
Membership, fundraising and development	1,624,873	-	1,624,873
Change in cash surrender value of life insurance policies	(6,531)	-	(6,531)
Provision for loss on uncollectible contributions	349,382	-	349,382
Total supporting services	4,843,033	-	4,843,033
Total expenses and losses	19,152,072	-	19,152,072
Change in net assets	22,052,046	(11,104,434)	10,947,612
Net assets, beginning of year	47,076,009	25,168,772	72,244,781
Net assets, end of year	$ 69,128,055	$ 14,064,338	$ 83,192,393

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

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, 2022. 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

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

For purposes of financial reporting, the primary government of the University includes the academic units in Fayetteville, the University of Arkansas Division of Agriculture (UADA), the Arkansas Archeological Survey (AAS), the Criminal Justice Institute (CJI), the Clinton School of Public Service (CSPS), and the Arkansas Research Education Optical Network (AREON). 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 GASB Statement No. 39 by management, these foundations are considered component units of the University and are discretely presented in the University's financial statements.

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

The Campus Foundation distributed $22,439,774 to the University during the fiscal year ended June 30, 2022, for both restricted and unrestricted purposes. Complete financial statements for the Campus Foundation can be obtained from the administrative office at 535 Research Center Blvd Suite 120, Fayetteville, AR 72701.

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

The Razorback Foundation distributed $13,321,739 to the University, and provided equipment, facilities, improvements and supplies in the amount of $1,178,849 during the fiscal year ended June 30, 2022. Complete financial statements for the Razorback Foundation can be obtained from the administrative office at 1295 S. Razorback Road, Fayetteville, AR 72701.

1D Basis of Presentation

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

1E Basis of Accounting

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

1F Use of Estimates

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

1G Cash and Cash Equivalents

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

1H Investments

Investments are stated at fair value. Changes in unrealized gain (loss) 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, 2022.

1K Capital Assets

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

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

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

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

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

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

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

1L Deferred Outflows of Resources

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

1M Advance Receipts

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

1N Noncurrent Liabilities

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

1O Deferred Inflows of Resources

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

1P Pensions

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

1Q Net Position

The University's net position is classified as follows:

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

- Restricted:

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

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

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

1R Classification of Revenues

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

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

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

1S Scholarship Discounts and Allowances

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

1T Encumbrances

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

1U New Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal years identified below. 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, 2022:

- Statement No. 87, *Leases* (original date of FY ended 6/30/21)

- Statement No. 92, *Omnibus 2020* (original date of FY ended 6/30/21)

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

- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

- Statement No. 98, *The Annual Comprehensive Financial Report*

- Statement No. 99, *Omnibus 2022, the requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 6*

Management has determined that the Statements No. 92, 93, 97, 98 and 99 did not materially impact the University. Statement No. 87 established standards of accounting and financial reporting for leases. As a result, beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was increased by $549,745. Details of the effect of implementing this statement are discussed in detail in Note 1V.

For the year ending June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations* (original date of FY ended 6/30/21)

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

- Statement No. 96, *Subscription-Based Information Technology Arrangements*

- Statement No. 99, *Omnibus 2022, the requirements related to leases, PPPs, and SBITAs*

For the year ending June 30, 2024:

- Statement No. 99, *Omnibus 2022, the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53*

- Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

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

1V Restatement of Prior Year

Net position has been restated due to the implementation of GASB Statement No. 87, *Leases*, as of July 1, 2021 as detailed below:

Effects of GASB 87 on June 30, 2021 reported balances

		As Reported		Adjustment		Restated
ASSETS						
Accounts receivable, net	$	99,812,894		910,202		$100,723,096
Other assets, noncurrent		554,611		7,896,807		8,451,418
Capital assets, net		1,525,888,590		7,226,880		1,533,115,470
LIABILITIES						
Bonds, notes, leases and installment contracts payable - current portion	$	44,740,229	$	1,320,893	$	46,061,122
Bonds, notes leases and installment contracts payable		798,287,206		5,356,242		803,643,448
DEFERRED OUTFLOWS OF RESOURCES						
Deferred inflows - other	$	-	$	8,807,009	$	8,807,009

The net effect of these adjustments is reflected in the amount reported as of June 30, 2021 as Net invested in capital assets.

In addition, the University of Arkansas, Fayetteville and the Criminal Justice Institute adjusted prior year grant revenue and receivables due to overstatement in the amount of $1,553,927 and $2,342,395, respectively. The University of Arkansas Division of Agriculture adjusted prior year grant revenue and receivables due to overstatement in the amount of $5,056,808. The total adjustment is reflected in the amount reported as of June 30, 2021 as Expendable, Research and Expendable, Public Service.

The cumulative effects of these adjustments to net position as of June 30, 2021 are detailed below:

NET POSITION 2021

		As Reported		Adjustment		Restated
Net invested in capital assets	$	687,450,722	$	549,745	$	688,000,467
Restricted for						
Expendable						
Research	$	59,315,679	$	(6,965,620)	$	52,350,059
Public service		27,527,910		(1,987,510)		25,540,400

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 $0 at June 30, 2022.

The following schedule reconciles the amount of deposits to the Statement of Net Position at June 30, 2022:

Cash and Cash Equivalents

Cash and Cash Equivalents	June 30, 2022
Cash on deposit, carrying value	$ 137,113,454
Cash held at State Treasury	704,742
Imprest Funds, non-Bank	22,438
Items in Transit	30,457
Less: System Administration Cash	0
Total	**$ 137,871,091**

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, 2022, 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, 2022:

Investments

Investment Type	Fair Value at June 30, 2022
Mutual Treasury Money Market Funds	$ 2,028,151
U.S. Treasury	257,247,056
Federal Agency/Government Sponsored Enterprise	37,225,255
Commercial Paper	18,355,849
Mutual Bond Funds	48,028
Corporate Notes/Bonds	89,755,929
Negotiable Certificates of Deposit	42,791
External Investment Pool	180,231,820
Other Investments	7,429,302
Total	**$ 592,364,181**

At June 30, 2022, total investments of $592,364,181 includes $355,127 reported as deposits with bond trustees on the Statement of Net Position. The above schedule does not include nonnegotiable certificates of deposit of $407,053 at June 30, 2022 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 non-operating 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. Treasury	10 Years
Federal Agency/Government Sponsored Enterprise	10 Years
Municipals	10 Years
Corporate Notes	10 Years
Negotiable Certificates of Deposit	5 Years
Commercial Paper	270 Days

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

Interest Rate Risk

June 30, 2022

		Investment Maturities (in years)		
Investment Type	**Value**	**Less than 1**	**1 to 5**	**6 to 10**
U.S Treasury	$ 257,247,056	$ 58,804,787	$ 174,593,799	$ 23,848,470
Federal Agency/Government Sponsored Enterprise	37,225,255	15,297,715	21,322,082	605,458
Corporate Notes/Bonds	89,755,929	4,130,897	78,451,587	7,173,445
Commercial Paper	18,355,849	18,355,849		
Negotiable Certificates of Deposit	42,791	20,089	22,702	
Totals	**$402,626,880**	**$ 96,609,337**	**$274,390,170**	**$ 31,627,373**

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 non-operating 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

June 30, 2022

Investment Type	Value	Aaa-Aa3	A1-A3	Not Rated
Mutual Treasury Money Market Funds	$ 2,028,151	$ 355,127		$ 1,673,024
U.S. Treasury	257,247,056	248,892,618		8,354,438
Federal Agency/Government Sponsored Enterprise	37,225,255	37,225,255		
Corporate Notes/Bonds	89,755,930	20,000,533	$ 68,748,675	1,006,722
Commercial Paper	18,355,849	18,355,849		
Mutual Bond Funds	48,028			48,028
Negotiable Certificates of Deposit	42,791			42,791
Totals	**$ 404,703,060**	**$ 324,829,382**	**$ 68,748,675**	**$ 11,125,003**

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

2C External Investment Pool-University of Arkansas System

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

The external investment pool is exempt from registration with the Securities and Exchange Commission. The University of Arkansas Board of Trustees and the 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.

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.

The University's ownership of the Total Return Pool was as follows:

External Investment Pool

Fiscal Year	University of Arkansas Fayetteville Total Return Pool	UADA Total Return Pool	Total Pool
June 30, 2022	4.38%	0.60%	4.98%

University of Arkansas External Investment Pool

Statement of Invested Assets

Investment Type		Fair Value* June 30, 2022
Equities	**$**	**467,943,257**
Common Stock		133,070,936
Funds - Common Stock		334,872,321
Rights/Warrants		
Funds - Equities ETF		
Fixed Income	**$**	**192,732,970**
Government Bonds		160,818,383
Corporate Bonds		96,092
Funds – Corporate Bond		31,818,476
Government Mortgage Backed Securities		19
Asset Backed Securities		
Non-Government Backed C.M.O.s		
Funds - Fixed Income ETF		
Venture Capital and Partnerships	**$**	**1,099,284,259**
Partnerships		1,099,284,259
Hedge Fund	**$**	**512,613,345**
Hedge Equity		512,613,345
Hedge Event Driven		
All Other	**$**	**396,447**
Recoverable Taxes		396,447
Cash/Cash Equivalents	**$**	**369,289,811**
Short Term Bill and Notes		
Funds - Short Term Investment		364,324,618
Cash		298,291
Invested Cash		4,666,902
Total	**$**	**2,642,260,089**

*Includes accrued income

Credit Risk – S&P Quality Ratings

June 30, 2022

	Credit Risk						
Investment Type & Fair Value*	**AAA**	**AA**	**A**	**BBB**	**BB**	**NR**	**US GOVN. GUAR**
Asset Backed Securities							
Commercial Mortgage-Backed							
Corporate Bonds						$ 96,092	
Funds – Corporate Bond						31,777,464	
Funds - Short Term Investment						364,070,414	
Government Bonds							$ 160,296,349
Govn Mortgage Backed Securities							19
Hedge Event Driven							
Short Term Bills and Notes							
Totals	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 395,943,970**	**$ 160,296,368**

*Does not include accrued income

Years to Maturity

June 30, 2022

		Investment Maturities (in years)				
Investment Type	**Fair Value***	**Less than 1**	**1+ to 5**	**6 to 10**	**10+**	**Maturity Not Determined**
Asset Backed Securities						
Commercial Mortgage-Backed						
Corporate Bonds	$ 96,092				$ 96,092	
Funds – Corporate Bonds	31,777,464					$ 31,777,464
Funds - Short Term Investment	364,070,414					364,070,414
Government Bonds	160,296,349		$ 20,200,361	$ 140,095,988		
Govn Mortgage Backed Securities	19			19		
Hedge Event Driven						
Short Term Bills and Notes						
Totals	**$ 556,240,338**	**$ 0**	**$ 20,200,361**	**$140,096,007**	**$ 96,092**	**$ 395,847,878**

*Does not include accrued income

Interest Rate Sensitivity - Effective Duration

June 30, 2022

Investment Type	Fair Value*	Effective Duration
Asset Backed Securities		N/A
Commercial Mortgage-Backed		N/A
Corporate Bonds	$ 96,092	N/A
Funds - Corporate Bonds	31,777,464	N/A
Funds - Fixed Income ETF		N/A
Funds - Short Term Investment	364,070,414	N/A
Government Bonds	160,296,349	8.02
Govn Mortgage Backed Securities	19	2.08
Hedge Event Driven		N/A
Short Term Bills and Notes		N/A
Total	**$ 556,240,338**	

*Does not include accrued income

Foreign Currency Risk By Investment Type

June 30, 2022

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	$ 1,341,303		
CANADIAN DOLLAR	2,229,308	$ 64,445	
SWISS FRANC	(4,782,969)	6,625,311	$ 142,226
CHINESE YUAN RENMINBI	(2,510,856)		
DANISH KRONE		247,830	9,458
EURO	(6,634,861)	14,782,292	241,331
BRITISH POUND STERLING	(3,319,796)	6,651,022	
HONG KONG DOLLAR		1,011,386	
HK OFFSHORE CHINESE YUAN RENMINBI	(398,878)		
JAPANESE YEN	(696,956)	5,209,830	
NORWEGIAN KRONE	140,730		
POLISH ZLOTY			
SWEDISH KRONA	476,741	106	
SINGAPORE DOLLAR	127,120		
Totals	**$ (14,029,114)**	**$ 34,592,222**	**$ 393,015**

*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, 2022, UADA owned 46.44% 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, 2022
Fixed Income	**$ 88,221,006**
International Developed Bonds	19,450,689
Corporate Bonds	14,945,045
U.S. Government Agency Bonds	17,479,106
U.S. Treasury Bonds	36,346,166
Cash/Cash Equivalents	**$ 54,682,706**
Certificates of Deposit	29,453,895
Commercial Paper	25,040,466
Treasury Bills	
Money Market Funds	188,345
Total	**$ 142,903,712**

*Includes accrued income

Credit Risk – S&P Quality Ratings

June 30, 2022

	Credit Risk						
Investment Type & Fair Value*	**AAA**	**AA**	**A**	**BBB**	**BB**	**NR**	**US GOVN . GUAR**
International Developed Bonds		$ 2,996,954	$16,362,021				
Corporate Bonds		3,611,100	10,246,421	$ 996,770			
U.S. Government Agency Bonds		15,941,215				$1,519,922	
U.S. Treasury Bonds	$ 30,707,491					5,611,268	
Totals	**$30,707,491**	**$22,549,269**	**$26,608,442**	**$ 996,770**	**$ 0**	**$7,131,190**	**$ 0**

*Does not include accrued income

Years to Maturity

June 30, 2022

		Investment Maturities (in years)	
Investment Type	**Fair Value***	**Less than 1**	**1 to 5**
International Developed Bonds	$ 19,358,975	$ 12,433,141	$ 6,925,834
Corporate Bonds	14,854,291	8,086,167	6,768,124
U.S. Government Agency Bonds	17,461,137	7,922,958	9,538,179
U.S. Treasury Bonds	36,318,759	7,182,257	29,136,502
Totals	**$ 87,993,162**	**$ 35,624,523**	**$ 52,368,639**

*Does not include accrued income

Interest Rate Sensitivity - Effective Duration

June 30, 2022

Investment Type		Fair Value*	Effective Duration
International Developed Bonds	$	19,358,975	0.72
Corporate Bonds		14,854,291	0.85
U.S. Government Agency Bonds		17,461,137	0.85
U.S. Treasury Bonds		36,318,759	1.06
Total	**$**	**87,993,162**	

*Does not include accrued income

2D Donor-restricted Endowments

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

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

Endowment Available for Expenditure

		June 30, 2022
Endowment Investments	$	101,397,286
Operating Investment Sweep		824,447
Amounts Receivable		16
Funds treated as Endowment		(17,116,279)
Non-expendable portion of Endowment		(27,311,543)
Total	**$**	**57,793,927**

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 table above does not include any amounts reported as endowments on the Statement of Net Position by UADA.

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 2022, the total takedown percentage of 5.227% includes 0.83% for administrative costs plus other external fees.

3. RECEIVABLES

3A Accounts Receivable

Accounts receivable represent charges due the University from various student fees, room and board, student fines, and other charges. Accounts receivable also include unreimbursed expenses relating to research contracts with federal, state, and private agencies. A summary of accounts receivable balances at June 30, 2022, are as follows:

Accounts Receivable

June 30, 2022

Type	Gross	Allowance	Balance
Student Accounts Receivable	$ 20,229,617	(6,681,351)	13,548,266
Non-student Accounts Receivable	35,027,257	(724,067)	34,303,190
Unreimbursed Research Contract Expenses	49,344,195	(4,464,258)	44,879,937
Totals	**$ 104,601,069**	**$ (11,869,676)**	**$ 92,731,393**

3B Notes Receivable

Notes receivable consist of resources made available for financial loans to students of the University, and 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 $29,500 were issued under the Student Loan Programs for the year ended June 30, 2022.

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 10.61% for the year ended June 30, 2022. Notes receivable totaling $131,227 were written off during the fiscal year ended June 30, 2022.

A summary of notes receivable balances at June 30, 2022, are as follows:

Notes Receivable

June 30, 2022

Type	Gross Balance	Allowance	Balance	Current Portion
Student loans	$ 6,849,680	$ (531,406)	$ 6,318,274	$ 2,442,285
Interfund loan	2,334,262		2,334,262	52,420
Totals	**$ 9,183,942**	**$ (531,406)**	**$ 8,652,536**	**$ 2,494,705**

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, 2022, are as follows:

Pledges Receivable

June 30, 2022

Category		Total Gift Pledge		Received		Pledges Outstanding		Current Portion
Capital Projects	$	39,445,000	$	2,528,381	$	36,916,619	$	12,335,291
Other		7,944,891		2,020,540		5,924,351		1,965,455
Totals	**$**	**47,389,891**	**$**	**4,548,921**	**$**	**42,840,970**	**$**	**14,300,746**

4. CAPITAL ASSETS

The following presents a summary of changes in capital assets for the year ended June 30, 2022:

Capital Assets

June 30, 2022

	Beginning Balance*	Additions	Retirements	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	$ 70,420,348	$ 212,045	$ (212,045)	$ 666,800	$ 71,087,148
Construction in progress	143,392,054	77,467,963		(152,508,575)	68,351,442
Intangible Software In Development	17,781,074	8,636,012		(21,021,895)	5,395,191
Other assets	1,645,225	128,693			1,773,918
Total Nondepreciable Capital Assets	**$ 233,238,701**	**$ 86,444,713**	**$ (212,045)**	**$ (172,863,670)**	**$ 146,607,699**
Depreciable Capital Assets					
Buildings	$ 2,033,919,938	$ 77,956	$ (26,962)	$ 140,882,777	$ 2,174,853,709
Equipment	274,252,392	20,195,021	(10,974,188)	182,089	283,655,314
Improvements/Infrastructure	183,931,151	69,139		10,776,909	194,777,199
Intangible assets – Software	77,700,697			21,021,895	98,722,592
Intangible assets – Leaseholds	1,129,819				1,129,819
Right to Use Buildings	5,760,073	779,647			6,539,720
Right to Use Equipment	891,016				891,016
Right to Use Improvements/Infrastructure	12,014,603	100,000			12,114,603
Library holdings	102,735,305	4,725,506	(2,518,378)		104,942,433
Total Depreciable Capital Assets	**$ 2,692,334,994**	**$ 25,947,269**	**$ (13,519,528)**	**$ 172,863,670**	**$ 2,877,626,405**
Less Accumulated Depreciation					
Buildings	$ (894,868,863)	$ (68,625,557)			$ (963,494,420)
Equipment	(233,559,548)	(13,090,657)	$ 6,516,842		(240,133,363)
Improvements/Infrastructure	(95,368,480)	(7,700,124)			(103,068,604)
Intangible assets – Software	(76,914,743)	(1,380,383)			(78,295,126)
Intangible assets – Leaseholds	(755,324)	(61,221)			(816,545)
Right to Use Buildings		(460,093)			(460,093)
Right to Use Equipment		(350,872)			(350,872)
Right to Use Improvements/Infrastructure		(605,423)			(605,423)
Library holdings	(90,991,267)	(2,522,187)	2,486,139		(91,027,315)
Total Accumulated Depreciation	**$ (1,392,458,225)**	**$ (94,796,517)**	**$ 9,002,981**	**$ -**	**$ (1,478,251,761)**
Total Depreciable Capital Assets	**$ 1,299,876,769**	**$ (68,849,248)**	**$ (4,516,547)**	**$ 172,863,670**	**$ 1,399,374,644**
Total Capital Assets, Net of Accumulated Depreciation	**$ 1,533,115,470**	**$ 17,595,465**	**$ (4,728,592)**	**$ -**	**1,545,982,343**

* Beginning balance includes adjustments for GASB 87. See Note 8.

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 14.

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, 2022**
Payable to Outside Vendors	$	27,657,601
Retainage on Construction Contracts		5,404,285
Totals	**$**	**33,061,886**

Accrued payroll liabilities are summarized as follows:

Accrued Payroll Liabilities		
Type		**June 30, 2022**
Net Salaries and Wages Payable	$	1,090,522
Employee Withholdings Payable		13,378,652
Totals	**$**	**14,469,174**

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, 2022.

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, 2022 are as follows:

Compensated Absences

June 30, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 23,361,311	$ 22,989,128	$ 22,915,365	$ 23,435,074	$ 2,248,489

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.

The University adopted GASB Statement No. 87, *Leases,* as of July 1, 2021. This statement eliminated the capital lease and operating lease classifications and required all contracts meeting the GASB's definition of a lease to be accounted for the same way. As the lessee, the University recognizes an intangible right-to-use leased asset and a lease liability for the present value of all future lease payments at the commencement of the lease. The adoption date for GASB Statement No. 87, July 1, 2021, was used as the commencement date for all leases entered into prior the adoption date. The intangible right-to-use lease asset is recorded in the schedule of assets. See Note 4. The outstanding liability of future lease payments is recorded in the schedule of liabilities. Subsequent payments are made like debt service payments by recording an expenditure for principal and interest equaling the lease payment and reducing the liability by the principal payment amount in the schedule of liabilities.

8A Schedule of Long-Term Debt

A summary of long-term debt at June 30, 2022, is as follows:

Long-Term Debt

June 30, 2022

Date of Issue	Date of Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding	Maturities & Refinanced Amounts
6/29/11	11/1/40	2.00% to 5.00%	$ 101,225,000		$ 101,225,000
6/29/11	11/1/22	3.00% to 5.00%	8,895,000	$ 700,000	8,195,000
4/17/12	11/1/32	1.00% to 5.00%	56,965,000		56,965,000
9/13/12	11/1/42	2.00% to 5.00%	60,540,000		60,540,000
5/16/13	11/1/42	1.00% to 5.00%	54,450,000		54,450,000
5/16/13	9/15/27	1.00% to 5.00%	30,355,000	14,950,000	15,405,000
6/30/14	11/1/43	2.00% to 5.00%	24,730,000		24,730,000
6/30/14	11/1/43	0.85% to 4.50%	5,020,000	4,195,000	825,000
2/12/15	11/1/36	2.00% to 5.00%	70,360,000		70,360,000
2/12/15	9/15/22	2.00% to 5.00%	14,180,000	655,000	13,525,000
8/27/15	11/1/45	1.02% to 4.40%	7,510,000	6,570,000	940,000
8/27/15	11/1/21	2.00% to 5.00%	36,675,000		36,675,000
4/5/16	11/1/46	3.00% to 5.00%	93,590,000	79,870,000	13,720,000
4/5/16	11/1/28	0.87% to 3.25%	15,280,000	8,795,000	6,485,000
10/19/16	9/15/36	5.00%	24,845,000	24,845,000	
10/19/16	9/15/34	1.192% to 3.388%	90,000,000	80,395,000	9,605,000
8/1/17	11/1/47	2.00% to 5.00%	95,805,000	89,630,000	6,175,000
7/26/18	11/1/48	5.00%	20,385,000	19,440,000	945,000
7/26/18	11/1/38	2.65% to 4.00%	6,560,000	5,840,000	720,000
8/22/19	11/1/49	4.00% to 5.00%	59,655,000	56,760,000	2,895,000
8/22/19	9/15/34	5.00%	24,900,000	23,645,000	1,255,000
11/5/19	11/1/42	1.762% to 3.401%	139,220,000	136,475,000	2,745,000
12/1/21	6/30/44	0.371% to 2.685%	175,645,000	175,645,000	
9/11/20	9/15/28	1.38%	4,727,000	4,727,000	
9/11/20	9/15/28	1.81%	13,937,000	13,937,000	
11/1/92	5/1/22	5.50%	3,000,000		3,000,000
11/1/18	10/1/23	3.38%	4,811,399	993,700	3,817,699
7/1/19	6/1/24	3.46%	544,922	221,447	323,475
2/1/19	6/1/24	3.75%	705,145	291,557	413,588
3/1/19	6/1/24	3.72%	795,562	327,821	467,741
1/18/18	2/1/22	1.21% to 1.32%	485,364		485,364
10/1/18	7/1/25	9.46%	24,891	16,714	8,177
10/31/19	9/30/22	6.00%	92,388	8,315	84,073
5/1/05	11/1/34	2.00% to 5.00%	1,604,883	562,841	1,042,042
7/1/19	7/1/25	2.74%	619,417	368,229	251,188
6/1/19	5/28/24	1.68% - 10.12%	38,205	4,350	33,855
7/31/15	7/1/23	1.97%	4,935,766	913,769	4,021,997
7/31/15	11/19/23	1.99%	16,969,012	3,193,774	13,775,238
7/31/15	1/8/23	1.95%	6,844,590	729,396	6,115,194
8/18/21	8/15/31	1.23%	10,840,896	10,072,176	768,720
Various	Various	Various	6,539,719	5,500,416	1,039,303
Various	Various	Various	891,016	614,951	276,065
Various	Various	Various	350,000		350,000
Net unamortized premium			114,997,383	50,151,034	64,846,349
Totals			**$ 1,410,544,558**	**$ 821,044,490**	**$ 589,500,068**

8B Schedule of Changes in Long-Term Debt

Changes in long-term debt for the year ended June 30, 2022, are as follows:

Changes in Long-Term Debt

June 30, 2022

	Beginning Balance*	Additions	Reductions	Ending Balance	Current Portion
Bonds	$ 745,950,000	$ 175,645,000	$ 193,185,000	$ 728,410,000	$ 39,440,000
Net unamortized premium	74,024,895		23,873,861	50,151,034	2,888,900
Leases	6,901,089	879,647	1,665,369	6,115,367	1,526,475
Notes	13,394,676	8,729,576	1,286,913	20,837,339	1,192,568
Installment contracts	9,433,910	10,840,896	4,744,056	15,530,750	4,963,049
Totals	**$ 849,704,570**	**$ 196,095,119**	**$ 224,755,199**	**$ 821,044,490**	**$ 50,010,992**

* Beginning balance includes adjustments for GASB 87

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

8C Future Principal and Interest Payments

Scheduled maturities of bonds and leases are as follows:

Future Long-Term Payments

	Bonds			Leases		
Year(s)	Principal	Interest	Total	Principal	Interest	Total
2023	$ 39,440,000	$ 24,776,039	$ 64,216,039	$ 1,526,475	$ 153,877	$ 1,680,352
2024	35,145,000	23,896,028	59,041,028	1,500,382	106,727	1,607,109
2025	36,175,000	22,977,722	59,152,722	943,398	70,974	1,014,372
2026	36,305,000	21,975,965	58,280,965	696,794	47,975	744,769
2027	35,950,000	20,904,671	56,854,671	409,701	33,410	443,111
2028 - 2032	182,870,000	87,298,460	270,168,460	572,420	80,348	652,768
2033 - 2037	190,915,000	55,213,790	246,128,790	173,982	50,887	224,869
2038 - 2042	104,740,000	25,157,395	129,897,395	208,396	25,050	233,446
2043 - 2047	53,970,000	9,280,172	63,250,172	83,819	2,192	86,011
2048 - 2052	12,900,000	613,750	13,513,750			
Total Future Payments	**$ 728,410,000**	**$ 292,093,992**	**$ 1,020,503,992**	**$ 6,115,367**	**$ 571,440**	**$ 6,686,807**

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

Future Long-Term Payments

	Notes from Direct Borrowings			Installment Contracts		
Year(s)	Principal	Interest	Total	Principal	Interest	Total
2023	$ 1,192,568	$ 399,775	$ 1,592,343	$ 4,963,049	211,119	$ 5,174,168
2024	294,027	360,588	654,615	2,570,660	126,378	2,697,038
2025	3,822,380	315,568	4,137,948	1,066,453	93,983	1,160,436
2026	3,833,719	243,665	4,077,384	1,073,929	80,308	1,154,237
2027	3,739,782	176,430	3,916,212	1,086,636	67,038	1,153,674
2028 - 2032	7,793,973	187,151	7,981,124	4,770,023	133,091	4,903,114
2033 - 2037	160,890	9,828	170,718			
Total Future Payments	**$ 20,837,339**	**$ 1,693,005**	**$ 22,530,344**	**$ 15,530,750**	**$ 711,917**	**$ 16,242,667**

8D 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, 2022 that are pledged:

Pledged Revenues

Bond Series	Revenue Source	2022
Series 2011A&B Various Facilities	Student Tuition and Fees	$ 343,295,236
Series 2012A Various Facilities	Sales and Services	14,241,354
Series 2012B Various Facilities	Residential Life	82,489,244
Series 2013 Various Facilities	Bookstore	2,211,647
Series 2014A&B Various Facilities	Student Health Services	3,245,433
Series 2015A Various Facilities	Transit and Parking	10,364,596
Series 2015B Various Facilities	Other Auxiliaries[1]	6,246,555
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		
Series 2021A Various Facilities		
Total Various Facilities Pledge		**$ 462,094,065**
Series 2010 Athletic Refunding	Men's Athletic Revenue	$ 119,848,957
Series 2013 Athletic Facilities	(less game guarantees)	(4,643,191)
Series 2015 Athletic Facilities		
Series 2016A Athletic Facilities		
Series 2016B Athletic Facilities		
Series 2019A Athletic Facilities		
Total Athletics Pledge		**$ 115,205,766**

[1]For the purposes of calculating pledged revenues, Computer Store revenues shown include internally generated revenues from sales to the University campus of $4,194,901 for the year ending June 30, 2022.

The Various Facility revenue pledge is used to repay 16 various facilities revenue bond issues as detailed in the schedule above. Proceeds from the bonds provided financing for the construction and renovation of various campus buildings; utility and other infrastructure; land purchases; and refunding of existing debt issues. The maturity date on the issues range from November 2021 through November 2049. Annual principal and interest payments on the bonds are expected to require approximately 10.48% of gross revenues. The total principal and interest remaining to be paid on the bonds is $832,641,752. Principal and interest paid for the current year and gross revenues were $48,431,467 and $462,094,065, 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 date on the issues range from September 2022 to September 2036. Annual principal and interest payments on the bonds are expected to require approximately 4.76% of net revenues pledged. The total principal and interest remaining to be paid on the bonds is $187,862,240. Principal and interest paid for the current year and net revenues were $5,479,861 and $115,205,766, respectively.

8E Fiscal Year 2022 Long-Term Debt Transactions

On August 9, 2021, the remaining proceeds of $8,729,576 from the taxable note executed in September 2020 with Regions Bank were distributed to the appropriate bond trustee accounts to pay principal and interest on the 2021 refunded bond maturities. In September 2020, $5,207,424 of the total taxable loan was delivered at the time of closing to pay principal and interest on the 2020 refunded taxable bond maturities and associated costs of issuance. The total taxable loan in the amount of $13,937,000 is for seven years with an interest rate of 1.81%. The refunding of the second advance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $378,467. 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 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 began amortizing immediately for a term of ten years at a rate of 1.23% with a final maturity for the loan is August 15, 2031. Debt service on the loan is 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.

On December 1, 2021, the University issued $175,645,000 in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021. The bonds, with an interest rate of 0.371% to 2.685%, were issued to accomplish the taxable advance refunding of Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2012A, Various Facility Revenue Bonds (Fayetteville Campus), Series 2013A, Various Facility Revenue Bonds (Fayetteville Campus), Series 2014A, and Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015A, as well as pay the cost of issuing the bonds. Net bond proceeds and premiums of $174,873,086 were deposited in an escrow account to retire $42,630,000 of outstanding Refunding Series 2012A, $43,545,000 of outstanding Series 2013A, $21,050,000 of outstanding Series 2014A and $51,375,000 of outstanding Refunding Series 2015A. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,360,084. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2044. The University completed the refunding to reduce its total debt service payments over the next 23 years by $21,264,818 and to obtain an economic gain of $17,915,240. As of June 30, 2022, the escrow account balance was $164,341,637.

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, 2022:

Investment Instruments Measured at Fair Value

		Fair Value Measurements Using		
Investments by Fair Value Level	**June 30, 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
US Equity Securities	$ 360,032	$ 360,032		
Fixed Income Securities:				
US Government Debt	296,133,770		$ 296,133,770	
Other Debt Securities	114,258,908	42,791	114,216,117	
Commingled Funds:				
US Equity	172,190	94,184	78,006	
International Equity	26,306	26,306		
US Government Bonds	396,679	396,679		
Non-US Government Bonds	35,138	35,138		
Corporate Bonds	73,714	64,697	9,017	
Non-marketable alternatives				
Marketable alternatives	650,001		1	$ 650,000
Money markets and short-term investments	25,622		25,622	
Total Investments by Fair Value Level	**$ 412,132,360**	**$ 1,019,827**	**$ 410,462,533**	**$ 650,000**
Investments Measured at the Net Asset Value (NAV)				
External Investment Pools:				
Total Return Pool	$ 113,868,815			
UA System Short-Intermediate Pool	66,363,006			
Total Investments Measured at the NAV	**$ 180,231,821**			
Total Investments Measured at Fair Value	**$ 592,364,181**			

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 15, 2022.

Investments Measured at NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
External Investment Pools:				
Total Return Pool[1]	$ 113,868,815	-	Daily	0 – 30 days
UA System Short-Intermediate Pool[2]	66,363,006	-	Daily	0 – 3 days
Total Investments Measured at the NAV	**$ 180,231,821**			

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, 2022:

Operating Expenses

June 30, 2022

	Natural Classifications				
Functional Classifications	**Salaries, Wages and Benefits**	**Scholarships and Fellowships**	**Supplies and Other Services**	**Depreciation**	**Total**
Instruction	$ 189,329,853		$ 33,064,772		$ 222,394,625
Research	102,383,909		54,625,545		157,009,454
Public Service	52,472,091		19,703,751		72,175,842
Academic Support	53,313,638		14,974,225		68,287,863
Student Services	27,382,083		12,755,735		40,137,818
Institutional Support	33,962,547		13,144,478		47,107,025
Scholarships and Fellowships	494,035	$ 48,769,413	241,863		49,505,311
Operation and Maintenance of Plant	18,711,144		37,412,287		56,123,431
Auxiliary Enterprises	72,925,430		101,755,823		174,681,253
Depreciation				$ 94,796,517	94,796,517
Totals	**$ 550,974,730**	**$ 48,769,413**	**$ 287,678,479**	**$ 94,796,517**	**$ 982,219,139**

11. EMPLOYEE BENEFITS

11A Retirement Plans

New employees of the University who are employed half-time or greater and are on at least a nine month appointment period and similar employees who transfer to or from another campus within the University of Arkansas System with more than a 30 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 under the plan even if they are not eligible for employer contributions.

University of Arkansas Retirement Plan

Plan Description

The University of Arkansas Retirement Plan is a defined contribution plan, offering both a 403(b) program and a 457(b) program, as defined by the Internal Revenue Service (IRS) Code. The authority under which the Plan's benefit provisions are established or amended is the President of the University or his designee. Contributions to Fidelity Investments shall be applied to individual annuities issued under an 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, 2020, all benefits-eligible employees of the University of Arkansas are required to contribute 5% of their regular salary to the TIAA and/or Fidelity Investments. The University automatically contributes 5% of an employee's regular salary to a TIAA and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice. For any contributions an employee makes in excess of 5% of their regular salary, the University makes an equal contribution, up to the IRS limit. IRS regulations for 2022 limit employer contributions to $305,000 of salary. 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 on or after July 1, 2016 will be vested at the end of 24 consecutive months of employment, upon death, attainment of age 65 while actively employed, or should they become disabled while actively employed as determined by the Social Security Administration or the University's long-term disability insurance provider. The University's and participants' TIAA contributions for the year ending June 30, 2022 were $16,619,161 and $20,645,515, respectively. The University's and participants' Fidelity Investment contributions for the year ending June 30, 2022 were $13,664,029 and $17,565,182, respectively.

Arkansas Public Employees Retirement System (APERS)

Plan Description

The Arkansas Public Employees Retirement System (APERS) is a cost-sharing, multiple-employer, defined benefit plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the thirteen members of the Board of Trustees of the Arkansas Public Employees' Retirement System. Membership includes the Auditor of State, Treasurer of State, the Secretary of the Department of Finance and Administration, three members who are state employees and three members who are nonstate employees appointed by the Governor, two members who retired from the System appointed by the President Pro Tempore of the Senate, and two members who are retired from the System appointed by the Speaker of the House of Representatives. 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 §24-4 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 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 , on or after 7/1/2007	1.72%

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

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

- at age 65 with 5 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 5 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 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year. For members first hired on or after July 1, 2022, the redetermined amount is the monthly benefit payable as of the preceding July 1 increased by the lesser of 3% or the percentage change in the Consumer Price Index for Urban Wage Earnings and Clerical Workers over the one-year period ending in the December preceding the redetermination date.

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

Contributions

Contribution requirements are set forth in ACA §24-4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005 and elected to remain in the non-contributory plan, are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to participate in the contributory plan and contribute 5% of their salaries. Beginning July 1, 2022, and continuing each following fiscal year, the rate increases in increments of twenty-five hundredths of one percent until it reaches a maximum of 7%. Employers are required to contribute at a rate established by the APERS Board of Trustees based on an actuary's determination of a rate required to fund the plan. The University contributed 15.32% of applicable compensation for the fiscal year ended June 30, 2022. The University's and members' contributions for the year ending June 30, 2022 were $1,047,077 and $293,928, respectively.

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

At June 30, 2022, the University reported a liability of $2,811,405 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022, the University's proportion was 0.2599% for Fayetteville and 0.1058% for UADA, for a total proportion of 0.3657%; which was a decrease of 0.0237 from its total proportion measured as of June 30, 2021.

There were no significant assumption changes or changes in other inputs for the fiscal year ended June 30, 2021.

There were no significant changes in benefit terms for the fiscal year ended June 30, 2021.

For the year ended June 30, 2022, the University recognized pension expense of $1,034,415. At June 30, 2022, 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	$ 64,343	$ 180,307
Changes of assumptions or other inputs		19,693
Net difference between projected and actual earnings on pension plan investments		4,934,971
Changes in the proportion and differences between the employer contributions and share of contributions	219,219	1,464,394
University contributions subsequent to the measurement date	1,047,077	
Totals	**$ 1,330,639**	**$ 6,599,365**

Deferred outflows of resources of $1,047,077 are related to University contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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 ended June 30,	Amount
2023	$ (2,008,198)
2024	(1,476,089)
2025	(1,333,902)
2026	(1,497,614)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Actuarial Assumptions	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization Period	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; For members first hired on or after July 1, 2022, the redetermined amount is the monthly benefit payable as of the preceding July 1 increased by the lesser of 3% or the percentage change in the Consumer Price Index for Urban Wage Earnings and Clerical Workers over the one-year period ending in the December preceding the redetermination date.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.
Average Remaining Service Life of All Members	3.9676

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, 2021, 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	0.57
Total	**100%**	
Total Real Rate of Return		4.93 %
Plus: Price Inflation - Actuary's Assumption		2.50
Less: Investment Expenses (Passive)		
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%)
$ 8,410,021	$ 2,811,405	$ (1,812,245)

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 $29,192 at June 30, 2022.

Arkansas Teacher Retirement System (ATRS)

Plan Description

The Arkansas Teacher Retirement System (ATRS) is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of 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 §24-7 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 five years of actual or reciprocal service,
- at any age with 28 years of actual service.

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

Members are eligible for disability benefits with five years of credited service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with five years of credited service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected 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 §24-7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and 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 ATRS Board of Trustees based on an actuary's determination of a rate required to fund the plan. The University contributed 14.75% of applicable compensation for the fiscal year ended June 30, 2022. The University's and members, contributions for the year ending June 30, 2022 were $81,788 and $30,674, respectively.

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

At June 30, 2022, the University reported a liability of $584,560 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022, the University's proportion was 0.0134% for Fayetteville and 0.0077% for UADA, for a total proportion of 0.0211%, which was a decrease of 0.0021 from its total proportion measured as of June 30, 2021.

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, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

There were no significant changes in benefit terms for the year ended June 30, 2021.

For the year ended June 30, 2022, the University recognized pension expense of $34,158. At June 30, 2022, 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	$ 29,742	$ 5,053
Changes of assumptions or other inputs	176,129	
Net difference between projected and actual earnings on pension plan investments		484,307
Changes in the proportion and differences between the employer contributions and share of contributions		121,460
University contributions subsequent to the measurement date	81,788	
Totals	**$ 287,659**	**$ 610,820**

Deferred outflows of resources of $81,788 is related to University contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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,	
2023	$ (115,549)
2024	(86,857)
2025	(78,832)
2026	(132,305)
2027	8,594

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, closed
Amortization Period	30 years
Asset Valuation Method	4-year smoothed market; 20% corridor
Salary Increases	2.75 – 7.75% including inflation
Wage Inflation	2.75%
Investment Rate of Return	7.25% compounded annually
Post-Retirement Cost-of-Living Increases	3.00% Simple
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.
Mortality Table	Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality.

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, 2021, these best estimates are summarized below:

Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53.0 %	4.8 %
Fixed Income	15.0	0.4
Alternatives	5.0	3.8
Real Assets	15.0	4.7
Private Equity	12.0	6.5
Cash Equivalents	0.0	(0.2)
Total	**100 %**	

Discount Rate

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

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

The following presents the University's proportionate share of the net pension liability using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Sensitivity of Discount Rate

1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
$1,223,014	$584,560	$54,811

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 $1,919 at June 30, 2022.

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, 2022, one active employee was covered under the CSRS plan and nine active employees were covered under the FERS plan. Participants in the CSRS plan contribute 7%, 7.5%, or 8% of salaries and employers match the employee's CSRS contributions. Participants in the FERS plan are required to contribute 0.80% of salaries and employers are required to contribute 18.4% for the Basic Benefit and Social Security portions of the plan benefits. The University's and participants' CSR and FERS contributions were $138,624 and $19,850, respectively, for the fiscal year ended June 30, 2022.

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. The first 3% is matched by the employer dollar-for-dollar; the next 2% will be matched at 50 cents on the dollar. There is no employer matching for CSRS participants. All contributions are exempt from taxation. The University's and participants' TSP contributions were $33,977 and $62,355, respectively, for the fiscal year ended June 30, 2022.

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.

11B 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, 2022, a total of 3,693 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. Five 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 $39,000	76.18 %	86.18 %	51.78 %
From $39,000 to $54,999	74.15	83.87	50.40
From $55,000 to $99,999	71.91	81.30	48.88
From $100,000 to $149,999	70.20	79.32	47.72
$150,000 and above	68.00	76.75	46.22

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

11C 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, 2022.

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

12A General Information about the OPEB Plan

Plan description. The University of Arkansas System Health Plan (Plan) is a non-ERISA, self-funded medical benefit plan that provides other postemployment benefits (OPEB) to eligible retirees. The Plan is a single-employer, defined benefit plan authorized by the Board of Trustees of the University of Arkansas and administered by the University President. Within the scope of applicable federal and state regulation, the University President in conjunction with the University of Arkansas System Office establishes and amends the benefit terms and financing requirements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which became effective for the fiscal year ending

June 30, 2018. This Statement requires governmental entities to recognize total OPEB liability (asset), payables to OPEB plans, and deferred outflows and inflows of resources related to certain changes in the total OPEB liability (asset) not yet recognized in the OPEB expense on the Statement of Net Position and that most changes in the total OPEB liability be included in OPEB expense in the period of the change. For defined benefit OPEB, this Statement also requires that Actuarial Standards of Practice be applied in developing assumptions and establishes additional requirements for the measurement of the total OPEB liability and the disclosure of significant assumptions and other inputs used to calculate the OPEB liability. As a result of the implementation of this Statement, the University accrued $25,279,000 in retiree healthcare liability as of June 30, 2022. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. The University offers postemployment health (including prescription drugs) and dental benefits to eligible retirees. Employees who retired on or before December 31, 2020 are eligible for life insurance coverage of $10,000. Employees retiring on or after January 1, 2021 are not eligible for this coverage. Health and dental benefits are provided in the University's self-funded plan sponsored by the Board of Trustees of the University of Arkansas System for current and pre-65 retired employees. Although benefits are also provided under the University's plan for the University of Arkansas Foundation, Inc., the Razorback Foundation, Inc., the University of Arkansas Technology Development Foundation, the Walton Arts Center, and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the University of Arkansas 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, 2022, the following employees were covered by the benefit terms:

Employees Covered by Benefit Terms

June 30, 2022

	Medical	Life
Inactive employees currently receiving benefit payments		
(Retirees, Spouses, and Survivors)	101	869
Inactive employees entitled to but not yet receiving benefit payments		
Active employees	4,820	
Totals	**4,921**	**869**

Covered employee data was provided as of February 2022. Since the data represents school employees who usually retire/terminate in June, all the new hires after July 1, 2021 were set to have a hire date as of July 1, 2021. This adjustment was done to capture the true census of the systems during the academic year.

12B OPEB Liability

At June 30, 2022, the University reported a liability of $25,279,000 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

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

Actuarial Assumptions and Other Inputs	
Valuation Date	July 1, 2021
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	2.16% per annum
Rate of Salary Increase for Amortization	4.00%
Healthy Mortality Rate	Pub-2010 Teachers Headcount weighted Mortality Tables for employees, contingent annuitants, and healthy retires projected generationally using projection scale MP-2021 from base year 2010.
Disabled Mortality Rate	Pub-2010 Teachers Headcount weighted Mortality Tables for disabled retirees projected generationally using projection scale MP-2021 from base year 2010.

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

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

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

12C Changes in the Proportionate Share of the Total OPEB Liability

Changes in the Proportionate Share of the Total OPEB Liability	
Balance at 6/30/2020 (Reporting Date 6/30/2021)	$ 23,764,000
Changes for the year:	
Service cost	1,203,392
Interest	564,471
Changes of benefits	
Differences between expected and actual experience	378,450
Changes of assumptions	148,412
Contributions - employer	
Contributions - member	
Net investment income	
Benefit payments	(779,725)
Administrative expense	
Net changes	1,515,000
Balance at 6/30/2021 (Reporting Date 6/30/2022)	**$ 25,279,000**

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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

Sensitivity of the University's proportionate share of the total OPEB liability to changes in the discount rate. The following represents the proportionate share of the total OPEB liability of the University, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 %) or 1-percentage-point higher (3.16 %) than the current discount rate:

Sensitivity of Discount Rate

1% Decrease (1.16%)	Discount Rate (2.16 %)	1% Increase (3.16%)
$ 27,753,000	$ 25,279,000	$ 23,082,000

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

Sensitivity of Healthcare Cost Trend Rates

1% Decrease	Healthcare Cost Trend Rate	1% Increase
$ 23,150,000	$ 25,279,000	$ 27,767,000

12D OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the University recognized OPEB expense of $1,568,000. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Total OPEB Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,947,000	$ 1,690,000
Changes of assumptions	2,339,000	93,000
Contributions subsequent to the measurement date	824,000	
Totals	**$ 5,110,000**	**$ 1,783,000**

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:	
2023	$ 524,000
2024	676,000
2025	680,000
2026	605,000
2027	18,000

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 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 $2.5 million 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 $50,000 per person.

The University of Arkansas, Fayetteville has a cyber insurance policy through Beazley Breach Solutions with aggregate liability coverage up to $5 million and a $250,000 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 billion to $500 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

14. 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 Walton 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 Walton Arts Center facilities, including land, is held equally by the City and the University. The Walton 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 25 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.

15. 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 year ended June 30, 2022 which has been audited by an independent certified public accountant, are presented below in summary form. The University of Arkansas, Fayetteville is the beneficiary of 55.9% of the net assets of the Foundation for the year ended June 30, 2022. The remaining 44.1% benefit other University of Arkansas campuses for the year ended June 30, 2022. 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.

		2022
Assets		
Investments, at fair value	$	1,732,937,016
Contributions Receivable, net		157,629,415
Other Receivables		2,018,610
Fixed Assets, Net of Depreciation		30,000
Other Assets		1,526,723
Total Assets	**$**	**1,894,141,764**
Liabilities and Net Assets		
Liabilities	$	33,077,466
Net Assets		
Unrestricted		139,129,115
Restricted		1,721,935,183
Total Liabilities and Net Assets	**$**	**1,894,141,764**

Condensed Statement of Activities
University of Arkansas Foundation, Inc.

		2022
Contributions	$	70,627,308
Other Revenues, Additions and Gains/(Losses)		(173,257,811)
Total Income and Other Additions/(Losses)	**$**	**(102,630,503)**
Total Expenditures and Other Deductions	**$**	**98,237,121**
Decrease in Net Assets	**$**	**(200,867,624)**

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 year ended June 30, 2022 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.

		2022
Assets		
Cash and investments	$	5,036,541
Other Assets		11,832,080
Total Assets	**$**	**16,868,621**
Liabilities and Net Assets		
Liabilities	$	1,462,496
Net Assets		15,406,125
Total Liabilities and Net Assets	**$**	**16,868,621**

Condensed Statement of Activities
Arkansas Alumni Association, Inc.

		2022
Income and Other Additions	$	2,239,243
Expenditures and Other Deductions		3,599,652
Decrease in Net Assets	**$**	**(1,360,409)**

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 year ended June 30, 2022 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

		2022
Assets		
Cash and investments	$	3,247,713
Other Assets		15,133,023
Total Assets	**$**	**18,380,736**
Liabilities and Net Assets		
Liabilities	$	11,757,073
Net Assets		6,623,663
Total Liabilities and Net Assets	**$**	**18,380,736**

Condensed Statement of Activities
University of Arkansas Technology Development Foundation

		2022
Income and Other Additions	$	3,111,228
Expenditures and Other Deductions		3,061,400
Increase in Net Assets	**$**	**49,828**

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 year ended June 30, 2022 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.

		2022
Assets		
Cash and cash equivalents	$	1,244,000
Certificates of deposits		460,695
Investments, at fair value		3,704,361
Property and equipment, net		3,838,460
Other assets		72,844
Total Assets	**$**	**9,320,360**
Liabilities and Net Assets		
Liabilities	$	190,993
Net Assets		
Unrestricted		5,194,224
Restricted		3,935,143
Total Liabilities and Net Assets	**$**	**9,320,360**

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

		2022
Income and Other Additions	$	1,368,724
Expenditures and Other Deductions		1,977,562
Increase/(Decrease) in Net Assets	**$**	**(608,838)**

16. RELATED PARTIES

The Chancellor, formerly the Provost and Executive Vice Chancellor for Academic and Student Affairs, was 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, up until his appointment as Interim Chancellor in August 2021. There were no additional significant related party transactions other than those with component units discussed in Note 1.

17. COMMITMENTS AND CONTINGENCIES

Construction

The University has contracted for the construction and renovation of several facilities. At June 30, 2022, the estimated remaining cost to complete the construction and renovation of these facilities is $58,654,065 which is expected to be financed from bond proceeds, private gifts and other university funds.

Other Commitments

The University has agreed to supplement the base rent received from existing tenants of the Enterprise Center at the Arkansas Research and Technology Park to the degree necessary to ensure the related debt obligations are met. There was no obligation for the year ended June 30, 2022.

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, 2022, 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 $50,635,945 as of June 30, 2022.

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.

18. SUBSEQUENT EVENTS

Long-term Debt

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Employee Benefits

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

Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.37%	0.39%	0.45%	0.54%	0.54%	0.54%	0.43%	0.35%
University's proportionate share of net pension liability	$ 2,811,405	$ 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	$ 7,442,288	$ 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	37.78%	145.04%	131.21%	130.77%	141.01%	139.46%	105.45%	81.73%
Plan fiduciary net position as a percentage of the total pension liability	93.57%	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 Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,047,077	$ 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	$ (1,047,077)	$ (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	$ 0
University's covered-employee payroll	$ 6,833,371	$ 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	15.32%	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 Schedule:

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, 2021.

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

- The assumed average service life all members was reduced from 4.0486 to 3.9676.

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

	Last Eight Fiscal Years*							
	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.02%	0.03%	0.02%	0.03%	0.04%	0.04%	0.05%	0.06%
University's proportionate share of net pension liability	$ 584,560	$ 1,317,319	$ 994,907	$ 996,003	$ 1,473,290	$ 1,690,917	$ 1,567,419	$ 1,617,272
University's covered payroll	$ 750,935	$ 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	77.84%	180.90%	138.23%	119.45%	139.66%	129.83%	111.88%	94.97%
Plan fiduciary net position as a percentage of the total pension liability	88.58%	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 Eight Fiscal Years*							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 81,788	$ 108,761	$ 103,727	$ 103,562	$ 119,928	$ 151,184	$ 175,617	$ 196,146
Contributions in relation to the contractually required contribution	$ (81,788)	$ (108,761)	$ (103,727)	$ (103,562)	$ (119,928)	$ (151,184)	$ (175,617)	$ (196,146)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
University's covered-employee payroll	$ 549,397	$ 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	14.89%	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 Schedule:

Changes in 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, 2021.

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

- The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

- The assumed average service life all members was reduced from 5.2920 to 5.2240.

Other Postemployment Benefits

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

Last Five Fiscal Years*

	2022	2021	2020	2019	2018
Service cost (MOY)	$ 1,203,392	$ 1,128,539	$ 871,857	$ 960,919	$ 1,064,107
Interest (includes interest on service cost)	564,471	863,289	766,340	793,912	687,316
Change of benefit terms		(3,387,784)			
Difference between expected and actual experience	378,450	169,319	(556,073)	(603,423)	
Change of assumptions	148,412	3,107,110	879,245	73,502	(3,880,123)
Benefit payments, including refunds of member contributions	(779,725)	(692,473)	(578,422)	(618,994)	(668,122)
Net change in OPEB liability	**$ 1,515,000**	**$ 1,188,000**	**$ 1,382,947**	**$ 605,916**	**$ (2,796,822)**
Total OPEB liability, beginning of the year	**$ 23,764,000**	**$ 22,576,000**	**$ 21,193,053**	**$ 20,587,137**	**$ 23,383,959**
Total OPEB liability, end of the year	**$ 25,279,000**	**$ 23,764,000**	**$ 22,576,000**	**$ 21,193,053**	**$ 20,587,137**
Covered- employee payroll	$ 369,740,000	$ 326,008,000	$ 314,813,000	$ 300,491,386	$ 300,599,948
Total OPEB liability as a percentage of covered-employee payroll	6.84%	7.29%	7.17%	7.05%	6.85%

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

Notes to Schedule:

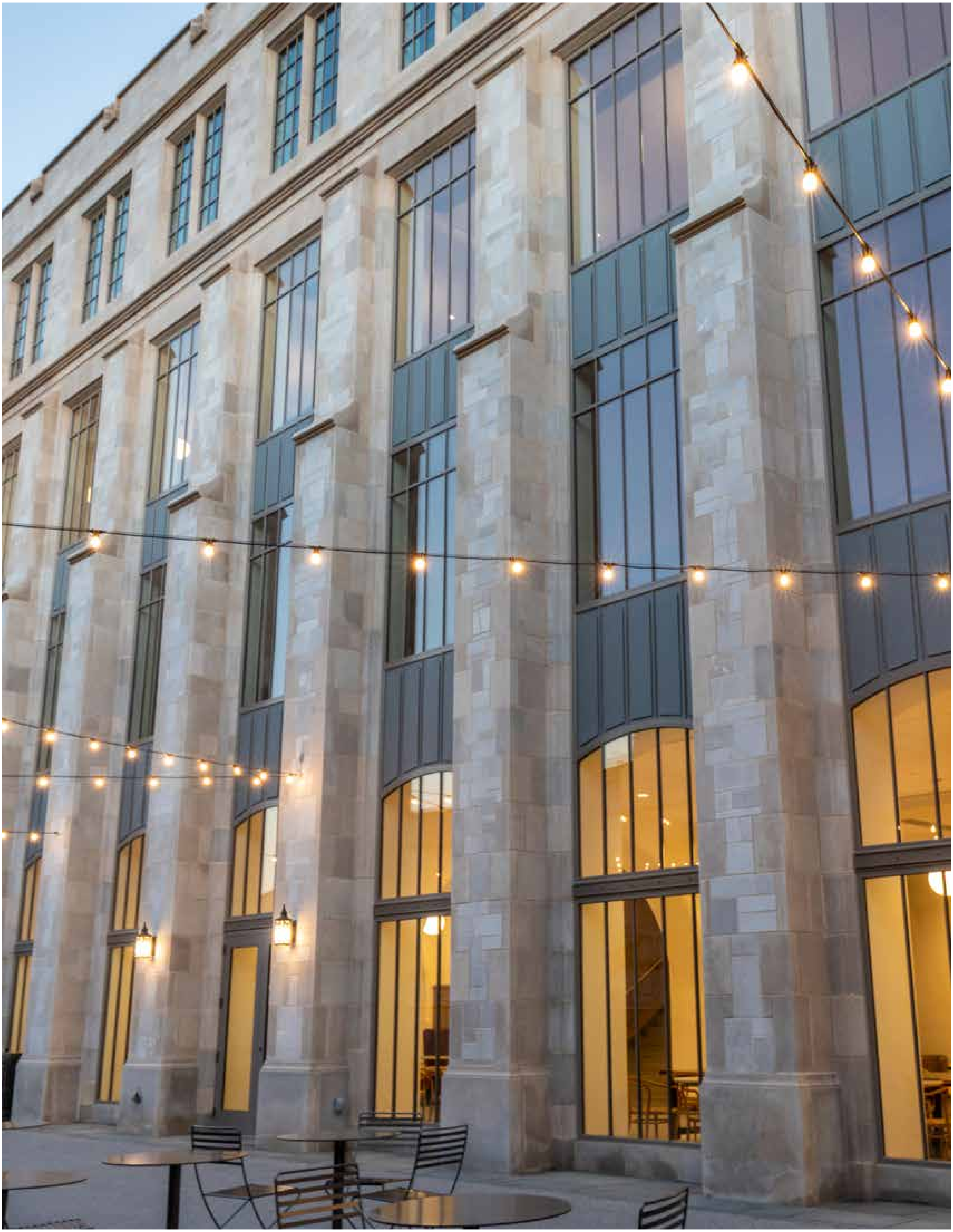
- No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

- There were no significant changes in benefit terms for the fiscal years ended June 30, 2021..

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:

- 2021: 2.16%
- 2020: 2.21%
- 2019: 3.50%
- 2018: 3.87%
- 2017: 3.58%



BOARD OF TRUSTEES, UNIVERSITY OFFICIALS

C.C. "Cliff" Gibson III, 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.

Morril Harriman, Vice Chairman
Morril Harriman of Little Rock has served as Governor Mike Beebe's chief of staff since Beebe took office in 2007. Prior to that, Harriman served 16 years in the Arkansas Senate. He earned both his bachelor and law degrees from the University of Arkansas. His term expires in 2024.

Ted Dickey, Secretary
Ted Dickey is a general partner at CapRocq Core real estate fund and an adviser 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 before earning his Juris Doctor at the U of A 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.

Kelly Eichler, Assistant Secretary
Kelly Eichler of Little Rock is the public policy director for Gov. Asa Hutchinson. She previously served as a deputy prosecutor for Pulaski County and on the Arkansas Board of Corrections. She earned a bachelor's degree from the University of Arkansas and a law degree from the University of Arkansas at Little Rock Bowen School of Law. Her term expires in 2026.

Tommy Boyer
Tommy Boyer, of Fayetteville, graduated from the University of Arkansas, Fayetteville in 1964, where he was also an All-American basketball player. He retired from the Eastman Kodak Company in 1989, and founded Micro Images in Amarillo, Texas. Within two years, Micro Images had become the largest Kodak document imaging systems broker and reseller in the United States. Boyer was inducted into the Arkansas Business Hall of Fame in 2013 and the Arkansas Sports Hall of Fame in 2000. His term expires in 2027.

Sheffield Nelson
Sheffield Nelson of Little Rock is a retired president and chief executive office of Arkla Gas. He has served on the board of the Arkansas Department of Higher Education and the Arkansas Game and Fish Commission. Nelson earned his undergraduate degree from Arkansas State Teachers College, now the University of Central Arkansas, and his law degree from the University of Arkansas. 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 America 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 Fryar Jr. of Rogers is a graduate and former professor of the University of Arkansas. He earned degrees in economics and agricultural economics and was a professor of agricultural economics for more than 13 years. 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.

Jeremy Wilson
Jeremy Wilson of Bentonville is a graduate of the University of Arkansas with more than 25 years of business experience in the state. In 2012, he cofounded NewRoad Capital Partners, a private equity firm. He is also founder and chair of NOWDiagnostics, a leader in innovative diagnostic health testing. His term expires in 2031.

Nathaniel "Nate" Todd
Retired Col. Nathaniel "Nate" Todd is director of the Arkansas Department of Veterans Affairs and previously served as the chief financial officer for the Central Arkansas Veterans Health Care System in North Little Rock. Prior to his retirement from military service after a 37-year career, he served as the director of health financial policy in the office of the U.S. Army Surgeon General. He is from Pine Bluff and is a fellow of the American College of Healthcare Executives. His term expires in 2032.

Senior Management

President, University of Arkansas – Donald Bobbitt
Chancellor, University of Arkansas, Fayetteville – Charles Robinson
Vice President for Agriculture – Deacue Fields
Dean of the Clinton School – Victoria DeFrancesco Soto
Director of the Criminal Justice Institute – Cheryl P. May
Director of the Archeological Survey –Alex Barker
Executive Director of the Arkansas Research and Education Optical Network – Elon Turner

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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 Cash Management – Susan V. Slinkard
Director of Financial Management, Analysis & Compliance – Sandra K. Sturgeon
Director of Sponsored Programs Financial Compliance – Yolanda Harden
Director of Property Accounting – Janice Harrison
Accounts Payable & Reporting Manager - Jonathan Smith


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APPENDIX C

Audited Consolidated Financial Statements of the University of Arkansas System
for the Fiscal Year Ended June 30, 2022

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Consolidated financial statements

2022









BOARD OF TRUSTEES

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Vice President for University Relations

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Vice President for Planning and Development

JoAnn Maxey
General Counsel

Dr. Donald R. Bobbitt, President

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UNIVERSITY OF ARKANSAS SYSTEM

December 22, 2022

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, 2022. 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 and University of Arkansas Grantham).

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,

Tara M. Smith

Tara M. Smith
Vice President for Finance and Chief Financial Officer

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 System
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We did not audit the financial statements of the University of Arkansas for Medical Sciences, a unit of the System, whose statements reflect total assets and revenues constituting 34% and 53%, 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, the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., is based solely on the report of the other auditors. 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*. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 1 and 23 to the financial statements, the University adopted Governmental Accounting Standards Board (GASB) Statement no. 87, *Leases*, during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 9-19, 98-99, and 100-101 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Supplementary 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 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. Such information is 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. The 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
December 13, 2022
EDHE14122

Introduction

The University of Arkansas System ("the University") is pleased to present its financial statements for the fiscal year ended June 30, 2022, with comparative statements for the fiscal years ended June 30, 2021 and 2020.

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 University of Arkansas Grantham, which was acquired in November 2021, 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, 2022	June 30, 2021	June 30, 2020
ASSETS			
Current assets	$ 1,591,275,370	$ 1,761,819,923	$ 1,558,982,603
Capital assets, net	3,229,795,333	3,024,382,884	2,948,517,936
Other assets	733,319,661	581,324,706	481,550,346
Total Assets	$ 5,554,390,364	$ 5,367,527,513	$ 4,989,050,885
DEFERRED OUTFLOWS OF RESOURCES	$ 41,248,560	$ 55,271,096	$ 47,357,564
LIABILITIES			
Current liabilities	$ 463,694,008	$ 497,675,458	$ 463,682,148
Noncurrent liabilities	2,050,544,690	1,961,980,729	1,834,775,946
Total Liabilities	$ 2,514,238,698	$ 2,459,656,187	$ 2,298,458,094
DEFERRED INFLOWS OF RESOURCES	$ 61,915,517	$ 35,133,166	$ 32,868,726
NET POSITION			
Net Investment in Capital Assets	$ 1,514,117,223	$ 1,484,710,808	$ 1,497,976,702
Restricted			
Non-Expendable	114,449,418	108,310,863	86,833,488
Expendable	297,130,567	285,857,586	269,135,487
Unrestricted	1,093,787,501	1,049,129,999	851,135,952
Total Net Position	$ 3,019,484,709	$ 2,928,009,256	$ 2,705,081,629

The University's total assets increased $186.9 million, or 3.5%. Cash and cash equivalents decreased $161.7 million, and investments increased by $70.7 million. Cash and cash equivalents decreased $120.3 million at UAMS, $33.8 million at UAF, $19.1 million at UAFS and by $17 million at UALR net a $28.5M increase across the remaining campuses. UAF increased investments $59.1 million, UAFS increased investments $19.7 million, and UALR increased $22.7 million net of a decrease of $22.4 million at UAMS. Deposits held in trust increased by $15.6 million of which UAMS increased by $24 million which is related to bond proceeds offset by UAF's decrease of $7.9 million. Patient accounts receivable at UAMS increased $44.1 million, while Accounts Receivable decreased $26.7 million. Student accounts receivable increased by $6.9 million, while Grants and contracts decreased by $17.0 million and non-student accounts decreased by $17.0 million. The increase of $205.4 million in Capital assets relates to GASB 87 (*Leases*) adjustments of $7.3 million, additions of $427.6 million net of depreciation expense of $221.7 million offset by a decrease for assets disposed of $7.7 million. Fayetteville had an increase in capital asset additions of $112.4 million including construction in progress increases of $77.5 million with $152.5 million placed into service. At UAF, the Studio and Design Center, Anthony Timberlands Center for Design & Material Innovation, Brough Commons Retail Shops Renovation, I3R Research Facility, Fine Arts Restoration, MUSiC National Research Fabrication

Facility Mullins Library Renovation and Windgate Galleries Student Success Center, the Windgate Art & Design District Buildings, Mullins Library Renovations are in progress. UAMS had an increase in capital asset additions of $264 million including construction in progress increases of $119.2 million with $102.4 million moved into service. Progress at UAMS continues on the expansion of radiology oncology and new proton therapy center, a new orthopaedic and spine hospital 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 decreased $14 million, or (25.4%). Deferred outflows related to OPEBs decreased $1.9 million while pension decreased $6.5 million. The amortization of the debt refunding, net of additions, was $5.6 million.

Total liabilities increased $54.6 million, or 2.2%. Accounts payable and other accrued liabilities decreased $24.8 million with UAMS decreasing $24.5 million and UAF $8.5 million. The liability for bonds, notes, leases and installment contracts increased $175 million (see Note 10). Netted in that amount, UAMS issued $134.2 million of new bonded debt with a premium of $21.5 million, UAF executed a refunding of bonds resulting in additions of $175.6 million offset by redemptions of previously issued bonds. UAMS issued notes payable totaling $15.7 million. UAFS financed improvements for the Bakery District Leasehold totaling $417 thousand. The additional debt is offset by a total of $292 million in repayments and refundings of bonds during fiscal 2022. The UAMS liability for estimated third party payor settlements decreased by $61.1 million with repayments of the advances from CMS. Unearned revenues, deposits and other increased $17.3 million with most of that being UAF athletic ticket sales and related fees and unearned student revenues for summer session and fall semester and UAMS student tuition and fees related predominantly to future fiscal years and amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements. Compensated absences decreased $1.9 million. The UA Health Plan experienced an overall plan loss ratio of 91% compared to a loss ratio of 94% in the previous fiscal year (Note 14).

Deferred inflows of resources increased by $26.8 million in total with pension plans increasing $21.8 million as a result of actuarially determined amounts. In addition, deferred inflows-other increased $8.5 million primarily related to the lessor requirement of $7.8 million at UAF with the adoption of GASB 87.

The increase in net position was $91.5 million, or 3.1%. The increase is the result of 2022 revenues, expenses and changes in net position. Net investments in capital assets increased $29.4 million. Restricted net position, expendable and non-expendable, increased $17.4 million. Unrestricted net position increased $44.7 million. In total, UAF contributed $44.4 and UASYS added $24 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, 2022	**June 30, 2021**	**June 30, 2020**
Operating revenues			
Student tuition and fees	$ 395,594,545	$ 393,886,555	$ 406,312,706
Net patient services	1,334,667,000	1,344,980,000	1,215,037,000
Grants and contracts	452,951,749	380,138,762	335,124,725
Auxiliary enterprises	251,769,963	194,747,632	215,347,558
Other	330,867,221	321,780,255	277,197,491
Total operating revenues	2,765,850,478	2,635,533,204	2,449,019,480
Operating expenses			
Compensation and benefits	1,931,932,469	1,889,494,573	1,816,566,258
Supplies and services	1,113,851,320	937,358,635	908,182,573
Other	532,528,023	489,140,646	478,600,099
Total operating expenses	3,578,311,812	3,315,993,854	3,203,348,930
Operating Loss	(812,461,334)	(680,460,650)	(754,329,450)
Non-operating revenues and expenses			
State appropriations	512,628,121	482,450,404	487,654,627
Grants	303,612,155	273,735,809	198,973,689
Gifts	117,073,996	99,308,260	110,371,383
Other revenue	(26,494,412)	90,908,573	48,395,249
Non-operating expenses	(54,743,029)	(56,243,875)	(57,609,251)
Non-operating income	852,076,831	890,159,171	787,785,697
Income before other revenues and expenses	39,615,497	209,698,521	33,456,247
Other revenues and expenses			
Capital grants and gifts	53,183,888	11,546,319	42,681,960
Other, net	7,070,463	1,682,787	8,991,976
Other revenues and expenses	60,254,351	13,229,106	51,673,936
Increase in Net Position	99,869,848	222,927,627	85,130,183
Net Position, beginning of year	2,928,009,256	2,705,081,629	2,619,951,446
GASB 87 Leases	558,735		
Other	(8,953,130)		-
Net Position, beginning of year, as restated	2,919,614,861	2,705,081,629	2,619,951,446
Net Position, end of year	$ 3,019,484,709	$ 2,928,009,256	$ 2,705,081,629

The 2022 operating loss of $812.5 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 $130.3 million, or 4.9%. Net student tuition and fees increased $1.7 million, with UAF experiencing an increase of $3.7 million. The rest of the campuses experienced small increases and decreases in net student tuition and fee revenue. While gross patient revenue increased for UAMS, net patient services decreased $10.3 million or 0.8% due to an increase in patient services contractual allowances. Grants and contracts increased $72.8 million, of which UAF increased $5.2 million and UAMS increased $65.5 million. Auxiliary revenues increased $57 million due to campuses with Athletics, housing and food services making a complete return of on-campus activity with the limitations on gatherings due to COVID-19 being lifted. Other operating revenue increased $9.1 million.

Total operating expenses increased $262.3 million, or 7.9%. Compensation and benefits increased $42.4 million, or 2.3%, over the previous year. The cost of supplies and services increased $176.5 million, UAF and UAMS increased $76.4 million and $56.2 million, respectively. Increases are also attributed to the acquisition of UAG ($20.4 million), return of operating at full capacity, increased cost due to operating in a pandemic environment and inflation. Scholarships and fellowships increased $24.4 million due primarily to an increase at UAF of $8.9 million. Depreciation increased $20.4 million with UAMS accounting for $11.1 million of the increase and UAF had a decrease of $6.8 million. The remaining change was spread throughout the campuses. The insurance plan expenses decreased $1.4 million due to lower claims in the current year.

Net non-operating revenues decreased by $38.1 million, or 4.3%. State appropriations increased $30.2 million with UAMS increase net of Medicaid match of $12.3 million largely driven by funding for the Cancer Institute to aid in gaining NCI designation. UAF also had an increase of $12.5 million. The remaining change was spread throughout the campuses. Federal grants increased $33.3 million primarily due to a $19.8 million increase in CARES Act funding related to student aid coupled with a $13.5 million increase related to the acquisition of UAG. Campuses were not immune to the challenging investment environment seen across the country and is reporting overall investment losses. Investment income decreased $117.7 million with UAMS accounting for $44.1 million and UAF, $60.8 million.

Other changes in net position increased $47.0 million, or 355.5%. Capital grants and gifts increased $41.6 million with $41.4 million of the increase related to UAF.

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 2022 is $257.8 million, a decrease of $71.3 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, 2022	June 30, 2021	June 30, 2020
Cash provided (used) by:			
Operating activities	$ (700,539,344)	$ (536,685,507)	$ (455,052,811)
Noncapital financing activities	958,290,016	865,741,232	801,277,513
Net cash	257,750,672	329,055,725	346,224,702
Capital and related financing activities	(275,488,199)	(166,036,628)	(20,936,296)
Investing activities	(143,983,770)	(59,436,931)	(179,272,709)
Net change in cash	(161,721,297)	103,582,166	146,015,697
Cash, beginning of year	725,230,284	621,648,118	475,632,421
Cash, end of year	$ 563,508,987	$ 725,230,284	$ 621,648,118

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 2022 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 declined by $161.7 million for the year ended June 30, 2022.

Capital Assets and Long-Term Debt Activity

At June 30, 2022, the University had $3.2 billion of capitalized assets, net of accumulated depreciation of $3.3 billion. Capital additions in 2022 totaled $427.6 million which was offset by depreciation of $221.7 million, $7.7 million of transfers and deletions and $7.3 million related to GASB 87 adjustments, resulted in a net increase in capital assets of $205.4 million.

New debt issued for bonds, notes, leases and installment contracts with GASB 87 related adjustments offset by payments of principal was a net increase of $175.0 million for 2022. The University issued a total of $331.3 million in bonds for all campuses, with repayments, including refundings, of $258.6 million. More detailed information about debt activity was discussed previously and is presented in Note 10.

Economic Outlook

The University's net position increased $91.5 million for 2022. Moody's last reaffirmed the University's rating of Aa2 with a stable outlook on October 12, 2022. 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 2022 fiscal year remains impacted by the pandemic. It continues to be a struggle for our medical center, but through a number of protective measures, we have stabilized inpatient services revenue in fiscal 2022. As the effects of the COVID-19 pandemic eased, campuses have been able to return to a primarily traditional face-to-face format with safety precautions in place and as a result, operating revenues experienced a rebound to more normal performance. Because the Fayetteville campus and the Medical Sciences campus account for 73.8% of total consolidated net position and 89.9% of consolidated operating revenues, the discussion below is centered on these two campuses.

UAMS

UAMS closed fiscal year 2022 with a decrease in net position of $31.8 million, compared to the balanced budget for the period. The balanced budget for FY22 assumed an increase in patient volumes to pre-pandemic levels along with the return of the ability to perform at a near-normal level of surgical cases, previously constrained in the pandemic. Ultimately, clinical volumes proved to be better than anticipated and FY22 grant revenue surpassed budget; however, these positive budget variances were more than offset by significant increases over prior year in contract labor and supply cost.

The FY 2023 budget for UAMS includes the impact of the startup and anticipated opening of The Orthopaedic & Spine Hospital (TOSH) in May 2023. The projected financial impact of TOSH on the FY 2023 budget is a deficit of $7.88 million. Excluding the impact of the TOSH opening, the overall FY 2023 UAMS budget is balanced. Budgeted operating revenues are expected to increase by $85.6 million over the FY22 budget. Tuition revenue is projected to increase slightly over the FY22 budget. Increases are also expected in net patient service revenue. In addition to the opening of The Orthopaedic and Spine Hospital in May 2023, UAMS Health is projecting growth in key strategic areas including the development of advanced cardiology services, site expansions of cancer clinical care and new locations for urology and radiology imaging services. Increases are also budgeted in other operating revenue due to the retail and specialty pharmacy programs which have seen consistent growth. Finally grants and contracts revenue are projected to see an increase from the FY22 budget. FY23 operating expenses are budgeted to increase $106.8 million over the FY22 budget. The increase in overall spending is mainly due to increases in compensation and benefits, medical supplies, and drugs and medicine. Non-operating revenue for FY23 includes an increase of $14.5M in State Appropriations, largely driven by funding for the Cancer Institute to aid in gaining NCI designation. Investment income is also projected to be $1.8M over the FY22 budget. Interest on capital is increased by $2.3M related to the recent bond issues.

The financial results for the first two months of FY23 have been less than budget by $2.0M. Through August, UAMS realized a decrease in net position of $2.0 million, versus a balanced budgeted. Patient volumes have been less than projected but expenses have flexed with volume. Nonoperating revenue, including Appropriations and Gift Revenue, is less than projected for the first two months, but is expected to increase in the coming months. UAMS continues to focus on its efforts around resource optimization, with projects underway to drive efficiencies in processes that increase revenue and reduce expense.

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

As the effects of the COVID-19 pandemic eased, the University returned to a primarily traditional face-to-face format with safety precautions in place. Individual students were able to request in writing not to attend a face-to-face lecture but were able to return to classes face-to-face at any time. Capacity limits were removed for housing and attendance at athletic events.

As a result, Auxiliary revenues experienced a rebound to more normal performance results and, in many cases, exceeded pre-pandemic levels.

University operations for Fall 2022 are substantially similar to pre-pandemic operations.

During fiscal year 2022, the University received approximately $23.3 million in funds from the multiple congressional acts of the federal government. This amount was recovered primarily as allowable lost revenue resulting from the effects of the pandemic.

Financial and political support from state government remains a critical element to the continued financial health of the University. In 2022, the total general revenue distribution from the State increased to $218.8 million from the $212.9 million reported in 2021. The forecast for 2023 indicates general revenue and Educational Excellence Trust Fund distributions from the State may increase 2.9%. If State revenue continues to be as strong as the State has reported in early 2022, 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 Division of Higher Education developed a productivity-based funding model with measures for effectiveness, affordability, and efficiency. That model was first used to determine funding recommendations for the 2018-19 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.

The University continues to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue support necessary to offer a high-quality university experience. Diverse revenue 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. For the 2022-2023 academic year, enrollment and state appropriations are anticipated to exceed budget. Tuition and mandatory fee increases of approximately 7.5% for undergrad and graduate students were necessary in 2023 to maintain the facilities, faculty and other support needed to fulfill our mission.

The University's last capital campaign, Campaign Arkansas, completed on June 30, 2020. Since the completion of that campaign, the University has continued to see positive momentum with philanthropic support. Fiscal year 2022 saw the largest fundraising year at the University outside a capital campaign with a total of $138.6 million raised. The University's endowment reached an all-time high of $1.68 billion on June 30, 2021, however, due to challenging market conditions in fiscal year 2022, the endowment balance as of June 30, 2022 is approximately $1.47 billion.

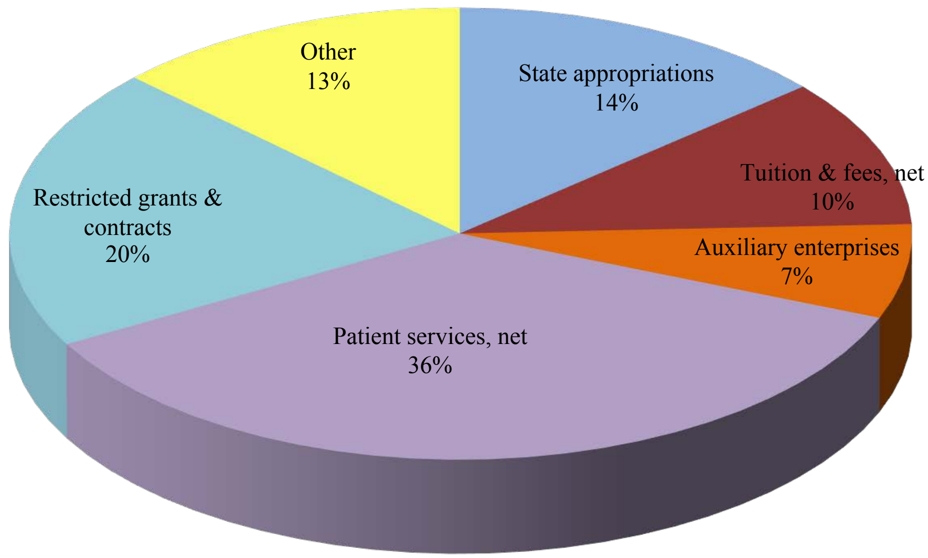
Preliminary figures indicate that the University enrolled 30,936 students for the Fall 2022 semester while setting new records for retention and graduation rates. University enrollment has increased 22.1%, or 5,595 students over the past ten years. Enrollment has now exceeded 30,000 for the first time ever and the Fall 2022 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 2023 semester as well. Considering the uncertainty brought on by the COVID-19 pandemic, the growth experienced in fiscal year 2022 and expected in fiscal year 2023 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, 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 2022-23 fiscal year, we have a high level of confidence that the University will maintain its strong position.

All Campuses

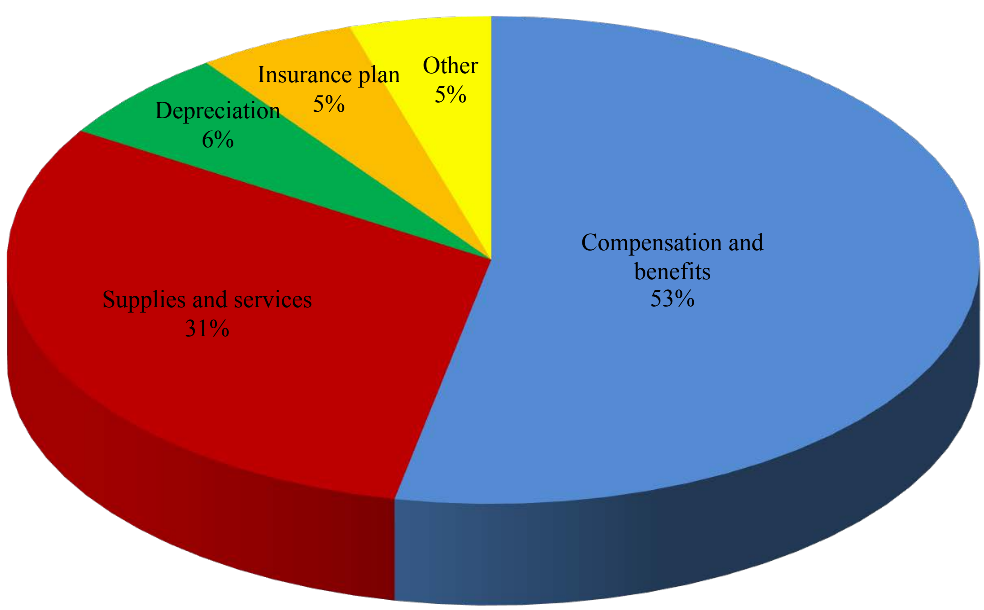
Financial support from state government for all campuses remains a critical element to the continued financial health of the University. Arkansas appears to have a healthy economy even as we encounter the uncertainties of our future due to the pandemic, as general revenue forecasts have been very positive, 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 increased from the fall semester of 2021 to the fall semester of 2022, from 59,041 to 59,426. The number of full-time equivalent students has also increased from 48,808 to 49,098.

2022 Revenues
$3.732 Billion



2022 Expenses
$3.632 Billion



FIVE YEAR SUMMARY OF KEY STUDENT DATA

Enrollment

Fall Semester	2022*	2021	2020	2019	2018
Undergraduate Students (Headcount)**	55,197	49,669	54,355	56,809	58,307
Graduate Students (Headcount)**	10,165	9,372	9,226	9,066	9,217
Total	65,362	59,041	63,581	65,875	67,524
Undergraduate Students (FTE)	46,651	42,334	43,785	45,620	46,898
Graduate Students (FTE)	7,196	6,474	6,463	6,792	6,293
Total	53,847	48,808	50,248	52,412	53,191

Degrees Awarded

Fiscal Year Ended June 30,	2022*	2021	2020	2019	2018
Certificates	4,822	3,960	4,586	4,495	3,333
Associate	3,179	2,639	2,942	3,203	2,425
Baccalaureate	8,384	8,255	8,358	8,088	7,837
Post-Baccalaureate	483	424	381	353	292
Master's	2,308	2,089	2,052	2,037	2,029
Doctoral	326	289	283	273	282
First Professional	566	609	556	546	535
Total	20,068	18,265	19,158	18,995	16,733

*Preliminary Data Reported by ADHE. University of Arkansas Grantham enrollment and degrees awarded are not included in ADHE data but are included in the above charts for 2022.

**2022, 2021 and 2020 no longer include High School Concurrent Headcount enrollment.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position
June 30, 2022

		June 30, 2022
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$	546,225,604
Investments (Note 4)		547,231,962
Accounts receivable, net of allowances of $31,120,576 (Note 6)		217,176,479
Patient accounts receivable, net of allowances of $301,289,000		193,438,000
Inventories		40,317,987
Deposits and funds held in trust by others		6,661,817
Notes receivable, net of allowances of $240,000		3,276,952
Other assets		36,946,569
Total current assets		1,591,275,370
Non-Current		
Cash and cash equivalents (Note 4)		17,283,383
Investments (Note 4)		431,733,552
Notes receivable, net of allowance of $3,606,406		12,282,638
Deposits and funds held in trust by others		235,545,451
Other non-current assets		36,474,637
Capital assets, net of depreciation of $3,342,094,692 (Note 7)		3,229,795,333
Total non-current assets		3,963,114,994
TOTAL ASSETS	$	5,554,390,364
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding	$	19,734,691
Other postemployment benefits		12,365,000
Pensions		9,148,869
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	41,248,560
LIABILITIES		
Current		
Accounts payable and other accrued liabilities (Note 6)	$	210,036,454
Unearned revenue		63,634,802
Funds held in trust for others		17,854,673
Liability for future insurance claims (Note 14)		14,509,500
Estimated third party payor settlements		29,042,000
Compensated absences payable - current portion (Note 9)		8,829,528
Liability for other postemployment benefits - current portion (Note 16)		2,596,000
Bonds, notes, leases and installment contracts payable - current portion (Note 10)		117,191,051
Total current liabilities		463,694,008
Non-Current		
Unearned revenues, deposits and other		2,648,799
Refundable federal advance - Perkins loans		9,081,994
Compensated absences payable (Note 9)		105,273,707
Liability for other postemployment benefits (Note 16)		77,722,000
Liability for pensions (Note 15)		18,421,251
Bonds, notes, leases and installment contracts payable (Note 10)		1,837,396,939
Total non-current liabilities		2,050,544,690
TOTAL LIABILITIES	$	2,514,238,698
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	$	8,900,000
Pensions		37,417,857
Other		15,597,660
TOTAL DEFERRED INFLOWS OF RESOURCES	$	61,915,517
NET POSITION		
Net Investment in Capital Assets	$	1,514,117,223
Restricted		
Non-Expendable		
Scholarships and fellowships		12,721,714
Research		19,469,116
Other		82,258,588
Expendable		
Scholarships and fellowships		56,596,897
Research		79,966,902
Public service		36,923,095
Capital projects		88,626,108
Other		35,017,565
Unrestricted		1,093,787,501
TOTAL NET POSITION	$	3,019,484,709

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2022

	Year Ended June 30, 2022
Operating Revenues	
Student tuition & fees, net of scholarship allowances of $208,852,989	$ 395,594,545
Patient services, net of contractual allowances of $2,375,239,000	1,334,667,000
Federal and county appropriations	15,215,030
Federal grants and contracts	266,704,223
State and local grants and contracts	78,359,930
Non-governmental grants and contracts	107,887,596
Sales and services of educational departments	68,964,399
Insurance plan	72,938,824
Auxiliary enterprises	
Athletics, net of scholarship allowances of $4,163,077	130,847,774
Housing/food service, net of scholarship allowances of $21,988,626	95,861,235
Bookstore, net of scholarship allowances of $741,616	3,808,997
Other auxiliary enterprises, net of scholarship allowances of $567,711	21,251,957
Other operating revenues	173,748,968
Total operating revenues	2,765,850,478
Operating Expenses	
Compensation and benefits	1,931,932,469
Supplies and services	1,113,851,320
Scholarships and fellowships	118,429,073
Insurance plan	192,354,975
Depreciation	221,743,975
Total operating expenses	3,578,311,812
Operating loss	(812,461,334)
Non-Operating Revenues (Expenses)	
State appropriations, net of Medicaid match payments of $61,987,000	512,628,121
Property and sales tax	13,553,591
Federal grants	258,554,089
State and local grants	44,727,659
Non-governmental grants	330,407
Gifts	117,073,996
Investment income (net)	(48,716,058)
Interest and fees on capital asset-related debt	(54,501,636)
Gain/loss on disposal of assets	(241,393)
Other	8,668,055
Net non-operating revenues	852,076,831
Income before other revenues and expenses	39,615,497
Other Changes in Net Position	
Capital appropriations	3,986,814
Capital grants and gifts	53,183,888
Adjustments to prior year revenues and expenses	1,415,775
Other	1,667,874
Total other revenues and expenses	60,254,351
Increase in net position	99,869,848
Net Position, beginning of year, as originally reported	2,928,009,256
GASB 87 Leases	558,735
Other	(8,953,130)
Net Position, beginning of year, restated	$ 2,919,614,861
Net Position, end of year	$ 3,019,484,709

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method
For The Year Ended June 30, 2022

	Year Ended June 30, 2022
Cash Flows from Operating Activities	
Student tuition and fees (net of scholarships)	$ 390,700,098
Patient and insurance payments	1,242,145,000
Federal and county appropriations	12,880,266
Grants and contracts	472,544,043
Collection of loans and interest	4,271,142
Insurance plan receipts	73,188,048
Auxiliary enterprise revenues:	
Athletics	134,768,639
Housing and food service	95,406,491
Bookstore	3,614,765
Other auxiliary enterprises	20,856,252
Payments to employees	(1,706,976,714)
Payments of employee benefits	(270,365,564)
Payments to suppliers	(1,100,808,680)
Loans issued to students	(3,448,500)
Scholarships and fellowships	(118,588,383)
Payments of insurance plan expenses	(194,700,453)
Other	243,974,206
Net cash used by operating activities	(700,539,344)
Cash Flows from Noncapital Financing Activities	
State appropriations	516,699,121
Property and sales tax	13,447,554
Gifts and grants for other than capital purposes	423,957,897
Repayment of loans	(75,000)
Direct Lending, Plus and FFEL loan receipts	235,828,201
Direct Lending, Plus and FFEL loan payments	(238,933,671)
Other agency funds - net	6,558,205
Refunds to grantors	(934)
Other noncapital receipts (payments)	808,643
Net cash provided by noncapital financing activities	958,290,016
Cash Flows from Capital and Related Financing Activities	
Distributions from debt proceeds	206,269,096
Capital appropriations	3,792,902
Capital grants and gifts	11,999,199
Proceeds from sale of capital assets	358,463
Purchases of capital assets	(334,696,868)
Payment of capital related principal on debt	(108,096,676)
Payment of capital related interest and fees	(56,843,804)
Insurance proceeds	1,728,030
Payments to/from trustee for reserve	1,459
Net cash used by capital and related financing activities	(275,488,199)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	352,440,431
Investment income (net of fees)	1,891,015
Purchases of investments	(498,315,216)
Net cash used by investing activities	(143,983,770)
Net increase in cash	(161,721,297)
Cash, beginning of the year	725,230,284
Cash, end of year	$ 563,508,987

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2022

	Year Ended June 30, 2022
Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	$ (812,461,334)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	221,743,975
Other miscellaneous operating receipts	7,199,617
Adjustment to cash for amounts in transit within the system	(2,943,590)
Change in assets and liabilities:	
Receivables, net	(25,694,873)
Inventories	865,066
Prepaid expenses and other assets	3,947,577
Accounts payable and other accrued liabilities	(34,036,112)
Unearned revenue	16,364,221
Liability for future insurance claims	(2,201,100)
Loans to students and employees	654,138
Refundable federal advance	(1,693,922)
Compensated absences	(1,934,970)
OPEB liability	2,321,000
Pension related	(9,534,577)
Other	(63,134,460)
NET CASH USED BY OPERATING ACTIVITIES	$ (700,539,344)
Non-Cash Transactions	
Capital Gifts	$ 2,041,148
Fixed assets acquired by incurring capital lease obligations	9,927,953
Capital outlay & maintenance paid directly from proceeds of debt	4,435,703
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	174,873,086
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	786,485
Payment of principal & interest on long-term debt from deposits with trustees	624,922
Interest earned on deposits with trustees	21,887
Loss on disposal of assets	179,328
Value of goods received from sponsorship agreements with vendors	3,781,153
Note Proceeds used to directly pay bond interest and principal	8,729,576
Land swap (book value)	212,045
Change in capital assets acquired in year-end accounts payable	4,998,000

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Contributions receivable, net	$ 157,629,415	$ 215,510,198
Interest receivable	2,018,610	1,561,134
Investments, at fair value	1,732,937,016	1,871,514,209
Cash value of life insurance	1,526,723	1,375,367
Land	30,000	31,425
TOTAL ASSETS	$ 1,894,141,764	$ 2,089,992,333
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 17,675,084	$ 9,383,700
Annuity obligations	15,402,382	18,676,711
TOTAL LIABILITIES	33,077,466	28,060,411
NET ASSETS		
Without donor restrictions	139,129,115	142,638,166
With donor restrictions	1,721,935,183	1,919,293,756
TOTAL NET ASSETS	1,861,064,298	2,061,931,922
TOTAL LIABILITIES AND NET ASSETS	$ 1,894,141,764	$ 2,089,992,333

UNIVERSITY OF ARKANSAS
FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Contribution receivable, net	$ -	$ -
Investments	643,525,694	748,157,500
TOTAL ASSETS	$ 643,525,694	$ 748,157,500
LIABILITIES AND NET ASSETS		
Accounts Payable	$ 575,734	$ 1,562,542
Net Assets with donor restrictions	642,949,960	746,594,958
TOTAL LIABILITIES & NET ASSETS 9	$ 643,525,694	$ 748,157,500

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contributions	$ 11,610,272	$ 59,017,036	$ 70,627,308
Interest and dividends	886,275	4,316,915	5,203,190
Net realized and unrealized gains on investments	8,520,387	(186,981,388)	(178,461,001)
Net assets reclassifications, including released from or satisfaction of restrictions	72,164,729	(72,164,729)	-
Total revenues, gains and other support	93,181,663	(195,812,166)	(102,630,503)
Expenses and Losses:			
Program services:			
University System support	87,330,180		87,330,180
Supporting services:			
Management and general	1,601,721		1,601,721
Fundraising	7,715,166		7,715,166
Change in value of split-interest agreements	1,963	(62,544)	(60,581)
Provision for loss (recovery) on uncollectible contributions	41,684	1,608,951	1,650,635
Total supporting services	9,360,534	1,546,407	10,906,941
Total expenses and losses	96,690,714	1,546,407	98,237,121
Change in Net Assets	(3,509,051)	(197,358,573)	(200,867,624)
Net Assets, beginning of year	142,638,166	1,919,293,756	2,061,931,922
Net Assets, end of year	$ 139,129,115	$ 1,721,935,183	$ 1,861,064,298

Year Ended June 30, 2021		
Without Donor Restrictions	With Donor Restrictions	TOTAL
$ 12,605,336	$ 253,753,566	$ 266,358,902
521,035	3,122,674	3,643,709
34,442,559	421,600,501	456,043,060
50,894,210	(50,894,210)	-
98,463,140	627,582,531	726,045,671
65,352,945		65,352,945
1,786,125		1,786,125
5,625,426		5,625,426
165,521	2,441,630	2,607,151
24,588	14,165	38,753
7,601,660	2,455,795	10,057,455
72,954,605	2,455,795	75,410,400
25,508,535	625,126,736	650,635,271
117,129,631	1,294,167,020	1,411,296,651
$ 142,638,166	$ 1,919,293,756	$ 2,061,931,922

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Activities
Years Ended June 30, 2022 and 2021

	Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Interest and dividends	$ -	$ 1,990,228	$ 1,990,228
Net realized and unrealized gains on investments		(83,216,904)	(83,216,904)
Net assets released from restrictions	22,418,322	(22,418,322)	-
Total revenues, gains and other support	22,418,322	(103,644,998)	(81,226,676)
Expenses and Losses:			
Program services:			
Fayetteville campus support	22,418,322	-	22,418,322
Total program services	22,418,322	-	22,418,322
Change in Net Assets	-	(103,644,998)	(103,644,998)
Net Assets, beginning of year	-	746,594,958	746,594,958
Net Assets, end of year	$ -	$ 642,949,960	$ 642,949,960

Year Ended June 30, 2021		
Without Donor Restrictions	With Donor Restrictions	TOTAL
$ -	$ 1,105,303	$ 1,105,303
	204,772,197	204,772,197
22,780,270	(22,780,270)	-
22,780,270	183,097,230	205,877,500
22,780,270	-	22,780,270
22,780,270	-	22,780,270
-	183,097,230	183,097,230
-	563,497,728	563,497,728
$ -	$ 746,594,958	$ 746,594,958

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position by Campus
At June 30, 2022

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position by Campus
At June 30, 2022

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
ASSETS							
Current							
Cash and cash equivalents	$ 137,871,091	$ 25,059,637	$ 14,881,622	$ 194,125,000	$ 13,567,661	$ 25,770,729	$ 33,835,482
Investments	418,675,424	23,279,938	47,978,060	13,845,000	2,204,928		25,571,997
Accounts receivable	92,731,393	6,351,900	24,544,461	55,993,000	5,985,383	15,506,609	27,718,328
Patient accounts receivable				193,438,000			
Inventories	8,305,639		151,208	29,443,000	401,238	26,716	
Deposits and funds held in trust by others	100,388		142,434		6,344,430		
Notes receivable	2,494,705			814,000			
Other assets	22,332,600	325,305	581,708	10,873,000	396,156	621,239	1,059,418
Total current assets	682,511,240	55,016,780	88,279,493	498,531,000	28,899,796	41,925,293	88,185,225
Non-Current							
Cash and cash equivalents					5,817,339	10,173,784	
Investments	173,740,683	5,825,897	50,865,281	161,153,000	4,667,520	5,220,049	25,908,934
Notes receivable	6,157,831	149,458	386,750	10,272,000	79,089	464,192	
Deposits and funds held in trust by others	254,739	62,433	2,060,364	233,145,000			
Other non-current assets	35,704,454						21,004,163
Capital assets	1,545,982,343	130,291,550	196,463,155	986,306,000	46,371,158	105,001,056	6,620,924
Total non-current assets	1,761,840,050	136,329,338	249,775,550	1,390,876,000	56,935,106	120,859,081	53,534,021
TOTAL ASSETS	$ 2,444,351,290	$ 191,346,118	$ 338,055,043	$ 1,889,407,000	$ 85,834,902	$ 162,784,374	$ 141,719,246
DEFERRED OUTFLOWS OF RESOURCES							
Debt refunding	$ 6,305,948	$ 2,057,395	$ 2,606,799	$ 3,530,000		$ 189,474	
Other postemployment benefits	5,110,000	293,000	810,000	4,533,000	$ 251,000	469,000	$ 78,000
Pensions	1,618,298	249,161	689,744	1,798,000	437,584	122,835	152,066
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 13,034,246	$ 2,599,556	$ 4,106,543	$ 9,861,000	$ 688,584	$ 781,309	$ 230,066
LIABILITIES							
Current							
Accounts payable and other accrued liabilities	$ 53,179,775	$ 4,533,645	$ 7,355,080	$ 146,117,000	$ 1,925,935	$ 4,298,631	$ 6,145,473
Unearned revenue, deposits and other	42,437,546	493,564	5,856,098	11,629,000	47,653	70,879	1,882,850
Funds held in trust for others	4,925,273	242,196	1,006,795	8,168,000	174,574	2,792,990	128,902
Liability for future insurance claims							14,509,500
Estimated third party payor settlements				29,042,000			
Compensated absences payable - current portion	2,248,489	252,591	455,782	5,159,000	120,759	232,211	69,864
Liability for other postemployment benefits - current portion	824,000	100,000	182,000	1,110,000	80,000	65,000	19,000
Bonds, notes, leases and installment contracts payable - current	50,010,992	3,749,080	9,181,166	36,810,000	7,339,194	2,123,668	4,899,670
Total current liabilities	153,626,075	9,371,076	24,036,921	238,035,000	9,688,115	9,583,379	27,655,259
Non-Current							
Unearned revenues, deposits and other	2,395,122		192,858	31,000		29,819	
Refundable federal advance - Perkins loans	7,147,158			1,911,000	23,836		
Compensated absences payable	21,186,585	1,248,398	3,814,244	70,344,000	1,055,599	3,794,288	1,098,006
Liability for other post employment benefits	24,455,000	1,787,000	6,004,000	34,945,000	1,698,000	3,089,000	545,000
Liability for pensions	3,395,965	552,014	1,771,682	2,773,000	911,439	245,131	348,652
Bonds, notes, leases, installment contracts payable	771,033,498	50,586,782	83,319,734	762,347,000	26,164,084	26,787,011	26,036,423
Total non-current liabilities	829,613,328	54,174,194	95,102,518	872,351,000	29,852,958	33,945,249	28,028,081
TOTAL LIABILITIES	$ 983,239,403	$ 63,545,270	$ 119,139,439	$ 1,110,386,000	$ 39,541,073	$ 43,528,628	$ 55,683,340
DEFERRED INFLOWS OF RESOURCES							
Other postemployment benefits	1,783,000	$ 104,000	$ 910,000	$ 3,759,000	$ 227,000	$ 372,000	$ 47,000
Pensions	7,210,185	1,467,075	4,473,869	7,105,000	1,623,409	432,396	651,915
Other	7,781,921			6,917,000			898,739
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 16,775,106	$ 1,571,075	$ 5,383,869	$ 17,781,000	$ 1,850,409	$ 804,396	$ 1,597,654
NET POSITION							
Net Investment in Capital Assets	$ 721,837,717	$ 77,540,140	$ 109,535,730	$ 419,295,000	$ 19,706,016	$ 72,517,262	$ 3,080,348
Restricted							
Non-Expendable							
Scholarships and fellowships	9,407,310	278,058	1,637,090	394,000	56,017		
Research	18,739,659		407,898		321,559		
Other	18,246,728	29,047	9,003,876	47,572,000	2,696	7,404,241	
Expendable							
Scholarships and fellowships	22,141,750	194,875	423,365	29,745,000	474,448	2,815,509	
Research	57,800,394	9,373	5,136,972	13,208,000	2,458,598	1,353,565	
Public service	31,711,796	52,031	3,527,888			1,631,380	
Capital projects	63,598,179	235,325		8,848,000	5,917,453	4,925,187	
Other	14,601,492	3,195,693	6,318,352	426,000	133,282	6,351,841	
Unrestricted	499,286,002	47,294,787	81,647,107	251,613,000	16,061,935	22,233,674	81,587,970
TOTAL NET POSITION	$ 1,457,371,027	$ 128,829,329	$ 217,638,278	$ 771,101,000	$ 45,132,004	$ 119,232,659	$ 84,668,318

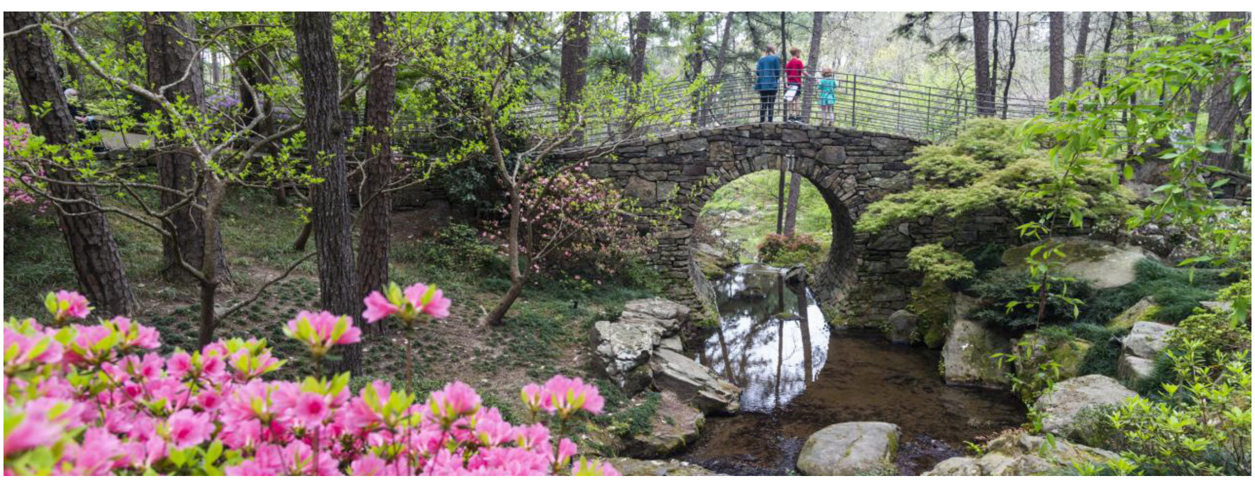
See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (See Note 19)	TOTAL
$ 4,421,159	$ 14,441,866	$ 3,858,446	$ 13,929,401	$ 7,274,138	$ 43,819,018	$ 2,805,700	$ 10,506,668	$ 57,986	$ 546,225,604
861,538	3,462,077		2,261,481	3,621,764	5,469,755				547,231,962
1,883,699	1,787,471	1,577,200	1,784,217	818,221	2,389,858	579,355	126,969	(22,601,585)	217,176,479
									193,438,000
95,981	56,355	196,458	1,250,874			390,518			40,317,987
	33					74,532			6,661,817
							936	(32,689)	3,276,952
187,559	7,923	380,998		2,299	31,245	54,371	92,748		36,946,569
7,449,936	19,755,725	6,013,102	19,225,973	11,716,422	51,709,876	3,904,476	10,727,321	(22,576,288)	1,591,275,370
1,161,302				130,958					17,283,383
184,070		2,200,000			908,835	1,059,283			431,733,552
36,878	89,936	48,846	32,788	42,060			28,460	(5,505,650)	12,282,638
				3,233	19,682				235,545,451
					219,203			(20,453,183)	36,474,637
11,215,112	19,673,923	13,060,795	25,949,065	22,389,502	79,983,894	17,557,941	22,928,915		3,229,795,333
12,597,362	19,763,859	15,309,641	25,981,853	22,565,753	81,131,614	18,617,224	22,957,375	(25,958,833)	3,963,114,994
$ 20,047,298	$ 39,519,584	$ 21,322,743	$ 45,207,826	$ 34,282,175	$ 132,841,490	$ 22,521,700	$ 33,684,696	$ (48,535,121)	$ 5,554,390,364
$ 65,324	$ 710,695		$ 125,379		$ 4,143,677				$ 19,734,691
76,000	125,000	$ 60,000	56,000	$ 114,000	282,000	$ 83,000	$ 25,000		12,365,000
414,776	128,329	475,526	289,002	532,285	1,611,426	384,495	245,342		9,148,869
$ 556,100	$ 964,024	$ 535,526	$ 470,381	$ 646,285	$ 6,037,103	$ 467,495	$ 270,342	$ -	$ 41,248,560
$ 547,438	$ 1,042,026	$ 345,536	$ 1,033,590	$ 863,701	$ 2,511,131	$ 844,112	$ 755,995	$ (21,462,614)	$ 210,036,454
341,170	356,925	12,167	133,528	140,846	175,973	54,593	2,010		63,634,802
56,873	35,625	19,168	23,061	71,815	140,562	27,434	41,405		17,854,673
									14,509,500
									29,042,000
14,178	31,129	36,761	27,378	31,238	92,323	41,734	16,091		8,829,528
11,000	45,000	10,000	10,000	28,000	81,000	30,000	1,000		2,596,000
200,411	442,350	200,641	574,382	330,967	2,626,804	353,677	118,521	(1,770,472)	117,191,051
1,171,070	1,953,055	624,273	1,801,939	1,466,567	5,627,793	1,351,550	935,022	(23,233,086)	463,694,008
								-	2,648,799
									9,081,994
262,781	476,778	300,194	372,825	367,544	585,508	248,790	118,167		105,273,707
552,000	994,000	459,000	373,000	776,000	1,280,000	531,000	234,000		77,722,000
822,207	288,482	940,756	691,276	1,082,409	3,342,938	805,043	450,257		18,421,251
2,648,939	8,841,371	944,053	8,714,541	9,808,058	71,754,864	12,899,913	812,703	(25,302,035)	1,837,396,939
4,285,927	10,600,631	2,644,003	10,151,642	12,034,011	76,963,310	14,484,746	1,615,127	(25,302,035)	2,050,544,690
$ 5,456,997	$ 12,553,686	$ 3,268,276	$ 11,953,581	$ 13,500,578	$ 82,591,103	$ 15,836,296	$ 2,550,149	$ (48,535,121)	$ 2,514,238,698
$ 161,000	$ 270,000	$ 49,000	$ 329,000	$ 148,000	$ 456,000	$ 243,000	$ 42,000		$ 8,900,000
1,353,326	614,853	1,411,404	1,493,195	1,651,177	6,256,270	1,121,225	552,558		37,417,857
			-						15,597,660
$ 1,514,326	$ 884,853	$ 1,460,404	$ 1,822,195	$ 1,799,177	$ 6,712,270	$ 1,364,225	$ 594,558	$ -	$ 61,915,517
$ 8,431,086	$ 11,354,933	$ 11,929,114	$ 17,368,257	$ 11,856,141	$ 7,917,195	$ 3,227,457	$ 18,520,827		$ 1,514,117,223
75,000					874,239				12,721,714
									19,469,116
									82,258,588
25,127	247,937			483,465	34,596	10,825			56,596,897
									79,966,902
									36,923,095
1,161,302	3,121,929					49,422	769,311		88,626,108
411,122		295,963			3,198,186	9,263	76,371		35,017,565
3,528,438	12,320,270	4,904,512	14,534,174	7,289,099	37,551,004	2,491,707	11,443,822		1,093,787,501
$ 13,632,075	$ 27,045,069	$ 17,129,589	$ 31,902,431	$ 19,628,705	$ 49,575,220	$ 5,788,674	$ 30,810,331	$ -	$ 3,019,484,709

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position by Campus
For the Year Ended June 30, 2022

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Operating Revenues							
Student tuition & fees, net of scholarship allowances	$ 255,331,306	$ 12,916,795	$ 34,991,481	$ 47,784,000	$ 8,718,499	$ 10,270,231	$ 10,399,954
Patient services, net of contractual allowances				1,334,667,000			
Federal and county appropriations	13,560,030			1,655,000			
Federal grants and contracts	86,487,805	2,075,148	21,870,541	125,794,000	1,879,328	18,125,363	
State and local grants and contracts	17,684,507	2,087,169	7,660,894	34,237,000	1,207,499	4,594,867	
Non-governmental grants and contracts	17,636,396	115,396	1,891,785	86,852,000	262,954	436,440	
Sales and services of educational departments	26,245,297	307,746	966,040	39,158,000	251,888	127,354	5,040,422
Insurance plan							214,043,311
Auxiliary enterprises							
Athletics, net of scholarship allowances	125,807,171	30,303	2,000,641		590,036	2,406,832	
Housing/food service, net of scholarship allowances	74,354,109	3,165,086	4,017,095	7,569,000	1,410,052	4,383,003	
Bookstore, net of scholarship allowances	2,211,647	257,391	239,700		102,695	30	
Other auxiliary enterprises, net of scholarship allowances	15,661,683	186,867	888,123	3,698,000	573,273	162,259	
Other operating revenues	17,312,249	274,454	1,189,903	151,918,000	283,171	2,432,089	276,535
Total operating revenues	652,292,200	21,416,355	75,716,203	1,833,332,000	15,279,395	42,938,468	229,760,222
Operating Expenses							
Compensation and benefits	550,974,730	40,611,552	102,345,434	1,219,460,000	26,861,000	47,242,369	9,566,163
Supplies and services	287,678,479	22,174,731	48,565,126	650,324,000	11,140,816	30,001,867	21,917,694
Scholarships and fellowships	48,769,413	9,074,340	10,923,528	3,225,000	8,892,792	7,289,049	1,627,969
Insurance plan							192,354,975
Depreciation	94,796,517	8,616,207	15,379,704	76,704,000	4,128,033	8,135,331	1,423,583
Total operating expenses	982,219,139	80,476,830	177,213,792	1,949,713,000	51,022,641	92,668,616	226,890,384
Operating income (loss)	(329,926,939)	(59,060,475)	(101,497,589)	(116,381,000)	(35,743,246)	(49,730,148)	2,869,838
Non-Operating Revenues (Expenses)							
State appropriations, net of Medicaid match payments	229,720,207	25,150,911	69,601,187	68,119,000	19,681,906	29,039,314	5,588,117
Property and sales tax		4,096,482				-	-
Federal grants	68,111,289	24,774,562	25,263,049	36,760,000	15,496,585	13,982,473	14,869,910
State and local grants	30,833,611	4,274,413	4,146,028		1,527,448	1,053,125	-
Non-governmental grants	13,202					-	96,098
Gifts	83,835,006	2,998,283	9,470,279	15,126,000	2,746,218	2,046,639	141,195
Investment income (net)	(24,940,333)	(212,950)	(2,221,648)	(19,574,000)	(62,756)	(737,589)	(426,703)
Interest and fees on capital asset-related debt	(24,766,869)	(1,623,123)	(2,830,257)	(18,813,000)	(1,034,284)	(973,560)	(812,883)
Gain (loss) on disposal of assets	185,627		(157,614)	(208,000)	(41,426)	-	1,500
Other	7,069,948	192,735	715,449		44,534		348,292
Net non-operating revenues	370,061,688	59,651,313	103,986,473	81,410,000	38,358,225	44,410,402	19,805,526
Income/Loss before other revenues and expenses	40,134,749	590,838	2,488,884	(34,971,000)	2,614,979	(5,319,746)	22,675,364
Other Changes in Net Position							
Capital appropriations	1,434,819	621,558				1,600,000	
Capital grants and gifts	49,426,023			3,147,000	74,187		
Adjustments to prior year revenues and expenses		(37,544)	(10,689)		7,438	580,307	641,037
Other	136,577					(2,229)	
Total other revenues and expenses	50,997,419	584,014	(10,689)	3,147,000	81,625	2,178,078	641,037
Increase (decrease) in net position	91,132,168	1,174,852	2,478,195	(31,824,000)	2,696,604	(3,141,668)	23,316,401
Net Position, beginning of year	1,374,642,244	127,654,477	215,160,083	802,925,000	42,435,400	122,374,327	61,351,917
Cumulative effect of GASB No. 87 adoption	549,745						
Other Adjustments	(8,953,130)						
Net Position, beginning of year, restated	$ 1,366,238,859	$ 127,654,477	$ 215,160,083	$ 802,925,000	$ 42,435,400	$ 122,374,327	$ 61,351,917
Net Position, end of year	$ 1,457,371,027	$ 128,829,329	$ 217,638,278	$ 771,101,000	$ 45,132,004	$ 119,232,659	$ 84,668,318

See accompanying notes.



CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
$ 1,526,283	$ 168,319	$ 741,203	$ 688,189	$ 2,470,463	$ 9,224,188	$ 363,634			$ 395,594,545
									1,334,667,000
									15,215,030
1,566,244	1,842,464	762,296	1,422,718	637,159	2,008,321	2,232,836			266,704,223
1,674,775	1,090,189	1,757,760	1,150,846	1,478,800	1,989,047	1,194,222	$ 552,355		78,359,930
43,394	6,404	181,868	9,722	144,352	77,800	221,390	7,695		107,887,596
105,529	135,105	46,430	172,526	223,907	361,096	38,014		$ (4,214,955)	68,964,399
								(141,104,487)	72,938,824
7,466						5,325			130,847,774
143,402		85,377				734,111			95,861,235
94,115	26,517	105,222	282,664		237,138	251,878			3,808,997
	9,761	29,870			42,121				21,251,957
50,597	141,845	70,686	25,899	131,254	272,225	(28,098)	253,599	(855,440)	173,748,968
5,211,805	3,420,604	3,780,712	3,752,564	5,085,935	14,211,936	5,013,312	813,649	(146,174,882)	2,765,850,478
8,747,529	10,440,164	7,164,745	7,670,385	10,332,876	20,256,789	6,161,895	5,201,325	(141,104,487)	1,931,932,469
4,726,229	5,130,164	4,744,230	4,134,644	4,820,866	15,422,202	4,607,123	3,533,544	(5,070,395)	1,113,851,320
2,564,574	2,167,323	3,270,021	3,137,311	4,830,397	11,628,008	1,029,348			118,429,073
									192,354,975
863,460	1,209,185	1,099,185	1,538,890	1,668,256	4,717,344	865,191	599,089		221,743,975
16,901,792	18,946,836	16,278,181	16,481,230	21,652,395	52,024,343	12,663,557	9,333,958	(146,174,882)	3,578,311,812
(11,689,987)	(15,526,232)	(12,497,469)	(12,728,666)	(16,566,460)	(37,812,407)	(7,650,245)	(8,520,309)	-	(812,461,334)
4,941,383	10,804,550	5,059,035	6,975,907	6,639,765	16,739,820	3,752,219	10,814,800		512,628,121
1,778,689	2,582,689	1,877,142	1,796,267	926,519		495,803			13,553,591
4,950,617	4,941,740	6,264,242	5,843,877	8,226,568	25,149,321	3,919,856			258,554,089
409,864	114,363	282,060	259,618	550,459	1,025,281	251,389			44,727,659
97,877			97,216		26,014				330,407
112,636	178,213	30,952	-	43,396	205,122	33,000	107,057		117,073,996
65,631	(49,249)	43,244	15,576	76,220	38,267	14,041	2,060	(745,869)	(48,716,058)
(108,441)	(337,646)	(12,124)	(183,950)	(372,746)	(2,722,589)	(542,711)	(26,251)	658,798	(54,501,636)
(21,827)			-			460	(113)		(241,393)
8,729		11,464				189,833	-	87,071	8,668,055
12,235,158	18,234,660	13,556,015	14,804,511	16,090,181	40,461,236	8,113,890	10,897,553	-	852,076,831
545,171	2,708,428	1,058,546	2,075,845	(476,279)	2,648,829	463,645	2,377,244	-	39,615,497
330,437									3,986,814
	284,974		200,000	45,000	6,704				53,183,888
					104,982	130,244			1,415,775
	1,533,526								1,667,874
330,437	1,818,500	-	200,000	45,000	111,686	130,244	-	-	60,254,351
875,608	4,526,928	1,058,546	2,275,845	(431,279)	2,760,515	593,889	2,377,244	-	99,869,848
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
8,990									558,735
									(8,953,130)
$ 12,756,467	$ 22,518,141	$ 16,071,043	$ 29,626,586	$ 20,059,984	$ 46,814,705	$ 5,194,785	$ 28,433,087	$ -	$ 2,919,614,861
$ 13,632,075	$ 27,045,069	$ 17,129,589	$ 31,902,431	$ 19,628,705	$ 49,575,220	$ 5,788,674	$ 30,810,331	$ -	$ 3,019,484,709

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2022

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Cash Flows from Operating Activities							
Student tuition and fees (net of scholarships)	$ 253,952,876	$ 13,218,331	$31,703,804	$ 47,917,000	$ 7,512,824	$ 8,511,662	$ 10,202,653
Patient and insurance payments				1,242,145,000			
Federal and county appropriations	12,880,266						
Grants and contracts	135,288,464	1,143,744	37,976,357	254,075,000	2,962,864	20,193,409	
Collection of loans and interest	(54,862)			4,326,000	4		
Insurance plan receipts							214,194,410
Auxiliary enterprise revenues:							
Athletics	130,042,635	30,303	1,712,720		562,878	2,407,312	
Housing and food service	74,028,299	3,165,086	3,942,312	7,574,000	1,350,533	4,383,371	
Bookstore	2,029,146	257,391	211,129		117,393	307	
Other auxiliary enterprises	15,350,002	187,140	868,905	3,626,000	580,449	162,259	
Payments to employees	(439,664,571)	(32,332,132)	(83,986,262)	(1,025,285,000)	(21,269,550)	(35,023,324)	(7,566,096)
Payment of employee benefits	(119,190,814)	(8,241,276)	(20,430,257)	(228,726,000)	(5,606,648)	(9,567,622)	(1,723,620)
Payments to suppliers	(287,714,830)	(20,827,736)	(47,292,097)	(641,126,000)	(10,276,031)	(28,381,514)	(20,377,956)
Loans issued to students	(29,500)			(3,419,000)			
Scholarships and fellowships	(48,744,962)	(9,074,340)	(10,923,528)	(3,225,000)	(9,121,794)	(7,289,049)	(1,627,969)
Payments of insurance plan expenses							(194,640,837)
Other receipts and payments	53,609,580	2,720,807	2,418,372	182,683,000	886,371	2,490,094	1,765,346
Net cash used by operating activities	(218,218,271)	(49,752,682)	(83,798,545)	(159,435,000)	(32,300,707)	(42,113,095)	225,931
Cash Flows from Noncapital Financing Activities							
State appropriations	229,720,207	25,150,911	69,601,187	72,190,000	19,681,906	29,039,314	5,588,117
Property and sales tax		4,096,482					
Gifts and grants for other than capital purposes	178,626,757	32,062,582	38,759,316	51,885,000	22,604,391	22,778,030	14,368,066
Repayment of loans				(75,000)			
Direct Lending, Plus and FFEL loan receipts	127,375,653	15,919,557	42,502,240		10,416,637	10,490,935	16,921,759
Direct Lending, Plus and FFEL loan payments	(129,321,451)	(15,959,553)	(42,507,554)		(11,336,904)	(10,641,097)	(16,965,692)
Other agency funds - net	1,664,838		116,823	4,760,000	(72,002)	118,387	77,491
Refunds to grantors							
Intercompany debt payments/receipts							(87,500)
Other noncapital receipts (payments)		155,173	-				451,241
Net cash provided (used) by noncapital financing activities	408,066,004	61,425,152	108,472,012	128,760,000	41,294,028	51,785,569	20,353,482
Cash Flows from Capital and Related Financing Activities							
Distributions from debt proceeds	18,669,119		491,358	187,107,000			
Capital appropriations	1,434,819	621,558				1,600,000	
Capital grants and gifts	8,322,963	531		3,147,000	37,027		
Proceeds from sale of capital assets	401,120		(157,614)		3,836		1,500
Purchases of capital assets	(105,694,000)	(3,956,003)	(6,388,060)	(189,239,000)	(2,595,328)	(6,407,259)	(4,747,869)
Payment of capital related principal on debt	(33,726,338)	(6,003,768)	(7,726,418)	(51,663,000)	(470,000)	(1,983,485)	(4,077,648)
Payments of capital related interest and fees	(28,750,155)	(1,393,344)	(3,204,232)	(17,823,000)	(984,177)	(1,010,274)	(843,958)
Insurance proceeds			194,504				
Payments to/from trustee for reserve							
Net cash provided (used) by capital & related financing act	(139,342,472)	(10,731,026)	(16,790,462)	(68,471,000)	(4,008,642)	(7,801,018)	(9,667,975)
Cash Flows from Investing Activities							
Proceeds from sales and maturities of investments	46,706,008	7,017,129		260,650,000	2,730,528	676,589	31,887,299
Investment income (net of fees)	(27,253)	(222,129)	(2,221,648)	5,499,000	16,869	14,055	(734,352)
Purchases of investments	(131,000,000)	(26,795,000)	(22,676,697)	(287,307,000)	-	(988,160)	(27,326,965)
Net cash provided (used) by investing activities	(84,321,245)	(20,000,000)	(24,898,345)	(21,158,000)	2,747,397	(297,516)	3,825,982
Net increase/decrease in cash	(33,815,984)	(19,058,556)	(17,015,340)	(120,304,000)	7,732,076	1,573,940	14,737,420
Cash, beginning of the year	171,687,075	44,118,193	31,896,962	314,429,000	11,652,924	34,370,573	19,098,062
Cash, end of year	$ 137,871,091	$ 25,059,637	14,881,622	$ 194,125,000	$ 19,385,000	35,944,513	$ 33,835,482

See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations (Note 19)	TOTAL
$ 1,626,488	$ 163,186	$ 802,945	$ 834,853	$ 2,947,831	$ 10,712,212	$ 593,433			$ 390,700,098
									1,242,145,000
			-						12,880,266
2,903,065	2,753,050	2,199,440	2,740,366	2,729,996	3,250,572	3,765,550	$ 562,166		472,544,043
			-						4,271,142
								$ (141,006,362)	73,188,048
7,466						5,325			134,768,639
143,402		85,377				734,111			95,406,491
94,115	28,382	105,222	282,664		237,138	251,878			3,614,765
	9,761	29,615	-		42,121				20,856,252
(6,993,011)	(8,862,639)	(5,704,939)	(6,399,263)	(8,203,347)	(16,570,709)	(4,978,571)	(4,137,300)		(1,706,976,714)
(2,065,104)	(2,227,077)	(1,891,550)	(1,897,949)	(2,516,270)	(4,609,928)	(1,486,724)	(1,191,087)	141,006,362	(270,365,564)
(4,846,825)	(4,522,220)	(4,868,001)	(4,284,439)	(4,719,220)	(15,671,832)	(4,480,825)	(3,086,570)	1,667,416	(1,100,808,680)
									(3,448,500)
(2,564,574)	(2,122,082)	(3,270,021)	(3,137,311)	(4,830,397)	(11,628,008)	(1,029,348)			(118,588,383)
		(59,616)							(194,700,453)
138,341	242,073	175,896	198,425	349,255	633,320	9,545	264,787	(4,611,006)	243,974,206
(11,556,637)	(14,537,566)	(12,395,632)	(11,662,654)	(14,242,152)	(33,605,114)	(6,615,626)	(7,588,004)	(2,943,590)	(700,539,344)
4,941,383	10,804,550	5,059,035	6,975,907	6,639,765	16,739,820	3,752,219	10,814,800		516,699,121
1,714,193	2,571,085	1,877,142	1,796,267	919,160		473,225			13,447,554
5,472,674	5,149,637	6,512,659	6,200,710	8,820,422	26,405,738	4,204,245	107,670		423,957,897
									(75,000)
		685,025		1,231,911	10,284,484				235,828,201
		(685,025)		(1,231,911)	(10,284,484)				(238,933,671)
3,032	21,377	4,123	(34,042)	(88,205)	5,910	(1,582)	(17,945)		6,558,205
						(934)			(934)
								87,500	-
		11,462				190,767			808,643
12,131,282	18,546,649	13,464,421	14,938,842	16,291,142	43,151,468	8,617,940	10,904,525	87,500	958,290,016
				1,619					206,269,096
136,525									3,792,902
	284,974		200,000		6,704				11,999,199
109,621									358,463
(615,975)	(1,111,174)	(689,398)	(4,124,663)	(1,426,616)	(2,889,334)	(356,273)	(4,455,916)		(334,696,868)
(327,880)	(398,714)	(195,628)	(667,910)	(380,326)	(3,028,779)	(364,134)	(84,224)	3,001,576	(108,096,676)
(109,369)	(306,068)	(12,473)	(177,642)	(402,494)	(2,035,392)	(423,773)	(26,251)	658,798	(56,843,804)
	1,533,526								1,728,030
					(61)	1,520			1,459
(807,078)	2,544	(897,499)	(4,770,215)	(2,207,817)	(7,946,862)	(1,142,660)	(4,566,391)	3,660,374	(275,488,199)
		2,199,404			573,474				352,440,431
50,187	30,437	43,244	15,193	119,342	38,267	14,041	2,060	(746,298)	1,891,015
		(2,200,000)	(8,219)			(13,175)			(498,315,216)
50,187	30,437	42,648	6,974	119,342	611,741	866	2,060	(746,298)	(143,983,770)
(182,246)	4,042,064	213,938	(1,487,053)	(39,485)	2,211,233	860,520	(1,247,810)	57,986	(161,721,297)
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
$ 5,582,461	$ 14,441,866	$ 3,858,446	$ 13,929,401	$ 7,405,096	$ 43,819,018	$ 2,805,700	$ 10,506,668	$ 57,986	$ 563,508,987

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2022

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:								
Operating revenue (loss)	$ (329,926,939)	$ (59,060,475)	$ (101,497,589)	$ (116,381,000)	$ (35,743,246)	$ (49,730,148)	$ 2,869,838	$
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:								
Depreciation expense	94,796,517	8,616,207	15,379,704	76,704,000	4,128,033	8,135,331	1,423,583	
Other miscellaneous operating receipts	7,199,617							
Adjustment to cash for amounts in transit within the system								
Change in assets and liabilities:								
Receivables, net	8,990,957	(1,312,716)	2,734,408	(28,266,000)	(85,133)	(5,032,549)	(3,968,062)	
Inventories	(1,338,278)		(31,901)	2,412,000	(39,885)	(10,720)		
Prepaid expenses and other assets	2,039,174	141,727	(27,234)	2,341,000	(61,256)	(595,838)	573,630	
Accounts payable and other accrued liabilities	(7,184,391)	2,875,283	(276,385)	(36,707,000)	25,475	3,759,459	1,322,316	
Long term liability for payroll taxes								
Unearned revenue	9,898,351	(377,891)	1,872,521	5,693,000	(34,113)	(28,344)	(493,157)	
Liability for future insurance claims							(2,201,100)	
Loans to students and employees	654,138							
Refundable federal advance	(1,693,922)							
Compensated absences	73,763	(125,262)	(177,158)	(3,329,000)	(14,196)	1,374,379	201,095	
OPEB liability	794,000	109,000	35,000	1,552,000	8,000	142,000	(49,000)	
Pension related	(2,521,258)	(604,194)	(1,757,035)		(484,386)	(110,578)	143,924	
Other		(14,361)	(52,876)	(63,454,000)		(16,087)	402,864	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (218,218,271)	$ (49,752,682)	$ (83,798,545)	$ (159,435,000)	$ (32,300,707)	$ (42,113,095)	$ 225,931	$
	-	-	-	-	-	-	-	
Non-Cash Transactions								
Capital gifts	$ 1,721,961				$ 74,187			
Fixed assets acquired by incurring capital lease obligations	879,647	$ 7,721,837		$ 1,291,000				$
Capital outlay & maintenance paid directly from proceeds of debt			$ 309,584					
Payment of bond proceeds/premium/accrued interest/debt service reerve directly into deposits with trustees/escrow	174,873,086							
Payment of bond issuance costs/underwriters' discount directly from bond proceeds and/or debt service reserves	786,485							
Payment of principal & interest on long-term debt from deposits with trustees	10,602		675		510,729			
Interest earned on deposits with trustees	881	211	6,985		8,900			
Loss on disposal of assets			157,614					
Valuation adjustments to capital assets--increase (decrease)	3,781,153							
Value of goods received from sponsorship agreements with vendors								
Fixed assets transferred to another state agency	8,729,576							
Note Proceeds used to directly pay bond interest and principal	212,045							
Land swap (book value)				4,998,000				
Change in capital assets acquired in year-end accounts payable								

See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations	TOTAL
(11,689,987)	$ (15,526,232)	$ (12,497,469)	$ (12,728,666)	$ (16,566,460)	$ (37,812,407)	$ (7,650,245)	$ (8,520,309)		$ (812,461,334)
863,460	1,209,185	1,099,185	1,538,890	1,668,256	4,717,344	865,191	599,089		221,743,975
									7,199,617
								$ (2,943,590)	(2,943,590)
(369,075)	(193,027)	(439,284)	160,562	914,377	957,269	240,665	(27,265)		(25,694,873)
9,796	6,517	12,377	(68,764)			(86,076)	-		865,066
(178,727)	1,189	(314,670)	-	978	9,202	(991)	19,393		3,947,577
106,642	465,759	185,020	(178,972)	155,633	654,802	300,024	460,223		(34,036,112)
									-
70,147	14,116	(106,046)	122,409	4,218	(288,125)	15,315	1,820		16,364,221
									(2,201,100)
									654,138
									(1,693,922)
(18,875)	16,861	32,864	15,842	20,153	(11,622)	18,144	(11,958)		(1,934,970)
32,000	(281,000)	20,000	(9,000)	(14,000)	9,000	(6,000)	(21,000)		2,321,000
(382,018)	(250,934)	(387,609)	(514,955)	(425,307)	(1,840,577)	(311,653)	(87,997)		(9,534,577)
			-						(63,134,460)
(11,556,637)	$ (14,537,566)	$ (12,395,632)	$ (11,662,654)	$ (14,242,152)	$ (33,605,114)	$ (6,615,626)	$ (7,588,004)	$ (2,943,590)	$ (700,539,344)
-	-	-	-	-	-	-	-	-	-
			$ 200,000	$ 45,000					$ 2,041,148
35,469									9,927,953
	$ 38,309		4,087,810						4,435,703
									174,873,086
									786,485
	2			102,914					624,922
	33			4,877					21,887
21,827							$ (113)		179,328
									-
									3,781,153
									-
									8,729,576
									212,045
									4,998,000

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 the University of Arkansas System *e*Versity and University of Arkansas Grantham [UAG]).

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 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 $61,987,000 for the fiscal year ended June 30, 2022.

Component Units
In fiscal year 2022, 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-eight 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, 2022 and 2021, the Foundation distributed $94,208,388 and $70,275,302, 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, 2022 and 2021, the Foundation distributed $22,418,322 and $22,780,270, 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, 2022:

- Statement No. 87, *Leases*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*
- Statement No. 98*, The Annual Comprehensive Financial Report*
- Statement No. 99*, Omnibus 2022, the requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63*

Management has determined that the Statements No. 92, 93, 97, 98 and 99 did not materially impact the System. Statement No. 87 established standards of accounting and financial reporting for leases. As a result, beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was increased by $558,735. Details of the effect implementing this statement are discussed in detail in Footnote 23.

For the year ending June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99*, Omnibus 2022, the requirements in paragraphs 11-25 related to leases, PPPs, and SBITA*

For the year ending June 30, 2024:

- Statement No. 99, *Omnibus 2022, the requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53*
- Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

Management has 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 University of Arkansas Grantham (acquired on November 1, 2021 and formerly Grantham University), 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.

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 joined the System as the "University of Arkansas – Grantham."

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, 2022, are recorded net of an allowance for doubtful accounts of $301,289,000.

Net patient services revenue for the year ended June 30, 2022, is as follows:

GROSS PATIENT REVENUE	2022
Gross patient revenue	3,709,906,000
Less: patient services contractual allowances	(2,320,457,000)
Less: provision for bad debt	(54,782,000)
TOTAL	$ 1,334,667,000

UAMS provided approximately $ 45,030,000 in charity care, based on established rates, during the year ended June 30, 2022. 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 year ended June 30, 2022, includes approximately $58,151,000 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 year ended June 30, 2022 includes approximately $40,462,000 of net revenue from the Supplemental Medicaid program.

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, 2022, 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, 2022, 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. 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, 2022:

Cash and Cash Equivalents	
Cash deposits at year end	$ 560,079,362
cash held on deposit in state treasury	7,325,710
cash equivalents	229,479,186
cash on hand	276,218
Less: cash/cash equiv shown as deposits held in trust on SNP	(233,709,475)
adjustment for deposits in transit within the system	57,986
TOTAL	$ 563,508,987

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2022, $359,319 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, 2022:

Investment Type	Fair Value
Mutual & Money Market Funds	$ 251,187,935
Corporate & Municipal Bonds	96,262,974
External Investment Pool	203,045,670
Short-term Investment Fund Pool	253,117,160
Certificate of Deposits	15,031,582
U.S. Treasury & Government Sponsored Agencies	363,158,352
Commercial Paper	18,360,467
Other	14,157,727
Sub-Total	1,214,321,867
-shown as cash/cash equiv on Stmt of Net Position	(226,858,560)
-shown as deposits held in trust on Stmt of Net Position	(8,497,793)
Investments as reported on Stmt of Net Position	$ 978,965,514

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	$ 18,360,467	$ 18,360,467	$ -	$ -	$ -
Bonds	90,158,636	4,130,897	78,776,370	7,215,977	35,392
U.S. Treasury & Agency Securities	363,220,784	100,779,654	237,895,302	24,542,595	3,233
			-	-	-
Totals	$ 471,739,887	$ 123,271,018	$ 316,671,672	$ 31,758,572	$ 38,625

Investment		Credit Risk				
Type	Fair Value	AAA	AA	A	B & below	Not Rated
Mutual Funds	$ 6,540,960	$ 417,560	$ -	$ 759,295	$ -	$ 5,364,105
Commercial Paper	18,360,467	18,355,849	-	-	-	4,618
Bonds	90,158,636	20,000,533	68,748,675	20,120	95,383	1,293,925
		-	-	-	-	-
Totals	$ 115,060,063	$ 38,773,942	$ 68,748,675	$ 779,415	$ 95,383	$ 6,662,648

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, 2022, four campuses and one division (UAF, Division of Agriculture, UALR, UAMS, and UAM) and six foundations participated in the Pool, whose net assets totaled $2,642,260,089.

The Pool was combined with 7.68% of the net assets owned by the University of Arkansas and external portions as follows: 65.72% by the University of Arkansas Foundation, 24.74% by the Fayetteville Campus Foundation, 0.67% 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 1.01% 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, 2022

Investment Type	Fair Value*
Equities	**$ 467,943,257**
Common Stock	133,070,936
Funds - Common Stock	334,872,321
Fixed Income	**192,732,970**
Government Bonds	160,818,383
Corporate Bonds	96,092
Funds - Corporate Bond	31,818,476
Government Mortgage Backed Securities	19
Venture Capital and Partnerships	**1,099,284,259**
Partnerships	1,099,284,259
Hedge Fund	**512,613,345**
Hedge Equity	512,613,345
All Other	**396,447**
Recoverable Taxes	396,447
Cash/Cash Equivalents	**369,289,811**
Funds - Short Term Investments	364,324,618
Cash	298,291
Invested Cash	4,666,902
TOTAL	**$ 2,642,260,089**

*Includes accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - S&P Quality Ratings
June 30, 2022

Investment Type & Fair Value*	Fair Value*	Not Rated or Not Available	US Govn Guaranteed
Corporate Bonds	$ 96,092	$ 96,092	
Funds - Corporate Bond	31,777,464	31,777,464	
Funds - Short Term Investment	364,070,414	364,070,414	
Government Bonds	160,296,349		160,296,349
Government Mortgage Backed Securities	19		19
Total	$ 556,240,338	$ 395,943,970	$ 160,296,368

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Years to Maturity
June 30, 2022

Investment Type	Fair Value*	Less than 1	1+ to 6	6+ to 10	10+	Maturity not Determined
Corporate Bonds	$ 96,092				$ 96,092	
Funds - Corporate Bond	31,777,464					$ 31,777,464
Funds - Short Term Investment	364,070,414					364,070,414
Government Bonds	160,296,349		$ 20,200,361	$ 140,095,988		
Government Mortgage Backed Securities	19			19		
Total	$ 556,240,338	$ -	$ 20,200,361	$ 140,096,007	$ 96,092	$ 395,847,878

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2022

Investment Type	Fair Value*	Effective Duration
Corporate Bonds	$ 96,092	N/A
Funds - Corporate Bonds	31,777,464	N/A
Funds - Short Term Investment	364,070,414	N/A
Government Bonds	160,296,349	8.02
Government Mortgage Backed Securities	19	2.08
Total	$ 556,240,338	

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk By Investment Type
June 30, 2022

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	$ 1,341,303		
BRITISH POUND STERLING	(3,319,796)	$ 6,651,022	
CANADIAN DOLLAR	2,229,308	64,445	
CHINESE YUAN RENMINBI	(2,510,856)		
DANISH KRONE		247,830	$ 9,458
EURO	(6,634,861)	14,782,292	241,331
HK OFFSHORE CHINESE YUAN RENMINBI	(398,878)		
HONG KONG DOLLAR		1,011,386	
JAPANESE YEN	(696,956)	5,209,830	
NORWEGIAN KRONE	140,730		
SINGAPORE DOLLAR	127,120		
SWEDISH KRONA	476,741	106	
SWISS FRANC	(4,782,969)	6,625,311	142,226
Total	$ (14,029,114)	$ 34,592,222	$ 393,015

*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, 2022 is as follows: System-17.89%, UALR-23.41%, UAMS-5.18%, UAM-2.37%, PCCUA-2.17%, UACCM-2.53%, and the Division of Agriculture-46.44%. The following tables contain information on the risk disclosures of the STIF.

UNIVERSITY OF ARKANSAS SYSTEM
Short Term Investment Fund
Statement of Invested Assets
June 30, 2022

Investment Type	Fair Value*
Fixed Income	**$ 88,221,006**
International Developed Bonds	19,450,689
Corporate Bonds	14,945,045
U.S. Government Agency Bonds	17,479,106
U.S. Treasury Bonds	36,346,166
Cash/Cash Equivalents	**54,682,706**
Certificates of Deposit	29,453,895
Commercial Paper	25,040,466
Money Market Funds	188,345
TOTAL	**$ 142,903,712**

*includes accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Credit Risk
June 30, 2022

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Developed Bonds	$ 19,358,975		$ 2,996,954	$16,362,021		
Corporate Bonds	14,854,291		3,611,100	10,246,421	996,770	
U.S. Government Agency Bonds	17,461,137		15,941,215			$ 1,519,922
U.S. Treasury Bonds	36,318,759	$ 30,707,491				5,611,268
Total	$ 87,993,162	$ 30,707,491	$ 22,549,269	$26,608,442	$ 996,770	$ 7,131,190

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2022

Investment Type	Fair Value*	Less than 1	1 to 3	Over 3
International Developed Bonds	$ 19,358,975	$ 12,433,141	$ 6,925,834	$ -
Corporate Bonds	14,854,291	8,086,167	6,768,124	-
U.S. Government Agency Bonds	17,461,137	7,922,958	9,538,179	-
U.S. Treasury Bonds	36,318,759	7,182,257	29,136,502	-
Total	$ 87,993,162	$ 35,624,523	$ 52,368,639	$ -

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2022

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	$ 19,358,975	0.72
Corporate Bonds	14,854,291	0.85
U.S. Government Agency Bonds	17,461,137	0.85
U.S. Treasury Bonds	36,318,759	1.06
Total	$ 87,993,162	

*Does not include accrued income

Extended Fixed-Income Investment Fund and Intermediate Term Growth Fund

In September 2021, the UA System Investment Committee approved an agreement with Wilmington Trust to expand the external investment pool with the following additional tiers and funds for investing: Extended Fixed-Income Investment Fund (Tier 2) and Intermediate Term Growth Fund (Tier 3).

The Extended Fixed-Income Investment Fund (Tier 2) seeks to provide long-term capital appreciation through the investment of high-quality bonds. The Fund expects to maintain an average duration, under normal circumstances, of not more than three years. The Intermediate Term Growth Fund (Tier 3) seeks to provide long-term capital appreciation through the investment of diversified portfolio of stocks and bonds. The Fund's investment objectives are based on a long-term investment horizon of five years or longer. The following tables contain information on the risk disclosures for the Extended Fixed-Income Investment and Intermediate Term Growth Funds.

UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Statement of Invested Assets
June 30, 2022

Investment Type	Fair Value*
Fixed Income	**$ 25,751,686**
International Developed Bonds	357,203
Corporate Bonds	3,803,445
U.S. Treasury Bonds	21,591,038
Cash/Cash Equivalents	**78,540**
Money Market Funds	78,540
TOTAL	**$ 25,830,226**

*includes accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Credit Risk
June 30, 2022

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Developed Bonds	$ 356,398		$ 89,118	$ 267,280		
Corporate Bonds	3,781,506	120,134	561,479	2,540,078	559,815	
U.S. Treasury Bonds	21,562,606	$ 19,140,206				2,422,400
Total	$ 25,700,510	$ 19,260,340	$ 650,597	$ 2,807,358	$ 559,815	$ 2,422,400

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2022

Investment Type	Fair Value*	Less than 1	1 to 3	3 to 5	5 to 7	Over 7
International Developed Bonds	$ 356,398		$ 213,012	$ 143,386		
Corporate Bonds	3,781,506		1,290,127	2,163,400	327,979	
U.S. Treasury Bonds	21,562,606	2,378,283	11,954,385	7,229,938		
Total	$ 25,700,510	$ 2,378,283	$ 13,457,524	$ 9,536,724	$ 327,979	$ -

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Extended Fixed Income Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2022

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	$ 356,398	2.58
Corporate Bonds	3,781,506	3.19
U.S. Treasury Bonds	21,562,606	2.25
Total	$ 25,700,510	

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Statement of Invested Assets
June 30, 2022

Investment Type	Fair Value*
Equities	**$ 48,933,931**
International Blend	4,815,626
International Developed	4,757,520
Global Equity	1,110,293
Preferred Stock	1,199,495
U.S. Large/Mid-Cap	34,408,995
U.S. Small-Cap	2,642,002
Fixed Income	**21,259,107**
International Fixed Income Funds	7,506,162
Bank Loan and Leverage Loan Funds	1,667,306
Bond Funds	10,714,054
Municipal Bonds	1,371,585
Real Assets	**8,073,212**
Commodities	4,552,169
U.S. REIT Funds	3,521,043
Cash/Cash Equivalents	**6,117,252**
Money Market Funds	6,117,252
TOTAL	**$ 84,383,502**

*includes accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Credit Risk
June 30, 2022

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Fixed Income Funds	$ 7,506,162					$ 7,506,162
Bank Loan and Leverage Loan Funds	1,667,306					1,667,306
Bond Funds	10,714,054					10,714,054
Municipal Bonds	1,296,585					1,296,585
Total	$ 21,184,107	$ -	$ -	$ -	$ -	$ 21,184,107

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2022

Investment Type	Fair Value*	Over 10	Maturity Not Determined
International Fixed Income Funds	$ 7,506,162		$ 7,506,162
Bank Loan and Leverage Loan Funds	1,667,306		1,667,306
Bond Funds			10,714,054
Municipal Bonds	1,296,585	1,296,585	
Total	$ 21,184,107	$ 1,296,585	$ 19,887,522

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Intermediate Term Growth Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2022

Investment Type	Fair Value*	Effective Duration
International Fixed Income Funds	$ 7,506,162	N/A
Bank Loan and Leverage Loan Funds	1,667,306	N/A
Bond Funds	10,714,054	N/A
Municipal Bonds	1,296,585	6.68
Total	$ 21,184,107	

*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 are available for expenditure at June 30, 2022, is as follows:

Total Endowment	$	191,799,444
Less: Funds treated as endowment		(57,973,655)
Less: Non-expendable portion of endowment		(70,681,119)
Available for Expenditure	$	63,144,670

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, 2022:

Summary of Investments by Fair Value Level

Investment by fair value level	Level 1	Level 2	Level 3	Total
Equity Securities:				
US	$ 484,407	$ 1,103,962	$ 379	$ 1,588,748
International	-	-	-	-
Fixed Income Securities:				
US Government Debt	39,932,991	324,455,524	-	364,388,515
Other Debt Securities	737,047	114,954,828	-	115,691,875
Commingled Funds:				
US Equity	94,184	1,848,145	-	1,942,329
International Equity	26,306	157,905	-	184,211
US Government Bonds	502,492	421,608	-	924,100
Non-US Government Bonds	35,138	-	-	35,138
Corporate Bonds	64,697	682,642	-	747,339
Exchange Traded Funds:				
Equity	612,000	-	-	612,000
Fixed Income	176,000	-	-	176,000
Other Partnerships:				
US (j)	12,513,000		-	12,513,000
International (k)	-			
Non-marketable alternatives	-	-	14,000,000	14,000,000
Marketable alternatives	-	1	650,000	650,001
Certificates of Deposit	8,085,382	5,507,021	-	13,592,403
Money markets and short-term investments	10,939,196	25,622	-	10,964,818
Total investments by fair value level	$ 74,202,840	$ 449,157,258	$14,650,379	538,010,477
Investments measured at NAV (net asset value)				
External Investment Pool - Total Return Pool - UA Foundation				203,045,670
Short-Term Investment Fund Pool - UA System				142,241,934
Extended Fixed Income Pool - UA System				25,830,226
Intermediate-Term Investment Fund Pool - UA System				78,335,000
Total investments by NAV				449,452,830
TOTAL INVESTMENTS				$ 987,463,307

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, 2022:

	Fair Value	Redemption Frequency	Redemption Notice Period
External Investment Pool - UA Foundation Total Return Pool (1)	$ 203,045,670	Daily	7 - 30 days
Short-Term Investment Fund Pool - UA System (2)	142,241,934	Daily	0-3 days
Intermediate-Term Investment Fund Pool - UA System (3)	25,830,226	End of Month	2-30 days
Extended Fixed Income Pool - UA System (4)	78,335,000	End of Month	2-30 days
Total Investments measured at the NAV	$ 449,452,830		

(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.

(3) This type includes investments in a short-term investment pool comprised of fixed income investments with a duration of three years or less. The pooled investments are allocated primarily international developed bonds, government agency bonds, corporate bonds, 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 two-day notice prior to month-end is requested for redemptions of any amount.

(4) This type includes a diversified portfolio of stocks and bonds investments with a duration of five years or longer. The pooled investments are allocated primarily to equities, bonds, natural resources, real estate, and money-market funds. The assets in the pool are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A two-day notice prior to month-end 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, 2022, as shown on the Statements of Net Position, consist of the following:

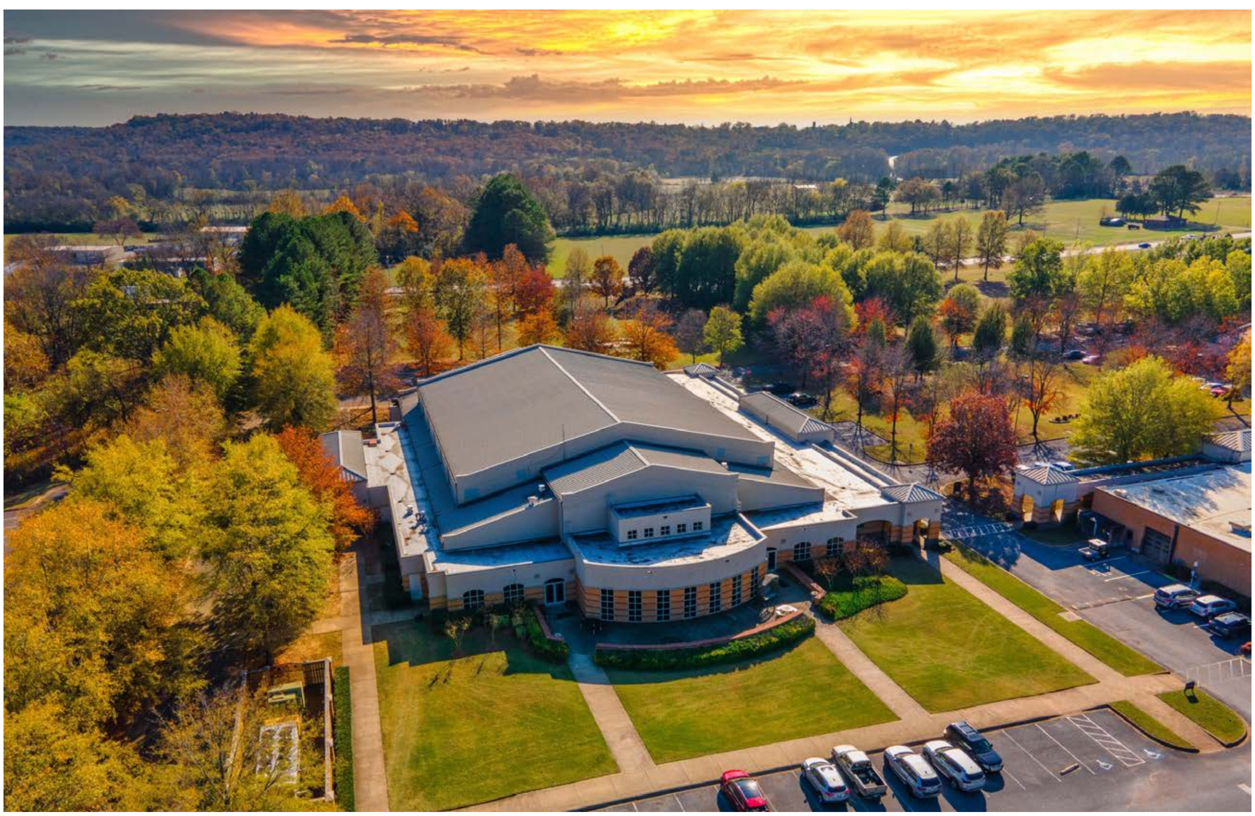
ACCOUNTS RECEIVABLE	June 30, 2022
Student accounts	$ 25,071,358
Non-student accounts	95,331,817
Grants and contracts	90,552,609
Property and sales taxes	1,624,118
Other	4,596,577
Total	$217,176,479

Current accounts payable balances at June 30, 2022, as shown on the Statements of Net Position, consist of the following:

ACCOUNTS PAYABLE	June 30, 2022
Trade related	$ 61,355,948
Payroll related	53,104,042
Interest	6,684,509
Other	88,891,955
Total	$210,036,454

Note 7: Capital Assets

The following table includes changes in capital assets for the year ended June 30, 2022:



CAPITAL ASSETS	June 30, 2021 Balance	Additions	Transfers	Deletions	June 30, 2022 Balance
Land	$ 120,950,394	$ 21,973,365	$ 666,800	$ 309,439	$ 143,281,120
Library Holdings	160,374,230	6,821,152		3,023,890	164,171,492
Construction in progress	269,811,115	218,382,961	(265,343,692)		222,850,384
Improvements and infrastructure	370,837,699	978,191	10,180,142		381,996,032
Buildings	4,193,956,571	5,865,546	256,352,125	1,234,199	4,454,940,043
Equipment	723,875,592	55,972,183	(211,213)	26,100,692	753,535,870
Intangibles - Software	178,181,126	40,648	30,843,669		209,065,443
Intangibles - Software in development	49,427,398	22,743,200	(30,843,669)	2,047,000	39,279,929
Intangibles - Leasehold improvements	6,912,819	1,467,492	2,642,918		11,023,229
Intangibles - Radio License	67,809				67,809
Right to Use Buildings	45,368,073	81,116,508	(4,628,000)		121,856,581
Right to Use Equipment	45,073,485	11,955,984	(522,000)	3,289,000	53,218,469
Right to Use Improvements/Infrastructure	12,014,603	100,000			12,114,603
Other	3,458,558	168,543	862,920	1,000	4,489,021
Total Capital Assets	6,180,309,472	427,585,773	-	36,005,220	6,571,890,025
Less accumulated depreciation:					
Library Holdings	139,874,244	4,045,329		2,998,069	140,921,504
Improvements and infrastructure	207,565,463	15,160,715	(1,668,021)		221,058,157
Buildings	1,989,341,367	136,979,491	3,495,383	694,926	2,129,121,315
Equipment	605,415,930	37,574,273	186,295	21,335,635	621,840,863
Intangibles - Software	148,841,010	11,635,330	58,193	892	160,533,641
Intangibles - Leasehold improvements	5,605,514	348,510	1,679,155		7,633,179
Right to Use Buildings	21,684,000	9,607,308	(3,514,000)		27,777,308
Right to Use Equipment	30,266,000	5,719,320	(199,000)	3,284,000	32,502,320
Right to Use Improvements/Infrastructure	-	605,423			605,423
Other	70,711	68,276	(38,005)		100,982
Total Accum Depreciation	3,148,664,239	221,743,975	-	28,313,522	3,342,094,692
Capital Assets, Net	$ 3,031,645,233	$ 205,841,798	$ -	$ 7,691,698	$ 3,229,795,333

The June 30, 2021 Balance was restated due to the adoption of GASB Statement No. 87.

Library holdings, including old and rare books, valued at $ 1,244,000 at June 30, 2022, 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

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 the following short-term debt activity and outstanding balance as of June 30, 2022:

Short-Term Borrowing	June 30, 2021			June 30, 2022	June 30, 2022
Description	Balance	Additions	Reductions	Balance	Unused Portion of ST Borrowing
Line of Credit	$ -	$ 2,950,000	$ 2,950,000	$ -	$ 8,000,000
ERP Note-Regions	-	-	-	-	-
Other (specify)	-	-	-	-	-
TOTALS	$ -	$ 2,950,000	$ 2,950,000	$ -	$ 8,000,000

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 6/30/21	Additions	Reductions	Balance 6/30/22	Current Portion
UAF	$ 23,361,311	$ 22,989,128	$ 22,915,365	$ 23,435,074	$ 2,248,489
UAFS	1,626,251	264,336	389,598	1,500,989	252,591
UALR	4,447,184	509,075	686,233	4,270,026	455,782
UAMS	78,832,000	6,299,000	9,628,000	75,503,000	5,159,000
UAM	1,190,554	964,184	978,380	1,176,358	120,759
UAPB	2,652,120	3,586,913	2,212,534	4,026,499	232,211
SYSTEM	966,775	2,430,874	2,229,779	1,167,870	69,864
CCCUA	295,835	298,440	317,316	276,959	14,178
PCCUA	504,917	427,375	424,385	507,907	31,129
UACCB	304,092	568,881	536,018	336,955	36,761
UACCHT	384,361	372,024	356,182	400,203	27,378
UACCM	378,629	341,886	321,733	398,782	31,238
UAPTC	689,453	714,035	725,657	677,831	92,323
UACCRM	272,381	155,180	137,037	290,524	41,734
ASMSA	146,216	149,106	161,064	134,258	16,091
TOTAL	$ 116,052,079	$ 40,070,437	$ 42,019,281	$ 114,103,235	$ 8,829,528

Note 10: Bonds, Notes, 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

$1,960,126,409 shown in these schedules, which is related to bonds, notes, leases and installment contracts, differs from the amount of $1,954,587,990 shown on the Statement of Net Position. This is due to an elimination entry of $5,538,419 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
6/29/2011	11/1/2040	2.00% to 5.00%	$ 101,225,000	$ 101,225,000	-
6/29/2011	11/1/2022	3.00% to 5.00%	8,895,000	8,195,000	700,000
4/17/2012	11/1/2032	1.00% to 5.00%	56,965,000	56,965,000	-
9/13/2012	11/1/2042	2.00% to 5.00%	60,540,000	60,540,000	-
5/16/2013	11/1/2042	1.00% to 5.00%	54,450,000	54,450,000	-
5/16/2013	9/15/2027	1.00% to 5.00%	30,355,000	15,405,000	14,950,000
6/30/2014	11/1/2043	2.00% to 5.00%	24,730,000	24,730,000	-
6/30/2014	11/1/2043	0.85% to 4.50%	5,020,000	825,000	4,195,000
2/12/2015	11/1/2036	2.00% to 5.00%	70,360,000	70,360,000	-
2/12/2015	9/15/2022	2.00% to 5.00%	14,180,000	13,525,000	655,000
8/27/2015	11/1/2045	1.02% to 4.40%	7,510,000	940,000	6,570,000
8/27/2015	11/1/2021	2.00% to 5.00%	36,675,000	36,675,000	-
4/5/2016	11/1/2046	3.00% to 5.00%	93,590,000	13,720,000	79,870,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	6,485,000	8,795,000
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	9,605,000	80,395,000
8/17/2017	11/1/2047	2.00% to 5.00%	95,805,000	6,175,000	89,630,000
7/26/2018	11/1/2048	5.00%	20,385,000	945,000	19,440,000
7/26/2018	11/1/2038	2.65% to 4.00%	6,560,000	720,000	5,840,000
8/22/2019	11/1/2049	4.00% to 5.00%	59,655,000	2,895,000	56,760,000
8/22/2019	9/15/2034	5.00%	24,900,000	1,255,000	23,645,000
11/5/2019	11/1/2042	1.762% to 3.401%	139,220,000	2,745,000	136,475,000
12/1/2021	11/1/2043	0.371% to 2.685%	175,645,000	-	175,645,000
7/31/2015	7/1/2023	1.97%	4,935,766	4,021,997	913,769
7/31/2015	11/19/2023	1.99%	16,969,012	13,775,238	3,193,774
7/31/2015	1/8/2023	1.95%	6,844,590	6,115,194	729,396
8/18/2021	8/15/2031	1.23%	10,840,896	768,720	10,072,176
9/11/2020	9/15/2028	1.38%	4,727,000	-	4,727,000
9/11/2020	9/15/2028	1.81%	13,937,000	-	13,937,000
11/1/1992	5/1/2022	5.50%	3,000,000	3,000,000	-
5/1/2005	11/1/2034	2.00% to 5.00%	1,604,883	1,042,042	562,841
11/1/2018	10/1/2023	3.38%	4,811,399	3,817,699	993,700
7/1/2019	6/1/2024	3.46%	544,922	323,475	221,447
2/1/2019	6/1/2024	3.75%	705,145	413,588	291,557
3/1/2019	6/1/2024	3.72%	795,562	467,741	327,821
1/18/2018	2/1/2022	1.21% to 1.32%	485,364	485,364	-
10/1/2018	7/1/2025	14.59%	24,891	8,177	16,714
10/31/2019	9/30/2022	6.00%	92,388	84,073	8,315
7/1/2019	7/1/2025	2.74%	619,417	251,188	368,229
6/1/2019	5/28/2024	1.68% - 10.12%	38,205	33,855	4,350
Various	Various	Various	6,539,719	1,039,303	5,500,416
Various	Various	Various	891,016	276,065	614,951
Various	Various	Various	350,000	350,000	-
		Net unamortized premium/discount	114,997,383	64,846,349	50,151,034
TOTALS			$ 1,410,544,558	$ 589,500,068	$ 821,044,490

UNIVERSITY OF ARKANSAS AT FORT SMITH

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/29/2010	12/1/2021	2.0%-4.0%	$ 29,895,000	$ 29,895,000	$ -
6/5/2014	12/1/2031	2.0%-3.5%	5,295,000	2,010,000	3,285,000
6/26/2014	6/1/2039	2.0%-5.0%	10,930,000	2,365,000	8,565,000
10/20/2016	12/1/2034	2.0%-5.0%	19,500,000	2,465,000	17,035,000
10/20/2020	12/1/2030	0.353%-1.884%	10,715,000	2,815,000	7,900,000
10/20/2020	12/1/2035	4.0%-5.0%	5,765,000	605,000	5,160,000
2/29/2012	1/1/2022	0.0%	2,166,500	2,166,500	-
1/1/2022	1/1/2042	0.77%	416,647	10,458	406,189
1/1/2022	1/1/2062	0.77%	7,721,837	47,632	7,674,205
		Net unamortized premium/discount	3,930,238	312,791	3,617,447
		TOTALS	$ 96,335,222	$ 42,692,381	$ 53,642,841

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/26/2012	5/1/2037	2.0%-5.0%	$ 14,880,000	$ 14,880,000	$ -
9/19/2012	12/1/2029	1.0%-5.0%	13,850,000	13,070,000	780,000
4/24/2013	12/1/2024	1.0%-5.0%	10,770,000	7,555,000	3,215,000
4/24/2013	12/1/2024	.530%-2.884%	6,530,000	4,745,000	1,785,000
8/1/2013	10/1/2030	2.0%-5.0%	28,740,000	10,735,000	18,005,000
2/24/2016	10/1/2029	2.0%-5.0%	22,475,000	6,570,000	15,905,000
4/6/2016	10/1/2034	2.0%-5.0%	24,490,000	5,585,000	18,905,000
9/19/2017	10/1/2037	2.0%-5.0%	6,510,000	900,000	5,610,000
10/20/2020	10/1/2036	.439%-2.532%	18,795,000	340,000	18,455,000
1/11/2017	1/1/2027	0.00%	2,000,000	1,000,000	1,000,000
4/29/2020	1/1/2030	0.00%	633,792	200,000	433,792
4/1/2022	3/31/2027	2.69%	231,984	11,360	220,624
1/1/2021	1/1/2026	0.01%	139,380	139,380	-
		Net unamortized premium/discount	14,167,687	7,980,496	6,187,191
		TOTALS	$ 164,212,843	$ 73,711,236	$ 90,501,607

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
5/14/2013	11/1/2034	1.0%-5.0%	$ 112,665,000	$ 30,595,000	$ 82,070,000
12/17/2014	3/1/2036	2.0%-5.0%	86,035,000	15,635,000	70,400,000
10/24/2019	3/1/2032	5.0%	48,615,000	-	48,615,000
10/24/2019	3/1/2042	2.906%-3.45%	97,470,000	-	97,470,000
10/28/2020	12/1/2030	5.00%	24,325,000	4,125,000	20,200,000
4/20/2021	12/1/2045	5.00%	95,295,000	-	95,295,000
4/20/2021	12/1/2041	2.714%-3.097%	41,845,000	-	41,845,000
2/15/2022	7/1/2051	3.0% - 5.0%	27,555,000	-	27,555,000
2/15/2022	7/1/2029	0.85%-2.23%	4,835,000	-	4,835,000
4/20/2022	4/1/2052	5.00%	93,665,000	-	93,665,000
4/20/2022	4/1/2029	3.135 to 3.433%	8,140,000	-	8,140,000
Various	Various	Various	49,707,000	16,052,000	33,655,000
Various	Various	Various	111,167,000	26,899,000	84,268,000
		Net unamortized premium/discount	91,026,000	16,315,000	74,711,000
		TOTALS	$ 892,345,000	$ 109,621,000	$ 782,724,000

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	$ 2,410,000	$ 6,240,000
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	1,050,000	715,000
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	110,000	6,925,000
		Net unamortized premium/discount	3,397,152	727,811	2,669,341
		TOTALS	$ 37,302,152	$ 4,297,811	$ 33,004,341

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	$ 2,710,000	$ 12,450,000
12/15/2016	1/1/2035	2.51%	17,245,359	2,795,787	14,449,572
12/15/2016	2/1/2023	3.78%	2,808,029	2,223,802	584,227
		Net unamortized premium/discount	1,105,422	401,972	703,450
		TOTALS	$ 36,318,810	$ 8,131,561	$ 28,187,249

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	348,845	$ 151,155
4/1/2016	4/1/2036	1.75%	2,487,749		2,487,749
12/1/2016	12/1/2036	1.75%	2,487,749		2,487,749
10/26/2018	11/1/2028	3.00%	27,000,000	4,579,981	22,420,019
11/1/2021	8/31/2024	2.69%	4,043,524	902,180	3,141,344
11/1/2021	8/31/2024	2.69%	321,548	73,471	248,077
		TOTALS	$ 36,840,570	$ 5,904,477	$ 30,936,093

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	$ 1,976,050	$ 23,950
6/13/2013	5/1/2035	1.0%-5.0%	3,930,000	1,205,000	2,725,000
6/23/2021	6/22/2024	2.69%	35,469	17,982	17,487
		Net unamortized premium/discount	141,059	58,146	82,913
		TOTALS	$ 6,106,528	$ 3,257,178	$ 2,849,350

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/22/2015	12/1/2038	2.0% - 4.0%	$ 11,270,000	$ 2,430,000	$ 8,840,000
		Net unamortized premium/discount	272,074	82,389	189,685
		TOTALS	$ 11,542,074	$ 2,512,389	$ 9,029,685

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	$ 983,059	$ 1,016,941
	Net unamortized premium/discount				-
		TOTALS	$ 2,000,000	$ 983,059	$ 1,016,941

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	$ 1,100,000	$ -
6/1/2013	10/1/2038	1.00% - 3.625%	2,590,000	680,000	1,910,000
5/1/2021	5/1/2031	0.18%	2,923,000	289,940	2,633,060
5/6/2021	5/6/2041	2.15%	4,800,000	194,658	4,605,342
	Net unamortized premium/discount		111,731	110,495	1,236
		TOTALS	$ 11,524,731	$ 2,375,093	$ 9,149,638

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	$ 2,030,000	$ -
2/23/2016	5/1/2046	2.0-5.0%	10,000,000	840,000	9,160,000
6/1/2020	5/31/2025	2.69%	277,261	64,811	212,450
	Net unamortized premium/discount		975,148	208,573	766,575
		TOTALS	$ 13,282,409	$ 3,143,384	$ 10,139,025

UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
7/1/2015	9/1/2036	2.00% - 5.00%	$ 25,875,000	$ 5,735,000	$ 20,140,000
11/5/2019	9/1/2040	1.796% - 3.452%	56,685,000	3,375,000	53,310,000
	Net unamortized premium/discount		477,055		477,055
		TOTALS	$ 83,037,055	$ 9,110,000	$ 73,927,055

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	$ 1,095,000	$ 3,735,000
12/6/2017	9/25/2022	2.0%	825,000	103,274	721,726
7/15/2019	6/30/2024	2.6% - 4.15%	54,440	30,878	23,562
7/25/2019	4/1/2049	3% - 5%	8,250,000	525,000	7,725,000
	Net unamortized premium/discount		1,004,587	35,781	968,806
		TOTALS	$ 14,964,027	$ 1,789,933	$ 13,174,094

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	$ 200,000	$ 800,000
	Net unamortized premium/discount				
		TOTALS	$ 1,000,000	$ 200,000	$ 800,000

Schedule of Changes in Debt

BONDS					
Campus	Balance 6-30-21	Additions	Reductions	Balance 6-30-22	Current Portion
UAF	$ 745,950,000	$ 175,645,000	$ 193,185,000	$ 728,410,000	$ 39,440,000
Net unamortized prem/disc	74,024,895	-	23,873,861	50,151,034	2,888,900
UAFS	47,800,000	-	5,855,000	41,945,000	3,275,000
Net unamortized prem/disc	3,930,238	-	312,791	3,617,447	273,986
UALR	90,205,000	-	7,545,000	82,660,000	7,885,000
Net unamortized prem/disc	6,857,046	-	669,855	6,187,191	669,856
UAMS	471,390,000	134,195,000	15,495,000	590,090,000	14,325,000
Net unamortized prem/disc	59,246,000	21,501,000	6,036,000	74,711,000	-
UAM	31,095,000	-	760,000	30,335,000	7,035,000
Net unamortized prem/disc	2,837,239	-	167,898	2,669,341	304,194
UAPB	13,080,000		630,000	12,450,000	655,000
Net unamortized prem/disc	753,698		50,248	703,450	50,246
CCCUA	2,885,000		160,000	2,725,000	170,000
Net unamortized prem/disc	89,373		6,460	82,913	6,461
PCCUA	9,220,000		380,000	8,840,000	395,000
Net unamortized prem/disc	201,181		11,496	189,685	11,496
UACCB				-	
Net unamortized prem/disc				-	
UACCHT	1,995,000		85,000	1,910,000	85,000
Net unamortized prem/disc	1,312		76	1,236	76
UACCM	9,575,000		415,000	9,160,000	230,000
Net unamortized prem/disc	799,080		32,505	766,575	32,505
UAPTC	75,990,000		2,540,000	73,450,000	2,595,000
Net unamortized prem/disc	508,859		31,804	477,055	31,804
UACCRM	11,745,000		285,000	11,460,000	290,000
Net unamortized prem/disc	1,004,587		35,781	968,806	35,781
TOTAL	$ 1,661,183,508	$ 331,341,000	$ 258,563,775	$ 1,733,960,733	$ 80,685,305

NOTES

Campus	Balance 6-30-21	Additions	Reductions	Balance 6-30-22	Current Portion
UAF	$ 13,394,676	$ 8,729,576	$ 1,286,913	$ 20,837,339	$ 1,192,568
UAFS	216,650	416,647	227,108	406,189	19,423
UALR	1,733,792		300,000	1,433,792	300,000
UAMS	21,578,000	15,714,000	3,637,000	33,655,000	8,664,000
UAM				-	
SYSTEM	30,670,978		3,124,306	27,546,672	3,377,352
CCCUA	185,399		161,449	23,950	23,950
UACCB	1,216,227		199,286	1,016,941	200,641
UACCHT	7,833,992		595,590	7,238,402	489,306
UACCM				-	
UACCRM	791,294		46,006	745,288	27,896
ASMSA	900,000		100,000	800,000	100,000
TOTAL	$ 78,521,008	$ 24,860,223	$ 9,677,658	$ 93,703,573	$ 14,395,136

LEASES

Campus	Balance 6-30-21	Additions	Reductions	Balance 6-30-22	Current Portion
UAF	$ 6,901,089	$ 879,646	$ 1,665,368	$ 6,115,367	$ 1,526,475
UAFS		7,721,837	47,632	7,674,205	83,860
UALR	125,442	231,984	136,802	220,624	44,136
UAMS	19,240,000	79,813,000	14,785,000	84,268,000	12,674,000
UAPB				-	
SYSTEM		4,365,072	975,651	3,389,421	1,522,318
CCCUA	26,479		8,992	17,487	
PCCUA				-	
UACCM		277,261	64,811	212,450	68,462
TOTAL	$ 26,293,010	$ 93,288,800	$ 17,684,256	$ 101,897,554	$ 15,919,251

INSTALLMENT CONTRACTS

Campus	Balance 6-30-21	Additions	Reductions	Balance 6-30-22	Current Portion
UAF	$ 9,433,910	$ 10,840,896	$ 4,744,056	$ 15,530,750	$ 4,963,049
UAPB	16,387,284		1,353,485	15,033,799	1,418,422
	$ 25,821,194	$ 10,840,896	$ 6,097,541	$ 30,564,549	$ 6,381,471

The current portion shown above for bonds, notes, leases, and installment contracts differs from the statement of net position by $190,112 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 $1,960,126,409 shown in these schedules, which is related to bonds, notes, leases and installment contracts, differs from the amount of $1,954,587,990 shown on the Statement of Net Position. This is due to an elimination entry of $5,538,419 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
2023	$ 76,385,000	$ 60,022,074	$ 136,407,074
2024	67,450,000	58,068,733	125,518,733
2025	69,390,000	55,810,458	125,200,458
2026	71,670,000	53,438,256	125,108,256
2027	74,215,000	52,032,518	126,247,518
2028-2032	379,730,000	211,673,696	591,403,696
2033-2037	372,505,000	139,627,793	512,132,793
2038-2042	254,175,000	79,679,215	333,854,215
2043-2047	177,945,000	32,225,897	210,170,897
2048-2052	49,970,000	5,990,750	55,960,750
Thereafter	-	-	-
Subtotal	1,593,435,000	748,569,390	2,342,004,390
+ Net unamortized premiums/discounts	140,525,733	-	140,525,733
GRAND TOTALS	$ 1,733,960,733	$ 748,569,390	$ 2,482,530,123

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON NOTES PAYABLE

Year Ended June 30,	Principal	Interest	Total
2023	$ 15,100,384	$ 2,038,326	$ 17,138,710
2024	10,637,272	1,729,464	12,366,736
2025	14,259,698	1,410,394	15,670,092
2026	12,553,326	1,087,127	13,640,453
2027	12,430,361	801,105	13,231,466
2028-2032	24,210,809	1,451,574	25,662,383
2033-2037	3,283,187	306,315	3,589,502
2038-2042	1,228,536	63,154	1,291,690
TOTALS	$ 93,703,573	$ 8,887,459	$ 102,591,032

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON LEASES

Year Ended June 30,	Principal	Interest	Total
2023	$ 15,927,878	$ 2,280,591	$ 18,208,469
2024	14,941,708	1,962,701	16,904,409
2025	11,505,604	1,558,238	13,063,842
2026	9,445,455	1,297,500	10,742,955
2027	6,069,188	1,092,983	7,162,171
2028-2032	19,302,535	3,672,166	22,974,701
2033-2037	12,818,914	1,617,922	14,436,836
2038-2042	6,576,706	495,864	7,072,570
2043-2047	1,160,305	183,354	1,343,659
2048-2052	1,246,878	136,534	1,383,412
Thereafter	2,902,383	84,982	2,987,365
TOTALS	$ 101,897,554	$ 14,382,835	$ 116,280,389

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON INSTALLMENT CONTRACTS

Year Ended June 30,	Principal	Interest	Total
2023	$ 6,381,471	$ 591,055	$ 6,972,526
2024	3,449,965	462,641	3,912,606
2025	1,992,731	407,882	2,400,613
2026	2,049,113	370,652	2,419,765
2027	2,112,729	332,588	2,445,317
2028-2032	10,739,551	1,041,864	11,781,415
2033-2037	3,838,989	159,693	3,998,682
TOTALS	$ 30,564,549	$ 3,366,375	$ 33,930,924

Capitalization of Right to Use Assets held under Leases

The capitalized value of capital assets held under leases totaled $126,304,602 at June 30, 2022. The present value of the net minimum lease payments is as follows:

	Cost	Accumulated Depreciation	Net
Improvements/Infrastructure	$ 12,114,603	$ 605,423	$ 11,509,180
Buildings	121,856,581	27,777,308	94,079,273
Equipment	53,218,469	32,502,320	20,716,149
		TOTAL	$ 126,304,602

Total Minimum Lease Payments	$ 116,280,389
Less: Amount representing interest	14,382,835
Total Present Value of Net Minimum Lease Payments	$ 101,897,554

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, 2022, that are pledged:

BOND SERIES	REVENUE SOURCE	FY22 REVENUE
UNIVERSITY OF ARKANSAS FAYETTEVILLE		
Series 2011B Various Facilities	Campus Pledge	$ 462,094,065
Series 2014B Various Facilities		
Series 2015B 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		
Series 2021A Various Facilities		
Maturity dates range from November 2022 through November 2049		$ 462,094,065
	FY22 Principal and Interest	48,431,467
	% of Revenues Pledged	10.48%
	Remaining Principal & Interest	$ 832,641,752
Series 2013 Athletic Facilities	Men's Athletics	$ 115,205,766
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		$ 115,205,766
	FY22 Principal and Interest	$ 5,479,861
	% of Revenues Pledged	4.76%
	Remaining Principal & Interest	$ 187,862,240
UNIVERSITY OF ARKANSAS AT FORT SMITH		
Series 2014A Student Fee Revenue	Student Fees	$ 34,917,537
Series 2014B Student Fee Revenue		
Series 2016 Refunding		
Series 2020A Revenue Bonds		
Series 2020B Revenue Bonds		
Maturity dates range from December 2030 through June 2039		$ 34,917,537
	FY22 Principal and Interest	$ 7,484,481
	% of Revenue Pledge	21.43%
	Remaining Principal & Interest	$ 53,484,375

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	$	65,015,172
		$	65,015,172
Maturity dates range from December 2024 through October 2037			
	FY22 Principal and Interest	$	7,675,046
	% of Revenue Pledge		11.81%
	Remaining Principal & Interest	$	74,790,031
Series 2012B Student Housing Refunding Series 2016 Auxiliary Enterprises Revenue	Auxiliaries	$	12,924,156
		$	12,924,156
Maturity dates range from May 2022 through Ocotober 2034			
	FY22 Principal and Interest	$	3,167,181
	% of Revenue Pledge		24.51%
	Remaining Principal & Interest	$	25,231,472

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES			
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 Series 2022A Various Facilities Series 2022B Various Facilities	Clinical and Patient Revenue	$	1,051,707,100
		$	1,051,707,100
Maturity dates range from April 2029 through April 2052			
	FY22 Principal and Interest	$	29,706,000
	% of Revenue Pledge		2.82%
	Remaining Principal & Interest	$	907,707,000
Series 2022A Parking Series 2022B Parking	Parking Fees	$	3,727,500
		$	3,727,500
Maturity dates range from July 2029 through July 2051			
	FY22 Principal and Interest	$	586,000
	% of Revenue Pledge		15.72%
	Remaining Principal & Interest	$	52,738,000

UNIVERSITY OF ARKANSAS AT MONTICELLO			
Series 2017B Taxable Various Facilities Series 2017A Tax-Exempt Various Series 2020A Taxable Various Facilities Series 2020B Tax Exempt Various Facilities	Student Fees Sales and Services Auxiliary Enterprises	$	23,477,886
		$	23,477,886
Maturity dates range from December 2023 through December 2041			
	FY22 Principal and Interest	$	1,742,707
	% of Revenue Pledge		7.42%
	Remaining Principal & Interest	$	34,248,599
Series 2012 Auxiliary Facilities	Auxiliary Enterprises	$	5,515,602
		$	5,515,602
Maturity date is October 2037			
	FY22 Principal and Interest	$	512,979
	% of Revenue Pledge		9.30%
	Remaining Principal & Interest	$	6,452,979

UNIVERSITY OF ARKANSAS AT PINE BLUFF			
Series 2014A Various Facilities	Student Tuition and Fees Auxiliary Revenues	$	37,285,920
		$	37,285,920
Maturity date is December 2035			
	FY22 Principal and Interest	$	1,168,694
	% of Revenue Pledge		3.13%
	Remaining Principal & Interest	$	16,246,341

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2013	Student Fees	$	3,696,214
Maturity date is May 2035			
	FY22 Principal and Interest	$	266,788
	% of Revenue Pledge		7.22%
	Remaining Principal & Interest	$	3,441,006

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2015 Refunding	Student Fees	$	2,508,177
Maturity date is December 2038			
	FY22 Principal and Interest	$	680,756
	% of Revenue Pledge		27.14%
	Remaining Principal & Interest	$	11,579,184

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA			
Series 2013 Student Fee Refunding	Student Fees	$	2,765,156
		$	2,765,156
Maturity date is October 2038			
	FY22 Principal and Interest	$	152,450
	% of Revenue Pledge		5.51%
	Remaining Principal & Interest	$	2,562,156

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON			
Series 2010 Student Fee Refunding Series 2016 Student Fee	Student Fees	$	5,847,589
		$	5,847,589
Maturity dates are May 2022 through May 2046			
	FY22 Principal and Interest	$	608,225
	% of Revenue Pledge		10.40%
	Remaining Principal & Interest	$	14,630,375

UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE			
Series 2015 Student Tuition and Fee Refunding Series 2019 Student Tuition and Fee	Student Tuition and Fees	$	20,541,821
		$	20,541,821
Maturity dates are September 2036 through September 2040			
	FY22 Principal and Interest	$	5,011,967
	% of Revenue Pledge		24.40%
	Remaining Principal & Interest	$	100,349,258

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN			
Series 2019 Various Facilities Revenue	Student Tuition and Fees and Sales and Services	$	2,736,571
		$	2,736,571
Maturity date is April 2049			
	FY22 Principal and Interest	$	488,200
	% of Revenue Pledge		17.84%
	Remaining Principal & Interest	$	12,577,850
Series 2012 Refunding and Capital Improvement	Property Taxes	$	495,803
Maturity date is April 2042			
	FY22 Principal and Interest	$	272,968
	% of Revenue Pledge		55.06%
	Remaining Principal & Interest	$	5,461,473

New Bonds Payable and Refundings

For the year ended June 30, 2022:

On August 9, 2021, the remaining proceeds of $8,729,576 from the taxable note for the **University of Arkansas, Fayetteville campus**, executed in September 2020 with Regions Bank were distributed to the appropriate bond trustee accounts to pay principal and interest on the 2021 refund bond maturities. In September 2020, $5,207,424 of the total taxable loan was delivered at the time of closing to pay principal and interest on the 2020 refunded taxable bond maturities and associated costs of issuance. The total taxable loan in the amount of $13,937,000 is for seven years with an interest rate of 1.81%. The refunding of the second advance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $378,467. 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 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 began amortizing immediately for a term of ten years at a rate of 1.23% with a final maturity for the loan is August 15, 2031. Debt service on the loan is 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.

On December 1, 2021, the University issued $175,645,000 in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021. The bonds, with an interest rate of 0.371% to 2.685%, were issued to accomplish the taxable advance refunding of Various Facility Revenue Bonds **(Fayetteville Campus),** Refunding Series 2012A, Various Facility Revenue Bonds (Fayetteville Campus), Series 2013A, Various Facility Revenue Bonds (Fayetteville Campus), Series 2014A, and Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015A, as well as pay the cost of issuing the bonds. Net bond proceeds and premiums of $174,873,086 were deposited in an escrow account to retire $42,630,000 of outstanding Refunding Series 2012A, $43,545,000 of outstanding Series 2013A, $21,050,000 of outstanding Series 2014A and $51,375,000 of outstanding Refunding Series 2015A. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,360,084. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2044. The University completed the refunding to reduce its total debt service payments over the next 23 years by $21,264,818 and to obtain an economic gain of $17,915,240. As of June 30, 2022, the escrow account balance was $164,341,637.

On February 15, 2022, the University closed the Parking Revenue Bonds, **(UAMS Campus)** Tax Exempt Series 2022A with a principal amount of $27,555,000 and coupon rates of 3%-5%. Proceeds from this sale were used to refund the Parking Revenue Bonds, (UAMS Campus) Series 2011A totaling $5,585,729, finance a portion of the new parking deck on the east side of campus, capital improvements related to Parking Deck 4, other expenditures related to the UAMS parking infrastructure, and pay costs of issuance. The University completed the refunding to reduce its total debt service payments by $751,00, net present value. The escrow account advance refunded all maturities on the call date of February 15, 2022.

On February 15, 2022, the University closed the Parking Revenue Bonds, **(UAMS Campus)** Taxable Series 2022B with a principal amount of $4,835,000 and a coupon rates of 0.85%-2.23%. Proceeds from this sale were used for a new parking deck on the east side of the campus.

On April 20, 2022, the University closed the Various Facilities Revenue Bonds, **(UAMS Campus)** Tax Exempt Series 2022A with a principal amount of $93,665,000 with a coupon rate of 5%. Proceeds from this sale will be used for the construction of the Northwest Arkansas UAMS Orthopaedics and Sports Medicine Facility and other capital improvements along with the costs of issuance.

On April 20, 2022, the University closed the Various Facilities Revenue Bonds, **(UAMS Campus)** Taxable Series 2022B with a principal amount of $8,140,000 with various interest rates of 3.135%-3.433%. Proceeds from this sale will be used for certain capital improvements, including particularly, without limitation, the acquisition of real property in Rogers, Arkansas for future expansion and planning purposes along with the costs of issuance.

Note 11: Commitments

The University has contracted for the construction and renovations of several facilities. At June 30, 2022, the estimated remaining costs to complete these facilities are shown below.

Campus	Contract Balance
UAF	$ 58,654,065
UALR	3,001,067
UAMS	105,035,690
UAM	968,881
UAPB	5,232,557
PCCUA	509,002
UACCHT	4,130,631
ASMSA	1,147,192
	$ 178,679,085

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, 2022. 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. The University had limited property losses during the year with one open claim potentially exceeding the deductible limit. Premiums will exceed claims paid for the year.

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. For FY 22, the per claim deductible for property insurance was increased to $2.5M and the aggregate annual coverage limit was reduced to $500M.

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, 2022, a total of 17,476 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2022, there were three health plan design offerings: the Classic Plan, the Premier Plan and the Health Savings Plan. Within the System subsidy guidelines, each campus makes its contribution determination based on budget considerations. A total of 19,395 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2022. 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 $14,509,500 at June 30, 2022. 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 $1,400,000 for any one covered individual, the University pays an aggregating specific deductible of $375,000, on the first claim exceeding $1,400,000 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, 2022, the loss ratio for the health plan was 91% and the loss ratio for the dental plan was 95%.

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

	FY22
Unpaid claims and claim adjustment expenses at beginning of year	$ 16,710,600
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	173,790,440
Adjustment in provision for insured events of prior years	193,660
Total incurred claims and claim adjustment expenses	173,984,100
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current year	159,280,940
Claims and claim adjustment expenses attributable to insured events of prior years	16,904,260
Total Payments	176,185,200
Total unpaid claims and claim adjustment expenses at end of year	**$ 14,509,500**

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. 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%.

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, 2022, was $30,500. 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 year 2022 were $119,948,605. The participants' contributions for the fiscal year 2022 were $150,660,194.

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) can 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 2022. 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 year 2022 were $3,849,462. Participants' contributions for the fiscal year 2022 were $1,008,044, 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 14.75% of all covered employees' salaries in fiscal year 2022. Under certain conditions, covered employees may voluntarily contribute 6% of their salary. The University's contribution for the fiscal year 2022 were $1,262,489. Participants' contributions for the fiscal years 2022 were $437,225. 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 $200,052 at June 30, 2022.

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, 2022.

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

At June 30, 2022, the University reported a liability of $10,591,455 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022, the university's proportion was 1.378%, which was a decrease of 0.049% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the University recognized pension expense of $(5,454,810). At June 30, 2022, 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	$ 242,406	$ (679,288)
Changes of assumptions		(74,194)
Net difference in projected/actual earnings		(18,592,052)
Changes in proportion	1,017,954	(6,846,998)
University contributions subsequent to measure	3,849,462	
	$ 5,109,822	$ (26,192,532)

Deferred outflows of resources of $3,849,462 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, 2023. 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:

2023	$ (8,231,680)
2024	(6,059,171)
2025	(4,998,893)
2026	(5,642,428)
2027	
Thereafter	
	$ (24,932,172)

Actuarial Assumptions

The total pension liability in the June 30, 2021 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	3.9676

*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 2021 to 2030 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, 2021, 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%
$ 31,683,985	$ 10,591,455	$ (6,827,466)

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 14.75% of applicable compensation for the fiscal year ended June 30, 2022.

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

At June 30, 2022, the University reported a liability of $7,829,796 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022, the University's proportion was 0.283%, which was a decrease of 0.036% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the University recognized pension expense of $(1,573,138). At June 30, 2022, 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	$ 398,369	$ (67,684)
Changes of assumptions	2,359,138	
Net difference in projected/actual earnings		(6,486,963)
Changes in proportion	19,048	(4,670,678)
University contributions subsequent to measure	1,262,490	
	$ 4,039,045	$ (11,225,325)

Deferred outflows of resources related to pensions of $1,262,490 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, 2023. 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:

2023	$ (2,569,949)
2024	(2,038,656)
2025	(1,747,376)
2026	(2,145,603)
2027	52,813
Thereafter	-
	$ (8,448,770)

Actuarial Assumptions

The total pension liability in the June 30, 2021, 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	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study for the period July 1, 2015 – June 30, 2020.

Mortality Table	Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010: Healthy Annuitant: Male-105% Female-105% Disabled Annuitant:Male-104% Female-104% Employee Mortality:Male-100% Female-100%

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, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53%	4.8%
Fixed Income	15	0.4
Alternatives	5	3.8
Real Assets	15	4.7
Private Equity	12	6.5
Cash Equivalents	0	-0.2
Total	100%	

Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 6.75% and 14.75% 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 7.25%, 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 (6.25%) or 1%-point higher (8.25%):

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.25%	7.25%	8.25%
$ 16,381,474	$ 7,829,796	$ 734,155

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, 2022, the following employees were covered by the benefit terms:

Employees covered by Benefit Terms	Medical	Life
Inactive employees or beneficiaries currently receiving benefit payments	338	2,058
Active employees	19,101	
Total Employees covered by Benefit Terms	19,439	2,058

Total OPEB Liability

Total OPEB liability as of June 30, 2022 was $80,318,000, determined by actuarial valuations as of July 1, 2021, rolled forward.

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2021 valuation for the year ended June 30, 2022
Valuation year	Census data collected as of February 2022
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	2.16%
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, 2020 was 2.21%, the unfunded rate determined as of June 30, 2020 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, 2021 was 2.16%, the unfunded rate determined as of June 30, 2021 based on the Bond Buyer 20-year-Bond GO Index.

Mortality Rates:

Healthy	Pub-2010 Teachers Headcount weighted Mortality Tables for employees, contingent annuitants, and healthy retirees projected generationally using projection scale MP-2021 from base year 2010.
Disabled	Pub-2010 Teachers Headcount weighted Mortality Tables for disabled retirees projected generationally using projection scale MP-2021 from base year 2010.

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% of the premium was assumed to be for medical, 25.4% for pharmacy, and 6.7% for expenses. The claims costs and contributions were trended by the 2021 rates in the economic section to bring them to the fiscal year July 1, 2021 to June 30, 2022.

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 2.21% to 2.16%.

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, 2022.

	2022
Balances at 6/30/2020 (Reporting Date 6/30/2021)	**$ 76,603,000**
Changes for the year:	
Service cost	4,891,000
Interest (includes interest on service cost)	1,776,000
Changes of benefit terms	-
Differences between expected and actual experience	(971,000)
Changes of assumptions	398,000
Benefit payments, including refunds of member contributions	(2,379,000)
Net changes in total OPEB liability	**3,715,000**
Balances at 6/30/2021 (Reporting Date 6/30/2022)	**$ 80,318,000**

During the measurement year, the TOL increased by approximately 3.7 million. The service cost, changes in assumptions and interest cost increased the TOL by approximately $6.7 million while benefit payments decreased the TOL by approximately $2.4 million.

The discount rate changed from 2.21% to 2.16% between June 30, 2020 and June 30, 2021.

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 1.16%	Discount Rate 2.16%	1% Increase 3.16%
$87,890,000	$80,318,000	$73,548,000

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
$73,019,000	$80,318,000	$88,863,000

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

For the year ended June 30, 2022, the University recognized OPEB expense of $4,747,000. At June 30, 2022, 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	$ 2,177,000	$ 6,782,000
Changes in assumptions	7,593,000	2,118,000
Contributions subsequent to the measurement date	2,595,000	
Total	**$ 12,365,000**	**$ 8,900,000**

The $2,595,000 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, 2023. 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:	
2023	$ (1,052,000)
2024	650,000
2025	1,010,000
2026	410,000
2027	(108,000)
Thereafter	(40,000)

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 2022:

	Natural Classifications					
Functional Classifications	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	$ 401,466,477	$ 68,487,552	$ -	$ -	$ -	$ 469,954,029
Research	209,920,321	118,643,375	-	-	-	328,563,696
Public Service	84,448,221	44,202,839	-	-	-	128,651,060
Academic Support	113,295,409	35,252,456	-	-	-	148,547,865
Student Services	56,514,820	30,697,270	19,673	-	-	87,231,763
Institutional Support	173,456,935	78,963,496	-	-	-	252,420,431
Scholarships/Fellowship	2,445,074	2,061,818	115,341,480	-	-	119,848,372
Plant Operations	70,888,395	103,709,501	-	-	-	174,597,896
Auxiliary Enterprises	85,506,500	126,828,013	3,067,920	-	-	215,402,433
Depreciation	-	-	-	-	221,743,975	221,743,975
Patient Care	732,350,317	502,988,000	-	-	-	1,235,338,317
Other	1,640,000	2,017,000	-	-	-	3,657,000
Insurance expenses	-	-	-	192,354,975	-	192,354,975
TOTAL	$ 1,931,932,469	$ 1,113,851,320	$118,429,073	$192,354,975	$221,743,975	$ 3,578,311,812

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, 2022, 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, 2022

Assets	
Cash and investments	$ 60,029,188
Other assets	23,515,992
Total Assets	$ 83,545,180
Liabilities and Net Assets	
Liabilities	$ 352,787
Net Assets	83,192,393
Total Liabilities and Net Assets	$ 83,545,180

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2022

Income and Other Additions	$ 30,099,684
Expenditures and Other Deductions	(19,152,073)
Total Increase in Net Assets	$ 10,947,611

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, 2022, are presented below in summary form.

ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2022

Assets	
Cash and investments	$ 5,036,541
Other assets	11,832,080
Total Assets	$ 16,868,621
Liabilities and Net Assets	
Liabilities	$ 1,462,496
Net Assets	15,406,125
Total Liabilities and Net Assets	$ 16,868,621

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2022

Income and Other Additions	$ 2,239,243
Expenditures and Other Deductions	(3,599,652)
Total Decrease in Net Assets	$ (1,360,409)

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, 2022, are presented below in summary form.

ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2022

Assets	
Cash and investments	$ 5,409,056
Other assets	3,911,304
Total Assets	$ 9,320,360
Liabilities and Net Assets	
Liabilities	$ 190,993
Net Assets	9,129,367
Total Liabilities and Net Assets	$ 9,320,360

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2022

Income and Other Additions	$ 1,368,724
Expenditures and Other Deductions	(1,977,562)
Total Decrease in Net Assets	$ (608,838)

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, 2022, are presented below in summary form.

UNIVERSITY OF ARKANSAS TECHNOLOGY DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2022

Assets	
Cash and investments	$ 3,247,713
Other assets	15,133,023
Total Assets	$ 18,380,736
Liabilities and Net Assets	
Liabilities	$ 11,757,073
Net Assets	6,623,663
Total Liabilities and Net Assets	$ 18,380,736

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2022

Income and Other Additions	$ 3,111,228
Expenditures and Other Deductions	(3,061,400)
Total Increase in Net Assets	$ 49,828

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, 2021, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets	
Cash and investments	$131,170,540
Other assets	407,318
Total Assets	$131,577,858
Liabilities and Net Assets	
Liabilities	$ 882,282
Net Assets	130,695,576
Total Liabilities and Net Assets	$131,577,858

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$ 35,398,501
Expenditures and Other Deductions	(4,269,890)
Total Increase in Net Assets	$ 31,128,611

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, 2022, are presented below in summary form.

TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2022

Assets		
Cash	$	248,820
Other Assets		64,508
Total Assets	$	313,328
Liabilities and Net Assets		
Liabilities	$	27,410
Net Assets		285,918
Total Liabilities and Net Assets	$	313,328

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2022

Income and Other Additions	$	319,870
Expenditures and Other Deductions		(237,384)
Total Increase in Net Assets	$	82,486

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, 2021, are presented below in summary form.

UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION-UNAUDITED
As of December 31, 2021

Assets		
Cash & investments	$	764,677
Other assets		58,113
Total Assets	$	822,790
Liabilities and Net Assets		
Liabilities	$	99,630
Net Assets		723,160
Total Liabilities and Net Assets	$	822,790

CONDENSED STATEMENT OF ACTIVITIES-UNAUDITED
FY Ended December 31, 2021

Income and Other Additions	$	269,252
Expenditures and Other Deductions		(120,087)
Total Increase in Net Assets	$	149,165

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, 2021, 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, 2021

Assets		
Cash & investments	$	5,621,353
Total Assets	$	5,621,353
Liabilities & Net Assets		
Liabilities	$	-
Net Assets		5,621,353
Total Liabilities & Net Assets	$	5,621,353

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2021

Income and Other Additions	$	700,821
Expenditures and Other Deductions		(260,544)
Total Increase in Net Assets	$	440,277

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, 2021, are presented below in summary form.

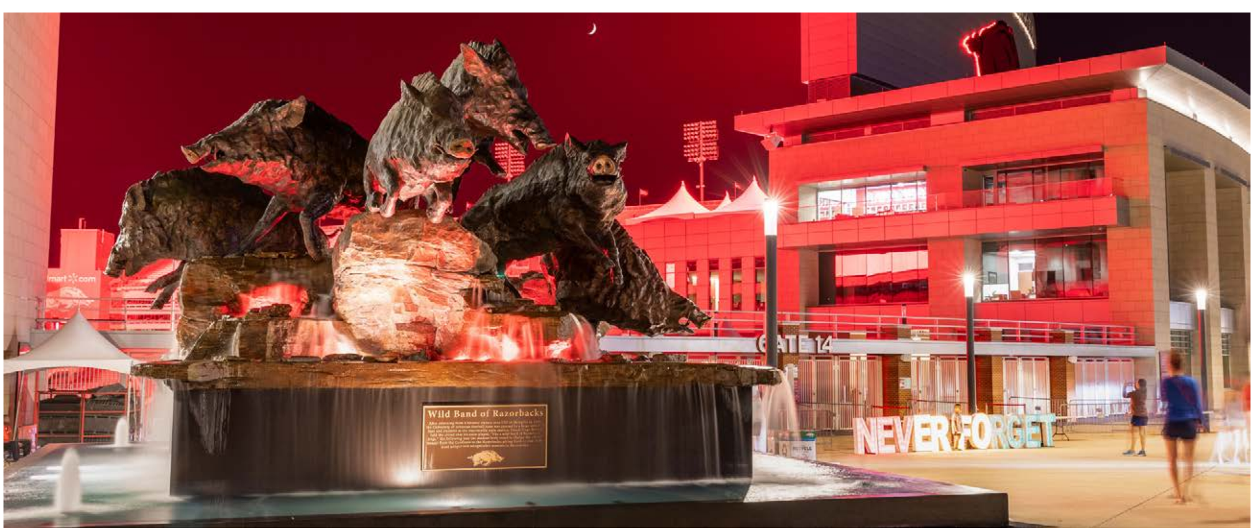
UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets	
Cash and investments	$ 3,904,369
Other Assets	346,801
Total Assets	$ 4,251,170
Liabilities and Net Assets	
Liabilities	$ 36,498
Net Assets	4,214,672
Total Liabilities and Net Assets	$ 4,251,170

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$ 1,448,342
Expenditures and Other Deductions	(347,587)
Total Increase in Net Assets	$ 1,100,755

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, 2021, are presented below in summary form.



RICH MOUNTAIN COMMUNITY COLLEGE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets	
Cash and investments	$ 4,054,637
Other assets	2,514,615
Total Assets	$ 6,569,252
Liabilities and Net Assets	
Liabilities	$ -
Net Assets	6,569,252
Total Liabilities and Net Assets	$ 6,569,252

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$ 1,413,404
Expenditures and Other Deductions	(238,136)
Total Increase in Net Assets	$ 1,175,268

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, 2022, are presented below in summary form.

DELTA STUDENT HOUSING, INC.
UNAUDITED CONDENSED STATEMENT OF
FINANCIAL POSITION
As of June 30, 2022

Assets		
Cash	$	13,655
Property and equipment		-
Total Assets	$	13,655
Liabilities and Net Assets		
Liabilities	$	-
Net Assets		13,655
Total Liabilities and Net Assets	$	13,655

UNAUDITED CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2022

Income and Other Additions	$	18,501
Expenditures and Other Deductions		(19,283)
Total Decrease in Net Assets	$	(782)

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.

FY22 - Statement of Net Position

An elimination entry was made to reduce accounts receivable and accounts payable by $22,601,585, 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) $562,841 (current portion $31,573) to reflect a loan from UAMS to UAF, and (2) $4,975,498 (current portion $158,359) 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, 2022 which were eliminated against current and long-term debt (current portion $1,580,360) and Other non-current assets:

Campus	Balance at June 30,2022
UAFS	$ 693,021
UALR	1,999,293
UAM	498,937
UAMS	15,361,080
UAPB	723,430
PCCUA	254,036
UACCB	127,753
UACCHT	130,300
UAPTC	454,613
UACCRM	79,496
ASMSA	131,224
	$ 20,453,183

In addition, an elimination entry in the amount of $1,080,985 was made to increase accounts payable and decrease notes payable so the that payables and receivables between UAMS and the System Administration would agree for the inter-institutional ERP loan due to the timing of the June 2022 payment.

FY22 - 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 $141,104,487.

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 $4,214,955. An elimination entry for services provided among campuses in the amount of $855,440. 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 $658,798.

FY22 - 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 Provost and Executive Vice Chancellor for Academic and Student Affairs was 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, up until his appointment as Interim Chancellor in August 2021. There were no additional significant related party transactions other than those with component units discussed in Note 1.

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 for damages against the Board of Trustees of the University of Arkansas System (UA Board) in Arkansas state courts. In addition, Arkansas law provides that state employees are "immune from suit, except to the extent they may be covered by liability insurance, for damages for acts or omissions, other than malicious acts or omissions, occurring within the course and scope of their employment." Therefore, employees of the University of Arkansas for Medical Sciences (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 $4,497,000 for this insurance during the year ended June 30, 2022. 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 makes 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 UA Board to fund an expansion to the Arkansas Cancer Research Center, now known as the Winthrop P. Rockefeller Cancer Institute, which is on the campus of 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, 2022, the University would have incurred a liability of $72,902,000 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: Restatements

Statement of Revenues, Expenses, and Changes in Net Position

The University adopted GASB Statement No. 87, Leases in fiscal year 2022. GASB Statement No. 87 establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Beginning in fiscal year 2022, the University started recognizing intangible “right to use” leased assets equal to the present value of the lease payments. This increase in assets is offset by a corresponding increase in lease liability for certain of its leases that were previously reported as operating leases under the previous accounting standards. Prior to GASB 87 operating leases were expensed as payments were made.

As a result of GASB 87, leased assets, in fiscal year 2022, are reported separately as right-to-use buildings, equipment, improvements and infrastructure. Leases were recognized and measured using the facts and circumstances that existed at the beginning of fiscal year 2022. The present value of the leased assets are calculated using the term of the lease and the incremental borrowing rate for the university at the beginning of the lease. The lease terms vary according to the conditions of the individual leases.

Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was restated due to the implementation of GASB Statement 87, as amended. As a result, Net Position – beginning of the year was increased by $558,735 to reflect the net effect of recognizing the University's total right-to use assets and lease receivables offset by lease payables and deferred inflows of resources attributable to the year ended June 30, 2021.

Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, has also been restated for the year ended June 30, 2021 to adjust prior year grant revenue and receivables for the University of Arkansas, Fayetteville due to overstatement in the amount of $8,953,130.

Statement of Net Position

The net effect of these restatements was an overall decrease to total net position of $8,394,395. The net adjustment is reflected in the net position amounts reported as of June 30, 2021 for Net Investment in Capital Assets, Expendable, Research and Expendable, Public Service. The Statement of Cash Flows was also restated to reflect the changes.

	As Reported June 30, 2021	Net Adjustemnt	Restated June 30, 2021
ASSETS			
Current			
Accounts receivable, net of allowances	$ 243,839,715	$ (8,042,928)	$ 235,796,787
Non-Current			
Other non-current assets	5,451,427	7,896,807	13,348,234
Capital assets, net of depreciation	3,024,382,884	7,262,349	3,031,645,233
LIABILITIES			
Current			
Bonds, notes, leases and installment contracts payable	89,826,582	1,329,885	91,156,467
Non-Current		-	-
Bonds, notes, leases and installment contracts payable	1,689,720,174	5,373,729	1,695,093,903
DEFERRED INFLOWS OF RESOURCES		-	-
Other	7,146,000	8,807,009	15,953,009
NET POSITION			
Net Investment in Capital Assets	1,484,710,808	558,735	1,485,269,543
Expendable			
Research	75,600,439	(6,965,620)	68,634,819
Public service	34,828,794	(1,987,510)	32,841,284

Note 24: Subsequent Events

On August 25, 2022, the University issued $16,655,000 in Various Facilities Revenue Bonds, (UAPB Campus) Series 2022, with various interest rates of 4.00% - 5.00%. Proceeds from this sale will be used to finance a portion of the costs of certain capital improvements, including the acquisition, construction, equipping, and furnishing of a student center (the "Student Center Facility") and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for UAPB (collectively, the "Project") and to pay costs of issuance of the Bonds.

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

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

Employee Benefits

Schedule of University's Proportional Share of the Net Pension Liability
Arkansas Public Employees Retirement System
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018
University's proportion of net pension liability	1.378%	1.427%	1.656%	2.008%	2.198%
University's proportionate share of net pension liability	$ 10,591,455	$ 40,877,027	$ 39,944,209	$ 44,294,023	$ 56,807,517
University's covered payroll**	26,989,144	29,263,785	32,838,844	36,710,317	$ 40,658,901
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	39.24%	139.68%	121.64%	120.66%	139.72%
Plan fiduciary net position as a percentage of the total pension liability	93.57%	75.38%	78.55%	79.59%	75.65%

	2017	2016	2015
University's proportion of net pension liability	2.202%	1.659%	1.462%
University's proportionate share of net pension liability	$ 52,660,632	$ 30,550,726	$ 20,737,110
University's covered payroll**	39,968,417	29,241,762	24,610,760
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.76%	104.48%	84.26%
Plan fiduciary net position as a percentage of the total pension liability	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.
**Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

Schedule of University Contributions
Arkansas Public Employees Retirement System
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018
Contractually required contribution	$ 3,849,462	$ 4,135,494	$ 4,474,936	$ 5,079,699	$ 5,446,489
Contributions in relation to the contractually required contribution	(3,849,462)	(4,135,494)	(4,474,936)	(5,079,699)	(5,446,489)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 25,041,258	$ 26,989,144	$ 29,263,785	$ 32,838,844	$ 36,710,317
Contributions as a percentage of covered-employee payroll	15.37%	15.32%	15.29%	15.47%	14.84%

	2017	2016	2015
Contractually required contribution	$ 5,847,656	$ 5,122,338	$ 4,316,084
Contributions in relation to the contractually required contribution	(5,847,656)	(5,122,338)	(4,316,084)
Contribution deficiency (excess)	$ -	$ -	$ -
University's covered-employee payroll	$ 40,658,901	$ 35,350,993	$ 29,241,762
Contributions as a percentage of covered-employee payroll	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 Eight Fiscal Years*

	2022	2021	2020	2019	2018
University's proportion of net pension liability	0.283%	0.319%	0.372%	0.447%	0.540%
University's proportionate share of net pension liability	$ 7,829,796	$ 18,079,806	$ 15,527,796	$ 16,258,099	$ 22,688,366
University's covered payroll**	9,232,685	10,026,138	11,429,162	13,540,283	15,932,158
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84.81%	180.33%	135.86%	120.07%	142.41%
Plan fiduciary net position as a percentage of the total pension liability	88.58%	74.91%	80.96%	82.78%	79.48%

	2017	2016	2015
University's proportion of net pension liability	0.589%	0.395%	0.437%
University's proportionate share of net pension liability	$ 26,000,421	$ 12,850,498	$ 11,467,444
University's covered payroll**	17,474,936	11,516,407	11,527,065
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	148.79%	111.58%	99.48%
Plan fiduciary net position as a percentage of the total pension liability	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.
**Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

Schedule of University Contributions
Arkansas Teacher Retirement System
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018
Contractually required contribution	$ 1,262,489	$ 1,335,201	$ 1,416,960	$ 1,616,340	$ 1,899,208
Contributions in relation to the contractually required contribution	(1,262,489)	(1,335,201)	(1,416,960)	(1,616,340)	(1,899,208)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	8,554,563	9,232,685	10,026,138	11,429,162	13,540,283
Contributions as a percentage of covered-employee payroll	14.76%	14.46%	14.13%	14.14%	14.03%

	2017	2016	2015
Contractually required contribution	$ 2,210,329	$ 1,448,084	$ 1,612,297
Contributions in relation to the contractually required contribution	(2,210,329)	(1,448,084)	(1,612,297)
Contribution deficiency (excess)	$ -	$ -	$ -
University's covered-employee payroll	15,932,158	10,392,131	11,516,407
Contributions as a percentage of covered-employee payroll	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, 2021 valuation for the year ended June 30, 2022
Valuation year	Census data collected as of February 2022
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	2.16%
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, 2020 was 2.21%, the unfunded rate determined as of June 30, 2020 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, 2021 was 2.16%, the unfunded rate determined as of June 30, 2021 based on the Bond Buyer 20-year-Bond GO Index.

Mortality Rates:

Healthy	Pub-2010 Teachers Headcount weighted Mortality Tables for employees, contingent annuitants, and healthy retirees projected generationally using projection scale MP-2021 from base year 2010.
Disabled	Pub-2010 Teachers Headcount weighted Mortality Tables for disabled retirees projected generationally using projection scale MP-2021 from base year 2010.

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability	2022	2021	2020	2019	2018
Service cost	$ 4,891,000	$ 4,510,000	$ 4,026,000	$ 3,952,830	$ 4,589,055
Interest (includes interest on service cost)	1,776,000	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	(971,000)	(2,196,000)	(3,245,428)	(3,266,590)	
Changes of assumptions	398,000	9,159,000	3,132,000	(690,230)	(13,904,426)
Benefit payments, including refunds of member contributions	(2,379,000)	(2,245,000)	(2,180,000)	(2,018,583)	(2,109,079)
Net change in total OPEB liability	**3,715,000**	**1,856,000**	**4,563,572**	**1,378,489**	**(9,103,663)**
Total OPEB liability - beginning	**76,603,000**	**74,747,000**	**70,183,428**	**68,804,939**	**77,908,602**
Total OPEB liability - ending	**$ 80,318,000**	**$ 76,603,000**	**$ 74,747,000**	**$ 70,183,428**	**$ 68,804,939**
Covered employee payroll	$ 1,455,294,000	$ 1,351,363,000	$ 1,328,526,000	$ 1,309,045,000	$ 1,320,436,000
Total OPEB liability as a percentage of covered employee payroll	**5.52%**	**5.67%**	**5.63%**	**5.36%**	**5.21%**

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

Notes to Schedule:

No assets for the Plan are accumulated in a trust.

Change of Assumptions:

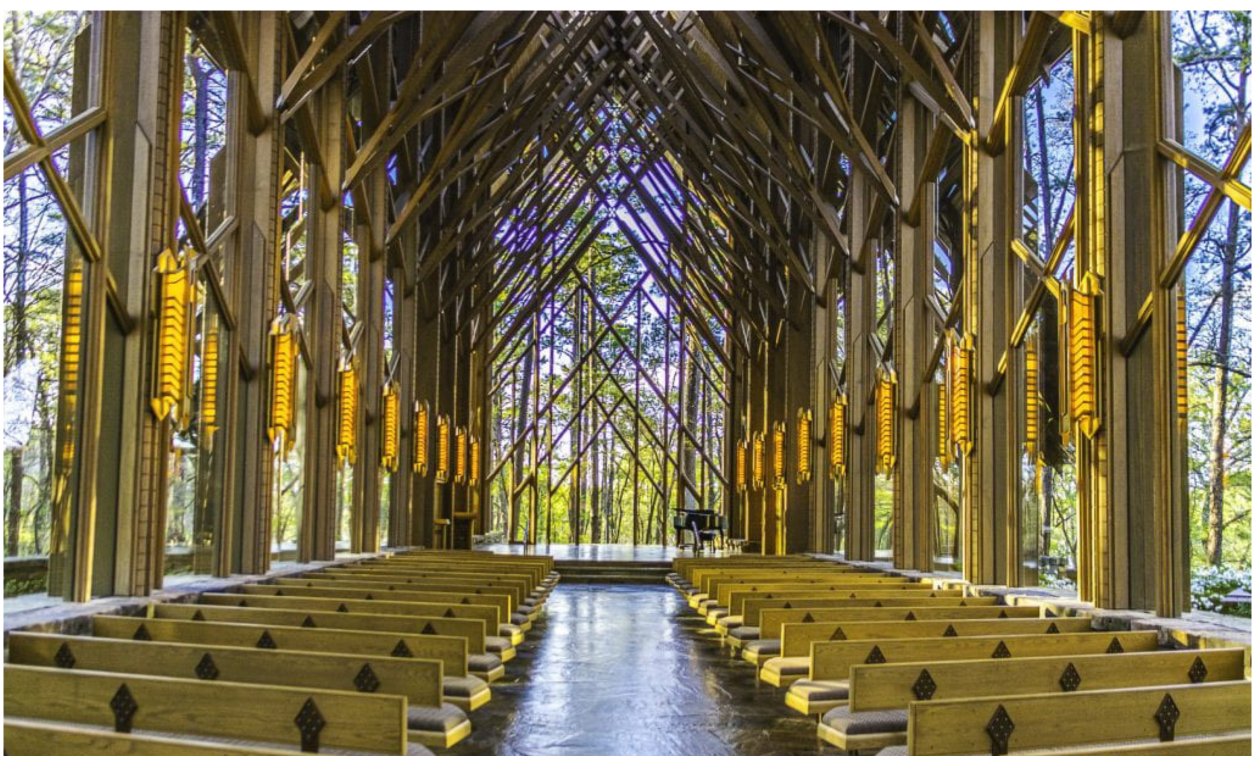
During the measurement year, the total OPEB Liability (TOL) increased by approximately $3.7 million. The service cost and interest cost increased the TOL by approximately $6.7 million while benefit payments decreased the TOL by approximately $2.4 million.

The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021 and the mortality assumption was updated as of June 30, 2021. The combined impact of these assumption changes increased the TOL by approximately $0.4 million. This loss will be amortized over the average expected remaining service life of all active and inactive members of the Plan. The actual experience decreased the TOL by $1.0 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.

The mortality assumption was changed from RP-2014 projected generationally using MP-2014 to Pub-2010 Teachers projected generationally using MP-2021 from base year 2010.

Change of Benefits:

There were no benefit changes during 2022.



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 2022 to the Arkansas Division of Higher Education for Fall 2022.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE

Established: 1871
Enrollment: 30,936
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: 5,360
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: 8,108
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: 3,240
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: 2,717
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: 2,482
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: 1,280
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: 1,242
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: 1,096
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: 1,188
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: 1,901
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: 4,223
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: 690
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: NA
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 became 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. With the UA System's acquisition of Grantham University in late 2021, *e*Versity students and operations transitioned into UA Grantham during the first half of 2022.

UNIVERSITY OF ARKANSAS GRANTHAM

Established: 1951
Enrollment: 4,427
www.uagrantham.edu

On Nov. 1, 2021, Grantham University (Lenexa, Kan.) joined the University of Arkansas System and officially became University of Arkansas Grantham. As a 100 percent-online institution, UA Grantham joined forces with UA System *e*Versity and is now a stronger institution with greater ability to serve the thousands of students already enrolled in more than 50 fully-online degree and certificate programs. UA Grantham relocated its headquarters to Little Rock and kept its operational location in Lenexa, Kan.

Since its founding in 1951, Grantham has sought to enable access to education for adult learners. Now part of the UA System, UA Grantham is better-positioned to grow the number of quality, affordable, professionally-relevant programs it offers to learners in Arkansas, across the country, and around the world.

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.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
Charles Robinson, *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
Brian Shonk, *Chancellor*
Bruce Hankins, *Chief Financial Officer*

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
Ana Hunt, *Interim Chancellor*
Charlette Moore, *Vice Chancellor of Finance and CFO*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN
Phillip Wilson, *Chancellor*
Megan Wheeler, *Vice Chancellor of Finance*

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES, & THE ARTS
Corey Alderdice, *Director*
Whitney Moore, *Director of Finance*

UNIVERSITY OF ARKANSAS SYSTEM *e*Versity
Michael Moore, *Chief Academic Officer*

UNIVERSITY OF ARKANSAS GRANTHAM
Lindsay Bridgeman, *Chancellor*
Sara Estes, *Controller*

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

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "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 its Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2023A in the aggregate principal amount of $62,335,000 (the "Series 2023A Bonds"), and Refunding Series 2023B in the aggregate principal amount of $60,075,000 (the "Series 2023B Bonds"), each dated August 17, 2023. The Series 2023A Bonds and the Series 2023B Bonds (collectively, the "Bonds") are being issued pursuant to a Master Trust Indenture between the Issuer and Simmons Bank, as 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 2023 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:

SECTION 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.

SECTION 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 and Administration of UA-Fayetteville or her or his 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 hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

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

"Financial Obligation" shall mean a

(A) debt obligation;

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

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

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

"Listed Events" shall mean any of the events listed 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.

SECTION 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 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, 2023, 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 Section 4 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 and UA-Fayetteville 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 60 days after becoming available. If the Issuer's or UA-Fayetteville's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f). 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 the 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 as 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.

SECTION 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 July 25, 2023, 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.

SECTION 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. Modifications 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 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 Issuer or UA-Fayetteville, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or UA-Fayetteville, 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 Issuer or UA-Fayetteville, 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 Events described in clauses (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.

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).

SECTION 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.

SECTION 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 the 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.

SECTION 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.

SECTION 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.

SECTION 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.

SECTION 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: Vice President for Finance and Chief Financial Officer
Email: legalnotices@uasys.edu

with a copy to:

University of Arkansas
406 Administration Building
Fayetteville, Arkansas 72701
Attention: Vice Chancellor for Finance and Administration

and

University of Arkansas System
2404 North 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.

SECTION 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.

SECTION 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.

SECTION 15. Governing Law. The provisions of this Disclosure Agreement shall be governed by the laws of the State, without regard to conflict of law principles.

[Signature page to follow.]

Dated: As of August 17, 2023.

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

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), Taxable Series 2023A and Refunding Series 2023B
Date of Issuance:	August 17, 2023

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 August 17, 2023.

Dated: ______________________, ____

SIMMONS BANK
Pine Bluff, Arkansas

By:_________________________________
Authorized Officer

APPENDIX E-1

MASTER TRUST INDENTURE AND
FIRST SUPPLEMENT TO MASTER TRUST INDENTURE

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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;

WITNESSETH:

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 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.

Jill Speed
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.

Jill Speed
Notary Public

My Commission Expires:

(S E A L)

JILL 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 066-025775

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.

Very truly yours,

Board of Trustees of the University of Arkansas
(Issuer)

By: ____________________
(Authorized Officer's Signature)

Simmons First National Bank
(Agent)

By: ____________________
(Authorized Officer's Signature)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By: ____________________
(Authorized Officer)

cc: Underwriter
Underwriter's Counsel

SCHEDULE A

(Describe Issue)

$12,105,000 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	1,355,000	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
Chairman

Secretary

(SEAL)

SIMMONS FIRST TRUST COMPANY, N.A.
Pine Bluff, Arkansas

ATTEST:

By
Assistant Vice President
(Title)

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)
TAXABLE SERIES 2023A AND REFUNDING SERIES 2023B

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