SUPPLEMENT DATED AUGUST 1, 2023

TO OFFICIAL STATEMENT DATED JULY 11, 2023

relating to

$64,630,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITIES REVENUE BONDS
(UAMS CAMPUS)
REFUNDING SERIES 2023

This Supplement to Official Statement (this "Supplement") supplements the Official Statement dated July 11, 2023 (the "Official Statement") with respect to the above-captioned bonds (the "Bonds"). Capitalized terms used in this Supplement and not defined herein are used with the meanings given them in the Official Statement. **This Supplement should be read in conjunction with the Official Statement.**

On July 28, 2023, the Board, on behalf of UAMS, entered into the financial obligation described below. Accordingly, the Official Statement is supplemented as follows:

Under the caption "UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Other Outstanding Indebtedness," the following paragraph is added:

> The Board, on behalf of UAMS, has entered into a Memorandum of Understanding with the Arkansas Department of Finance and Administration under which UAMS will borrow $30,000,000 from the Arkansas Budget Stabilization Trust Fund (the "DFA MOU Loan"). The effective date of the DFA MOU Loan is July 28, 2023. The purpose of the DFA MOU Loan is to provide cash for UAMS so that UAMS does not have to liquidate and take a loss on investments. In lieu of payment by UAMS under the DFA MOU Loan, $3,000,000 per month will be withheld by the State from UAMS's State general revenue monthly disbursements beginning September 2023, until the date that the DFA MOU Loan is paid in full, which shall not be later than June 30, 2024. The DFA MOU Loan does not bear interest, and the DFA MOU Loan is not secured by Pledged Revenues.

THIS SUPPLEMENT IS TO BE READ ONLY IN CONJUNCTION WITH THE OFFICIAL STATEMENT. THIS SUPPLEMENT SHOULD NOT BE SEPARATED FROM THE OFFICIAL STATEMENT AND NEITHER THIS SUPPLEMENT, NOR THE OFFICIAL STATEMENT, MAY BE RELIED UPON IN ANY WAY INDEPENDENT OF EACH OTHER.

J.P.Morgan

Crews&Associates Stephens Inc.

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OFFICIAL STATEMENT

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

*In the opinion of bond counsel, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, and (ii) interest on the 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 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 Bonds is exempt from all present State, county and municipal taxation in the State of Arkansas (See **TAX MATTERS** herein.).*

$64,630,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITIES REVENUE BONDS (UAMS CAMPUS), REFUNDING SERIES 2023

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

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) and senior to certain other obligations of the Board. See **SECURITY FOR THE BONDS**, **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19**, and **HEALTH CARE REFORM**, **REGULATION OF HEALTH CARE INDUSTRY AND CERTAIN OTHER RISK FACTORS** herein. The Bonds are being issued for the purpose of current refunding certain outstanding bonds and paying costs of issuance of the Bonds (see **PURPOSES FOR THE BONDS** herein).

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 The Bank of New York Mellon Trust Company, N.A., 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 3, 2023.

J.P.Morgan

Crews&Associates Stephens Inc.

Dated: July 11, 2023

† See **DESCRIPTION OF RATING** herein.

$64,630,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
VARIOUS FACILITIES REVENUE BONDS
(UAMS CAMPUS),
REFUNDING SERIES 2023

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

Year (November 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2024	$4,020,000	5.000%	3.170%	914073 FP1
2025	3,385,000	5.000%	3.040%	914073 FQ9
2026	3,275,000	5.000%	2.940%	914073 FR7
2027	4,095,000	5.000%	2.860%	914073 FS5
2028	4,180,000	5.000%	2.840%	914073 FT3
2029	4,100,000	5.000%	2.820%	914073 FU0
2030	4,095,000	5.000%	2.800%	914073 FV8
2031	9,210,000	5.000%	2.820%	914073 FW6
2032	9,190,000	5.000%	2.820%	914073 FX4
2033	9,415,000	5.000%	2.860%	914073 FY2
2034	9,665,000	5.000%	2.950%[c]	914073 FZ9

[c] 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 Facilities Revenue Bonds (UAMS Campus), Refunding Series 2023, in the aggregate principal amount of $64,630,000 (the "Bonds"), to be dated as of the date of their delivery, will be issued under the authority of the Constitution and laws of the State of Arkansas (the "State"), including particularly Arkansas Code of 1987 Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and pursuant to a resolution duly adopted by the Board on May 25, 2023. The Bonds will be issued under and secured by a Master Trust Indenture dated as of November 15, 2004 (the "Master Indenture"), between the Board and The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company, N.A.), 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.

Redemption

The Bonds may be redeemed, in whole or in part (from such maturities as may be determined by the Board and by lot within a maturity) at any time, on and after November 1, 2033, at the option of the Board from funds from any source, by payment of 100% of the principal amount thereof plus accrued interest to the date of redemption, as described herein. See **REDEMPTION** herein.

Use of Proceeds

The proceeds from the sale of the Bonds will be used to current refund the Board's Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2013 (except for the November 1, 2023 maturity thereof), and to pay costs of issuance. See **PURPOSES FOR THE BONDS** herein.

Security

The Board has established the Master Indenture as a means of issuing revenue bonds to fund facilities at the campus of the University of Arkansas for Medical Sciences ("UAMS") under uniform terms and conditions and with uniform security. The Bonds will be issued under and pursuant to the Master Indenture and the Series 2023 Indenture. The Bonds are the thirteenth series of bonds issued under the Master Indenture. The Master Indenture, as supplemented by the Series 2023 Indenture, is referred to in this Official Statement as the Indenture.

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 the Bonds, the Board shall pay the Bonds 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 outstanding bonds previously issued under the Master Indenture and senior to the pledge in favor of certain other indebtedness, as described herein. The pledge of Pledged Revenues in favor of the Bonds is on a parity with the pledge of Pledged Revenues in favor of the unrefunded November 1, 2023 maturity of the Board's Various Facilities Revenue Bonds (UAMS Campus), Series 2013, the Board's Various Facilities Revenue Refunding Bonds (UAMS Campus), Series 2014, the Board's Various Facilities Revenue Bonds (UAMS Campus), Tax Exempt Series 2019A, the Board's Various Facilities Revenue Bonds (UAMS Campus), Taxable Series 2019B, the Board's Various Facilities Revenue Refunding Bonds (UAMS Campus), Series

2020A, and the Board's Various Facilities Revenue Bonds (UAMS Campus), Series 2021A and Taxable Series 2021B.

The term "Pledged Revenues" is defined as all of the revenues attributable to in-patient services and other ancillary, therapeutic and diagnostic services provided within the walls of the Hospital, excluding (a) physician-generated revenues, (b) all State appropriations, and (c) those revenues classified as "Restricted Revenues" pursuant to accounting standards used in performing the annual audit of UAMS; provided, however, that such Pledged Revenues are subject to previous pledges to Existing Obligations (defined as existing obligations of the Board payable from Pledged Revenues, as of November 15, 2004, of which there are none outstanding at this time) and shall not include any fees authorized or imposed by UAMS and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations. The term "Hospital" shall mean (a) all capital improvements financed by bonds issued under the Master Indenture plus (b) the medical facilities located on the campus of UAMS comprising 48 acres located at 4301 West Markham Street, Little Rock, Arkansas, in which are provided in-patient services and other ancillary, therapeutic and diagnostic services. As of the date hereof, the facilities providing these services include particularly, without limitation, the UAMS Medical Center, the Outpatient Center, the Winthrop P. Rockefeller Cancer Institute, the Harvey and Bernice Jones Eye Institute, the Donald W. Reynolds Institute on Aging, the Harry P. Ward Tower, the Jackson T. Stephens Spine and Neurosciences Institute, the Orthopaedic and Spine Hospital, and the Winthrop P. Rockefeller Cancer Institute Radiation Oncology Center (except the Proton Center of Arkansas (as defined herein) therein, the revenues of which will not be included in the Pledged Revenues). (See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Components of UAMS**, Radiation Oncology Center and Proton Center of Arkansas herein). "Hospital" does not include any facilities located on the campus of UAMS in which are provided primarily rehabilitation or psychiatric services or in which are conducted exclusively research related or teaching activities. Pledged Revenues does not include "UAMS Northwest Pledged Revenues" as that term is defined in **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Other Obligations** herein.

See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19**, **LEGAL AND LEGISLATIVE MATTERS, Factors Affecting the Board's Funding,** and **HEALTH CARE REFORM, REGULATION OF THE HEALTH CARE INDUSTRY AND CERTAIN OTHER RISK FACTORS** 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 these 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. Other Obligations will be secured by a pledge of Pledged Revenues subordinate to the pledge in favor of the Bonds. See **SECURITY FOR THE BONDS**, where the types of permitted "Other Obligations" are described and where currently outstanding Other Obligations are described.

The Board has covenanted that it will take all action necessary to maintain Pledged Revenues at a level equal to or exceeding 125% of Average Annual Debt Service on all indebtedness issued under the Master Indenture, Other Obligations, Existing Obligations and Non-Secured Obligations (each as defined herein). The Board has further covenanted not to pledge the Pledged Revenues as security for any indebtedness or borrowing 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 additional 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.

OFFICIAL STATEMENT

$64,630,000
BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS
VARIOUS FACILITIES REVENUE BONDS
(UAMS CAMPUS),
REFUNDING SERIES 2023

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 $64,630,000 Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2023 (the "Bonds"), to be dated as of their date of delivery.

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

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Arkansas Code of 1987 Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and a Resolution adopted by the Board on May 25, 2023.

The Bonds are equally and ratably secured by a Master Trust Indenture dated as of November 15, 2004 (the "Master Indenture") between the Board and The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company, N.A.), 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 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 Bonds are issued on a parity of security with the Board's outstanding (i) unrefunded November 1, 2023 maturity of Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2013 (the "Unrefunded Series 2013 Bonds"), (ii) Various Facilities Revenue Refunding Bonds (UAMS Campus), Series 2014 (the "Series 2014 Bonds"), (iii) Various Facilities Revenue Bonds (UAMS Campus), Tax Exempt Series 2019A and Taxable Series 2019B (collectively, the "Series 2019 Bonds"), (iv) Various Facilities Revenue Refunding Bonds (UAMS Campus), Series 2020A (the "Series 2020 Bonds"), and (v) Various Facilities Revenue Bonds (UAMS Campus), Series 2021A and Taxable Series 2021B (collectively, the "Series 2021 Bonds," and together with the Unrefunded Series 2013 Bonds, the Series 2014 Bonds, the Series 2019 Bonds, and the Series 2020 Bonds, the "Existing Parity Bonds") (except that any debt service reserve securing a series of bonds issued under the Master Indenture does not secure the Bonds), all of which Existing Parity Bonds were issued under the Master Indenture as previously supplemented by the series indentures specific to each respective issue of Existing Parity Bonds. The Master Indenture permits the issuance of additional bonds issued under the Master Indenture (with a pledge that 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** below) and the incurring of Other Obligations (defined below under **SECURITY FOR THE BONDS**) 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 all of the revenues attributable to in-patient services and other ancillary, therapeutic and diagnostic services provided within the walls of the Hospital, excluding (a) physician-generated revenues, (b) all State appropriations, and (c) those revenues classified as "Restricted Revenues" pursuant to accounting standards used in performing the annual audit of UAMS; provided, however, that such Pledged Revenues are subject to previous pledges to Existing Obligations (defined as existing obligations of the Board payable from Pledged Revenues, as of November 15, 2004, of which there are none outstanding at this time) and shall not include any fees authorized or imposed by UAMS and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations. The term "Hospital" is defined as (a) all capital improvements financed by the bonds issued under the Master Indenture plus (b) the medical facilities located on the campus of UAMS comprising 48 acres located at 4301 West Markham Street, Little Rock, Arkansas, in which are provided in-patient services and other ancillary, therapeutic and diagnostic services. As of the date hereof, the facilities providing these services include particularly, without limitation, the UAMS Medical Center, the Outpatient Center, the Winthrop P. Rockefeller Cancer Institute, the Harvey and Bernice Jones Eye Institute, the Donald W. Reynolds Institute on Aging, the Harry P. Ward Tower, the Jackson T. Stephens Spine and Neurosciences Institute, the Orthopaedic and Spine Hospital, and the Winthrop P. Rockefeller Cancer Institute Radiation Oncology Center (except the Proton Center of Arkansas (as hereinafter defined) therein, the revenues of which will not be included in the Pledged Revenues) (see **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Components of UAMS**, Radiation Oncology Center and Proton Center of Arkansas herein). "Hospital" does not include any facilities located on the campus of UAMS in which are provided primarily rehabilitation or psychiatric services or in which are conducted exclusively research related or teaching activities. Pledged Revenues does not include "UAMS Northwest Pledged Revenues" as that term is defined in **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Other Obligations** herein. Pledged Revenues are pledged to the payment of the Bonds on a parity with the previous pledges to Existing Parity Bonds and with subsequent pledges to additional bonds issued under the Master Indenture (see **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Additional Bonds** herein).

See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19, LEGAL AND LEGISLATIVE MATTERS, Factors Affecting the Board's Funding**, and **HEALTH CARE REFORM, REGULATION OF THE HEALTH CARE INDUSTRY AND CERTAIN OTHER RISK FACTORS** herein.

Descriptions of the Board, the Bonds, the System (as hereinafter defined), UAMS, 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.

SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19

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. UAMS 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.

As the State's only academic health center, UAMS has been uniquely impacted by COVID-19. Each of the core tenets of UAMS's mission statement has been affected. The mission of UAMS is to improve the health, health care and well-being of Arkansans and of others in the region, nation and the world by:

- Providing high-quality, innovative, patient- and family–centered health care and specialty expertise not routinely available in community settings
- Educating current and future health professionals and the public
- Advancing knowledge in areas of human health and disease and translating and accelerating discoveries into health improvements

Health Care Provider

General

As with most healthcare institutions, the COVID-19 pandemic has had a significant impact on UAMS. UAMS had its first COVID-19 patient on March 13, 2020. Management of UAMS cannot predict future impacts of COVID-19, financial or otherwise, although significant actions have been taken to sustain operations and to prioritize the well-being of patients, employees and associates.

UAMS's 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 consists of UAMS administrators, physician staff, nursing staff, and support staff.

On or about March 18, 2020, 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.

Supply Chain

UAMS's supply chain team continues to work diligently to secure additional supplies from reliable sources and is tracking supplies at each of UAMS's facilities and allocating equipment and gear where it is needed the most. UAMS believes its existing relationships with its group purchasing and distribution partners along with other key vendor relationships will help mitigate supply chain disruptions caused by COVID-19.

Employees and Staffing

As a cost-saving measure related to COVID-19, in mid-March 2020 UAMS implemented a hiring pause, which was lifted on September 14, 2020. In early May 2020, UAMS reduced hours for some employees in order to better reflect hours actually worked. In addition, in early May 2020 UAMS asked employees for voluntary reduction in time worked. These reductions continued through June 2020. In July 2020, most employees had their hours brought back to pre-COVID-19 levels. As of the date of this Official Statement, these and other cost saving measures have prevented UAMS management from deeming it necessary to institute layoffs or furloughs of staff and employees. As with other health care organizations in Arkansas and across the United States, UAMS continues to face staffing challenges, particularly in nursing. From time to time, nursing shortages have caused UAMS to close patient bed availability. Over the past twelve months, the number of bed closures due to nursing shortages averaged 36-40 per day. UAMS has implemented new recruitment and retention incentive programs to help address these concerns. UAMS has also increased its use of temporary labor to augment its workforce. See also **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Employment Information** herein.

Assistance and Relief Programs and Remediation Efforts

The CARES Act 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 purchases 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. DHS reported that the cases of 72,802 Medicaid beneficiaries were closed in April 2023 and 68,838 were closed in May 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 in April and 39,848 had their coverage renewed in May 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.

Education

In accordance with recommended social distancing and personal protective equipment measures, in March 2020, the System moved all of its classes on all of its campuses statewide – including UAMS's main campus in Little Rock and the regional Northwest Campus in Fayetteville – to alternative formats of delivery, with UAMS converting its didactic classes to an online format on March 13, 2020. Clinical rotations resumed on-campus in limited numbers in spring 2020 as personal protective equipment supplies (PPE) became available. During the summer 2020 term, most didactic courses were still offered online, but students returned to campus for in-person clinical rotations and research labs. This continued into the 2020-21 academic school year. UAMS did not refund any tuition or fees related to the spring 2020, summer 2020 or fall 2020 semesters. UAMS did reduce the graduation fee for students for the spring 2021 semester from $90 to $50. Colleges and universities throughout the country have faced litigation seeking tuition and fee refunds as a result of the COVID-19 pandemic and the suspension of face-to-face instruction; as of the date hereof, no such litigation has been filed against any System institutions.

On May 4, 2020, the Board passed a resolution requiring System institutions to prepare reopening plans for the fall 2020 semester. In response, UAMS academic administration developed plans to return to campus for the fall 2020 semester. On-campus instruction has been in effect since the fall 2020 semester, with varying degrees of COVID-19 prevention protocols in place depending on federal and State guidance, guidelines, and directives. UAMS will continue to follow guidance from federal organizations including the CDC and State agencies, including the Governor's Office, the Arkansas Department of Health and the Arkansas Division of Higher Education.

Research

COVID-19 adversely impacted certain of UAMS's research activities, with a slowdown in laboratory studies and clinical studies beginning in March 2020. Many laboratory and clinical trials had to delay activation or temporarily closed to enrollment because of the pandemic. Additionally, laboratories were affected by shortages of chemical reagents needed for research activities, as well as shortages of lab equipment due to pandemic-driven disruptions in the supply chain that have still not fully recovered. The closing of international travel negatively impacted UAMS's ability to recruit international students as a research workforce. It also disrupted UAMS's pipeline for talent.

Many research activities resumed in early 2021 when access to COVID vaccines became available at UAMS. As of April 2023, research capacity is operating at an estimated 100% of its pre-COVID level. Continued supply chain disruptions and labor shortages present challenges to the UAMS research mission. UAMS researchers have seen a surge in COVID-19 related research, including research related to seroprevalence, vaccine hesitancy, health disparities, the use of convalescent plasma for the treatment of COVID-19, and the effects of long-haul COVID.

At this time, there have been no mandates, measures, or requirements from the Governor or other State authority with respect to mandating closure of hospitals, including UAMS or any of its facilities. THERE CAN BE NO ASSURANCE THAT SUCH MANDATES, MEASURES OR REQUIREMENTS, WHETHER IN RESPONSE TO COVID-19, ANOTHER HEALTH EMERGENCY, OR SOME OTHER EMERGENCY, WILL NOT BE PUT INTO PLACE AFTER THE DATE THE BONDS ARE ISSUED, AND THERE CAN BE NO ASSURANCE THAT THE SYSTEM AND UAMS WILL NOT DEEM IT NECESSARY TO PLACE LIMITS ON USAGE OF UAMS FACILITIES. Should there be a reduction of utilization or closure of any of the UAMS facilities, whether from governmental mandates, measures, or requirements, from System or UAMS limits, or otherwise, Pledged Revenues may be materially adversely affected. 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**, **Factors Affecting the Board's Funding** and **HEALTH CARE REFORM, REGULATION OF HEALTH CARE INDUSTRY AND CERTAIN OTHER RISK FACTORS** herein.

Developments with respect to COVID-19 and the State's responses to COVID-19 (including governmental mandates) may occur. The full and future impact of COVID-19 and the scope of any adverse impact to the System's and UAMS'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 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 UAMS cannot be predicted at this time, and the System and UAMS make no representations regarding the economic impact of COVID-19 on the System and UAMS or their financial positions, but reactions to government mandates or health care directives by the System and UAMS may have an impact on Pledged Revenues and UAMS's ability to pay debt service on the Bonds and UAMS's other bond issues. See **SECURITY FOR THE BONDS** and **LEGAL AND LEGISLATIVE MATTERS, Factors Affecting the Board's Funding** and **HEALTH CARE REFORM, REGULATION OF HEALTH CARE INDUSTRY AND CERTAIN OTHER RISK FACTORS** herein**.**

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

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PURPOSES FOR THE BONDS

The proceeds of the Bonds will be used to current refund the Board's Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2013 (except for the November 1, 2013 maturity thereof) (the "Refunded Series 2013 Bonds"), and to pay costs of issuance.

A portion of the proceeds from the sale of the Bonds will be deposited in an escrow fund with the trustee for the Refunded Series 2013 Bonds and invested in United States Treasury Obligations and applied on November 1, 2023 to pay the interest on the Refunded Series 2013 Bonds then due and to redeem the Refunded Series 2013 Bonds at a price of par plus accrued interest.

The Refunded Series 2013 Bonds were issued to advance refund the Board's Various Facility Revenue Refunding Bonds (UAMS Campus), Series 2004A (the "Series 2004A Bonds") and Various Facility Revenue Construction Bonds (UAMS Campus), Series 2004B (the "Series 2004B Bonds"). The Series 2004A Bonds were issued to current refund the Board's Various Facility Revenue and Refunding Bonds (UAMS Campus), Series 1998 (the "Series 1998 Bonds"). The Series 1998 Bonds were issued to (a) finance the construction and equipping of the UAMS Health Radiation Oncology Center, and (b) current refund the Board's Various Facility Revenue Bonds (UAMS Campus), Series 1994 (the "Series 1994 Bonds"). The Series 1994 Bonds were issued to finance renovations and additions to hospital patient facilities, including the renovation and expansion of surgery and operating rooms and the construction of a new patient bed tower, an expansion of facilities at the Outpatient Center (formerly known as the Ambulatory Care Center), an expansion of facilities at the Winthrop P. Rockefeller Cancer Institute (formerly known as the Arkansas Cancer Research Center) and a warehouse for shipping and receiving, all on the UAMS campus in Little Rock, Arkansas. In addition, a portion of the proceeds of the Series 1994 Bonds were used for the renovation and equipping of a student housing facility on the Fayetteville campus of the System. The Series 2004B Bonds were issued to finance (a) the acquisition and construction of (i) a new expansion to patient care facilities (hospital expansion and the Psychiatric Research Institute), (ii) a new residence hall, (iii) a new utilities production facility and (iv) new auxiliary support areas, (b) the relocation and improvement of certain streets adjacent to the facilities, and (c) the acquisition of various equipment.

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USE OF PROCEEDS

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

Proceeds:	
Par Amount	$64,630,000.00
Original Issue Premium	8,923,759.90
Total Proceeds:	$73,553,759.90
Uses:	
Escrow Deposit	$73,211,698.61
Underwriters' Discount and Costs of Issuance	342,061.29
Total Uses:	$73,553,759.90

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.

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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 designated 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 of a Series 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 Bonds may be redeemed, in whole or in part (from such maturities as may be determined by the Board and by lot within a maturity) at any time, on and after November 1, 2033, at the option of the Board from funds from any source, by payment of 100% of the principal amount thereof plus accrued interest to the date of redemption.

Redemption Within a Maturity

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

Notice of Redemption

Notice of redemption shall be given as follows:

(i) The Trustee shall mail a copy of such notice by first-class mail, postage prepaid, not less than thirty (30) days and not more than forty-five (45) days 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 (2) Business Days prior to sending such notice to the owners, to The Depository Trust Company at the 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 Indenture (hereinafter defined) and shall not be deemed to be outstanding under the provisions of the Indenture.

While the Bonds are being held by DTC under the Book-Entry Only 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 under the Act to fund capital improvements at UAMS 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 the thirteenth series issued under the Master Indenture. The pledge of Pledged Revenues (as hereinafter defined) in favor of the Bonds is on a parity with the pledge of Pledged Revenues in favor of the Existing Parity Bonds (being the Unrefunded Series 2013 Bonds, the Series 2014 Bonds, the Series 2019 Bonds, the Series 2020 Bonds, and the Series 2021 Bonds), in each case to the extent outstanding. The pledge of Pledged Revenues in favor of the Bonds is senior to the pledge of Pledged Revenues in favor of certain Other Obligations. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Other Obligations** herein.

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 are 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 the Bonds, the Board shall pay the Bonds 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**, **Factors Affecting the Board's Funding** herein.

The Bonds will be secured by Pledged Revenues on a parity with the pledge of Pledged Revenues in favor of the Existing Parity Bonds and senior to the pledge of Pledged Revenues in favor of certain Other Obligations, to the extent outstanding. The term "Pledged Revenues" is defined as all of the revenues attributable to in-patient services and other ancillary, therapeutic and diagnostic services provided within the walls of the Hospital, excluding (a) physician-generated revenues, (b) all State appropriations, and (c) those revenues classified as "Restricted Revenues" pursuant to accounting standards used in performing the annual audit of UAMS; provided, however, that such Pledged Revenues are subject to previous pledges to Existing Obligations (defined as existing obligations of the Board payable from Pledged Revenues as of November 15, 2004, of which there are none outstanding at this time) and shall not include any fees authorized or imposed by UAMS and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations. The term "Hospital" is defined as (a) all capital improvements financed by bonds issued under the Master Indenture plus (b) the medical facilities located on the campus of UAMS comprising 48 acres located at 4301 West Markham Street, Little Rock, Arkansas, in which are provided in-patient services and other ancillary, therapeutic and diagnostic services. As of the date hereof, the facilities providing these services include particularly, without limitation, the UAMS Medical Center, the Outpatient Center, the Winthrop P. Rockefeller Cancer Institute, the Harvey and Bernice Jones Eye Institute, the Donald W. Reynolds Institute on Aging, the Harry P. Ward Tower, the Jackson T. Stephens Spine and Neurosciences Institute, the Orthopaedic and Spine Hospital, and the Winthrop P. Rockefeller Cancer Institute Radiation Oncology Center (except the Proton Center of Arkansas therein, the revenues of which will not be included in the Pledged Revenues). (See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Components of UAMS,** Radiation Oncology Center and Proton Center of Arkansas herein). "Hospital" does not include any facilities located on the campus of UAMS in which are provided primarily rehabilitation or psychiatric services or in which are conducted exclusively research related or teaching activities. Pledged Revenues does not include "UAMS Northwest Pledged Revenues" as that term is defined in **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Other Obligations** herein.

Pledged Revenues for certain prior fiscal years are set out below under **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Pledged Revenues**. The amounts of the Existing Parity Bonds payable from Pledged Revenues are shown under **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Debt Service Schedules for Bonds and 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**.

See the information under **HEALTH CARE REFORM, REGULATION OF THE HEALTH CARE INDUSTRY, AND CERTAIN OTHER RISK FACTORS** for an inexhaustive list of certain risk factors pertaining to the Bonds and the health care industry in general. See also **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein.

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 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 those types of obligations (i) which may be issued by UAMS or the Board on behalf of UAMS subsequent to November 15, 2004, (ii) which are not secured pursuant to the Master Indenture, (iii) but are secured by a subordinate pledge of Pledged Revenues. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**, **Other Obligations** for information regarding currently outstanding Other Obligations.

The Board has covenanted that it will take all action necessary to maintain Pledged Revenues at a level equal to or exceeding 125% of Average Annual Debt Service on all indebtedness issued under the Master Indenture, Other Obligations, Existing Obligations and Non-Secured Obligations (hereinafter defined). The Board has further covenanted not to pledge the Pledged Revenues as security for any indebtedness or borrowing 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 additional 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.**

The Master Indenture defines "Non-Secured Obligations" as those types of obligations (i) which may be issued by UAMS or the Board on behalf of UAMS after November 15, 2004, (ii) which are not secured pursuant to the Master Indenture, and (iii) which are not secured by a pledge of Pledged Revenues or any other of the revenues of UAMS. The term Non-Secured Obligation includes "capital leases," but does not include "operating leases," as such terms are defined pursuant to accounting standards used in performing the annual audit of UAMS.

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

No debt service reserve will secure the Bonds.

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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.

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SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED

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 Bonds will be applied approximately as follows:

Refunding. Proceeds of the Bonds necessary to accomplish the refunding of the Refunded Series 2013 Bonds shall be deposited into a special fund in the name of the Board designated "Escrow Fund" held by the Trustee and applied to the payment of interest on the Refunded Series 2013 Bonds due November 1, 2023 and to the redemption of the Refunded Series 2013 Bonds on November 1, 2023 at a price of par plus accrued interest.

Cost of Issuance. The balance of the proceeds of the Bonds shall be deposited to the credit of the "UAMS Various Facilities Series 2023 Cost of Issuance Fund" created pursuant to the Indenture and held by the Trustee under the Indenture and used to pay costs of issuing the Bonds and costs of refunding the Refunded Series 2013 Bonds.

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 UAMS separately from the funds and accounts established pursuant to the Indenture, which account shall be designated "Various Facility Bond Revenue Account" (the "Revenue Account"). Pledged Revenues credited to the Revenue Account shall be used: first, to make required payments into the various funds and accounts established pursuant to the Indenture; 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," within which has been established a Series 2023 Debt Service Account. Amounts credited to the Bond Fund shall be expended solely (i) to pay the principal of, premium, if any, and interest on the Bonds and other bonds issued pursuant to the Master Indenture; (ii) to pay the fees and expenses of the Trustee; and (iii) to make required payments to the Rebate Fund (defined below). On each interest payment date, each redemption date, and each principal maturity date for any bonds issued under the Master Indenture, amounts on deposit in the Bond Fund shall be applied as follows: first, to the payment of interest due and payable with respect to the Bonds and any then outstanding "Additional Parity Bonds" (defined as any other bonds issued under the Master Indenture with a priority of payment that is on a parity with the Bonds) on a pro rata basis without regard to series; second, to the principal due and payable on the Bonds and any Additional 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 Additional Parity Bonds) without regard to series; fourth, to the payment of principal due and payable on Subordinate Bonds without regard to series; fifth, to the payment of any amounts due and payable on such date to the Trustee as payment for its fees; and sixth, to the payment of any amounts payable on such date to the Rebate Fund.

Eight (8) Business Days preceding each interest payment date, the Trustee shall notify the Vice Chancellor for Finance and Chief Financial Officer of UAMS (the "Vice Chancellor") of the amounts required to make the payments into the Series 2023 Debt Service Account of the Bond Fund. On the fifth Business Day preceding each interest payment date on the Bonds, each redemption date, and the maturity date of the Bonds, the Vice Chancellor shall cause to be deposited in the Series 2023 Debt Service Account of 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 Series 2023 Debt Service Account of 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.

Cost of Issuance Fund. The Board has established with the Trustee a special fund in the name of the Board designated "UAMS Various Facilities Series 2023 Cost of Issuance Fund" (the "Series 2023 Cost of Issuance Fund"). Moneys in the Series 2023 Cost of Issuance Fund shall be used for the purpose of paying costs incurred in connection with issuing the Bonds and accomplishing the refunding of the Refunded Series 2013 Bonds. Moneys remaining in the Series 2023 Cost of Issuance Fund on October 1, 2023 will be transferred to the Series 2023 Debt Service Account of the Bond Fund and used to pay interest on the Bonds.

Rebate Fund. The Master Indenture establishes with the Trustee a special fund in the name of the Board designated the "Rebate Fund." There shall be created within the Rebate Fund the "Series 2023 Rebate Account" (the "Series 2023 Rebate Account"). The Board shall, pursuant to the Indenture, at the end of each five-Bond Year period and upon payment or redemption of all principal of the 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 into the Series 2023 Rebate Account within 60 days after the end of each five-Bond Year period and upon payment or redemption of all principal of the Bonds. Such deposit may be made from any Pledged Revenues. The Series 2023 Rebate Account shall be held in trust for the benefit of the United States of America, and not for the benefit of the owners of the Bonds or of the Trustee. The Board shall pay from the amounts held in the Series 2023 Rebate Account to the United States Treasury the Rebate Amount at times and in amounts necessary to comply with the Code.

Investments. The Series 2023 Cost of Issuance Fund shall, pursuant to the direction of the Vice Chancellor or her or his designated representative, be invested and reinvested by the Trustee in Permitted Investments (defined below), which 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 authorized expenditures.

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 Investment 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 the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America ("Government Obligations");

(b) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (provided that stripped securities are only permitted if they have been stripped by the agency itself): (i) United States Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership); (ii) Farmers Home Administration (certificates of beneficial ownership); (iii) Federal Financing Bank; (iv) Federal Housing Administration (debentures); (v) General Services Administration (participation certificates); (vi) Government National Mortgage Association (guaranteed mortgage-backed bonds and guaranteed pass-through obligations); (vii) United States Maritime Administration (guaranteed Title XI financing); and (viii) United States Department of Housing and Urban Development (project notes, local authority bonds, United States government guaranteed debentures, and United States government guaranteed public housing notes and bonds);

(c) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following non-full faith and credit government agencies (stripped securities are permitted only if they have been stripped by the agency itself): (i) Federal Home Loan Bank System (senior debt obligations); (ii) Federal Home Loan Mortgage Corporation (participation certificates and senior debt obligations); (iii) Federal National Mortgage Association (mortgage-backed securities and senior debt obligations); (iv) Student Loan Marketing Association (senior debt obligations); (v) Resolution Funding Corporation; and (vi) Farm Credit System (consolidated system wide bonds and notes);

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and have a rating by S&P of AAAm-G, AAAm or AAm; and, if rated by Moody's, rated Aaa, Aal or Aa2.

(e) Certificates of deposit secured at all times by collateral described in (a) or (b) above, issued by commercial banks, savings and loan associations or mutual savings banks (including the Trustee and its affiliates); provided that such collateral is held by a third party, and the Owners have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts, other deposit products, or money market deposits (i) of a bank (including the Trustee and its affiliates) rated not less than AA by S&P or Aa by Moody's (in each case, without regard to ratings modifiers) or (ii) which are fully insured by the Federal Deposit Insurance Corporation;

(g) Investment Agreements acceptable to the Vice Chancellor;

(h) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(i) Municipal or state bonds or notes that are rated in the two highest rating categories by S&P or Moody's;

(j) Federal funds or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A1" or "A" or better by S&P;

(k) Any other investment that is legal for the Board and permitted by Board policy; and

(l) Money market mutual funds (i) that invest in Government Obligations or that are registered with the federal Securities and Exchange Commission meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, or (ii) that are rated in either of the two highest categories by a nationally recognized rating service, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise.

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 or a prior pledge of the Pledged Revenues over the lien and pledge securing these Bonds. Additional Parity Bonds (defined under **Use of Pledged Revenues and Flow of Funds**, <u>Bond Fund</u> above) may be issued ranking on a parity of pledge of the Pledged Revenues; provided that, the Board shall provide to the Trustee a certificate of the Chancellor of UAMS or the Vice Chancellor projecting that Pledged Revenues in each of the next two succeeding fiscal years will equal or exceed 125% of the Average Annual Debt Service (defined below) on all Bonds and Additional Parity Bonds issued under the Master Indenture then outstanding, Existing Obligations then outstanding, and the Additional 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 Additional Parity 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.

"Average Annual Debt Service" shall mean the total amount of principal, interest and sinking fund payments, if applicable, to be paid on the bonds issued under the Master Indenture, Other Obligations, Non-Secured Obligations and Existing Obligations (each as defined under **SECURITY FOR THE BONDS**) being analyzed, averaged over the number of years remaining from the time of calculation until final maturity of such obligations.

In connection with variable rate obligations while they are in variable rate mode, "Average Annual Debt Service" shall be calculated as the average of all debt service paid on the obligations in the two Fiscal Years immediately preceding the Fiscal Year in which the calculation is being made.

For the purpose of calculating Average Annual Debt Service on Interim Indebtedness (defined below) in any Fiscal Year, the amount of principal and interest coming due in any Fiscal Year shall be determined as if such Interim Indebtedness were amortized over a 10-year period with approximately equal annual combined payments of principal and interest and bearing interest, as accepted by the Trustee in its sole discretion, either (a) at the rate then charged by the Trustee on commercial loans to its prime commercial borrowers or (b) at the rate specified by an investment banker as the average rate for fixed rate obligations of 10-year amortization and of similar quality, on the date of such calculation. If the Board shall have obtained a commitment from a financial institution (which institution and commitment are acceptable to the Trustee, in its sole discretion) providing for the refinancing of such Interim Indebtedness, the determination of Average Annual Debt Service shall be made on the assumption that such Interim Indebtedness will be amortized in accordance with such commitment.

"Interim Indebtedness" shall mean any indebtedness payable from the Pledged Revenues, other than short-term debt, (a) the principal of which consists of a single maturity without provision for mandatory redemption prior to maturity or (b) the final maturity (after giving effect to any mandatory redemption requirement) of which exceeds an amount equal to 200% of the maximum principal amount that would have been due (whether at maturity or mandatory redemption), assuming level annual principal payments, in any preceding Fiscal Year. Interim Indebtedness may be either an Existing Obligation, an Other Obligation or a Non-Secured Obligation.

Pledged Revenues; Permitted Encumbrances

The Board represents and warrants that as of the date of the Master Indenture, there are no prior charges upon or superior liens against the Pledged Revenues, other than the Existing Obligations. The Board covenants that it shall use due diligence to insure collection of the Pledged Revenues and that it shall maintain Pledged Revenues sufficient to pay current debt service on all bonds issued under the Master Indenture until all bonds issued under the Master Indenture have been retired in full. The Board covenants that it will take all actions necessary to maintain Pledged Revenues at a level equal to or exceeding 125% of Average Annual Debt Service for Parity Bonds and Subordinate Bonds (each as defined below) and Other Obligations, Non-Secured Obligations and Existing Obligations (each as defined under **SECURITY FOR THE BONDS**).

The Board covenants not to pledge the Pledged Revenues as security for any other indebtedness or borrowing and not to create or permit the creation of any charges upon, liens against, or encumbrances of any kind on the Pledged Revenues (other than those created under the Master Indenture), as long as the Bonds are Outstanding, except (i) as permitted to secure bonds issued under the Master Indenture and (ii) as permitted to secure Other Obligations.

"Parity Bonds" are any bonds issued under the Master Indenture with a priority of payment that is on a parity with all other bonds issued under the Master Indenture, other than Subordinate Bonds.

"Subordinate Bonds" are bonds issued under the Master Indenture with a priority of payment that is subordinate to all other bonds issued under the Master Indenture.

Events of Default

The 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 the 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, 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.

Concerning the Trustee

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 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.

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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 UAMS, which is described under **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**) are briefly described below:

University of Arkansas, Fayetteville ("UAF"). UAF was the original site of the University. On the UAF campus are 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, and the College of Engineering. Also located there are the School of Law, the Graduate School and International Education, the Departments of Army and Air Force ROTC, the Agricultural Experiment Station, the Global Campus, the Bureau of Business and Economic Research and the Division of Continuing Education. Campus facilities also include the Fulbright Institute of International Relations, the High-Density Electronics Center, the Mack-Blackwell Rural Transportation Center, the Center of Excellence for Poultry Science, and the Center for Advanced Spatial Technology. UAF offers master's degrees in more than 85 fields of study and doctoral degrees in approximately 45 different areas. Fayetteville is the county seat of Washington County.

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.

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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.

* Mr. Hollingsworth has served as Interim General Counsel since January 2023. David Curran has been selected by the Board to serve as General Counsel.

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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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UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Administrative Officers

The current administrative officers of UAMS are:

Name	Office
Cam Patterson, MD	Chancellor
G. Richard Smith, MD	Interim Executive Vice Chancellor and Dean of College of Medicine
Amanda George	Vice Chancellor for Finance and Chief Financial Officer
Christina L. Clark	Vice Chancellor for Institutional Support Services and Chief Operating Officer
Stephanie Gardner, PharmD, EdD	Senior Vice Chancellor for Academic Affairs and Provost; Chief Strategy Officer
Brian E. Gittens, EdD	Vice Chancellor for Diversity, Equity and Inclusion
Mark Hagemeier	Vice Chancellor, Institutional Compliance and Managing Associate General Counsel
Michelle Wiles	Vice Chancellor for Human Resources and Chief Human Resources Officer
Shuk-Mei Ho, PhD	Vice Chancellor for Research
Amy Wenger	Vice Chancellor, Northwest Regional Campus
Michelle W. Krause, MD	Senior Vice Chancellor for UAMS Health and Chief Executive Officer, UAMS Medical Center
Richard Turnage	Vice Chancellor, Regional Campuses
Andy Davis	Vice Chancellor, Institutional Relations
Leslie Taylor	Vice Chancellor, Communications and Marketing
Michael Manley	Chief of Staff
John Erck	Vice Chancellor, Institutional Advancement

General Information

In 1879, only eight years after the University of Arkansas began, the University of Arkansas Department of Medicine was founded. The present facility was dedicated in 1956 as the University of Arkansas Medical Center. Its academic components were the Schools of Medicine, Pharmacy, Nursing and the Graduate School. A School of Health Professions was added in 1971. By the Board's action in July, 1975, the Medical Center was established as an autonomous unit named the University of Arkansas Medical Sciences Campus, administered by a chancellor, and its schools became colleges. In 1981, the name was changed to the University of Arkansas for Medical Sciences.

UAMS is Arkansas' only comprehensive academic health center, with five colleges, a graduate school, a 535-bed hospital and outpatient facility, seven centers of excellence and a statewide network of regional health centers.

UAMS is the State's largest public employer with more than 12,450 employees. Fall 2022 enrollment (headcount) totaled approximately 3,209 students and 913 medical school residents and fellows. UAMS and its affiliates have an economic impact in Arkansas of about $4.5 billion a year.

Because UAMS physicians are members of the faculty of the UAMS College of Medicine, they are on the forefront of new procedures and treatments. As a result, UAMS Medical Center provides many services not typically found at a community-based hospital.

UAMS operations are funded by payments for clinical services, tuition and fees, state appropriations, sponsored research and philanthropy. For the fiscal year ended June 30, 2022, philanthropy covered approximately $36.8 million or 2% of UAMS's operating expenses. UAMS's allocated gross state appropriations accounted for 8% of revenue and primarily funded operating expenses related to educating students.

UAMS's seven institutes are the Winthrop P. Rockefeller Cancer Institute, the Harvey and Bernice Jones Eye Institute, the Donald W. Reynolds Institute on Aging, the Institute for Digital Health & Innovation, the Jackson T. Stephens Spine & Neurosciences Institute, the Psychiatric Research Institute, and the Translational Research Institute. Together, these centers bring the latest medical technology to the people of Arkansas, the United States and the world.

UAMS Medical Center has been recognized multiple times by U.S. News & World Report as the Best Hospital in Arkansas, and its Ear Nose & Throat program was named among the top 50 in the country for several years. UAMS has also been ranked as high-performing in several other areas, including cancer, orthopaedic surgery and heart failure. Over the last decade, several of UAMS' Colleges and programs have been recognized on the U.S. News list of America's Best Graduate Schools. A total of 119 UAMS physicians were named to the "Best Doctors in America," a prestigious listing based on the observations of fellow doctors in many specialty areas. Castle Connolly named 84 UAMS physicians to its "Top Doctors in Arkansas" list, another respected list that is based on nominations by licensed physicians.

Components of UAMS

The UAMS Medical Center. The UAMS Medical Center in Little Rock (the "Medical Center"), a tertiary-care referral center, and its clinics are the primary clinical facilities for all students. The Medical Center is charged with providing sophisticated specialty services that are not generally available elsewhere in the State. It is primarily a teaching and referral hospital aimed at giving students, residents and interns, a maximum opportunity for learning while at the same time providing the best in patient care for Arkansas.

College of Medicine. The College of Medicine has four priority objectives. First is to produce the number and kinds of physicians needed in Arkansas. The second priority is to make available a wide variety of continuing medical education programs to enable the State's practitioners to stay abreast of the latest changes in diagnosis and treatment, and to maintain a high caliber of medical expertise. Third, the College provides through its facilities a number of specialized medical care services which might not otherwise be available to the physicians of the State and their patients. Fourth, a strong commitment to research is pursued.

College of Pharmacy. Established in 1951, the State's only College of Pharmacy prepares individuals in both practical and theoretical pharmacy. The majority of the pharmacists practicing in Arkansas are graduates of UAMS. The College's continuing education courses are widely utilized by pharmacists. The College also operates a master of science degree program and a doctoral program in pharmaceutical science and a 24-hour poison control center. The College also conducts active programs of research.

College of Nursing. The College of Nursing was established as an independent professional college of the University in 1953. Today, the College of Nursing offers degree programs leading to the Bachelor of Science in Nursing (BSN), Master of Nursing Science (MNSc), Doctor of Nursing Practice (DNP), and Doctor of Philosophy (PhD) in nursing, as well as a post-masters completion program. UAMS's graduate programs offer preparation for nurse administration and six nurse practitioner roles: Adult-Gerontology Acute Care Nurse Practitioner, Adult-Gerontology Primary Care Nurse Practitioner, Family Nurse Practitioner, Acute Care Pediatric Nurse Practitioner, Primary Care Pediatric Nurse Practitioner, or Psychiatric-Mental Health Nurse Practitioner. In August 2020, UAMS welcomed its inaugural cohort of students in the DNP nurse anesthesia specialty. The College of Nursing offers the only research-focused program (PhD) in nursing science, fulfilling a critical need for nurse researchers and educators in the State.

College of Health Professions. The College of Health Professions offers a number of areas of study within its twelve departments. These programs include Bachelor of Science programs in Cardio-Respiratory Care, Cytotechnology, Dental Hygiene, Diagnostic Medical Sonography, Medical Laboratory Sciences, Nuclear Medicine Imaging Sciences, Ophthalmic Medical Technology, and Radiological Imaging Sciences; a post-baccalaureate certificate Dietetic Internship; a Master of Science program in

Communicative Disorders, as well as a Master of Science in Genetic Counseling and a Master of Physician Assistant Studies. The College offers a Doctorate of Audiology and a General Practice Dentistry Residency. The College also offers a Doctor of Physical Therapy degree at the UAMS Northwest Regional Campus in Fayetteville and a Doctor of Occupational Therapy in collaboration with the University of Arkansas, Fayetteville.

College of Public Health. The College of Public Health was established in 2002 in partnership with the Arkansas Department of Health. The COPH includes the shared missions of (1) meeting the public health workforce needs for the future and (2) demonstrating how public health approaches can address the health needs of Arkansans via model community programs. Pilot sites for teaching and learning also serve as innovative laboratories for new and creative approaches to old problems. Students learn with the expert aid of local citizens, schools, hospitals, and faith groups about community-based health improvement. A statewide approach to education includes partnerships with other universities and institutes of learning.

Graduate School. The Graduate School at UAMS provides an opportunity for persons to obtain advanced degrees in fields related to the health sciences. These include: Neurobiology and Developmental Sciences (PhD); Biochemistry and Molecular Biology (MS, PhD); Microbiology and Immunology (PhD); Interdisciplinary Toxicology (PhD); Pharmacology (PhD); Physiology and Biophysics (MS, PhD); Clinical Nutrition (MS); Regulatory Sciences (Certificate); Nursing Sciences (PhD); the Pharmaceutical Sciences (MS, PhD); Bioinformatics (MS, PhD); Communication Sciences and Disorders (MS, PhD); Genetic Counseling (MS); Health Promotion and Prevention Research (PhD); Health Systems Research (PhD); Epidemiology (PhD) and Interdisciplinary Biomedical Sciences (Certificate, MS, PhD).

Outpatient Center. The Outpatient Center (formerly known as the Ambulatory Care Center) was opened in 1980, at a cost of approximately $3.8 million. Covering 70,000 square feet, the Center offers modern clinic space for a variety of medical specialties, and provides excellent resources for integrating the delivery of comprehensive outpatient services with modern teaching at clinical sites. In 1987, a fourth floor containing approximately 12,000 square feet was added to the building at a cost of $2.5 million, and includes a new one-day surgery area and clinical space. In 1996, an additional expansion was completed that added 30,000 square feet of clinical space.

Winthrop P. Rockefeller Cancer Institute. The Winthrop P. Rockefeller Cancer Institute (the "Cancer Institute") is a national leader in the fight against cancer through research, education, prevention, outreach and patient care. As researchers and doctors make pioneering discoveries into cancer management, this information is funneled directly into the clinics. As a result, the Cancer Institute offers new and advanced diagnostic and therapeutic opportunities not available at other institutions in the state. Cancer Institute research programs include: multiple myeloma and bone, cell differentiation and signaling, molecular signatures and cancer therapeutics and aging and cancer. The Institute attracts patients from more than 50 countries and every state.

Jones Eye Institute. The Harvey and Bernice Jones Eye Institute was founded in 1994 with a dedication to patient care, education and research. The faculty represents every ophthalmic subspecialty, and patients enjoy services ranging from a unique optional shop to the LASIK surgery program. The Jones Eye Institute also educates doctors and technicians to become skilled ophthalmic practitioners through the residency program and the ophthalmic medical technology program. The Pat and Willard Walker Eye Research Center is involved in sight-saving research, particularly regarding viruses of the eye.

Donald W. Reynolds Institute on Aging. The Donald W. Reynolds Institute on Aging recognizes the challenge of a 21st Century society that is seeking to accommodate an every-increasing number of older Americans. The center houses basic and clinical research, educational programs, a primary care clinic, rehabilitation services and administration under one roof. For the first time, basic and clinical researchers can engage in collaborative activities that further the science of aging. As the American population continues to live longer, the focus of health care must shift from merely keeping people alive longer to making those later years healthier and more productive. In other words, the focus is not adding years to life; rather, it is adding life to years.

Jackson T. Stephens Spine and Neurosciences Institute. The Jackson T. Stephens Spine and Neurosciences Institute is a center for research, education and clinical care related to the spine. The institute is the home of the Center for the Athletic and Aging Spine and the departments of neurosurgery, neurology and otolaryngology - head and neck surgery, as well as related neurosciences programs.

The Institute for Digital Health and Innovation. The UAMS Institute for Digital Health & Innovation's vision is to eliminate health care disparities in Arkansas and abroad through digital health and healthcare innovations which embrace technology that improves the access to and the quality of clinical care, education, and research. The institute utilizes technologies in UAMS's clinical, educational and research missions, with the aim of improving health and well-being.

Orthopaedic and Spine Hospital. The Orthopaedic and Spine Hospital is a four-level facility of approximately 154,000 square feet that is located on UAMS's main campus in Little Rock. The hospital contains twelve operating rooms, twenty-four patient beds with private rooms for overnight observation and inpatient stays, a post-anesthesia care unit, physical therapy space, imaging facilities (with X-ray imaging, magnetic resonance imaging, and computerized tomography imaging), examination rooms, clinical space, offices, and educational space for orthopaedic surgery residents. UAMS's vision for the Orthopaedic and Spine Hospital is that it will serve as a destination hub for multidisciplinary musculoskeletal care that will attract patients and sub-specialized physicians from across the State and the nation. The facility opened in May 2023.

Radiation Oncology Center and Proton Center of Arkansas. In August 2021, UAMS commenced construction on a new radiation oncology center. The Winthrop P. Rockefeller Cancer Institute Radiation Oncology Center (the "Radiation Oncology Center") consists of a 58,945 square foot, three-level facility located on UAMS's main campus in Little Rock. Approximately 37,945 square feet of the Radiation Oncology Center is utilized by UAMS for its radiation oncology program, which was relocated to the Radiation Oncology Center upon completion. The Radiation Oncology Center includes three photon linear accelerator vaults and brachytherapy facilities, as well as necessary support space and offices. UAMS physicians, technicians and staff perform photon, proton and brachytherapy in the facility.

Approximately 21,000 square feet of space within the Radiation Oncology Center will be utilized as a proton therapy center. Such space (along with a right to use common space) has been leased to a limited liability company (the "Proton Venture") that will operate and manage the leased space as a proton therapy center (the "Proton Center of Arkansas"). The majority member of the Proton Venture is a non-profit entity established by a proton therapy developer, and the minority members of the Proton Venture are UAMS and two other Arkansas health care institutions. UAMS has contracted with the Proton Venture to provide certain professional services at the Proton Center of Arkansas. Proton therapy is a radiation-based technology for cancer treatment that has the capability to deliver high-dose radiation to cancer patients compared to traditional X-ray radiation treatment. Proton therapy is designed to limit a patient's radiation exposure by using a beam of protons designed to deliver the majority of its energy directly to a patient's tumor, which reduces damage to the patient's healthy tissue and reduces the side effects of radiation treatment. The Proton Center of Arkansas will be the first of its kind in Arkansas. Financing of the Radiation Oncology Center was provided through the issuance of the Series 2021 Bonds. The costs to acquire and install the proton therapy equipment and to equip and finish-out the Proton Center of Arkansas, along with financing costs, capitalized interest and debt service reserves, was financed with proceeds of the $56,845,000 aggregate principal amount Public Finance Authority Senior Revenue Bonds (Proton International Arkansas, LLC), Series 2021A, Subordinate Revenue Bonds (Proton International Arkansas, LLC), Series 2021B, and Subordinate Revenue Bonds (Proton International Arkansas, LLC), Series 2021C (collectively, the "PFA Proton Bonds"), which were issued on December 22, 2021. The PFA Proton Bonds are secured and payable from revenues of the Proton Venture derived from use of the proton therapy equipment, by a leasehold mortgage, and also by a lien on and security interest in the proton therapy equipment. The PFA Proton Bonds are not secured by Pledged Revenues, and the PFA Proton Bonds are not general obligations of the Board. Design work on the Radiation Oncology Center commenced in late 2020. Construction commenced in August 2021 and was completed in June 2023. Based on current schedules, UAMS anticipates that the Proton Center of Arkansas will begin to see patients in September 2023.

Northwest Arkansas UAMS Orthopaedics and Sports Medicine Facility. The Board's Various Facilities Revenue Bonds (UAMS Northwest Arkansas), Series 2022A and Taxable Series 2022B (collectively, the "UAMS Northwest Arkansas Series 2022 Bonds") (hereinafter described under **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Other Obligations**) were issued in part to finance the acquisition, construction, furnishing and equipping of the Northwest Arkansas UAMS Orthopaedics and Sports Medicine Facility (the "Northwest Orthopaedics Facility"). Once completed, the Northwest Orthopaedics Facility will be a component of UAMS. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Facilities,** Northwest Arkansas Facilities herein.

Regional Campuses. To place health science professionals in the areas of most critical need within the State, UAMS operates eight Regional Campuses outside of Greater Little Rock. Located in Fayetteville/Springdale, Pine Bluff, Magnolia, Fort Smith, Helena, Jonesboro, Batesville and Texarkana, the Regional Campuses provide training opportunities for students and postgraduate trainees in cooperation with community hospitals, clinics, practicing physicians, and other health science professionals. Each Regional Campus offers unique advantages of learning from undergraduate through continuing education levels using the skills and facilities offered within each region. In November 2020, UAMS announced that it plans to open a new Regional Campus in El Dorado, Arkansas. UAMS anticipates that the El Dorado Regional Campus will commence operations in summer 2023.

Facilities

Northwest Arkansas Facilities

As part of the project being funded by the UAMS Northwest Arkansas Series 2022 Bonds, the Board is acquiring, constructing, and equipping the Northwest Orthopaedics Facility in Springdale, Arkansas. In addition, the Board has acquired land in Rogers, Arkansas for future expansion and planning purposes.

UAMS anticipates that initially the Northwest Orthopaedics Facility's medical staff will consist of approximately twelve orthopaedic physicians, an anesthesiologist, CRNAs, physical therapists, a hand therapist, a chiropractor, certified athletic trainers and a pharmacist. In addition, UAMS anticipates that the Northwest Orthopaedics Facility will be staffed by additional nursing and support staff to serve the sterile processing department, the post-anesthesia care unit, the pharmacy, the laboratory, operating rooms, clinics and other ancillary facilities. Staffing needs will be met through a combination of new hires and transfers of staff from a UAMS orthopaedics and sports medicine clinic in Lowell, Arkansas and a UAMS orthopaedics and sports medicine clinic in Fayetteville, Arkansas (which clinics will cease to operate as orthopaedics and sports medicine clinics after operations are transferred to the Northwest Orthopaedics Facility). In addition, UAMS students and residents will staff the Northwest Orthopaedics Facility as part of UAMS's education and residency programs.

In January 2021, UAMS and UAF entered into a memorandum of understanding (the "Razorback MOU") under which UAMS will be the orthopaedic and sports medicine provider to the Razorback athletic department, with a presence both on campus and in UAMS's orthopaedics and sports medicine facilities (currently an orthopaedics and sports medicine clinic in Lowell, Arkansas and an orthopaedics and sports medicine clinic in Fayetteville, Arkansas). The presence of UAMS on the UAF campus with on-site physicians, MRI screening, student-athlete sports medicine clinics and access to athletic trainers will allow for the care of approximately 460 athletes in 19 intercollegiate sports. Once the Northwest Orthopaedics Facility is completed, UAMS anticipates transferring its Lowell and Fayetteville orthopaedics and sports medicine clinic operations to the Northwest Orthopaedics Facility. The Razorback MOU expires on June 30, 2024, unless extended by UAMS and UAF.

Northwest Campus. In 2007, UAMS established the Northwest Campus at 1125 North College Avenue in Fayetteville, Arkansas. Currently, the Northwest Campus offers (i) transfers from UAMS for the third and fourth years of medical school, (ii) transfers from UAMS for the third and fourth years of pharmacy school, (iii) MNSc (advanced practice nursing), BSN (bachelor of nursing) to DNP (doctorate in nursing), and PhD degree programs in nursing, (iv) associate and bachelor degree programs in radiologic imaging sciences, (v) master of science degree in genetic counseling, and (vi) a doctorate degree (DPT) program in physical therapy. Beginning in fall 2021, UAMS expanded offerings at the Northwest Campus to include a three-year MD primary care track and a four-year MD parallel track. Fall 2022 enrollment for the Northwest Campus reflected 73 medical students, 32 pharmacy students, 43 graduate nursing students, and 181 students in the health professions programs attending classes at the Northwest Campus.

In November 2021, the Board authorized the purchase of approximately 48 acres along Interstate 49 in Rogers, Arkansas. The property purchase closed in late December 2021. UAMS acquired the property for future expansion and planning purposes. At this time, UAMS does not have definitive plans for the property.

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Little Rock Facilities

UAMS's major facilities at its main campus in Little Rock include:

Building	Date Purchased or Constructed	Date(s) of Expansion	Gross Sq. Feet
12th St. Clinic	2012		4,413
Administration West	2007		26,708
Barton Research	1960		68,461
Barton to BioMed I Bridge	1993		1,997
Biomedical Research Center I	1993		173,038
Biomedical Research Center II	2004		147,889
BioVentures	2003		17,597
Boiler House	1957	1960/1968/2012	28,310
Cancer Institute, Winthrop P. Rockefeller	2010		575,891
Central	1955	1967/1997	516,670
College of Health Professions BLDG 2	2007		5,534
College of Health Professions BLDG 3	2007		3,597
College of Health Professions BLDG 4	2007		11,321
College of Health Professions BLDG 4A	2007		4,017
College of Health Professions BLDG 5	2007		22,241
College of Health Professions BLDG 5A	2007		5,383
College of Health Professions BLDG 6A	2007		4,017
College of Health Professions BLDG 7A	2007		4,085
Computer Building	1970	1973	9,952
Distribution Center	1996		48,819
East Energy Plant	2021		34,310
Education II	1977		248,537
Education Building South	2001		17,302
Eye Institute, Harvey and Bernice Jones	1993	2006	111,078
Family Medical Center	1986		27,670
Freeway Medical Tower	1992		47,960
Hospital	2009		584,034
I. Dodd Wilson Education Building	2008		44,411
Institute on Aging, Donald W. Reynolds	2000	2013/2014	158,333
Institute on Aging to Spine Institute Bridge	2014		5,153
Magnetic Resonance Imaging	1986		13,390
Mediplex	1990		4,264
Monroe Building	2019		51,449
Orthopaedic and Spine Hospital	2023		154,000
OPC to Barton / Central Bridge	1989		4,975
Outpatient Center	1979	1987/1996	148,112
Outpatient Diagnostic Center	1989		6,780
Paint Shop & Flammable Storage	1977		2,895
PET	2005		12,133
Physical Plant	1984		24,207
Primary Data Center	2010		13,771
Psychiatric Research Institute	2008		115,034
Radiation Oncology	2000		34,572
Radiation Oncology Center (includes Proton Center of Arkansas)	2023		58,945
Rahn Building	1994	2003	177,845

Residence Hall Administration	2006		5,489
Residence Hall North	2006		23,776
Residence Hall South	2006		60,087
Shorey Building, Winston K.	1957		192,217
Spine Institute, Jackson T. Stephens	2003		240,484
Student Center	2006		4,000
70Walker Annex	2008		17,739
Ward Tower	1997		229,929
West Central Energy Plant	2007		22,697
Westmark	1988		24,502
Parking Deck #1 (Hospital)	2009		456,279
Parking Deck #2 (North)	1982	1993	674,833
Parking Deck #3 (OPC)	2000		322,800
Parking Deck #4	2023		321,000
Total			6,376,932

The major facilities owned by UAMS in Little Rock are located on or near its 48 acre campus at 4301 West Markham Street, Little Rock, Arkansas 72205.

Through cooperative agreements, students, house staff, and faculty also rotate through Arkansas Children's Hospital in Little Rock and the John L. McClellan Veterans Administration Medical Center in Little Rock and North Little Rock.

In November 2019, UAMS commenced work on a comprehensive infrastructure and energy conservation project (the "Energy Efficiency Project") involving a significant portion of UAMS's Little Rock campus. The Energy Efficiency Project was financed with proceeds of the Series 2019 Bonds. The Energy Efficiency Project has been substantially completed, and final completion is expected in November 2023.

The Board participated in a new market tax credit transaction in the aggregate principal amount of $9,000,000 in which Delta Student Housing, Inc., an affiliate of the System, is developing a childcare and early childhood education facility in Little Rock. On September 28, 2022, the Board entered into a long term lease of the facility. Once completed, UAMS will manage the facility's operation. Completion is expected in December 2023.

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Enrollment

The following table based on fall term registration, sets forth enrollment (headcount) at UAMS for each college for 2018 through 2022 (combined for both the main campus and the Northwest Campus).

School Year	Applications	Acceptances	New Enrollments	Total Enrollment[(1)]
(Total All Campuses)				
2018	3,141	943	851	2,727
2019	3,111	1,145	882	2,727
2020	3,191	1,135	1,018	2,876
2021	3,896	1,335	1,059	3,047
2022	3,381	1,254	959	3,209
(College of Medicine)				
2018	1,200	182	173	694
2019	1,252	209	171	696
2020	1,038	177	173	704
2021	1,554	206	166	684
2022	1,352	205	188	698
(College of Nursing)				
2018	465	240	213	632
2019	309	220	177	590
2020	435	208	197	569
2021	441	229	186	517
2022	386	170	135	481
(College of Pharmacy)				
2018	149	89	86	434
2019	124	95	74	392
2020	134	98	88	364
2021	130	106	90	340
2022	118	78	55	307
(Graduate School)				
2018	250	70	50	200
2019	266	74	52	220
2020	289	67	44	234
2021	311	88	62	243
2022	307	94	60	246
(College of Health Professions)				
2018	975	301	284	593
2019	1,064	476	354	657
2020	1,208	514	467	857
2021	1,371	637	498	1,098
2022	1,146	647	491	1,321
(College of Public Health)				
2018	102	61	45	174
2019	96	71	54	172
2020	87	71	49	148
2021	89	69	57	165
2022	72	60	30	156

[(1)] Figures include non-degree seeking students.

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

Employment Information

UAMS is one of the largest employers in Arkansas. The following chart outlines the number of each type of employee as of June 30, 2023.

Nature of Employment	Number of Employees
Faculty:	
Professors	309
Associate Professors	370
Assistant Professors	792
Instructors	202
Other Faculty	94
	1,767
Staff:	
Administrative/Executive	2,831
Professional Non-Faculty	6,493
Secretarial/Clerical	251
Technical/Paraprofessional	216
Skilled Craft	74
Service Maintenance	120
Student Employees/Temporary Employees	731
	10,706

As with other health care organizations in Arkansas and across the United States, UAMS continues to face staffing challenges, particularly in nursing. During the COVID-19 pandemic, UAMS experienced higher than normal nursing turnover rates. The high turnover rates have continued. For the fiscal years ended June 30, 2021 and 2022, and for the eleven months ended May 31, 2023, registered nurse turnover rates were 21.22%, 22.42% and 20.35%, respectively. From time to time, nursing shortages have caused UAMS to close patient bed availability. To date, the highest number of beds that have been taken offline due to nursing shortages was 47 (in October and November 2022). UAMS has implemented new recruitment and retention incentive programs to help address these concerns. UAMS has also increased its use of temporary labor to augment its workforce. See also **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19, Health Care Provider**, Employees and Staffing herein.

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Medical Center Information

As the State's only academic medical center, the UAMS Medical Center in Little Rock provides tertiary and quaternary medical and surgical care and is the only adult Level 1 trauma center in the state. Services include:

Behavioral Health

Inpatient Adult Psychiatric Unit
Inpatient Pediatric Psychiatric Unit
Inpatient Women's Psychiatric Unit
Pulaski County Crisis Stabilization Unit
Northwest Arkansas Crisis Stabilization Unit
Interventional Psychiatry – ECT and Ketamine
Addiction Medicine
Outpatient Psychiatry and Counseling Services
Psychiatric Research Institute

Cancer

Medical Oncology – Orthopedic, Neurological, Breast, Colorectal, Gynecological, Head & Neck, Thoracic, Dermatology, Urologic
Surgical Oncology – Breast, Colorectal, Endocrine, GYN, Dermatology (MOHS), Orthopedic, Thoracic, Urologic
Radiation Oncology – Photon radiation, including total body irradiation, stereotactic treatment for brain, brachytherapy, surface-guided technology, Proton therapy
Bone Marrow Transplantation – bone marrow aspirations/biopsies, IP/OP services
Palliative Care – IP/OP consultation and treatment services, oncology social work, chaplaincy services, IP hospice
Cancer Genetics – genetic counseling pre- and post-genetic testing, including family counseling
Infusion Center – oncology and non-oncology infusions, Urgent Care Center
Hematology – Leukemia, Lymphoma, Myeloma, Benign Hematology, Stem Cell Transplant (ALLO and AUTO), CAR-T
Sickle Cell Disease – IP/OP clinical services for disease management
Winthrop P. Rockefeller Cancer Institute – research, clinical trials, community outreach and engagement, K through post-doctoral education

Family Medicine and Internal Medicine and Specialty Medicine

Family Medicine Clinics
Internal Medicine Clinics
Specialty Medicine Outpatient Clinics – Cardiology, Dermatology, Diabetes, Endocrine, Gastroenterology, Genetics, Geriatrics, Hepatitis, HIV, Infectious Disease, Nephrology, Pulmonary, Cystic Fibrosis, Sleep Disorders, Rheumatology, Comprehensive Inpatient Tertiary and Quaternary Care
Hospital Medicine Service
Medical Critical Care
Neurological Critical Care
Surgical Critical Care
Cardiac Critical Care
Acute Hemodialysis
Comprehensive Inpatient Tertiary and Quaternary Care
Institute on Aging

Surgical Specialties

Surgical Specialty Clinics – Audiology, ENT, Urology, Gastroenterology, Hepatology, General Surgery, Interventional Radiology, Plastic Surgery, Wound Care, Trauma, Acute Care Surgery, Orthopaedic Trauma, Vascular Surgery, Aortic Center, Oral Health
Advanced and General GI Endoscopy

Adult Cochlear Implant
Comprehensive Tertiary and Quaternary Care Surgical Inpatient Services
Level 1 Trauma Services
Surgical Intensive Care
Emergency General Surgery
ECMO Management
Organ Donor Intensive Care
24/7 Vascular Lab Services
24/7 Vascular Access Team
Specialty Surgical Care – ENT, Urology, Gastroenterology, Interventional Radiology, Plastic Surgery, Surgical Trauma, Orthopaedic Trauma, Vascular Surgery, Oral Health

Cardiovascular Services
General Cardiology- Team 1 Inpatient Coverage
Interventional Cardiology- Coronary Cardiology and Structural Heart Procedures
Electrophysiology- device implantations, ablation
APRN Inpatient Service
Advanced Heart Failure- Cardiomems, ECMO, VAD and Transplant work-ups
Cardiac Surgery
Perfusion- supports cardiac surgery, surgical oncology services, Interventional Radiology procedures, liver transplants
Cardiac Intensive Care Service
High Dependency Unit on F8
Device Clinic
Outpatient Heart Station- EKG, Holter monitoring for all regional programs, including the Arkansas Razorbacks
Cardiac Non-Invasive Lab- ECHO, TEE, TTE, Cardioversions, Stress Test, support Arkansas Razorbacks
Cardiology work-up
Cath and EP Labs
Cardiology Clinic
Cardiac Surgery Clinic

Transplant Services
Arkansas' only Kidney, Liver and Pancreas transplants

Imaging/Radiology
PET
MRI
CT
Breast Imaging
Musculoskeletal
Neurologic
Nuclear Medicine
General Diagnostic
General Ultrasound
Interventional Radiology

Orthopaedics/Musculoskeletal
Orthopaedic Clinics
- Sports Medicine

- Physical Medicine and Rehabilitation
- Physical Therapy
- Speech Therapy
- Occupational Therapy
- Hip and Knee
- Hand and Upper Extremity
- Orthopaedic Trauma
- Foot and Ankle

Neurology and Neurologic Surgery

Neurology Clinics

- Headache
- Stroke
- Epilepsy (Inpatient EMU and Outpatient EEGs)
- Movement Disorders (Multidisciplinary Huntington's Clinic)
- Multiple Sclerosis

Chronic Pain: Interventional Pain

Neurologic Rehabilitation

Neurologic Surgery

Jackson T. Stephens Spine and Neurosciences Institute

Ophthalmology

Jones Eye Institute – Comprehensive Outpatient Eye Care, Cataract, Cornea and Eternal Disease, Glaucoma, Low Vision, Neuro-Ophthalmology, Oculoplastic and Orbit, Adult Strabismus, Uveitis, Retina, Optometry

Ophthalmologic Surgery Specialists – Cornea, Cataract, Retinal, Glaucoma, Trauma, Implants, Oculoplastic, Adult Strabismus

Optical Shop

Contact Lens

Arkansas Lions Eye Bank and Lab

Serum Tear Production Lab

Women and Newborn

Women's Health

Gender Affirmation Care

Obstetrics

High Risk Pregnancy and Maternal Fetal Medicine

Birthing

Newborn Nursery

Neonatal Intensive Care

Arkansas' only Centering in Pregnancy Program

Arkansas' only Minimally Invasive Gynecologic Surgery (MIGS)

Menopause Treatment Specialist

Ultrasound

Mammography

Prenatal Genetics

Uterine Fibroids Clinic

Vulvar Clinic

Women's Mental Health Clinic

Women's Pelvic Floor Physical Therapy

Lab/Pathology Services

Emergency Medicine Services

Physician Staff

As of May 31, 2023, there were 726 physicians on the UAMS Medical Center's staff in Little Rock, in the following classifications:

Staff Classification	Number of Physicians
Active	529
Courtesy	188
Honorary	7
Temporary	2
Total:	726

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The physicians on the professional staff of the UAMS Medical Center in Little Rock as of May 31, 2023, include the following specialists:

	UAMS Medical Center Staff as of May 31, 2023				
	Number of Physicians	Active	Courtesy	Honorary	Temporary
Addiction Psychiatry	1	1	0	0	0
Advanced Heart Failure & Transplant Cardiology	1	1	0	0	0
Allergy & Immunology	4	0	3	1	0
Anesthesiology	59	38	21	0	0
Blood Banking/Transfusion Medicine	5	4	1	0	0
Brain Injury Medicine	1	1	0	0	0
Cardiovascular Disease	29	9	20	0	0
Child & Adolescent Psychiatry	7	5	2	0	0
Clinical Cardiac Electrophysiology	3	3	0	0	0
Clinical Genetics & Genomics (MD)	2	1	1	0	0
Clinical Neurophysiology	6	5	1	0	0
Colon & Rectal Surgery	3	3	0	0	0
Complex General Surgical Oncology	2	2	0	0	0
Critical Care Medicine	15	13	2	0	0
Cytopathology	6	6	0	0	0
Dermatology	10	5	5	0	0
Dermatopathology	2	2	0	0	0
Diagnostic Radiology	48	22	26	0	0
Emergency Medicine	26	22	4	0	0
Endocrinology, Diabetes & Metabolism	8	5	3	0	0
Epilepsy	4	4	0	0	0
Family Medicine	29	27	2	0	0
Forensic Psychiatry	1	1	0	0	0
Gastroenterology	6	4	2	0	0
General Surgery	14	12	0	2	0
Geriatric Medicine	12	12	0	0	0
Geriatric Psychiatry	2	2	0	0	0
Gynecologic Oncology	4	4	0	0	0
Hematology	7	6	1	0	0
Hematopathology	8	8	0	0	0
Hospice & Palliative Medicine	10	4	6	0	0
Infectious Disease	11	8	3	0	0
Internal Medicine	44	42	2	0	0
Interventional Cardiology	7	6	1	0	0
Interventional Radiology & Diagnostic Radiology	10	5	4	0	1
Maternal & Fetal Medicine	9	3	5	0	1
Medical Biochemical Genetics	2	0	2	0	0
Medical Oncology	15	12	2	1	0
Medical Toxicology	3	1	2	0	0
Molecular Genetic Pathology	3	1	2	0	0
Neonatal-Perinatal Medicine	29	16	13	0	0
Nephrology	16	14	2	0	0
Neurocritical Care	1	1	0	0	0

Neurological Surgery	9	7	2	0	0
Neurology	12	11	1	0	0
Neuromuscular Medicine	2	2	0	0	0
Neuropathology	1	1	0	0	0
Neuroradiology	12	9	3	0	0
Nuclear Medicine	6	6	0	0	0
Obstetrics & Gynecology	18	14	4	0	0
Ophthalmology	19	14	4	1	0
Orthopaedic Surgery	22	18	4	0	0
Otolaryngology - Head and Neck Surgery	21	15	6	0	0
Pain Medicine	3	3	0	0	0
Pathology-Anatomic/Pathology-Clinical	11	9	2	0	0
Pathology-Clinical	2	2	0	0	0
Pathology-Forensic	2	0	2	0	0
Pediatrics	13	9	4	0	0
Physical Medicine & Rehabilitation	7	6	1	0	0
Plastic Surgery	4	3	1	0	0
Psychiatry	20	14	4	2	0
Pulmonary Disease	7	6	1	0	0
Radiation Oncology	8	6	2	0	0
Reproductive Endocrinology/Infertility	1	0	1	0	0
Rheumatology	3	2	1	0	0
Sleep Medicine	0	0	0	0	0
Spinal Cord Injury Medicine	0	0	0	0	0
Sports Medicine	1	1	0	0	0
Surgery of the Hand	4	4	0	0	0
Surgical Critical Care	11	9	2	0	0
Thoracic & Cardiac Surgery	8	5	3	0	0
Transplant Hepatology	4	3	1	0	0
Urology	4	4	0	0	0
Vascular Neurology	1	1	0	0	0
Vascular Surgery	5	4	0	0	0
TOTALS	**726**	**529**	**188**	**7**	**2**

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The following chart describes the top twenty net collections generating Medical Center faculty group practice physicians for UAMS for the fiscal year ended June 30, 2022.

Physician	Specialty	Department	Revenue Generated in 2021/2022 Fiscal Year
Dr. Akash Mukherjee	Medical Oncology	Medical Oncology Clinic	$19,512,106
Dr. Frits Van Rhee	Hematology	The Myeloma Center	18,596,147
Dr. Muthu K. Veeraputhiran	Internal Medicine	Medical Oncology Clinic	17,336,849
Dr. Maurizio Zangari	Hematology & Oncology	The Myeloma Center	15,462,494
Dr. Sharmilan Thanendrarajan	Hematology & Oncology	The Myeloma Center	11,132,904
Dr. Carolina D. Schinke	Hematology & Oncology	The Myeloma Center	11,082,950
Dr. Omar T. Atiq	Hematology & Oncology	Medical Oncology Clinic	9,354,786
Dr. Sajjad Bhatti	Hematology	Medical Oncology Clinic	8,420,430
Dr. Konstantinos Arnaoutakis	Medical Oncology	Medical Oncology Clinic	8,193,325
Dr. Rangaswamy Govindarajam	Hematology	Medical Oncology Clinic	7,648,419
Dr. Chelsea E. Presson	Geriatric Medicine	--	6,762,465
Dr. John D. Day	Neurosurgery	Neurosurgery Clinic	6,759,353
Dr. Matthew L. Roberts	General Surgery	Infectious Disease Screening	6,725,389
Dr. Hunter M. Gibbs	Psychiatry	--	6,512,655
Dr. Issam Makhoud	Hematology	--	6,342,146
Dr. Erika Santos Horta	Neurology	Epilepsy & Neurology Clinic	6,317,257
Dr. Robert L. Archer	Neurology	Neurosurgery Clinic	6,160,520
Dr. Gwenevere White	Pediatrics	Infectious Disease Screening	6,010,132
Dr. Sravani Gundarlapalli	Hematology & Oncology	--	5,973,822
Dr. Noojan Kazemi	Neurosurgery	Neurosurgery Clinic	5,459,305

(1) Dr. Presson and Dr. Gibbs are no longer employed at UAMS.

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Utilization

As of May 31, 2023, the Medical Center had 535 beds, including 431 adult beds, 64 newborn bassinets, and 40 psychiatry beds.

The following chart provides the number of adult admissions, births, adult patient days and total patient days for the fiscal years ended June 30, 2018 through June 30, 2022.

	2022	2021	2020	2019	2018
Adult Admissions	21,969	22,593	23,609	24,376	24,596
Births	3,536	3,184	3,460	3,454	3,390
Adult Patient Days	125,929	125,555	121,981	129,919	132,949
Total Patient Days	152,249	149,492	148,955	154,581	156,978
Average Daily Census	417	410	407	424	430
Occupancy Rate	77.66%	79.11%	77.32%	82.46%	83.34%

The specific components of the patient utilization for all patient areas of the Medical Center in Little Rock are as follows:

Inpatient Days

Fiscal Year Ended June 30	Medicare	Medicaid	Other	Total
2018	57,091	46,945	52,942	156,978
2019	54,306	49,198	50,982	154,486
2020	50,712	49,636	48,607	148,955
2021	53,363	45,511	50,618	149,492
2022	53,378	47,954	50,917	152,249

Fiscal Year Ended June 30	Equivalent Outpatient Days	Inpatient Days	Total	Equivalent Daily Census
2018	158,302	156,978	315,280	864
2019	163,671	154,581	318,252	872
2020	158,425	148,955	307,380	840
2021	154,348	149,492	303,840	832
2022	154,982	152,249	307,231	842

Average Length of Stay

Fiscal Year Ended June 30	Medicare	Medicaid	Other	Total
2018	5.73	5.76	5.36	5.61
2019	5.83	5.66	5.18	5.55
2020	5.63	5.85	5.07	5.50
2021	6.18	5.91	5.36	5.80
2022	6.57	6.30	5.21	5.97

Discharges

Fiscal Year Ended June 30	Medicare	Medicaid	Other	Total
2018	9,962	8,156	9,878	27,996
2019	9,321	8,685	9,849	27,855
2020	9,012	8,485	9,581	27,078
2021	8,631	7,700	9,437	25,768
2022	8,125	7,613	9,764	25,502

Emergency Room and Outpatient

Fiscal Year Ended June 30	Emergency	Outpatient
2018	60,559	495,329
2019	60,251	498,809
2020	57,540	463,482
2021	55,025	579,693[(1)]
2022	57,931	598,065[(1)]

[(1)] Additional clinics were added during FY 2021, including COVID screening and COVID vaccination clinics. In addition, the clinic visit counting methodology utilized in the EPIC system changed so that multiple clinic visits by a single patient on one day are now all recorded, unlike the prior methodology.

The following table summarizes gross and net patient revenues by payor source for the fiscal years ended June 30, 2018 through June 30, 2022.

Gross Patient Revenues

Fiscal Year Ended June 30,

	2022	2021	2020	2019	2018
Medicare	$1,161,847,023	$1,082,683,595	$ 975,638,739	$ 988,593,255	$ 963,249,433
Medicaid	441,934,497	397,339,292	425,253,295	415,368,951	380,799,944
Other	1,064,734,965	1,022,395,536	953,766,959	962,233,515	934,858,611
Total	$2,668,516,485	$2,502,418,423	$2,354,658,993	$2,366,195,721	$2,278,907,988

Net Patient Revenues

Fiscal Year Ended June 30,

	2022	2021	2020	2019	2018
Medicare	$333,125,319	$322,938,859	$279,763,491	$279,102,046	$275,875,181
Medicaid	195,673,112	168,992,126	164,616,852	233,269,596	178,979,798
Other	370,132,890	381,935,312	349,468,145	339,767,428	340,162,542
Total	$898,931,321	$873,866,297	$793,848,488	$852,139,070	$795,017,521

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

Litigation

UAMS is a party to various cases and claims arising from its operations. However, UAMS officials do not believe that the outcomes of these cases and claims will have a material adverse effect on the financial condition of or the operations of UAMS.

Pledged Revenues

The term "Pledged Revenues" is defined as all of the revenues attributable to the operation of the Hospital, which is defined to be revenues attributable to in-patient services and other ancillary, therapeutic and diagnostic services provided within the walls of the Hospital, excluding (a) physician-generated revenues, (b) all State appropriations, and (c) those revenues classified as "Restricted Revenues" pursuant to accounting standards used in performing the annual audit of UAMS; provided, however, that such Pledged Revenues are subject to previous pledges to Existing Obligations (defined as existing obligations of the Board payable from Pledged Revenues as of November 15, 2004, of which there are none outstanding at this time) and shall not include any fees authorized or imposed by UAMS and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations. The term "Hospital" shall mean (a) all capital improvements financed by bonds issued under the Master Indenture plus (b) the medical facilities located on the campus of UAMS comprising 48 acres located at 4301 West Markham Street, Little Rock, Arkansas, in which are provided in-patient services and other ancillary, therapeutic and diagnostic services. As of the date hereof, the facilities providing these services include particularly, without limitation, the UAMS Medical Center, the Outpatient Center, the Winthrop P. Rockefeller Cancer Institute, the Jones Eye Institute, the Donald W. Reynolds Institute on Aging, the Harry P. Ward Tower, Jackson T. Stephens Spine and Neurosciences Institute, the Orthopaedic and Spine Hospital, and the Winthrop P. Rockefeller Cancer Institute Radiation Oncology Center (except the Proton Center of Arkansas therein, the revenues of which will not be included in the Pledged Revenues). (See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Components of UAMS**, Radiation Oncology Center and Proton Center of Arkansas herein). "Hospital" does not include any facilities located on the campus of UAMS in which are provided primarily rehabilitation or psychiatric services or in which are conducted exclusively research related or teaching activities. Pledged Revenues does not include "UAMS Northwest Pledged Revenues" as that term is defined in **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Other Obligations** herein.

Gross Pledged Revenues for the past five fiscal years have been as follows:

Fiscal Year (Ended June 30)	Amount[1]
2022	$1,051,707,100
2021	1,021,366,553
2020	895,492,875
2019	942,770,891
2018	868,208,980

(1) As certified by representatives of UAMS

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

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Debt Service Schedules for Bonds

Debt service requirements for the Bonds are as follows:

Fiscal Year (Ending June 30)	Principal	Interest	Total Debt Service
2024	$ --	$ 2,405,672.22	$ 2,405,672.22
2025	4,020,000.00	3,131,000.00	7,151,000.00
2026	3,385,000.00	2,945,875.00	6,330,875.00
2027	3,275,000.00	2,779,375.00	6,054,375.00
2028	4,095,000.00	2,595,125.00	6,690,125.00
2029	4,180,000.00	2,388,250.00	6,568,250.00
2030	4,100,000.00	2,181,250.00	6,281,250.00
2031	4,095,000.00	1,976,375.00	6,071,375.00
2032	9,210,000.00	1,643,750.00	10,853,750.00
2033	9,190,000.00	1,183,750.00	10,373,750.00
2034	9,415,000.00	718,625.00	10,133,625.00
2035	9,665,000.00	241,625.00	9,906,625.00
Total	$64,630,000.00	$24,190,672.22	$88,820,672.22

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Debt Service Schedule for Bonds and Existing Parity Bonds

Debt Service Requirements for the Bonds, the Series 2021 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2014 Bonds and the Unrefunded Series 2013 Bonds are as follows:

Fiscal Year (Ending June 30)	Bonds	Series 2021 Bonds	Series 2020 Bonds	Series 2019 Bonds	Series 2014 Bonds	Unrefunded Series 2013 Bonds	Total Debt Service
2024	$2,405,672.22	$6,031,217.80	$2,785,875.00	$9,172,038.60	$6,955,750.00	$4,996,875.00	$ 32,347,428.62
2025	7,151,000.00	6,031,217.80	2,782,750.00	9,429,038.60	6,951,750.00	--	32,345,756.40
2026	6,330,875.00	6,031,217.80	2,784,625.00	9,694,038.60	6,948,500.00	--	31,789,256.40
2027	6,054,375.00	6,031,217.80	2,786,125.00	9,965,538.60	6,950,500.00	--	31,787,756.40
2028	6,690,125.00	6,031,217.80	2,787,000.00	9,322,038.60	6,952,000.00	--	31,782,381.40
2029	6,568,250.00	6,031,217.80	2,791,875.00	9,518,038.60	6,947,500.00	--	31,856,881.40
2030	6,281,250.00	6,031,217.80	2,785,625.00	9,717,538.60	6,951,750.00	--	31,767,381.40
2031	6,071,375.00	6,031,217.80	2,788,000.00	9,924,288.60	6,953,750.00	--	31,768,631.40
2032	10,853,750.00	6,031,217.80	--	10,131,788.60	6,953,000.00	--	33,969,756.40
2033	10,373,750.00	6,031,217.80	--	10,613,788.60	6,949,000.00	--	33,967,756.40
2034	10,133,625.00	6,031,217.80	--	10,844,616.40	6,956,250.00	--	33,965,709.20
2035	9,906,625.00	6,031,217.80	--	11,072,512.50	6,953,500.00	--	33,963,855.30
2036	--	6,854,886.85	--	11,305,467.50	6,951,250.00	--	25,111,604.35
2037	--	13,563,077.70	--	11,546,337.50	--	--	25,109,415.20
2038	--	13,235,610.33	--	11,874,285.00	--	--	25,109,895.33
2039	--	12,986,864.26	--	12,120,792.50	--	--	25,107,656.76
2040	--	12,733,660.16	--	12,377,335.00	--	--	25,110,995.16
2041	--	12,471,230.31	--	12,637,487.50	--	--	25,108,717.81
2042	--	12,203,748.83	--	12,905,387.50	--	--	25,109,136.33
2043	--	25,110,125.00	--	--	--	--	25,110,125.00
2044	--	25,108,875.00	--	--	--	--	25,108,875.00
2045	--	25,107,250.00	--	--	--	--	25,107,250.00
2046	--	25,107,375.00	--	--	--	--	25,107,375.00
Total	$88,820,672.22	$256,857,317.04	$22,291,875.00	$204,172,357.40	$90,374,500.00	$4,996,875.00	$667,513,596.66

Coverage

Bonds and Existing Parity Bonds. Pledged Revenues for the fiscal year ended June 30, 2022, were $1,051,707,100. Maximum annual debt service on the Bonds, the Series 2021 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2014 Bonds and the Unrefunded Series 2013 Bonds is $33,969,756.40 (in the fiscal year ending June 30, 2032). Accordingly, the Pledged Revenues in the fiscal year ended June 30, 2022 equaled or exceeded 30.96 times the maximum annual debt service on the Bonds, the Series 2021 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2014 Bonds and the Unrefunded Series 2013 Bonds.

Bonds, Existing Parity Bonds, and UAMS Northwest Arkansas Series 2022 Bonds(1). Pledged Revenues for the fiscal year ended June 30, 2022, were $1,051,707,100. Maximum annual debt service on the Bonds, the Series 2021 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2014 Bonds, the Unrefunded Series 2013 Bonds and the UAMS Northwest Arkansas Series 2022 Bonds is $40,906,256.40 (in the fiscal year ending June 30, 2032). Accordingly, the Pledged Revenues in the fiscal year ended June 30, 2022 equaled or exceeded 25.71 times the maximum annual debt service on the Bonds, the Series 2021 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2014 Bonds, the Unrefunded Series 2013 Bonds and the UAMS Northwest Arkansas Series 2022 Bonds.

(1) The UAMS Northwest Arkansas Series 2022 Bonds are secured by a pledge of the UAMS Northwest Pledged Revenues and by a pledge of the Pledged Revenues that is subordinate to the pledge securing bonds issued pursuant to the Master Indenture, including the Bonds, the Series 2021 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2014 Bonds and the Unrefunded Series 2013 Bonds. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Other Obligations** herein.

Existing Obligations

As of the date hereof, no Existing Obligations are outstanding.

Other Obligations

The Master Indenture defines “Other Obligations” as those types of obligations (i) which may be issued by UAMS or the Board on behalf of UAMS subsequent to November 15, 2004, (ii) which are not secured pursuant to the Master Indenture, (iii) but are secured by a subordinate pledge of Pledged Revenues.

In 2006, the Arkansas Development Finance Authority (the “Authority”) issued its $36,775,159.75 Tobacco Settlement Revenue Bonds, Series 2006 (Arkansas Cancer Research Center Project) (the “Tobacco Settlement Bonds”). The Authority made the proceeds of the Tobacco Settlement Bonds available to the Board to finance an expansion to the Winthrop P. Rockefeller Cancer Institute (formerly known as the Arkansas Cancer Research Center). Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 (“Tobacco Funds”) are pledged to debt service on the Tobacco Settlement Bonds and are the primary source of payment for the Tobacco Settlement Bonds. However, pursuant to a Loan Agreement dated as of June 1, 2006 between the Authority and the Board (the “Tobacco Loan Agreement”), the Board made an additional pledge of Pledged Revenues. The note represented by the Tobacco Loan Agreement (the “Tobacco Note”) is an Other Obligation under the terms of the Master Indenture, and the pledge of Pledged Revenues pursuant to the Tobacco Note and the Tobacco Loan Agreement is subordinate to the pledge of Pledged Revenues in favor of bonds issued pursuant to the Master Indenture, including the Bonds, the Series 2021 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2014 Bonds and the Unrefunded Series 2013 Bonds. No payments will be made by the Board under the Tobacco Loan Agreement and the Tobacco Note unless Tobacco Funds are insufficient to pay debt service on the Tobacco Settlement Bonds. See the **Contingencies** note beginning on page 51 of the audited financial statements of UAMS attached as **Appendix B**.

On April 20, 2022, the Board issued its Various Facilities Revenue Bonds (UAMS Northwest Arkansas), Series 2022A and Taxable Series 2022B (collectively, the "UAMS Northwest Arkansas Series 2022 Bonds"), which are "Other Obligations" under the Master Indenture. The UAMS Northwest Arkansas Series 2022 Bonds are secured by the "UAMS Northwest Pledged Revenues" and the Pledged Revenues. The term "UAMS Northwest Pledged Revenues" means all of the revenues attributable to patient services provided at the UAMS Northwest Facilities, excluding (a) physician-generated revenues, (b) all State appropriations, and (c) those revenues classified as "Restricted Revenues" pursuant to accounting standards used in performing the annual audit of UAMS; provided, however, that such UAMS Northwest Pledged Revenues shall not include any fees authorized or imposed by UAMS and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations. The term "UAMS Northwest Facilities" means the Northwest Orthopaedics Facility (as defined in **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Facilities**, Northwest Arkansas Facilities) plus any medical facilities acquired, constructed, or equipped after the date the UAMS Northwest Arkansas Series 2022 Bonds are issued and included in the definition of "UAMS Northwest Facilities" in which are provided patient services. Once completed, the Northwest Orthopaedics Facility will be the only UAMS Northwest Facility. "UAMS Northwest Facilities" does not include any UAMS facilities in which are provided primarily rehabilitation or psychiatric services or in which are conducted exclusively research related or teaching activities. UAMS Northwest Pledged Revenues will not be produced until the Northwest Orthopaedics Facility is completed. The pledge of Pledged Revenues in favor of the UAMS Northwest Arkansas Series 2022 Bonds is subordinate to the pledge of Pledged Revenues in favor of bonds issued pursuant to the Master Indenture, including the Bonds, the Series 2021 Bonds, the Series 2020 Bonds, the Series 2019 Bonds, the Series 2014 Bonds and the Unrefunded Series 2013 Bonds.

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Debt service requirements for the Tobacco Settlement Bonds and the UAMS Northwest Arkansas Series 2022 Bonds are as follows:

Fiscal Year (Ending June 30)	UAMS Northwest Arkansas Series 2022 Bonds	Tobacco Settlement Bonds[1]	Total Debt Service
2024	$4,950,646.60	$4,999,279	$9,949,925.60
2025	4,950,646.60	4,997,085	9,947,731.60
2026	6,930,646.60	4,995,001	11,925,647.60
2027	6,928,573.60	4,998,023	11,926,596.60
2028	6,932,579.60	4,996,147	11,928,726.60
2029	6,862,253.30	4,999,371	11,861,624.30
2030	6,938,250.00	4,997,685	11,935,935.00
2031	6,940,250.00	4,996,084	11,936,334.00
2032	6,936,500.00	4,999,563	11,936,063.00
2033	6,937,000.00	4,998,280	11,935,280.00
2034	6,936,250.00	4,996,453	11,932,703.00
2035	6,939,000.00	4,999,789	11,938,789.00
2036	6,934,750.00	4,995,474	11,930,224.00
2037	6,938,500.00	4,998,038	11,936,538.00
2038	6,934,500.00	4,997,885	11,932,385.00
2039	6,932,750.00	4,996,988	11,929,738.00
2040	6,937,750.00	4,997,027	11,934,777.00
2041	6,938,750.00	4,998,604	11,937,354.00
2042	6,935,500.00	4,998,882	11,934,382.00
2043	6,937,750.00	4,998,326	11,936,076.00
2044	6,934,750.00	4,997,336	11,932,086.00
2045	6,936,250.00	4,996,672	11,932,922.00
2046	6,936,500.00	4,996,984	11,933,484.00
2047	6,935,000.00	4,999,165	11,934,165.00
2048	6,936,250.00	--	6,936,250.00
2049	6,934,500.00	--	6,934,500.00
2050	6,934,250.00	--	6,934,250.00
2051	6,934,750.00	--	6,934,750.00
2052	6,935,250.00	--	6,935,250.00
Total	$197,090,346.30	$119,944,141	$317,034,487.30

Other than the UAMS Northwest Arkansas Series 2022 Bonds and the Tobacco Settlement Bonds, no Other Obligations are currently outstanding.

[1] The Tobacco Settlement Bonds are non-callable capital appreciation bonds on which payments commenced on July 1, 2021. Includes annual trustee fees and issuer's fees and other expenses.

Other Outstanding Indebtedness

The Board has outstanding its Parking System Revenue Refunding Bonds (UAMS Campus), $27,555,000 Refunding and Improvement Series 2022A and $4,835,000 Taxable Improvement Series 2022B (collectively, the "Series 2022 Parking Bonds"). The Series 2022 Parking Bonds are secured by gross revenues derived from all surface and parking decks owned, leased or operated by UAMS. The Series 2022 Parking Bonds are not secured by Pledged Revenues. Set forth below are the annual debt service requirements for the Series 2022 Parking Bonds for each fiscal year ending June 30:

Fiscal Year (Ending June 30)	Series 2022 Parking Bonds Debt Service
2024	$2,068,682.75
2025	2,071,311.50
2026	2,068,555.50
2027	2,076,565.50
2028	2,072,225.50
2029	2,065,806.50
2030	2,067,243.75
2031	1,950,775.00
2032	1,951,275.00
2033	1,949,275.00
2034	1,954,525.00
2035	1,947,025.00
2036	1,551,900.00
2037	1,553,750.00
2038	1,553,250.00
2039	1,556,050.00
2040	1,552,475.00
2041	1,553,075.00
2042	1,552,775.00
2043	1,556,100.00
2044	1,552,700.00
2045	1,552,600.00
2046	1,555,600.00
2047	1,551,700.00
2048	1,555,800.00
2049	1,552,800.00
2050	1,552,700.00
2051	1,555,300.00
2052	1,555,300.00

The Board, on behalf of UAMS, entered into a Master Equipment Lease/Purchase Agreement (the "2018 Equipment Agreement") dated as of December 6, 2018 with Banc of America Public Capital Corp. As security under the 2018 Equipment Agreement, the Board has granted a lien on the equipment financed by each loan, a security interest in moneys and investments held from time to time in the Escrow Account created pursuant to the 2018 Equipment Agreement and proceeds of the foregoing. The terms of each acquisition borrowing financed through the 2018 Equipment Agreement will be set forth on schedules to the 2018 Equipment Agreement.

Set forth below are the amounts outstanding as of June 30, 2023 pursuant to the various outstanding schedules under the 2018 Equipment Agreement.

2018 Equipment Agreement Schedule	Original Amount	Amount Outstanding (June 30, 2023)
Banc of America Schedule 001	$15,251,387.52	$ 9,005,490.11
Banc of America Schedule 002	14,000,000.00	12,763,133.26
Banc of America Schedule 003	6,167,287.08	4,111,425.74
Banc of America Schedule 004	10,000,000.00	10,000,000.00

The Board, on behalf of UAMS, entered into a Master Lease Agreement (the "2021 Master Lease Agreement") dated as of May 27, 2021, with Philips Medical Capital, LLC ("Philips Capital") for the purpose of replacing its patient monitoring system. Philips Capital retains ownership of the leased property during the term of the 2021 Master Lease Agreement. The terms of each specific equipment lease under the 2021 Master Lease Agreement will be set forth on schedules to the 2021 Master Lease Agreement.

Set forth below are the amounts outstanding as of June 30, 2023 pursuant to the various outstanding schedules under the 2021 Master Lease Agreement.

2021 Master Lease Agreement Schedule	Original Amount	Amount Outstanding (June 30, 2023)
Philips Capital Schedule 001	$3,593,932.15	$ 2,156,359.29
Philips Capital Schedule 002	2,073,144.83	1,484,771.83
Philips Capital Schedule 003	1,325,499.79	968,872.79
Philips Capital Schedule 004	1,350,867.31	978,247.31

Set forth below is a schedule of payments due on capital lease commitments as of June 30, 2023 (including schedules under the 2018 Equipment Agreement, the 2021 Master Lease Agreement and various other capital lease obligations).

Fiscal Year (Ending June 30)	Capital Lease Payments
2024	$ 13,583,042.56
2025	12,118,645.51
2026	10,677,931.27
2027	7,556,579.48
2028	5,916,879.89
2029	5,842,401.93
2030	5,516,749.53
2031	5,072,759.60
2032	5,035,705.58
2033	4,636,332.01
2034	4,133,843.99
2035	4,074,603.31
2036	2,596,700.46
2037	2,644,200.17
2038	2,644,940.97
2039	2,476,110.09
2040 & beyond	23,087,325.86
Total:	$117,614,752.21

On October 26, 2018, the Board closed on a 10-year loan with Regions Capital Advantage, Inc. for $27,000,000 (the "ERP Loan"). The proceeds of the ERP Loan were used for the purpose of paying the costs of configuring and installing an enterprise resource planning system. The interest rate on the ERP loan is 3% per annum. The ERP Loan is a closed-end line of credit, with interest paid quarterly through the conversion date of November 1, 2020 when it converted to a permanent loan with semi-annual principal and interest payments of $1,032,949.59 each. The ERP Loan is not secured by a pledge of the Pledged Revenues. Certain campuses of the System, as participants in the enterprise resource planning system, are obligated to make payments to the System for the life of the ERP Loan. UAMS's participation in the ERP Loan requires it to repay approximately $15,785,543 over ten years at a rate of 3.10%. The amount owed by UAMS at June 30, 2023 is $10,373,034.78. On July 28, 2021, an additional internal loan of $5.8 million was approved by the Board to finance the extension of the implementation of the Workday Finance and Human Capital Management to July 1, 2022. The repayment period for this portion of the loan is for seven years at 3.10%, payable semi-annually. The amount owed by UAMS at June 30, 2023 is $4,709,908.70, with semi-annual principal and interest payments of $469,013.96.

UAMS has entered into arrangements with CMS and with BCBS under which certain payments have been advanced to UAMS. Such advances will be recouped with reductions in future advances from CMS and BCBS. See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19**, **Health Care Provider**, Assistance and Relief Programs and Remediation Efforts, *CMS Advance* and *BCBS Advance* herein.

For additional information concerning the outstanding debt of UAMS, see the **Long-Term Obligations** note beginning on page 30 of the audited financial statements of UAMS 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**.

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FINANCIAL STATEMENTS

UAMS

Set forth in **Appendix B** to this Official Statement are the audited financial statements of UAMS for the fiscal year ended June 30, 2022. 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 reports of UAMS includes three primary financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. 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 UAMS are presented in accordance with Governmental Accounting Standards Board Statements. Financial 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.

KPMG LLP, the independent auditor for the fiscal year ended June 30, 2022, has not been engaged to perform and has not performed, since the date of its report included in **Appendix B**, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

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.

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HEALTH CARE REFORM, REGULATION OF HEALTH CARE INDUSTRY, AND CERTAIN OTHER RISK FACTORS

Legislative and Regulatory Changes; Health Care Reform

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, including the Bonds.

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, including the Bonds.

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 ("FCA") (described below under **Fraud and Abuse Laws and Regulations**, Billing and Reimbursement

Practices) 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.

Legislative Efforts to Repeal, Replace or Amend the Affordable Care Act

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.

General Health Care Industry Factors

UAMS and the health care industry in general are subject to regulation by a number of governmental and private agencies, including those which administer the Medicare and Medicaid programs discussed below, and are affected by federal and state policies concerning the manner in which health care is provided, administered and financed. The health care industry is accordingly sensitive to frequent and substantial legislative and regulatory changes, including persistent federal and state efforts to control the growth of governmental spending on health care programs. In addition, Congress and other governmental agencies have focused on the provision of care to indigent and uninsured patients, prevention of "dumping" such patients on public hospitals in order to avoid providing non-reimbursed care, the unlawful payment of remuneration in exchange for referral of patients, physician self-referral, inaccurate billing, security and privacy of health-related information, and other issues. In recent years, federal and state governments have exerted sharply increased efforts and resources on enforcing laws and regulations against fraud, waste and abuse within government health care programs, and governmental enforcement is increasingly supplemented by lawsuits brought by private citizens. Health care providers that fail to comply with Medicare, Medicaid and commercial payor rules and guidelines are increasingly likely to receive onerous administrative, civil, and even criminal penalties and may also be subject to exclusion from participation in Medicare, Medicaid and other federal programs. The provisions of the Affordable Care Act, unless repealed or amended, are expected to reduce Medicare payments to providers, including UAMS. Future reductions in funding levels of these programs and other changes designed to limit increases in costs paid by those programs could have a material negative effect on the revenue of UAMS.

In the years leading up to the Affordable Care Act, federal budget legislation included substantial funding cuts in Medicare and Medicaid payments, and diverse and complex mechanisms to limit the amount of money paid to health care providers under both the Medicare and Medicaid programs were enacted. While the Affordable Care Act generally expands Medicaid coverage and funding, it also contains provisions (some of which are presently in effect) aimed at reducing Medicare and Medicaid reimbursements to providers.

The Budget Control Act of 2011 (the "Budget Control Act"), which was enacted in August 2011, limits the federal government's discretionary spending caps at levels necessary to reduce expenditures between fiscal years 2015 and 2021 by $917 billion. The discretionary spending caps do not apply to Medicare, Social Security, Medicaid and other entitlement programs. The Budget Control Act also created a Joint Select Committee on Deficit Reduction (the "Committee"), which was tasked with making recommendations to further reduce the federal deficit by $1.5 trillion. As a result and in exchange for raising the debt ceiling, the Budget Control Act established mandatory spending cuts, known as sequestration (or across the board) cuts intended to achieve $1.2 trillion in savings through fiscal year 2021, and an automatic 2% reduction in Medicare program payments for all health care providers, which took effect in April 2013, was set in place. The Consolidated and Further Continuing Appropriations Act of 2013 was subsequently enacted on September 30, 2013, providing funds for operation of the federal government and off-setting some the sequestration mandated reductions for federal fiscal year 2014. In December 2013, Congress and the President signed the Bipartisan Budget Act of 2013 that increased sequestration caps for federal fiscal years 2014 and 2015 by $45 billion and $18 billion, respectively, but extended the caps into 2023. On August 2, 2019, President Trump signed into law a bill suspending the debt ceiling until July 31, 2021. Congress again voted to suspend the debt ceiling in 2021, and most recently in 2023 by the passage of the Fiscal Responsibility Act of 2023, which President Biden signed into law on June 3, 2023.

Continued statutory and regulatory efforts to control health care costs, particularly costs paid under the Medicare and Medicaid programs (either generally or for particular classes of health care providers), can be expected. The recent increase in focus and interest on federal and state health care reform may increase the likelihood of additional significant cost control measures being enacted in the near future.

Over the past several years, numerous and varied legislative and regulatory actions to reform the health care system have been proposed at both federal and state levels. Such proposals have included establishment of a single-payor system, encouragement of voluntary efforts to expand health care coverage, stimulation of competition among health care providers, adoption or expansion of "patients' bills of rights" and similar programs, changes in licensure requirements, and other changes in methods of delivering, regulating and financing health care services. The Affordable Care Act focuses on health insurance mandates; insurance exchanges and other measures to expand health care coverage and control health insurance premiums; modifications to methods and rates of payment to health care providers and other measures to control health care costs; use of electronic records and empirical research data to move toward "evidence-based medicine" protocols; new methods and increased enforcement resources to combat waste, fraud and abuse; and alternative approaches to medical malpractice disputes. For acute-care hospital providers such as UAMS, the Affordable Care Act presently seems to present a trade-off, with lower Medicare and Medicaid reimbursement rates and more stringent federal regulation being balanced against increased insurance coverage and reduced emergency services burdens. UAMS has recently benefited from reduced charity care write-offs and bad debt expenses. A portion of those gains however have been off-set by the increased use of high-deductible insurance plans under which insured patients are more likely to fail to make payment. Further implementation of the Affordable Care Act, if not repealed or amended, is scheduled to occur over a period of several years; it is possible that its provisions may be changed or superseded by intervening legislation or judicial action. Additional federal or state reform legislation or regulatory measures could be enacted in the future, and such legislative and regulatory action could adversely affect the operations and financial condition of health care providers by reducing government reimbursement or other income, imposing additional uncompensated operating costs, or restricting the provision of new or expanded health care services. No assurance can be given that the operations and financial condition of UAMS will not be materially adversely affected by ongoing or future legislative and regulatory changes.

UAMS is subject to regulation, certification, licensing, accreditation and policy changes by various federal and state government agencies (including agencies which administer the Medicare and Medicaid programs), by certain nongovernmental agencies, and by other professional review organizations. No assurance can be given as to the effect on future operations of UAMS and the Medical Center of existing laws, regulations and standards for such certification, licensing or accreditation, or of any future changes in such laws, regulations and standards. Adverse actions relating to certification, licensure or accreditation could result in the loss of the ability of UAMS and the Medical Center to operate all or a portion of its facilities and could affect its ability to receive third-party reimbursement from various programs.

UAMS receives a significant portion of its revenues from government programs, and it is very unlikely that UAMS could ever attract sufficient numbers of commercially insured patients to become self-sufficient without reimbursements from governmental programs.

Medicare

UAMS is certified as a provider of Medicare services and has historically received significant revenue from the Medicare program. Changes in the Medicare program are therefore likely to have a material effect on UAMS. Medicare is a federal health benefits program administered by CMS within HHS to provide health insurance primarily to beneficiaries who are 65 years of age or older.

The Medicare program was originally authorized in the 1960s and has been frequently amended. Medicare originally operated under a fee-for-service system whereby health care providers were paid under Medicare as they rendered services to Medicare beneficiaries. Starting in the 1980s, managed care was introduced into the Medicare program, affording Medicare beneficiaries the option to enroll in a managed care organization that has entered into a payment agreement with CMS. Managed care within the Medicare system has since expanded its role and is now known as Medicare Advantage, which permits a variety of health plans operating under different payment arrangements and utilizing cost-saving mechanisms that have been widely available in the private sector to contract to cover the health care needs of Medicare recipients. Payments to health care providers under Medicare Advantage can be expected to vary widely from plan to plan, utilizing arrangements such as discounted fee-for-service and capitated models.

Medicare benefits are payable under Part A which covers inpatient hospital services, skilled nursing care, and hospice services, certain home health services and certain other services; and Part B, which covers hospital outpatient services, physician and ambulatory services, durable medical equipment, certain home health services and certain other items and services. Medicare Part B is a voluntary program, and only those eligible beneficiaries who pay the Part B premiums receive benefits. Part C governing the Medicare Advantage program provides for payment to Medicare Advantage plans from the Part A and Part B trust funds. Part C requires that Medicare Advantage plans cover at least those items and services currently covered under Parts A and B, other than hospice care. Additional benefits may be offered as part of a basic package or pursuant to an extra charge. Part D provides Medicare prescription drug coverage.

Part A Reimbursement of Inpatient Services. Since the early 1980s, legislative action and the promulgation of related regulations have resulted in significant changes in the Medicare program. Medicare originally provided reimbursement for the reasonable direct and indirect costs of inpatient hospital services furnished to beneficiaries. Congress subsequently adopted a prospective payment system to cover the routine and ancillary operating costs of most Medicare inpatient hospital services. Under Medicare's prospective payment system ("PPS"), hospital discharges are classified into categories of specific diagnosis-related groups of services ("DRGs"), which are based roughly on estimated intensity and hospital resources necessary to furnish care for each principal diagnosis and are indexed for wages in the hospital's metropolitan area. Hospitals generally receive a fixed amount based upon the assigned DRG, on a per discharge basis for each Medicare patient (other than those enrolled in a Medicare Advantage plan), regardless of how long the patient remains in the hospital or the volume of ancillary services provided to the patient. Additional payments (referred to as "outlier payments") may be made to hospitals for cases involving extremely long periods of stay or unusually high costs in comparison with other discharges in the same DRG. Under PPS, hospitals may retain payments in excess of costs but must absorb costs in excess of payments.

DRG rates are subject to adjustment by CMS, including reductions mandated by the Affordable Care Act and Budget Control Act and are subject to federal budget considerations. Adjustments are made annually based on a "market basket" of estimated cost increases. In recent years, market basket adjustments for inpatient hospital care have averaged approximately 2% to 4% annually. The Affordable Care Act contains provisions aimed at reducing Medicare (and Medicaid) payments to providers, including reductions in the annual market basket adjustments. The Affordable Care Act also provided for overall reductions in DRG-based payments, and these reduction amounts have ranged from 0.10% to 0.75% each year through federal fiscal year 2021.

The DRG reductions are intended to offset incentive payments to hospitals under the Hospital Value-Based Purchasing ("HVBP") program created pursuant to the Affordable Care Act, which links a portion of Medicare inpatient PPS payments to performance on certain quality measures. The HVBP program is intended to shift from payments based on volume to incentive payments to hospitals based on specified performance measures. These measures include both clinical process of care measures and patient experience of care (survey) measures. Hospitals are scored on these measures on both achievement (relative to other hospitals) and improvement (relative to the hospitals' own performance during a baseline period). Data and scores are made available to the public on the Hospital Compare website. The measures are expected to change over time, in order to continue to raise the bar as quality improves for hospitals generally. UAMS cannot predict the potential long-term effects of the HVBP program.

Increasingly, the Medicare and Medicaid programs seek to penalize providers that do not successfully participate in quality initiatives; CMS has created categories of serious errors in the provision of health care services that will result in denial of reimbursement to providers. The Affordable Care Act specifically provides for Medicare payment reductions for hospitals showing excess 30-day readmission rates with respect to certain medical conditions, for hospitals with high rates of certain hospital acquired conditions, and for hospitals failing to "meaningfully use" information technology.

The American Taxpayer Relief Act of 2015 requires CMS to recoup funds from hospitals based on changes in documentation and coding that have increased PPS payments but that do not represent real increases in the intensity of services provided to patients. In the final regulations for fiscal year 2014, CMS stated that it intends to phase in this recoupment over time, starting with a 0.8% reduction in the Medicare standardized amount for 2014. Additional recoupment adjustments were in effect for federal fiscal years 2015 through 2017.

In addition to payments for hospital operating and capital costs, the Medicare program provides additional reimbursement to hospitals for the direct costs of graduate medical education ("GME"), as well as indirect medical education ("IME") costs attributable to a teaching hospital's approved graduate medical education programs.

Hospitals receive additional Medicare reimbursement for a portion of the bad debts associated with providing covered services to Medicare patients, and for rendering services to a disproportionately high share of low-income patients. Under PPS, hospitals that serve a disproportionate share of low-income patients receive, in addition to payments related to operating and capital costs discussed above, an additional Medicare DSH (disproportionate share hospital) adjustment. A hospital may qualify for a Medicare DSH payment based upon a statutory formula relating to a hospital's number of Medicaid and certain Medicare days to total days. The Arkansas provider fee program is described under **Medicaid** under this caption below which apportions DSH payments.

Certain physician services are reimbursed under Medicare on the basis of a national fee schedule called the "resource-based relative-value scale" ("RB-RVS"). The RB-RVS fee schedule establishes payment amounts for all physician services, including services of provider-based physicians, and is subject to annual updates. The Sustainable Growth Rate ("SGR"), which has been a limit on the growth of Medicare payments for physician services, was linked to changes in the U.S. Gross Domestic Product over a ten-year period. In April 2015, Congress adopted legislation eliminating the SGR limitation. This legislation provides for Medicare payment increase to physicians over a five year period while a transition is made to a system based on quality of care.

Uncertainty surrounds the future determination of reimbursement levels related to DRG classifications, DSH adjustments, HVBP incentives and GME and IME costs (as well as reimbursement for outpatient services, as discussed below). In addition, the Medicare program is subject to judicial interpretations, administrative rulings, governmental funding restrictions and requirements for utilization review (such as second opinions for surgery and preadmission criteria). Such matters, as well as more general governmental budgetary concerns, may reduce payments made to UAMS under the Medicare program, and future Medicare payment rates may not be sufficient to cover increases in the cost of providing services to Medicare patients.

Part B Reimbursement of Outpatient Services. Part B of Medicare generally covers certain hospital outpatient services, physician services, medical supplies and durable equipment. Certain outpatient procedures which are provided within 72 hours of an inpatient admission are considered to be part of the inpatient services and are not separately reimbursed. A prospective payment system now applies to covered hospital outpatient services ("Ambulatory Payment Categories"); CMS establishes relative payment rates for Ambulatory Payment Categories based on hospital claims and cost report data and sets certain specified limits on coinsurance payable for such services. Laboratory, therapy and certain radiology services are paid under a fee schedule. The Bipartisan Budget Act of 2015 created a mandate that new off-campus hospital outpatient departments established on or after November 2, 2015, will not be eligible for reimbursement under the outpatient prospective payment system after January 1, 2017. The effect of the prospective payment system on UAMS depends upon the ability of management to control costs of covered services. There can be no assurance that reimbursement for outpatient services will be sufficient to cover costs for such services.

Medicare Advantage Plans. Part C of the Social Security Act gives most Medicare beneficiaries the option to obtain Medicare coverage either under the traditional Medicare program (Parts A and B as described above), or under a Medicare Advantage plan. A Medicare Advantage plan may be offered by a coordinated care plan (such as an HMO or PPO), a provider sponsored organization (a network operated by health care providers rather than an insurance company), a private fee-for-service plan, or a combination of a medical savings account ("MSA") and contributions to a Medicare Advantage plan. Each Medicare Advantage plan, except an MSA plan, is required to provide at least the benefits offered under Medicare Parts A and B (other than hospice care) and any additional benefits approved by the Secretary of HHS. A Medicare Advantage plan will receive a capitated monthly payment from HHS for each Medicare beneficiary who has elected coverage under the plan. In general, health care providers such as UAMS must contract with Medicare Advantage plans to treat Medicare Advantage enrollees at agreed upon rates, with the exception of Private Fee for Service plans which do not require a contract with the provider.

Medicaid

Medicaid is a combined federal and state program for certain low-income and needy individuals that is jointly funded by the federal government and the states. Pursuant to broad federal guidelines, each state establishes its own eligibility standards; determines the type, amount, duration and scope of services; sets the payment rate for services; and administers its own Medicaid program. In Arkansas, the Medicaid program is administered by the Arkansas Department of Human Services. UAMS is certified as a provider of Medicaid services and has a participation agreement with the State. UAMS has historically received revenue from the Medicaid program, and changes in the Medicaid program are therefore likely to affect UAMS. Fiscal considerations in setting both federal and State budgets will directly affect the funds available to providers for payment of services rendered to Medicaid patients. Since State payments to Medicaid providers are subject to State legislative appropriation, delays in appropriations and State budget pressures which may occur from time to time create a risk that payments for services to Medicaid patients will be withheld or delayed.

The Medicaid program provides additional payments for inpatient hospitals that serve a disproportionate share of low-income and indigent patients. UAMS qualifies as a Medicaid disproportionate share hospital ("DSH"). Such hospitals are subject to a hospital-specific limit ("HSL") on the amount of Medicaid DSH payments each hospital may receive. In 2010, CMS implemented a policy that incorporated into the HSL calculation days, costs, and revenues associated with privately insured patients who were also eligible for Medicaid under certain circumstances. UAMS experienced a decrease in Medicaid DSH payments as a result of the policy. Multiple hospital providers challenged the policy and associated regulations. UAMS was not a party to the action. After initial lower court cases were resolved against CMS, CMS suspended enforcement of the new calculation methodology. In August 2019, the United States Court of Appeals for the District of Columbia Circuit reversed a lower court ruling against CMS, holding that CMS' 2017 Final Rule including payments from Medicare and private insurers in the calculation of the Medicaid DSH cap is a reasonable interpretation of the Medicaid statute. On November 4, 2019, the Eighth Circuit Court of Appeals ruled similarly to the D.C. Circuit, as did the Fifth Circuit on April 20, 2020. On April 6, 2020, a petition for writ of certiorari was filed in the D.C. Circuit case. UAMS is unable to predict the outcome of this matter before the United States Supreme Court. In 2020, UAMS was informed by the Arkansas Department of Human Services that it would be seeking recoupment of DSH overpayments totaling $38.7 million. As a result, a total of $16.4 million was recouped by withholding fiscal year 2020 DSH payments with the balance to be remitted by UAMS in quarterly installments by January 31, 2021. In June 2020, due to the COVID-19 pandemic, UAMS requested the repayment schedule be postponed. CMS approved the postponed repayment schedule, and quarterly payments started in December 2020, with final repayment made in March 2022.

The Affordable Care Act contains provisions aimed at reducing Medicaid and Medicare reimbursements to providers. See **Medicare**, Part A Reimbursement of Inpatient Services above under this caption for a discussion of market basket and other reimbursement reductions imposed by the Affordable Care Act.

The amount of Medicaid reimbursement received by providers in the future will depend on, among other things, fiscal considerations of both the federal and state governments in establishing their budgets for funding the Medicaid program. Because a portion of Medicaid's program costs are paid by the State, the absolute level of Medicaid revenue paid to UAMS, as well as the timeliness of their receipt, may be partly dependent upon the financial condition of and budgetary factors facing the State, which may be adversely affected by factors beyond the State's control. State budgets are not only affected by State economic conditions but also by a combination of Arkansas constitutional provisions that limit taxes and revenues. Consequently, the State's ability to appropriate additional funds for the Medicaid program, or to increase taxes to provide additional revenue for health care, is limited by the State Constitution and may be further restricted by initiated ballot proposals or by other changes in law or policy. Future changes in State law or policy could adversely affect State Medicaid funding. To the extent that future changes in State law, policy, or financial conditions cause the State to reduce its funding of the non-federal portion of Medicaid reimbursement, the revenue of Medicaid providers such as UAMS could be adversely affected.

While the Affordable Care Act has expanded Medicaid eligibility and funding in the State, considerable uncertainty remains as to its impact. Medicaid funding may be affected further by future health care reform legislation and general governmental budgetary concerns. The Secretary of HHS has advocated converting Medicaid to a "block grant" funded program, meaning states would receive a fixed dollar amount from the federal government rather than the current funding approach based upon level of state expenditure. The effect of block grant funding on the State's Medicaid Program and UAMS is not known at this time; however, it is likely to have an adverse effect on UAMS. Such factors could lead to future reductions in Medicaid payments, and Medicaid payment rates could be insufficient to cover increases in costs of providing services to Medicaid patients. It is impossible to predict the effect such changes might have on UAMS. See also **Legislative and Regulatory Changes; Health Care Reform** above under this caption for a discussion of the annual State legislative authorization required for the Arkansas private option program relating to Medicaid.

Medicare and Medicaid Annual Cost Reporting; Audits

The annual cost reports of UAMS, which are required under the Medicare and Medicaid programs, are subject to audit which ultimately may result in retroactive adjustments to the amounts determined to be due to or from UAMS under these programs. Medicare and Medicaid regulations provide for withholding payment in certain circumstances if audits determine that an overpayment of Medicare or Medicaid funds has been made. These audits often require several years to reach the final determination of amounts earned under each program based on cost. Providers also have rights of appeal.

Management of UAMS is not aware of any situation whereby a material Medicare or Medicaid payment is presently being withheld, and does not anticipate that substantial withholdings or audit adjustments not covered by existing reserves will be made in the future. However, if such withholdings or audit adjustments were to be assessed, such an occurrence could have a material adverse effect on UAMS's financial position.

In addition to the cost report audits described above, Medicaid has implemented an audit program relating to overpayment of Medicaid claims in specified years. UAMS may be required to repay certain claims, but does not expect such repayments to be material in amount. Under certain circumstances, payments may be determined to have been made as a consequence of improper claims subject to the federal False Claims Act or other federal or state statutes, which could subject UAMS to civil or criminal sanctions. See the discussion of the False Claims Act in **Fraud and Abuse Laws and Regulations**, <u>Billing and Reimbursement Practices</u> under this caption. The Affordable Care Act requires identified overpayments to be repaid within 60 days of discovery; failure to meet this deadline may result in False Claims Act liability.

Fraud and Abuse Laws and Regulations

The Affordable Care Act provides new methods and increased resources to combat waste, fraud and abuse, and these provisions are expected to be a significant source of funding for implementation of health care reform. Significantly, the Affordable Care Act authorizes the exclusion of a provider from participation in Medicare, Medicaid and other governmental programs, as well as the suspension of payments to a provider, pending an investigation of a credible allegation of fraud against a provider. Thus, providers may experience adverse financial consequences based on a mere allegation of violation of a federal fraud and abuse law, even if such allegation is unproven or is never proved. The Affordable Care Act also allows CMS to reduce provider payments by set-offs for various types of federal liabilities providers (or their affiliates) may have. The Affordable Care Act provides for additional program integrity measures aimed at fraud prevention and detection (e.g. data integration, sharing and matching; also enhanced provider screening and enrollment requirements).

The Affordable Care Act also creates incentives for providers to create more integrated and coordinated care platforms, and there may be some potential for tension between these incentives and certain types of fraud and abuse regulation.

Anti-Kickback Laws. The federal Medicare/Medicaid Anti-Fraud and Abuse Amendments to the Social Security Act (the "Anti-Kickback Law") make it a criminal felony offense (subject to certain exceptions) to knowingly and willfully offer, pay, solicit or receive remuneration in order to induce business for which reimbursement is provided under the Medicare or Medicaid programs or other "federal health care programs," or in return for the purchasing, leasing, ordering or arranging for, or recommending the purchasing, leasing or ordering of, any good, facility, service or item for which payment is made in whole or in part under a federal health care program. For purposes of the Anti-Kickback Law, a "federal health care program" includes the Medicare and Medicaid programs, as well as any other health plan or program funded directly, in whole or in part, by the United States government. The Affordable Care Act contains provisions relaxing the intent requirements for criminal liability under the Anti-Kickback Law, so that actual knowledge of statutory requirements or specific intent to violate them is not required for a criminal prosecution. The Affordable Care Act also provides that Anti-Kickback Law violations may constitute a basis for False Claims Act liability; see "Billing and Reimbursement Practices" below under this caption.

In addition to criminal penalties, violations of the Anti-Kickback Law can lead to civil monetary penalties and suspension or exclusion from participation in Medicare, Medicaid and other federal health care programs. A person who violates the Anti-Kickback Law is subject to damages of up to three times the total amount of remuneration offered, paid, solicited or received. The government may exclude from a federal health care program any individual who has a direct or indirect ownership or control interest in a sanctioned entity and has acted in deliberate ignorance, or is an officer or managing employee of the sanctioned entity, irrespective of whether the individual participated in the wrongdoing. Exclusion from the Medicare or Medicaid programs would have a material adverse impact on the operations and financial condition of UAMS.

The scope of prohibited payments in the Anti-Kickback Law is broad and has been broadly interpreted by courts in many jurisdictions. Read literally, the statute places at risk many otherwise legitimate business arrangements, potentially subjecting such arrangements to lengthy, expensive investigations and prosecutions initiated by federal and state governmental officials. In particular, the Office of the Inspector General of HHS has expressed concern that the acquisition of physician practices by entities in a position to receive referrals of business reimbursable by Medicare from such practices could violate the Anti-Kickback Law. In addition, the Anti-Kickback Law covers certain economic arrangements involving hospitals, physicians and other health care providers, including joint ventures, space and equipment rentals, management and personal services contracts and physician employment contracts. HHS has adopted regulations establishing certain payment practices and arrangements as "safe harbors" which are deemed not to violate the Anti-Kickback Law. The safe harbors are, however, narrow, and do not cover a wide range of economic relationships which many hospitals, physicians and other health care providers have historically considered to be legitimate business arrangements not prohibited by the Anti-Kickback Law. Because the safe harbor regulations do not purport to describe comprehensively all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources, it is uncertain whether hospitals and other health care providers that have these arrangements or relationships may need to alter them in order to ensure compliance with the Anti-Kickback Law.

Billing and Reimbursement Practices. Health care providers, including hospitals and physicians' clinics, are also subject to criminal, civil and exclusionary penalties for violating billing and reimbursement standards under state and federal law. In recent years, state and federal enforcement authorities have investigated and prosecuted providers for submitting false claims to Medicare or Medicaid for services not rendered or for misrepresenting the level or necessity of services actually rendered in order to obtain a higher level of reimbursement. The United States Department of Justice has instituted a number of national investigations concerning allegations under the federal False Claims Act relating to alleged improper billing practices by hospitals. Significant fines and penalties are being imposed in these areas, and, since enforcement authorities are in a position to exert considerable settlement pressure against providers, substantial settlement amounts are being paid. In additions, the False Claims Act authorizes "qui tam" actions in which a private person (known as a "relator") sues on behalf of the government. If the lawsuit is successful, the relator is eligible to receive a percentage of the recovered amount. The Affordable Care Act also allows CMS to reduce provider payments by set offs for various types of federal liabilities providers (or their affiliates) may have. This "cross provider" recovery provision (which may extend to all entities sharing a federal tax identification number) constitutes an important change from prior rules.

These enforcement activities are aimed at a wide variety of health care related activities, many of which have not generally been perceived as "fraud." In many areas, regulatory authorities have not provided clear guidance. The False Claims Act and similar laws may be violated merely by reason of inaccurate or incomplete reports, and ordinary course errors and omissions may result in liability. Because UAMS has structured its accounting and financial systems around complex billing code mechanisms imposed by the Medicare and Medicaid programs, UAMS may not be able to comply expeditiously with future Medicare and Medicaid modifications, which could result in an adverse effect on operations.

CMS is reviewing health care providers that are receiving large proportions of their Medicare revenues from outlier payments. Management of UAMS does not believe that any such review would result in a material adjustment.

Stark Legislation. Federal law (the "Stark Law") prohibits physicians from referring Medicare or Medicaid patients for certain designated health services where the physician has an ownership or other financial interest in the provider of the referral services. Any services furnished pursuant to a referral prohibited under the Stark Law are not eligible for payment by the Medicare or Medicaid programs, and the provider is prohibited from billing any third-party for such services. Violations can result in denial of payment, imposition of substantial civil money penalties and exclusion from the Medicare and Medicaid programs.

There are a number of exceptions for certain arrangements, such as employment arrangements, personal service and physician recruitment activities meeting specified criteria, which are not considered violative of these federal referral prohibitions. Regulations which the Secretary of HHS has stated are indicative of HHS' position provide further clarification regarding the application of these federal laws; however, numerous ambiguities and questions of interpretation exist concerning application of referral restrictions to specific business arrangements. The Affordable Care Act contains additional restrictions on some Stark Law exceptions, and also provides new self-disclosure protocols for Stark Law violations as described below.

As mandated by the Affordable Care Act, CMS has established a voluntary self-referral disclosure protocol (the "SRDP"*)* under which hospitals and other entities may voluntarily self-report Stark violations and seek a reduction in potential refund obligations. However, because the SRDP is relatively new and published settlement amounts do not indicate a correlation to the total potential overpayment disclosed, it is difficult to determine at this time whether the SRDP will provide significant monetary relief to hospitals that discover and self-report inadvertent Stark law violations. UAMS may make self-disclosures under the SRDP as appropriate from time to time. Management believes that UAMS is currently in material compliance with the Stark Law. However, in light of the technical nature of the Stark Law, the scarcity of case law interpreting the Stark Law and the breadth and complexity of the Stark Law, there can be no assurances that UAMS will not be found to have violated the Stark Law, and if so, whether any repayment obligation or sanction imposed would have a material adverse effect on the operations UAMS or the financial condition of UAMS.

Anti-Dumping. In 1986, in response to concerns regarding inappropriate hospital transfers of emergency patients based on the patient's inability to pay for the services provided, Congress enacted the Emergency Medical Treatment and Active Labor Act. This so-called "anti-dumping" law restricts the hospital's right to inquire as to the patient's ability to pay until a medical screening exam has been performed and if necessary, the patient's condition has been stabilized. It requires adherence to certain procedures before an emergency patient or patient in labor may be transferred to another facility. Failure to comply with this law can result in exclusion from the Medicare and/or Medicaid programs as well as civil and criminal penalties. Failure of UAMS to meet these legal responsibilities could adversely affect the financial condition of UAMS.

Other Federal Legislation. Extensive procedural and substantive changes to fraud and abuse and reimbursement related provisions of federal law have been enacted, including within the Affordable Care Act. In part, the changes provided funding and other incentives to encourage more vigorous enforcement of existing law. In addition, criminal and civil penalty provisions have been added, existing requirements and penalties have been extended to additional federal programs, and changes have been made to mandatory and permissive exclusion provisions. Criminal violations relating to "health care fraud" and "federal health care offense" have been defined. Civil monetary penalties have been added for actions such as patterns of incorrect coding or billing for unnecessary services, offering inducements to beneficiaries to obtain services from a particular provider, and for contracting with, or employing, an individual who is excluded from participation in a federal health care program. These legislative changes have and will continue to produce a very substantial number of proposed and final rules, advisory opinions and other notifications, all of which could have a material adverse effect on the financial condition or results of operations of UAMS.

Compliance. Management of UAMS believes that its business relationships, billing and claims practices and other operations and activities materially comply with the terms of all applicable state and federal fraud and abuse laws and regulations. The compliance offices for the UAMS Hospital, Practice Plan and Research continually monitor and audit their respective areas of responsibility. However, in light of the broad scope of these provisions, the narrowness of safe harbor regulations, and the scarcity of case law or other concrete guidance in interpreting them, there can be no assurance that UAMS will not be challenged under fraud and abuse provisions in the future. Such a challenge could materially adversely affect the financial condition of UAMS. The increasing pace of development of new laws and regulations increases the risk of failure to comply with applicable legal requirements as interpreted by federal and state agencies.

Electronic Transmission of Health Information; Privacy and Security Regulations

The Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA") includes administrative simplification provisions intended to facilitate the processing of health care payments by encouraging the electronic exchange of information and the use of standardized formats for health care information. Congress recognized, however, that standardization of information formats and greater use of electronic technology presents additional privacy and security risks due to the increased likelihood that databases of personally identifiable health care information will be created and the ease with which vast amounts of such data can be transmitted. Therefore, HIPAA requires the establishment of distinct privacy and security protections for individually identifiable health information ("Protected Health Information" or "PHI").

HHS promulgated privacy regulations under HIPAA (the "Privacy Rule") that protect the privacy of PHI maintained by health care providers (including hospitals), health plans, and health care clearinghouses (collectively, "Covered Entities") and provide individuals with certain rights regarding their PHI (including, for example, access to PHI, amending PHI, and receiving an accounting of disclosures of PHI). Security regulations have also been promulgated under HIPAA (the "Security Rule"). The Security Rule requires Covered Entities to have certain administrative, technical and physical safeguards in place to ensure the confidentiality, integrity and availability of all electronic PHI they create, receive, maintain or transmit. Additionally, HHS promulgated regulations to standardize the electronic transfer of information pursuant to certain enumerated transactions (the "Transactions and Code Sets Rule").

In September of 2015, the HHS Office of the Inspector General released two reports that reviewed the Office of Civil Rights' ("OCR") enforcement of HIPAA. The first report (the Privacy Report) suggests that OCR strengthen its oversight of covered entities' compliance with the Privacy Rule. The second report (the "Breach Enforcement Report") suggests that OCR strengthen its follow-up of reported HIPAA breaches. In response to the reports, there has been a dramatic increase in the number of HIPAA enforcement actions and settlements, and OCR announced plans to conduct random audits of covered entities and business associates beginning in 2016. OCR has stated that the audits will primarily consist of a review of policies and procedures, but if serious compliance issues are identified OCR may initiate a separate compliance review to further investigate which may result in settlements and fines. Despite the implementation of network security measures by UAMS, its information technology systems may be vulnerable to breaches, ransom malware, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Such events or issues could lead to the inadvertent disclosure of protected health information or other confidential information, could have an adverse effect on the ability of UAMS to provide health care services, or could result in government civil, criminal or monetary penalties.

The 2009 Health Information Technology for Economic and Clinical Health ("HITECH") Act significantly changed the landscape of federal privacy and security laws regarding PHI. The HITECH Act (i) extended the reach of HIPAA, certain provisions of the Privacy Rule, and the Security Rule; (ii) imposed a breach notification requirement on HIPAA covered entities and their business associates; (iii) limited certain uses and disclosures of PHI; (iv) increased individuals' rights with respect to PHI; and (v) increased enforcement of, and penalties for, violations of the privacy and security of PHI.

The HITECH Act also created a federal breach notification requirement that mirrors protections that many states have passed in recent years. This requirement provides that UAMS must notify patients of any unauthorized access, acquisition or disclosure of their unsecured PHI that poses significant risk of financial, reputational or other harm to a patient. In addition, a new breach notification requirement was established requiring reporting to the Secretary of HHS and, in some cases, local media outlets, of certain unauthorized access, acquisition of disclosure of unsecured PHI that poses significant risk of financial, reputational or other harm to a patient.

In January of 2013 HHS issued an omnibus final rule interpreting and implementing various provisions of the HITECH Act, including a final breach notification rule. In addition, the facilities of UAMS are also subject to any state law that is related to the reporting of data breaches and more restrictive than the regulations and/or requirements issued under HIPAA and the HITECH Act.

The HHS OCR issued a Notice of Proposed rulemaking on January 21, 2021 to update current HIPAA rules and regulations, most notably indicating updates to the use, storage, and transfer of electronic PHI. A Notice of Final rulemaking is expected in 2023.

Any violation of HIPAA, the HITECH Act or other regulations promulgated thereunder is subject to HIPAA civil and criminal penalties, including monetary penalties and/or imprisonment. Management of UAMS believes it is in substantial compliance with HIPAA, the HITECH Act, and the rules promulgated thereunder, but there can be no assurance that UAMS will not experience a HIPAA privacy or security breach. UAMS conducts annual security risk assessments and develops corrective action plans to address remediation of any identified risks, threats or vulnerabilities to electronic protected health information or gaps in applicable requirements.

General Economic Conditions: Bad Debt and Indigent Care

Global economic conditions could have a number of negative impacts on UAMS and on the health care industry generally. Health care providers are economically influenced by the environment in which they operate. Any national economic difficulties may constrain corporate and personal spending, limit the availability of credit and increase the national debt and any federal and state government deficits. A general inflationary environment may result in an inability of health care providers to control increases in operating costs, including salaries, wages and benefits, supplies and other expenses. To the extent that unemployment rates are high, employers reduce their workforces and their budgets for employee health care coverage and private and public insurers may seek to reduce payments to health care providers or curb utilization of health care services, causing health care providers to experience decreases in insured patient volume and reductions in payments for services. In addition, to the extent that state, county or city governments are unable to provide a safety net of medical services, pressure is applied to local health care providers to increase uncompensated care. Economic downturns and lower funding of federal Medicare and state Medicaid (a significant source of income for UAMS) and other state health care programs may increase the number of patients who are unable to pay for their medical and hospital services. These conditions may give rise to increases in health care providers' uncollectible accounts, or "bad debt," uninsured discount and charity care and, consequently, to reductions in operating income.

Although UAMS has and will continue to maximize payment or reimbursement for the care it provides, it also recognizes its obligation to provide uncompensated care to the medically indigent. Obligations to provide uncompensated care can be derived from anti-dumping, emergency care, continuity of care and other laws that might apply to UAMS.

Third-Party Reimbursement

Apart from reimbursement by the federal government under Medicare and the federal and state governments under Medicaid, a substantial portion of UAMS's revenue is provided by private third-party payors (such as health maintenance organizations ("HMOs"), preferred provider organizations ("PPOs") and other commercial insurers). Generally, reimbursement received from large national HMOs and PPOs and commercial insurance companies that have specific contracts with UAMS is lower than reimbursement received from smaller networks and commercial insurance companies which do not have contracts with UAMS. Future contract negotiations between such third-party payors and UAMS, and other efforts of these third-party payors and of employers to limit health-care costs, could adversely affect the level of utilization of UAMS's services, or reimbursement to UAMS, or both. In addition, it is possible that competitive pricing of plan premiums could cause an HMO or PPO or insurance carrier to operate at a loss and expose UAMS to delays in payment or nonpayment of claims for services to plan participants or insured patients.

Changes in sources of revenue and case mix intensity may also adversely affect UAMS's operating revenue. For example, if patients formerly covered by commercial insurance programs that pay full hospital and physician charges shift to high deductible health plans, health savings accounts ("HSAs"), HMOs, PPOs or other third-party payors such as contracted insurance that pay lower negotiated rates, the adjustments to determine net patient service revenue would increase, which (absent an offsetting decrease in operating expenses) would result in a decrease in operating income. In addition, if the average severity of illness or condition of patients covered by a capitated plan or contracted insurance with per diem charges or charges based on diagnosis were to increase after execution of the related plan contract, operating expenses could increase without an offsetting increase in operating revenue. Traditional health insurance programs are increasingly reimbursing outpatient services using case rates and bundled payments for related services. Those payment methodologies put a provider at risk for cases requiring more services than are assumed by the applicable case rate or bundled payment.

It is expected that the provisions of the Affordable Care Act (e.g. coverage requirements, prohibitions on pre-existing conditions exclusions, excise taxes, health insurance exchanges), whether or not amended, will continue to cause major changes for third-party payors, but considerable uncertainty remains as to future changes and their implementation and impact. The implementation of such provisions could adversely affect the levels of reimbursement received by UAMS for services provided as well as potentially increasing exposure to further self-pay deductibles or coinsurance and the cost of providing services.

Potential Negative Rankings Based on Clinical Outcomes, Quality, Patient Satisfaction and Other Performance Measures

Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare and rank the quality, safety and cost of health care services provided by hospitals and physicians. CMS has established the "Hospital Compare" website (https://www.medicare.gov/hospitalcompare/), which is expected to be expanded and improved as Affordable Care Act provisions place more emphasis on the collection and utilization of health care data. Published rankings such as "score cards," tiered hospital networks with higher copayments and deductibles for nonemergent use of lower-ranked providers, "pay for performance" and other financial and non-financial incentive programs are being introduced to affect the reputation and revenue of health care providers and the members of their medical staffs and to influence the behavior of consumers and providers such as UAMS. Measures of quality based on clinical outcomes of patient care, reduction in costs, patient satisfaction and investment in health information technology are becoming increasingly common. Measures of performance set by others that characterize a hospital negatively may adversely affect its reputation and financial condition.

The Affordable Care Act includes "value-based purchasing" provisions, which provide that Medicare inpatient payments to hospitals will be determined, in part, based on a program under which value-based incentive payments are made in a fiscal year to hospitals based on the quality of care provided during that fiscal year. The program was funded through the reduction of hospital inpatient care payments by 1%, beginning in federal fiscal year 2013, progressing to 2% in federal fiscal year 2017. This reduction may be offset by incentive payments for hospitals that meet or exceed certain quality standards.

Environmental Factors Affecting the Health Care Industry

Health care facilities and operations are subject to a wide variety of federal, state and local environmental and occupational and safety laws and regulations. Among the types of regulatory requirements faced by health care providers are: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials; and requirements for training employees in the proper handling and management of hazardous materials and wastes. In their role as owners and operators of properties or facilities, health care providers may be responsible for investigating and remedying hazardous substances located on or migrating from their property. Typical health care operations include, in various combinations, the handling, use, storage, transportation, disposal and discharge of infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. For this reason, health care operations are particularly susceptible to the practical, financial and legal risks associated with such environmental and safety laws and regulations, and noncompliance may result in damage to individuals, property or the environment; may interrupt operations or increase their cost, or both; may trigger investigations, administrative proceedings, penalties or other government agency actions; and may result in legal liability, including damages, injunctions or fines, some or all of which may not be covered by insurance. There can be no assurance that UAMS will not be materially adversely affected by such environmental and safety risks.

Information Systems

The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. Information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. Technology malfunctions, malware or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information and affect patient safety, as well as in disputes with patients, physicians and other health care professionals. There can be no assurance that efforts to upgrade and expand information systems capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future. Such efforts could be costly and are subject to cost overruns and delays in application, which could negatively affect the financial condition of UAMS.

Federal and state authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states, including Arkansas, have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike federal laws, authorize a private right of action. In particular, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could damage a health care provider's reputation and materially adversely affect business operations.

Cybersecurity

Health care providers and insurers are highly dependent upon integrated electronic medical record and other information systems to deliver high quality, coordinated and cost-effective care. These systems necessarily hold large quantities of highly sensitive protected health information. As a result, the electronic systems and networks of health care providers and insurers are considered likely targets for cyberattacks and other potential breaches of their systems. In addition to regulatory fines and penalties, health care entities subject to breaches may be liable for the costs of remediating the breaches, damages to individuals (or classes) whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. A number of health care providers have recently been the victims of hacker attacks with ransomware, in which hackers attempt to extort money in exchange for returning the provider's systems to normal. UAMS has experienced a number of cyberattacks in recent years. Although no material losses have been incurred as a result, UAMS has taken, and continues to take measures to protect its information technology system against such cyberattacks. There can be no assurance that UAMS will not experience a significant breach. If such breach occurs, the financial consequences of such a breach could have a materially adverse impact on UAMS. See **Electronic Transmission of Health Information; Privacy and Security Regulation** under this caption above.

Acquisitions, Affiliations, Mergers, and Divestitures

UAMS may from time to time enter into transactions such as acquisitions, affiliations, mergers, and divestitures. Such transactions could include, among others, acquisitions of health care organizations, acquisitions of physician organizations, divestitures of affiliates, substantial new joint ventures, or other forms of affiliations. Given the pace of change in the health care industry, it is likely that UAMS will from time to time be presented with opportunities to enter into transactions of considerable magnitude or significance. At this time, the UAMS is unable to anticipate whether any such transactions, if entered into in the future, would have a material adverse impact on the UAMS, its finances, or the Board's credit rating.

COVID-19 Pandemic

As with most healthcare institutions, the COVID-19 pandemic has had a significant impact on UAMS. See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19** herein.

Health Professional Shortages.

Over the last several years, the COVID-19 pandemic exacerbated shortages of nurses and other health care professionals. Various studies predict that the shortage of nurses and certain other health care professionals, including physicians, will continue and may intensify in the future. Hospital operations, patient and physician satisfaction, financial condition, and future growth could be negatively affected by nursing and other professional shortages, resulting in a future material adverse impact for hospitals. Such shortages could significantly increase payroll and operating costs if temporary staffing or locum tenens physicians must be engaged to provide sufficient levels of staffing to meet program and patient care needs. UAMS cannot control the prevailing wage rates in its service areas, and any increase in such rates will directly affect its costs of operations and may inhibit the ability of UAMS to provide services at the level necessary to meet the demands of UAMS's service areas.

Additional Parity Bonds and Other Obligations

The Indenture permits the issuance of Additional Parity Bonds with a pledge of Pledged Revenues on a parity with the pledge of Pledged Revenues securing Bonds and the Existing Parity Bonds. The Indenture also permits UAMS to incur Other Obligations secured by the Pledged Revenues on a subordinate basis to the Bonds and the Existing Parity Bonds. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Additional Bonds** herein for a description of the limitations on the issuance of such Additional Parity Bonds. The issuance of Additional Parity Bonds which does not result in a comparable increase in the Pledged Revenues of UAMS would result in a dilution of the security for the Bonds. See also **SECURITY FOR THE BONDS** and **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Pledged Revenues; Permitted Encumbrances** herein.

Covenant to Maintain Tax-Exempt Status of the Bonds

The tax-exempt status of the interest on the Bonds, as described under **TAX MATTERS** herein, is based on the continuing compliance by the Board, UAMS and any other users of the facilities financed with the proceeds of the Bonds with certain covenants contained in the Indenture and the certifications of the Board with respect to the tax status of the Bonds that will be given in connection with the delivery of the Bonds. These covenants relate generally to restrictions on the use of the facilities financed with the proceeds of the Bonds, restrictions on leasing or selling such facilities to organizations other than tax-exempt organizations, requirements regarding the timely and proper use of proceeds of the Bonds, arbitrage limitations, and rebate of certain excess investment earnings, if any, to the federal government. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in gross income retroactive to their date of issuance. In the event that interest on the Bonds should become subject to inclusion in gross income for federal or State income tax purposes, the Indenture does not provide for the redemption of the Bonds, or for the payment of any additional interest on the Bonds. Notwithstanding the foregoing, the failure of the Board to comply with any of such covenants or representations may cause an Event of Default under the Indenture with the effect of causing an acceleration of payments due with respect to the Bonds. See **SUMMARY OF THE MASTER INDENTURE AS SUPPLEMENTED, Additional Bonds** herein.

Risk of Redemption

The Bonds are subject to redemption or acceleration prior to maturity in certain circumstances. See **REDEMPTION** herein. Bondholders may not realize their anticipated yield on investment to maturity because the Bonds may be redeemed or accelerated prior to maturity at par or at a redemption price that results in the realization of less than the anticipated yield to maturity.

Bond Rating

There is no assurance that the rating assigned to the Bonds at the time of issuance (see **DESCRIPTION OF RATING** herein) will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for, and marketability of, the Bonds.

TAX MATTERS

Federal Law

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

Purchasers of the 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 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the 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 Bonds. Prospective purchasers of the 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 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 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 Bonds and interest thereon are exempt from all Arkansas state, county and municipal taxation.

CONTINUING DISCLOSURE

General

The Board has entered into a Continuing Disclosure Agreement with the Trustee (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 the **Contingencies** note beginning on page 51 of the audited financial statements of UAMS attached as **Appendix B** hereto and 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 UAMS to perform professional services in the capacity of financial advisor. In its role as financial advisor to the System and UAMS, 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 UAMS, the System, and other sources and the Board's certification as to the Official Statement.

LEGAL AND LEGISLATIVE MATTERS

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.

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 $73,448,353.72 (being the principal amount thereof plus original issue premium of $8,923,759.90, and less Underwriters' discount of $105,406.18). 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 UAMS (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 UAMS. 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 UAMS 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 UAMS 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 UAMS 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.

Kelly Eichler, Secretary of the University of Arkansas Board of Trustees, is the spouse of an officer of Stephens Inc., one of the Underwriters.

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 UAMS concerning anticipated results. No representations or warranties are made by the Board or UAMS 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 UAMS. 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 UAMS believe that the expectations reflected in such forward-looking statements are reasonable, neither the Board nor UAMS 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 UAMS undertake no obligations to update such statements in light of new information, future events or otherwise.

MISCELLANEOUS

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

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

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

BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS

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

DATED: As shown on the Cover Page hereof.

APPENDIX A

Form of Opinion of Bond Counsel

Friday Eldredge & Clark, LLP, Bond Counsel, expects to render an opinion with respect to the 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

The Bank of New York Mellon Trust Company, N.A., as Trustee
Houston, Texas

Re: $64,630,000 Board of Trustees of the University of Arkansas Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2023

Ladies and Gentlemen:

We have acted as Bond Counsel to the Board of Trustees of the University of Arkansas (the "Issuer") in connection with the issuance of its $64,630,000 Board of Trustees of the University of Arkansas Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2023 (the "Bonds"). The Bonds are being issued pursuant to Arkansas Code of 1987 Annotated, Title 6, Chapter 62, Subchapter 3 (the "Act") and a Master Trust Indenture dated as of November 15, 2004 (the "Master Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., (f/k/a The Bank of New York Trust Company, N.A.) as trustee thereunder (the "Trustee"), and that certain Series 2023 Trust Indenture dated as of August 3, 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. The pledge of Pledged Revenues in favor of the Bonds is on a parity with the pledge of Pledged Revenues in favor of the unrefunded November 1, 2023 maturity of the Issuer's Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2013 (the "Unrefunded Series 2013 Bonds"), the Issuer's Various Facilities Revenue Refunding Bonds (UAMS Campus), Series 2014, the Issuer's Various Facilities Revenue Bonds (UAMS Campus), Tax Exempt Series 2019A and Taxable Series 2019B (collectively, the "Series 2019 Bonds"), the Issuer's Various Facilities Revenue Refunding Bonds (UAMS Campus), Series 2020A (the "Series 2020 Bonds"), and the Issuer's Various Facilities Revenue Bonds (UAMS Campus), Series 2021A and Taxable Series 2021B (collectively, the "Series 2021 Bonds"), 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 other closing documents 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 Pledged Revenues, as defined in the Indenture, for the security of the Bonds on a parity with the pledge of Pledged Revenues in favor of the Unrefunded Series 2013 Bonds, the Series 2014 Bonds, the Series 2019 Bonds, the Series 2020 Bonds, and the Series 2021 Bonds, each to the extent outstanding, and senior to the pledge of Pledged Revenues in favor of certain Other Obligations (as defined in the Indenture), 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 therefor in the Indenture.

5. The interest on the 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 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

7. 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 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.

Sincerely yours,

FRIDAY, ELDREDGE & CLARK, LLP

APPENDIX B

Audited Financial Statements for UAMS
for the Fiscal Years Ended June 30, 2022 and 2021

KPMG LLP, UAMS's independent auditor for the fiscal year ended June 30, 2022, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

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UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Financial Statements

June 30, 2022

(With Independent Auditors' Report Thereon)

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

June 30, 2022

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KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Independent Auditors' Report

The Board of Trustees
The University of Arkansas System:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the University of Arkansas for Medical Sciences (UAMS), a campus of the University of Arkansas System (the University), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise UAMS' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of UAMS, as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UAMS 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 opinion.

Emphasis of Matters

Reporting Entity

As discussed in Note 1, the financial statements of UAMS are intended to present the financial position, the changes in financial position and the cash flows of only that portion of the University that is attributable to the transactions of UAMS. They do not purport to, and do not, present fairly the financial position of the University, as of June 30, 2022, the changes in its financial position, or its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Pronouncement

As discussed in Note 7 to the basic financial statements, in fiscal year 2022, UAMS adopted Governmental Accountings Standards Board (GASB) 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 U.S. generally accepted accounting principles, 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.

Auditors' 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 auditors' report that includes our opinion. 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 UAMS' 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.

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

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4-11 and the required supplementary information on pages 53-59 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 GAAS, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of UAMS' 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 UAMS' 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 UAMS' internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
October 31, 2022

This discussion and analysis provides an overview of the financial position and changes in net position of the University of Arkansas for Medical Sciences (UAMS) for the fiscal year ended June 30, 2022. UAMS is one of 20 campuses and related units operating within the University of Arkansas System (UA System), organized under various laws of the State of Arkansas and governed by the UA System's 10-member Board of Trustees (UA Board). UAMS is a state-assisted academic health center composed of:

The Colleges of Medicine, Pharmacy, Nursing, Health Professions, Public Health, Graduate School, and Northwest Arkansas Satellite Campus with a combined enrollment of 3,370 and faculty numbering 1,572

The UAMS Medical Center, a tertiary care referral center with 521 acute care beds at June 30, 2022

Regional programs, including Tele-education, Rural Hospital Program, and eight Regional Campuses located throughout the state

The Winthrop P. Rockefeller Cancer Institute

Harvey and Bernice Jones Eye Institute

Donald W. Reynolds Institute on Aging

Psychiatric Research Institute

Jackson T. Stephens Spine and Neurosciences Institute

Translational Research Institute.

Institute for Digital Health and Innovation

The UAMS financial statements were prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). This discussion has been prepared by management and should be read in conjunction with the financial statements and notes following this section.

Overview of the Financial Statements

This financial report consists of three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements provide information about UAMS as a whole.

The Statement of Net Position presents the financial position of UAMS and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The sum of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources is net position, which is an indicator of the current financial condition of UAMS.

The Statement of Revenues, Expenses, and Changes in Net Position reflect the results of UAMS' operations. The purpose of this statement is to present the revenues earned and expenses incurred by UAMS, both operating and nonoperating, and any other changes in net position of UAMS.

The Statement of Cash Flows provides relevant information about the cash receipts and cash payments of UAMS. The Statement of Cash Flows also help users assess UAMS' ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external financing.

This discussion and analysis of UAMS' financial statements provides an overview of its financial activities for the fiscal year ended June 30, 2022.

Financial Highlights

UAMS' net position decreased in fiscal year 2022 by $31,824,000 with assets of $1,889,407,000 and deferred outflows of resources of $9,861,000 and liabilities of $1,110,386,000 and deferred inflows of resources of $17,781,000. Net position, which represents the residual interest in UAMS' assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, was $771,101,000 at June 30, 2022. Changes in net position represent the activities of UAMS, which result from revenues, expenses, gains, and losses, and are summarized for the years ended June 30, 2022 and 2021 as follows:

		2022	2021
		(In thousands)	
Operating revenues	$	1,833,332	1,783,700
Operating expenses		(1,949,713)	(1,851,305)
Nonoperating revenues (net)		81,410	126,117
Other changes in net position		3,147	2,960
Decrease in net position	$	(31,824)	61,472

Statement of Net Position

The Statement of Net Position presents the financial position of UAMS at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of UAMS. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values, except for capital assets, which are stated at historical cost, or acquisition value at the date of donation, less an allowance for depreciation and amortization.

Net position is divided into three major categories. The first category reflects the equity in property, plant, and equipment owned by UAMS, net of capital asset related debt. The next category is restricted net position, which is divided into two subcategories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by UAMS, 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 final category is unrestricted net position, which is available for any lawful purpose of UAMS.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of UAMS. They are also able to determine how much UAMS owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) and its availability for expenditure by UAMS.

(Continued)

A summary of UAMS’ assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position is as follows:

		June 30, 2022	June 30, 2021
		(In thousands)	
Assets:			
Current assets	$	498,531	699,949
Noncurrent assets:			
Investments		161,153	83,444
Capital assets, net		986,306	799,163
Other		243,417	218,910
Total assets		1,889,407	1,801,466
Deferred outflows of resources		9,861	11,693
Liabilities:			
Current liabilities		238,035	295,617
Noncurrent liabilities		872,351	698,734
Total liabilities		1,110,386	994,351
Deferred inflows of resources		17,781	15,883
Net position:			
Net investment in capital assets		419,295	423,450
Restricted:			
Expendable		52,227	42,692
Nonexpendable		47,966	50,745
Unrestricted		251,613	286,038
Total net position	$	771,101	802,925

Current assets consist of cash and cash equivalents, short-term investments, net accounts receivable, supply, pharmacy and various medical related inventories, net notes and loans receivable, primarily from students, and prepaid expenses. Noncurrent assets include long-term investments, net notes and loans receivable, primarily from students, deposits and funds held in trust by others, net capital assets, and other noncurrent assets. Deferred outflows of resources consist of future expenses for pensions, postemployment benefits other than pensions, and loss on refunding of bond debt. Current liabilities consist primarily of accounts payable and accrued liabilities, unearned revenue, funds held in trust for others, estimated third-party payor settlements (Medicare and Medicaid), the current portion of compensated absences payable, early retirement agreements, postemployment benefits other than pensions, bonds, notes, and capital leases payable. Noncurrent liabilities include deposits received, compensated absences payable, liabilities for postemployment benefits other than pensions, early retirement agreements, pensions, bonds, notes, and capital leases payable, net of current portion, in addition to federal capital contributions for the Perkins Loan program. Deferred inflows of resources relate to pensions, postemployment benefits other than pensions, and irrevocable split-interest agreements. Net position represents the residual interest in UAMS’ assets and deferred outflows after liabilities and deferred inflows are deducted.

Fiscal Year 2022

UAMS' total assets increased by $87,941,000 in fiscal 2022. This net increase was driven by an increase in noncurrent assets of $289,359,000 offset by a decrease in current assets of $201,418,000.

Current assets decreased by $201,418,000 in fiscal 2022. Decreases were seen in the following areas: cash and cash equivalents ($120,304,000), short-term investments ($100,081,000), non-patient accounts receivable ($19,886,000), supplies ($2,412,000), notes and student loans receivable ($1,936,000), and prepaid expenses ($879,000). An offsetting increase was seen in patient accounts receivable of $44,081,000.

Noncurrent assets increased by $289,359,000 in fiscal 2022. Increases were seen in the following areas: capital assets ($187,143,000), long-term investments ($77,708,000), deposits and funds held in trust by others ($23,958,000), and decreases in long-term notes and student loans receivable ($549,000).

Deferred outflows of resources decreased by $1,833,000 in fiscal 2022. UAMS' deferred outflows of resources resulted from liabilities for pensions and postemployment benefits other than pensions along with the deferred loss on the refunding of certain outstanding bonds in past years. The actuarially determined deferred outflows related to pension liabilities decreased by $524,000, postemployment benefits other than pensions decreased by $861,000. Deferred outflows related to the loss on refunding of bonds decreased in fiscal year 2022 by $447,000 from the amortization for the year.

Total liabilities increased by $116,035,000 in fiscal 2022. This net increase was driven by an increase in noncurrent liabilities of $173,617,000 offset by a decrease in current liabilities of $57,582,000.

Current liabilities decreased by $57,582,000 in fiscal 2022. Decreases were seen in the following areas: estimated third-party payer settlements ($61,127,000), accounts payable and accrued liabilities ($24,479,000), and the current portion of early retirement liability ($21,000). The decrease in the liability to third parties under various payor settlements was driven by a repayment of $64,887,000 to CMS under the Accelerated Payment Program. Offsetting increases were seen in the following areas: current portion of bonds, notes and capital leases ($16,295,000), unearned revenue ($5,693,000), funds held in trust for others ($4,758,000), the current portion of compensated absences payable ($1,196,000), as well as in the postemployment benefits other than pensions ($102,000).

Noncurrent liabilities increased by $173,617,000 in fiscal 2022. An increase was seen in the noncurrent portion of bonds, notes, and capital leases payable ($198,962,000), primarily from the issuance of new bond debt of $134,195,000. Other changes include increases in the noncurrent portion of other post employment benefits ($1,450,000) and deposits ($1,000). Decreases occurred in the noncurrent portion of net pension liability ($6,386,000) and the noncurrent portion of compensated absences payable ($4,525,000).

Deferred inflows of resources increased by $1,898,000 in fiscal 2022. UAMS' deferred inflows related to pensions increased by $3,199,000, but was offset by decreases in deferred inflows related to post employment benefits other than pensions ($1,072,000) and deferred outflows related to bonds ($229,000).

Statement of Revenues, Expenses, and Changes in Net Position

Changes in net position, as presented in the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. A summary of UAMS' revenues, expenses, and changes in net position is as follows:

	Year ended June 30, 2022	Year ended June 30, 2021
	(In thousands)	
Operating revenues:		
Student tuition and fees, net of scholarship allowances	$ 47,784	49,819
Net patient services	1,334,667	1,344,980
Meaningful use	1,655	1,668
Sponsored programs	246,883	181,423
Other	202,343	205,810
Total operating revenues	1,833,332	1,783,700
Operating expenses:		
Compensation and benefits	1,219,460	1,190,195
Supplies and other services	650,324	594,150
Scholarships and fellowships	3,225	1,362
Depreciation and amortization	76,704	65,598
Total operating expenses	1,949,713	1,851,305
Operating loss	(116,381)	(67,605)
Nonoperating revenues (expenses):		
State appropriations, net	68,119	55,830
CARES/ARPA	36,760	46,365
Gifts	15,126	14,347
Investment loss, net of expense	(19,574)	24,504
Other	(19,021)	(14,929)
Total nonoperating revenues, net	81,410	126,117
Loss before other changes in net assets	(34,971)	58,512
Other changes in net position:		
Capital gifts and appropriations	3,147	2,960
Interagency disposition	—	—
Total other changes in net position	3,147	2,960
Decrease in net position	(31,824)	61,472
Net position:		
Beginning of year	802,925	741,453
End of year	$ 771,101	802,925

Fiscal Year 2022

The Statement of Revenues, Expenses, and Changes in Net Position reflects a loss before other changes in net position of $34,971,000 and a decrease of $31,824,000 in net position for fiscal year 2022. Highlights of the information presented in this statement show how the following affected operating revenue:

Net patient services revenue increased by $57,137,000, or 4.5%. 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.

Sponsored programs, which include federal grants and contracts, as well as state and local government and nongovernmental (i.e., nonfederal) grants and contracts, decreased by a total of $1,989,000, or 0.8%. This decrease was seen in nonfederal grants and contracts and was mainly due to a significant FY21 COVID contracts through the Arkansas Department of Health that did not renew in FY22. Federal grants and contracts increased $16,319,000 or 14.9%. Net student tuition and fees decreased $2,034,000, or 4.1%, due to lower enrollment. Other operating revenues decreased by $6,042,000, or 3.8%, resulting from decreases in several areas. Total operating revenue increased over the prior year by $49,633,000, or 2.8%.

The following factors affected operating expenses in 2022:

Operating expenses increased by $98,408,000 or 5.3%. Additional expenses were incurred due to the increased cost of operating in a pandemic environment and inflation. This increase was primarily caused by increases in compensation and benefits and supplies and other services expense. Compensation and benefits increased by $29,265,000 or 2.5%.Total supplies and other services increased by $56,174,000 or 9.5%, largely due to increases in contract labor, medical supplies, and drugs and medicines for patient care.

The following factors affected nonoperating revenue (expense) in 2022:

Nonoperating revenue (expense) decreased by $44,707,000 or 35.4%. The largest contributor to this was a decrease in investment performance compared to prior year of $44,077,000, or 179.9%.

State appropriations are reported in the Statement of Revenues, Expenses, and Changes in Net Position as Nonoperating revenues, net of the Medicaid match payments required under various contracts between UAMS and the Arkansas Department of Human Services (DHS).

Net state appropriations revenue for the year ended June 30, 2022 was as follows:

		2022
		(In thousands)
Gross state appropriations revenue	$	130,106
Less Medicaid match payments		61,987
Net state appropriations revenue	$	68,119

Capital Assets and Debt Administration

Capital Assets

At June 30, 2022, UAMS had $986,306,000 invested in capital assets, net of accumulated depreciation and amortization of $988,684,000. Depreciation and amortization expense totaled $76,704,000 for the fiscal year ended June 30, 2022.

UAMS' capital additions totaled $264,041,000 in fiscal year 2022, with the majority comprised of new construction and capital leases, but also including land acquisitions in Springdale and Rogers, capital leases on Gene George Blvd in Springdale and Midtown Avenue in Little Rock. Major construction projects completed in fiscal year 2022 and the sources that funded their acquisition included:

Project		Amount of additions	Funding source
New East Energy Plant	$	51,679,000	Bonds
Barton Infrastructure Improvements		12,464,000	Bonds
Upgrade to the MCEP Chilled Water Plant		12,153,000	Bonds

Construction in progress at June 30, 2022 totaled $154,336,000. The largest components of that balance consists of the expansion of radiology oncology and new proton therapy center, a new orthopaedic and spine hospital, and the implementation of a new ERP (Enterprise Resource Planning) system, and remaining energy infrastructure and improvements. More detailed information about UAMS' capital assets is presented in note 7 to the financial statements.

UAMS 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. Balances for fiscal year 2021 have not been adjusted to reflect the adoption.

Debt Administration

At June 30, 2022, UAMS had $799,157,000 in outstanding debt, as shown in the following table:

		Amount outstanding
		(In thousands)
Obligation:		
Bonds payable	$	664,801
Notes payable		50,088
Obligations under leases		84,268
Total debt	$	799,157

Moody's Investors Service has rated the UA System as Aa2 since May 2010. This rating was affirmed on August 2, 2022. As one of the campuses in the UA System, this rating applies to debt of UAMS. More detailed information about current and long-term liabilities is presented in notes 8 and 9 to the financial statements.

Economic Outlook

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.

Requests for Information

This financial report is designed to provide a general overview of UAMS’ finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to Amanda George, Vice Chancellor for Finance and Chief Financial Officer, 4301 West Markham Street, #632, Little Rock, Arkansas 72205.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Statements of Net Position

Years ended June 30, 2022

(In thousands)

Assets		**2022**
Current assets:		
Cash and cash equivalents (note 4)	$	194,125
Investments (note 5)		13,845
Patient accounts receivable (net of allowance for doubtful accounts of $301,289 in 2022, note 2)		193,438
Nonpatient accounts receivable (net of allowances of $1,949 in 2022)		55,993
Supplies		29,443
Notes and student loans receivable, net (notes 6 and 14)		814
Prepaid expenses		10,873
Total current assets		498,531
Noncurrent assets:		
Investments (note 5)		161,153
Notes and student loans receivable, net (notes 6 and 14)		10,272
Deposits and funds held in trust by others (note 4)		233,145
Capital assets, net (note 7)		986,306
Total noncurrent assets		1,390,876
Total assets		1,889,407
Deferred Outflow of Resources		
Pensions (note 11)		1,798
Postemployment benefits other than pensions (note 12)		4,533
Loss on refunding of bonds		3,530
Total deferred outflows	$	9,861
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (notes 8 and 9)	$	146,052
Unearned revenue		11,629
Funds held in trust for others		8,168
Estimated third-party payor settlements (note 2)		29,042
Compensated absences payable, current portion (note 9)		5,159
Early retirement liability		65
Liability for postemployment benefits other than pensions (notes 9 and 12)		1,110
Bonds, notes, and capital leases payable, current portion (notes 9 and 10)		36,810
Total current liabilities		238,035
Noncurrent liabilities:		
Long term liability for payroll taxes (note 9)		
Deposits		31
Compensated absences payable, net of current portion (note 9)		70,344
Liability for postemployment benefits other than pensions (notes 9 and 12)		34,945
Federal capital contribution for Perkins Loan Program, pending return as student loans are closed		1,911
Net pension liability		2,773
Bonds, notes, and capital leases payable, net of current portion (notes 9 and 10)		762,347
Total noncurrent liabilities		872,351
Total liabilities		1,110,386
Commitments and contingencies (notes 10 and 15)		
Deferred Inflows of Resources		
Pensions (note 11)		7,105
Bonds		1,049
Postemployment benefits other than pensions (note 12)		3,759
Irrevocable split-interest agreements		5,868
Total deferred inflows		17,781
Net Position		
Net investment in capital assets		419,295
Restricted:		
Expendable:		
Scholarships		29,745
Research		13,208
Capital projects		8,848
Other		426
Nonexpendable:		
Endowments		47,572
Scholarships, fellowships, and student loans		394
Unrestricted		251,613
Total net position	$	771,101

See accompanying notes to financial statements.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2022

(In thousands)

		2022
Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $3,076 in 2022)	$	47,784
Net patient services (note 2)		1,334,667
Meaningful use revenue		1,655
Sponsored programs:		
Federal grants and contracts		125,794
Nonfederal grants and contracts		121,089
Sales and services of educational departments		39,158
Auxiliary enterprises:		
Housing and food service		7,569
Other auxiliary enterprises		3,698
Other operating revenue		151,918
Total operating revenues		1,833,332
Expenses:		
Operating expenses (note 16):		
Compensation and benefits		1,219,460
Supplies and other services		650,324
Scholarships and fellowships		3,225
Depreciation and amortization (note 7)		76,704
Total operating expenses		1,949,713
Operating (loss)		(116,381)
Nonoperating revenues (expenses):		
State appropriations, net (note 3)		68,119
CARES Act and ARPA		36,760
Gifts		15,126
Investment income, net of investment expense (notes 4 and 5)		(19,574)
Interest on debt		(18,813)
(Loss) on disposal of capital assets		(208)
Total nonoperating revenues, net		81,410
Revenues/(loss) before other changes in net position		(34,971)
Other changes in net position:		
Capital gifts		3,147
Total other changes in net position		3,147
Increase/(decrease) in net position		(31,824)
Net position:		
Beginning of year		802,925
End of year	$	771,101

See accompanying notes to financial statements.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Statements of Cash Flows

Year ended June 30, 2022

(In thousands)

		2022
Cash flows from operating activities:		
Tuition and fees (net of scholarships)	$	47,917
Patient and insurance payments		1,242,145
Sponsored programs		254,075
Collection of student loans and interest		4,326
Auxiliary enterprise revenue:		
Housing and food service		7,574
Other auxiliary enterprises		3,626
Other receipts		194,044
Payments to suppliers		(641,126)
Payments to employees		(1,025,285)
Payments of employee benefits		(228,726)
Loans issued to students		(3,419)
Scholarships and fellowships		(3,225)
Other payments		(11,361)
Net cash and cash equivalents (used in)/provided by operating activities		(159,435)
Cash flows from noncapital financing activities:		
State appropriations, net		72,190
Gifts		15,125
CARES Act		36,760
Repayment of loans		(75)
Other agency funds (net)		4,760
Net cash and cash equivalents provided by noncapital financing activities		128,760
Cash flows from capital and related financing activities:		
Proceeds from issuance of debt		187,107
Gifts		3,147
Purchases of capital assets		(189,239)
Principal paid on capital debt and leases		(51,663)
Interest and paying agent fees paid on debt and capital leases		(17,823)
Net cash and cash equivalents provided by (used in) capital and related financing activities		(68,471)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments		260,650
Interest on investments (net of fees)		5,499
Purchases of investments		(287,307)
Net cash and cash equivalents provided by/(used in) investing activities		(21,158)
Net increase in cash and cash equivalents		(120,304)
Cash and cash equivalents:		
Beginning of year		314,429
End of year	$	194,125

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Statements of Cash Flows

Year ended June 30, 2022

(In thousands)

		2022
Reconciliation of operating (loss) revenues to net cash provided by operating activities:		
Operating (loss)	$	(116,381)
Adjustments to reconcile net operating (loss) revenues to net cash and cash equivalents (used in)/provided by operating activities:		
Depreciation and amortization		76,704
Changes in assets and liabilities:		
Patient and nonpatient accounts receivable, net		(28,266)
Supplies		2,412
Other assets		2,341
Deferred outflows		1,833
Accounts payable and accrued liabilities		(36,707)
Long term liability for payroll taxes		—
Unearned revenue		5,693
Postemployment benefits other than pensions		1,552
Deposits		—
Compensated absences payable		(3,329)
Other liabilities		(67,414)
Deferred inflows		2,127
Net cash and cash equivalents (used in)/provided by operating activities	$	(159,435)
Noncash transactions:		
Change in capital assets acquired in year-end accounts payable	$	4,998
Capital assets acquired by incurring capital lease obligations		1,291

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

The University of Arkansas for Medical Sciences (UAMS) is one of the 20 campuses and related units operating within the University of Arkansas System (UA System), organized under various laws of the State of Arkansas and governed by the UA System's 10-member Board of Trustees (UA Board).

(a) Basis of Presentation

The financial statements of UAMS are intended to present the financial position, changes in financial position, and the cash flows of only that portion of the business-type activities of the financial reporting entity of the UA System that is attributable to the transactions of UAMS.

UAMS accounts for its activities through the use of an enterprise fund. Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of a change in financial position is necessary or useful for sound financial administration. The accounting records of UAMS are organized on the basis of funds as prescribed by U.S. generally accepted accounting principles (GAAP) applicable to governmental colleges and universities as established by the Governmental Accounting Standards Board (GASB).

UAMS is a state-assisted academic health center composed of:

- The Colleges of Medicine, Pharmacy, Nursing, Health Professions, Public Health, Graduate School, and Northwest Arkansas Satellite Campus
- The UAMS Medical Center, a tertiary care referral center with 521 acute care beds at June 30, 2022
- Regional programs, including Tele-education, Rural Hospital Program, and eight Regional Campuses located throughout the state
- The Winthrop P. Rockefeller Cancer Institute
- Harvey and Bernice Jones Eye Institute
- Donald W. Reynolds Institute on Aging
- Psychiatric Research Institute
- Jackson T. Stephens Spine Neurosciences Institute
- Translational Research Institute
- Institute for Digital Health and Innovation

UAMS utilizes approximately 7,054,000 square feet of office, clinical, research, educational, workshop, and general-purpose space, excluding space utilized at Arkansas Children's Hospital. This total is composed of approximately 5,384,000 square feet of owned space at the Little Rock campus and 1,167,000 of leased or owned space throughout the State of Arkansas.

(b) Accrual Accounting

The financial statements are prepared on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

(c) 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.

(d) 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 UAMS by the respective investment managers. All investment income, including changes in the fair value of investments, is reported as nonoperating revenue.

The UA Board and the University of Arkansas Foundation (UA Foundation) Board of Trustees established an investment pool (the Pool). This arrangement commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. The governmental investment pool is exempt from registration with the Securities and Exchange Commission. The UA Board and the UA Foundation Board of Trustees are the sponsors of the Pool and are responsible for operation and oversight for the Pool. All participation in the Pool is voluntary. Participation in or withdrawal from the Pool is based on the daily market value of the units within the Pool. Income from the Pool is allocated to the participants in the Pool based on the market value per unit from the previous day. Detailed disclosure information about the Pool may be obtained by writing the University of Arkansas System, 2404 North University Avenue, Little Rock, Arkansas 72207-3608.

In 2018, the UA Foundation revised their investment policies to only allow for endowed monies to be maintained in the 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 Management LLC was selected through the request for proposal process for non-endowed investments to invest and manage this pool. In 2022, an extended fixed income fund and intermediate-term growth fund were added.

(e) 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.

(f) Nonpatient Accounts Receivable

Nonpatient accounts receivable represent primarily amounts due from other organizations and the State of Arkansas.

(g) Notes and Student Loans Receivable

Notes and student loans receivable represent the unpaid balances of student loans receivable, net of allowances, and notes receivable from related parties.

(h) Loan Funds

Loan funds, included in cash and cash equivalents in the statement of net position, consist of resources made available for financial loans to students of UAMS. These resources include federal funds, funds from other external sources, and UAMS funds.

(i) Supplies

Supplies, consisting primarily of medical supplies and drugs, are carried at the lower of cost or market on either the first-in, first-out basis or average-cost basis.

(j) Capital Assets

Capital assets are stated at cost at the date of acquisition or estimated acquisition value at the date of donation. UAMS has established a capitalization threshold of $1,000,000 for software, $100,000 for buildings and building improvements, and $5,000 for equipment and other assets. Depreciation and amortization are calculated using the straight-line method over the lesser of the estimated useful lives generally as established by the American Hospital Association or the lease term as follows:

Buildings and fixtures	5 to 40 years
Equipment	5 to 20 years
Internally developed software	10 years
Leasehold Improvements	Dependent on lease term
Leased Assets	Dependent on lease term Generally, 3 to 10 years

Amortization of amounts under capital lease is included in depreciation and amortization expense.

(k) 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. At June 30, 2022, deferred outflows resulted from participation in the Arkansas Teacher Retirement System (ATRS) and the Arkansas Public Employees Retirement System (APERS) of $1,798,000. Deferred outflows of $4,533,000 resulted from postemployment benefits other than pensions. The balance of $3,530,000 represents deferred loss on defeasance of bond debt.

(l) Compensated Absences

Vested or accumulated vacation and sick leave of UAMS employees are recorded as an expense and liability as the benefits are earned. Amounts recorded include salary expense as well as salary-related payments for Federal Insurance Contribution Act taxes. 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.

(m) Early Retirement Liability

UAMS 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 types of agreements was $65,000 for the year ended June 30, 2022.

(n) 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. At June 30, 2022, deferred inflows of $7,105,000 resulted from participation in the ATRS and APERS pension systems. Deferred inflows of $3,759,000 related to postemployment benefits other than pensions, deferred inflows of $1,049,000 related to bond debt, and deferred inflows of $5,868,000 resulted from irrevocable split-interest agreements.

(o) Unearned Revenue

Unearned revenue consists primarily of 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.

(p) Operating Versus Nonoperating Revenue

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services and education are reported as operating revenue and expenses. Operating revenue consists of tuition and fees, patient services revenue, operating grants and contracts, educational department sales and services, as well as various auxiliary services. Nonoperating revenue consists of revenue that results from nonexchange transactions or investment-related activities, including state appropriations (net of appropriations used for Medicaid match), gifts, grants and bequests other than items capital in nature, (loss) or gain on disposal of capital assets, investment income, and interest on debt. Additionally, in 2022, UAMS earned revenue relating to ARPA and the CARES Act (primarily provider relief funds) which is included in nonoperating revenue. Other changes in net position includes capital gifts.

(q) Net Patient Services Revenue

Net patient services 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 the related services are rendered and adjusted as final settlements are determined.

(r) 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.

(s) Grants and Contracts

UAMS 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. UAMS 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 that are effective from July 1, 2022 through June 30, 2026.

(t) Student Financial Aid

Revenue and expenditures for student financial aid are recognized as such in the period earned. Tuition and fees are shown net of applicable scholarship allowances.

(u) Endowment Income

Endowment funds are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and only the income be utilized. Term endowment funds are similar to endowment funds except that, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. While quasi-endowment funds have been established by the UA Board for the same purposes as endowment funds, any portion of quasi-endowment funds may be expended. As such, the expired portion of term endowments and all quasi-endowments are reflected as unrestricted net position in the statements of net position. UAMS employs a total-return policy in determining the amount of investment income to be spent.

(v) 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 ATRS and APERS (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.

(w) Income Taxes

UAMS is part of the UA System and, as such, is exempt from federal income taxes except for tax on unrelated business income. Management of UAMS is not aware of any significant unrelated business income.

(x) Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is UAMS' policy to use restricted resources first, then unrestricted resources as they are needed.

(y) Net Position

Net position restricted by outside sources is distinguished from unrestricted funds allocated for specific purposes by action of the UA Board. Externally restricted funds may only be utilized in accordance with the purposes established by the donor or grantor, whereas unrestricted funds may be used by UAMS in achieving any of its institutional purposes.

(z) Use of Estimates

The preparation of financial statements in conformity with GAAP and governmental accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

The most significant estimates affecting the financial statements of UAMS include the determination of allowances for uncollectible accounts, contractual adjustments, and estimated third-party payor settlements relating to patient services. Additionally, certain of the investments of UAMS are professionally managed, through the UA Foundation or through the UA System Office, and subject to various investment risks and fair market valuations.

(aa)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 of certain pronouncements. The effective dates below reflect the post-GASB 95 revisions.

For the year ended June 30, 2022:

- Statement No. 87, *Leases*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*, paragraphs 13-14
- 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 in paragraphs 26-32 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 UAMS. Statement No. 87 established standards of accounting and financial reporting for leases. Details of the effect implementing this statement are discussed in detail in Footnote 7.

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 SBITAs

For the year ending June 30, 2024:

- Statement No. 99, *Omnibus 2022*, the requirements in paragraph 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. 6*

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

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:

		2022
		(In thousands)
Gross patient revenue	$	3,709,906
Less:		
Patient services contractual allowances		2,320,457
Provision for bad debts		54,782
Net patient services revenue	$	1,334,667

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, these amounts are accounted for as a reduction of patient services revenue at the time the services are rendered. 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 also includes approximately $40,462,000 of net revenue from the Supplemental Medicaid program.

The Hospital, Faculty Group Practice (FGP), and Regional Programs 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:

(bb) 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.

(cc)FGP and Regional Programs

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 Programs 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.

(2) Net State Appropriations Revenue

State appropriations are reported in the statement of revenues, expenses, and changes in net position as Non-operating revenue, net of the Medicaid match payments required under various contracts between UAMS and the DHS.

Net state appropriations revenue for the year ended June 30, 2022 was as follows:

		2022
		(In thousands)
Gross state appropriations revenue	$	130,106
Less Medicaid match payments		61,987
Net state appropriations revenue	$	68,119

Cash and Cash Equivalents

All cash deposits of UAMS are carried at cost. The carrying amount of deposits is separately displayed in the statement of net position as cash and cash equivalents. The carrying amount differs from the bank balance shown below due to timing differences of clearing outstanding checks and deposits.

UAMS' cash and cash equivalents at June 30, 2022 include deposits that are insured or collateralized with securities held by UAMS or by its agent in UAMS' name.

		Carrying amount	Bank balance
		(In thousands)	
Cash at June 30, 2022	$	194,125	180,999

At June 30, 2022, cash and cash equivalents are composed of $1,380,000 of insured deposits, and $179,619,000 of securities that are held in custody by the Federal Reserve Bank.

At June 30, 2022, deposits and funds held in trust, as reported in the statement of net position, include money market accounts of $225,068,000. The money market funds are comprised primarily of funds held in trust related to bond issues restricted to specific use in construction projects. As such, it is UAMS's policy to report these money market accounts as funds held in trust rather than as cash and cash equivalents on the statement of net position. Interest income on cash and cash equivalents during the year ended June 30, 2022 was $2,537,000.

Investments

UAMS participates in the Pool, which is sponsored by the UA Board and the UA Foundation Board. The Pool was originally established in 1997 by the UA System and the UA Foundation. The Pool commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. The participants of the Pool have adopted investment guidelines and performance objectives for the accounts within the Pool. In January 2010, the University of Arkansas Investment Committee approved an agreement that delegated authority to the UA Foundation to manage UA System funds held in the Pool. The agreement included delegation of all responsibility for all investment guidelines and performance objectives (the guidelines) 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.

(Continued)

In 2018, the UA Foundation revised their investment policies to only allow for endowed monies to be maintained in the investment pools. 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 the request for proposal process to act as an investment advisor for the UA System for the short-term investment pool. In 2022, an extended fixed income fund and intermediate-term growth fund were added.

UAMS Portion at June 30, 2022:

Total return pool	Intermediate term pool	Short term pool	Total pool
3.1%	99.9%	5.2%	6.4%

The following table lists the invested assets of UAMS at June 30 including funds held in trust. Money market funds carried as funds held in trust are disclosed in Footnote 4.

		Fair value 2022
Investment type:		(In thousands)
Exchange traded investments:		
U.S. equity		612
U.S. fixed income	$	176
		788
Short-term pool:		
Fixed Income		3,844
Certificates of Deposit		1,525
Commercial Paper		1,295
		6,664
Intermediate-Term pool:		
Equity		48,298
Fixed Income		20,732
Real assets		7,928
		76,958
Total Return Pool		70,775
Other investments:		
Funds held in trust		14,000
ARHealth Ventures, Inc.		6,587
Accountable Care		143
PROTON International		1,376
NLR Radiation Oncology Joint Venture		(85)
Split Interest Agreement		5,868
		27,889
	$	183,074

The activities during fiscal year 2022 affecting UAMS' pro rata allocation of investments are summarized below in thousands:

	Total return pool	Intermediate term pool	Short-term & Other investments	Total
Balances at June 30, 2021	$ 77,718	—	120,627	198,345
Income	464	—	(791)	(327)
Realized losses	(299)	—	(49)	(348)
Net increase (decrease) in fair value of investments	(4,477)	(17,071)	1,153	(20,395)
Expenses paid	(242)	—	1,287	1,045
Purchases (sales), net	(2,389)	94,029	(86,886)	4,754
Balances at June 30, 2022	$ 70,775	76,958	35,341	183,074

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

Arkansas Code

The following Arkansas Code section outlines the ability of UAMS to spend any net appreciation in endowment funds:

Arkansas Code Annotated Section 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 expenditures by the institution."

Notes and Student Loans Receivable

The net unpaid balances of notes and student loans receivable on June 30, 2022, net of allowances of $3,315,000, are as follows:

	2022
	(In thousands)
Perkins loans	$ 315
Health professions loans	5,100
Institutional funds loans	3,674
Other	3
University of Arkansas at Fayetteville note receivable	563
University of Arkansas System eVersity note receivable	1,306
Arkansas State Hospital note receivable	125
Total notes and student loans receivable, net	11,086
Less current portion	(814)
Notes and student loans receivable, noncurrent, net	$ 10,272

Capital Assets

Capital assets of UAMS at June 30, 2022 were as follows:

	June 30, 2021	Additions	Transfers	Dispositions	June 30, 2022
			(In thousands)		
Nondepreciable:					
Land	$ 13,769	21,652	—	—	35,421
Construction in progress	130,305	126,403	(102,372)	—	154,336
Depreciable:					
Buildings and fixtures	1,083,200	6,125	106,990	(38)	1,196,277
Leased buildings and fixtures	39,608	67,995	(4,628)	—	102,975
Improvements other than buildings	2,453	—	—	—	2,453
Equipment	318,565	30,142	532	(12,843)	336,396
Leased equipment	44,147	11,724	(522)	(3,289)	52,060
Internally developed software	94,455	—	—	—	94,455
Other	618	—	—	—	617
Total capital assets	1,727,120	264,041	—	(16,170)	1,974,990

		June 30, 2021	Additions	Transfers	Dispositions	June 30, 2022
				(In thousands)		
Less accumulated depreciation and amortization:						
Buildings and fixtures	$	545,493	35,728	3,514	(4)	584,731
Leased Buildings and fixtures		21,684	7,926	(3,514)	—	26,096
Improvements other than building		2,453	—	—	—	2,453
Equipment		261,610	18,539	199	(12,689)	267,659
Leased Equipment		30,266	5,335	(199)	(3,284)	32,118
Internally developed software		66,451	9,176	—	—	75,627
Other		—	—	—	—	—
Total accumulated depreciation and amortization		927,957	76,704	—	(15,977)	988,684
Capital assets, net	$	799,163	187,337	—	(193)	986,306

Leased Buildings and fixtures comprise of space leased through the Arkansas Division of Building Authority, and related fixed equipment. Leased equipment comprise predominantly of copiers, and medical equipment.

Library holdings comprise books and periodicals held by UAMS. The estimated fair value of the holdings at June 30, 2022 was $1,244,000. UAMS has not reported library holdings in the accompanying statement of net position.

UAMS 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. Beginning in fiscal year 2022, UAMS, as a result of GASB 87 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 capital lease liability for certain of its leases that were previously reported as operating leases under the previous accounting standards. The effect was an increase in additions of both lease related assets and liabilities this fiscal year over last fiscal year. In fiscal year 2022, Leased Buildings and fixtures increased from $63,367,000 while Leased Equipment increased $6,049,000.

Lease payments, once recognized as expense, are now recognized as interest expense and depreciation over the life of the lease but not on a straight line basis. Interest on the lease payments is recognized using the effective interest method while depreciation on the new leased assets is calculated on a straight line basis resulting in the same recognition of expense over the life of the lease but differing in each period. 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 Leased buildings and fixtures and Leased equipment. Leases were recognized and measured using the facts and circumstances that existed at the beginning of fiscal year 2022. That measurement date is in line with the State’s financial statements for fiscal year 2022. The ending balance for Buildings and fixtures for fiscal year 2021 was separated into the beginning balances for Buildings and fixtures, and Leased buildings and fixtures for fiscal year 2022. Leased Equipment was formerly reported as Leased property in 2021. The ending balances of

Buildings and fixtures and Leased property in fiscal year 2021 is equal to the beginning balance of Buildings and fixtures, Leased buildings and fixtures, and Leased equipment in fiscal year 2022.

The present value of the leased assets are calculated using the term of the lease and the borrowing rate for UAMS at the beginning of the lease. The lease terms vary according to the conditions of the individual leases.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following at June 30, 2022:

		2022
		(In thousands)
Trade payables	$	33,257
Accrued wages		85,937
Miscellaneous payables		26,858
Total accounts payable and accrued liabilities	$	146,052

Long-Term Obligations

Changes in long-term obligations during fiscal year 2022 were as follows:

		Beginning balance	Additions	Reductions	Ending balance
			(In thousands)		
Bonds payable	$	530,635	155,696	21,530	664,801
Notes payable		23,508	31,412	4,832	50,088
Leases		29,756	79,813	25,301	84,268
Total debt		583,899	266,921	51,663	799,157
Payroll Taxes		15,885	—	15,885	—
Compensated absences		78,832	6,299	9,628	75,503
Other postemployment benefits		34,503	1,552	—	36,055
Total obligations	$	713,119	274,772	77,176	910,715

(Continued)

The current and long-term portions of the categories noted above were as follows at June 30, 2022:

	Current	Long term	Total
		(In thousands)	
Bonds payable	$ 14,325	650,476	664,801
Notes payable	9,791	40,297	50,088
Leases	12,694	71,574	84,268
Total debt	36,810	762,347	799,157
Payroll Taxes	—	—	—
Compensated absences	5,159	70,344	75,503
Other postemployment benefits	1,110	34,945	36,055
Total obligations	$ 43,079	867,636	910,715

UAMS has bonds outstanding for various facilities. Revenues from clinical services are pledged to service those bonds. The bonds contain covenants that obligate the UA Board to maintain pledged revenues at a level greater than or equal to 125% of the related average annual debt service. For the year ended June 30, 2022, such pledged revenues were 2838% of the related debt service.

UAMS has bonds outstanding for parking decks and lots, which produce parking fee revenue, which is pledged to service the bonds. Those bonds contain covenants that obligate the UA Board to maintain pledged revenues at a level greater than or equal to 120% of the related average annual debt service. For the year ended June 30, 2022, such pledged revenues were 480% of the related debt service.

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 the principal amount of outstanding bonds payable is as follows at June 30, 2022:

		2022
		(In thousands)
Various Facility Revenue Bonds, Series 2013, $112,665,000 original amount, $16,667,000 premium, with principal due annually to 2034, used to advance refund the Series 2004A and 2004B Various Facility Bonds, issued with various fixed interest rates of 1.00% to 5.00% over the life of the issue, collateralized by pledged revenue.	Par	82,070
	Premium	8,976
Various Facility Revenue Bonds, Series 2014, $86,035,000 original amount, $12,713,000 premium, with principal due annually to 2036, used to advance refund the Series 2006 Various Facility Bonds, with various fixed interest rates of 2.00% to 5.00% over the life of the issue, collateralized by pledged revenue.	Par	70,400
	Premium	7,751
Various Facility Revenue Bonds, Series 2019A, $48,615,000 original amount, plus a $12,125,000 premium, with principal due annually starting in 2023 and ending in 2032, issued with fixed rates of 5.00% over the life of the issue, collateralized by pledged revenue.	Par	48,615
	Premium	8,256
Various Facility Revenue Bonds, Series 2019B, $97,470,000 original amount, with principal due annually starting in 2033 until 2042, various fixed interest rates of 2.906% to 3.35% over the life of the issue, collateralized collateralized by pledged revenue.	Par	97,470
Various Facility Revenue Bonds, Series 2020A, $24,325,000 original amount, with principal due annually until 2030, fixed interest rates of 5.00% over the life of the issue, collateralized by pledged revenue.	Par	20,200
	Premium	3,694
Various Facility Revenue Bonds, Series 2021A, $95,925,000 original amount, $26,157,524 premium, with principal due annually starting in 2041 and ending in 2045, with fixed interest rates of 5.00% over the life of the issue, collateralized by pledged revenue	Par	95,295
	Premium	24,800

(Continued)

		2022
		(In thousands)
Various Facility Revenue Bonds, Series 2021B, $41,845,000 original amount, with principal due annually starting in 2035 and ending in 2041, issued various fixed interest rates of 2.714% to 3.097% over the life of the issue, collateralized by pledged revenue.	Par	41,845
Parking Revenue Bonds, Series 2022A $27,555,000 original amount, with principal due annually starting in 2022 and ending in 2051, issued with fixed interest rates of 5.0% over the life of the issue, collateralized	Par	27,555
by pledged revenue.	Premium	5,308
Parking Revenue Bonds, Series 2022B $4,835,000 original amount, with principal due annually starting in 2022 and ending in 2029, issued with fixed interest rates of 3.135% to 3.433% over the life of the issue, collateralized by pledged revenue.	Par	4,835
Various Facility Revenue Bonds, Series 2022A, $93,665,000 original amount, with principal due annually starting in 2029 and ending in 2052, issued with fixed interest	Par	93,665
rates of 5.0% over the issue, collateralized by pledged revenue.	Premium	15,926
Various Facility Revenue Bonds, Series 2022B $8,140,000 original amount with principal due annually starting in 2026 and ending in 2029, issued with fixed interest rates of 3.135% to 3.433% over the issue, collateralized by pledged revenue.	Par	8,140
Total Bonds Payable		$ 664,801

Scheduled maturities of bonds and notes payable are as follows:

	Bonds payable				Notes payable		
	Principal	Interest	Premium amortized	Total	Principal	Interest	Total
				(In thousands)			
2023	$ 14,325	25,397	6,636	46,358	9,791	1,258	11,049
2024	15,110	25,118	6,318	46,546	8,038	1,039	9,077
2025	16,095	24,380	5,977	46,452	8,036	813	8,849
2026	19,125	23,589	5,611	48,325	6,331	609	6,940
2027	20,315	22,679	5,218	48,212	6,329	440	6,769
2028–2032	112,735	98,015	19,524	230,274	11,563	652	12,215
2033–2037	118,190	72,049	11,111	201,350	—	—	—
2038–2042	116,785	51,208	9,031	177,024	—	—	—
2043–2047	120,340	22,543	4,428	147,311	—	—	
2048–2052	37,070	5,377	857	43,304	—	—	—
	$ 590,090	370,355	74,711	1,035,156	50,088	4,811	54,899

The Various Facility Revenue Bonds, Series 2022A, were issued on April 20, 2022. The issue provided $93,665,000 for acquisition and construction and equipping of the Northwest Arkansas UAMS Orthopaedics and Sports Medicine Facility, including land acquisition. The outstanding bonds bear an interest rate of 5.0%. Annual principal payments start in April 2029 and continue until April 2052. Interest payments are made semiannually.

The Various Facility Revenue Bonds, Series 2022B, were issued on April 20, 2022. The issue provided $8,140,000 for property in Rogers Arkansas for future expansion. The outstanding bonds bear an interest rate of 3.135% to 3.433%. Annual principal payments start in April 2026 and continue until April 2029. Interest payments are made semiannually.

The Parking Revenue Bonds, Series 2022A, were issued on February 15, 2022. The issue provided $27,555,000 for refunding the Parking Revenue Bonds, Series 2011, for financing a portion of the new parking deck on the east side of campus, capital improvements related to Parking Deck 4, and other expenditures related to the UAMS parking infrastructure . The outstanding bonds bear an interest rate of 3.0% to 5.0%. Annual principal payments start in July 2022 and continue until July 2051. Interest payments are made semiannually.

The Parking Revenue Bonds, Series 2022B, were issued on February 15, 2022. The issue provided $4,835,000 for a new parking deck on the east side of the campus. The outstanding bonds bear an interest rate of 0.85% to 2.23%. Annual principal payments start in July 2022 and continue until July 2029. Interest payments are made semiannually.

The Various Facility Revenue Bonds, Series 2021A, were issued on April 20, 2021. The issue provided $95,295,000 for a new Surgical Hospital, a new Radiation Oncology Center, and other capital improvements. The outstanding bonds bear an interest rate of 5%. Annual principal payments start in December 2041 and continue until December 2045. Interest payments are made semiannually.

The Various Facility Revenue Bonds, Series 2021B, were issued on April 20, 2021. The issue provided $41,845,000 to pay a portion of the costs of the new Radiation Oncology Center. The outstanding bonds bear various interest rate of 2.714% to 3.097%. Annual principal payments start in December of 2035 and continue until December 2041. Interest payments are made semiannually.

The Various Facility Revenue Refunding Bonds, Series 2020A, were issued on October 27, 2020. The issue provided $24,325,000 necessary to advance refund Various Facility Revenue Refunding Bonds, Series 2010A. The remaining bonds bear an interest rate of 5%. Principal payments are made annually until December 1, 2030. Interest payments are made semiannually.

The Various Facility Revenue Bonds, Series 2019A, were issued on October 24, 2019. The issue provided $48,615,000 for infrastructure and an energy conservation project. The bonds bear interest rates of 5%. Principal payments are made annually until March 2032. Interest payments are made semiannually.

The Various Facility Revenue Bonds, Series 2019B, were issued on October 24, 2019. The issue provided $97,470,000 for infrastructure and an energy conservation project. The bonds bear various interest rates from 2.906% to 3.45%. Principal payments are made annually until March 2042.

The Various Facility Revenue Refunding Bonds, Series 2014, were issued on December 17, 2014. The issue provided $98,037,198 necessary to advance refund Various Facility Revenue Bond, Series 2006. The remaining bonds bear interest rates from 3.75% to 5.00%. Principal payments are made annually until March 2036. Interest payments are made semiannually.

The Various Facility Revenue Refunding Bonds, Series 2013, were issued on May 14, 2013. The issue provided $128,468,519 necessary to advance refund Various Facility Revenue Refunding Bonds, Series 2004A, and Various Facility Revenue Construction Bonds, Series 2004B bonds. The remaining bonds bear interest rates from 3.25% to 5.00%. Principal payments are made annually until November 2034. Interest payments are made semiannually.

Commitments

(a) Leases

Scheduled maturities of lease commitments outstanding as of June 30, 2022 are as follows:

	Principal	Interest	Total
		(In thousands)	
2023	$ 12,674	1,990	14,664
2024	11,636	1,762	13,398
2025	10,086	1,425	11,511
2026	8,615	1,191	9,806
2027	5,528	1,003	6,531
2028-2032	18,193	3,324	21,517
2033-2037	11,991	1,321	13,312
2038-2042	5,545	252	5,797
	$ 84,268	12,268	96,536

(b) Rentals

Rental expense for operating leases for the year ended June 30, 2022 was approximately $6,686,000 and is included in supplies and other services in the accompanying statement of revenues, expenses, and changes in net position.

(c) Construction Projects

Construction in progress at June 30, 2022 included a new Radiology Oncology and Proton Therapy Center, the Orthopaedic and Spine Hospital (TOSH), and an upgrade of essential power systems. At June 30, 2022, contracts outstanding for tangible construction projects were approximately $191,548,068.

(d) Outstanding Commitments

At June 30, 2022, UAMS had outstanding purchase orders for operating supplies and equipment amounting to approximately $372,275,000.

Retirement Benefits

All active employees of UAMS who work 20 or more hours a week in a regularly appointed position of nine or more months participate in the University Retirement Plan (URP). A small closed group of participants continue in the Arkansas Public Employee Retirement System (APERS) or in the Arkansas Teacher Retirement System (ATRS). APERS and ATRS are not open to new enrollments within the University.

(a) University Retirement Plan

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 record-keeper/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. All four-year campuses transitioned to a uniform contribution formula by July 2021. That contribution formula requires an employer base contribution of 5% of an employee's eligible salary to their TIAA and/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 an equal 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. The transition period began in July 2016 and provided for an annual increase of 1% in the employee required contribution percentage to reach 5% by July 2020. However, due to economic uncertainty associated with the COVID-19 pandemic, the required 1% increase in employee contributions scheduled for July 2020 was delayed until July 2021. 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 eligible salary earnings for UAMS employees covered by the URP for the year ended June 30, 2022 were $992,541,000. Total employer contributions to the URP during the fiscal year 2022 were $72,609,000 and total employee contributions were $92,983,000.

(b) Arkansas Teacher Retirement System

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 ATRS is vested in the 15 members of the Board of Trustees of the Arkansas Teacher Retirement System (the ATRS Board). Membership includes 11 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.ATRS.gov/publications.

Benefits Provided

ATRS provides retirement, disability, and death benefits. Benefit terms and assumptions are unchanged from the prior year. 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	2.15 %
Noncontributory	1.39 %

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

- At age 60 with 5 years of credited service
- At any age with 28 years of credited service

Members with 25 years of credited 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 and 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 UAMS are no longer eligible to participate in 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. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1, 1999, until July 1, 2000, to make an irrevocable choice to be contributory or noncontributory. 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 based on an actuary's determination of a rate required to fund the plan. UAMS contributed 14.75% of applicable compensation for the fiscal year ended June 30, 2022. The gross payroll amount for UAMS employees covered by ATRS for the year ended June 30, 2022 was $79,000. UAMS and member's contributions for the year ended June 30, 2022 were $12,000 and $5,000, respectively.

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

At June 30, 2022, UAMS reported a liability of $68,167 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. UAMS' proportion of the net pension liability was based on its share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2022, UAMS' proportion was .0025%

For the year ended June 30, 2022, UAMS recognized pension expense credit of $55,874. At June 30, 2022, UAMS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	3,468	589
Changes in proportion and differences between employer contributions and share of contributions		—	97,973
Net difference between projected and actual earnings on pension plan investments		—	56,576
Change of assumptions		20,539	—
UAMS contributions subsequent to the measurement date		11,720	—
Total	$	35,727	155,138

Deferred outflows of resources related to pensions, resulting from UAMS' contributions subsequent to the measurement date, totaled $11,720 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Year ending June 30, 2022:		
2023	$	(50,813)
2024		(35,377)
2025		(21,544)
2026		(22,702)
2027		(695)
Thereafter		—

Schedule of Changes in Net Pension Liability
Year ended June 30, 2022
Arkansas Teachers Retirement System

Total pension liability:		
Service cost	$	8,381
Interest on total pension liability		40,760
Changes of benefit terms		—
Difference between expected and actual experience		2,680
Changes of assumptions		21,849
Benefit payments, including refunds		(32,440)
Net changes in total pension liability		41,230
Total Pension liability, beginning of year		555,500
Total Pension liability, end of year		596,730
Plan fiduciary net position:		
Employer contributions		11,635
Employee contributions		4,139
Net investment income		129,280
Benefit payments, including refunds		(32,440)
Pension plan administrative expense		(180)
Net change in plan fiduciary net position		112,434
Plan fiduciary net position, beginning of year		416,129
Plan fiduciary net position, end of year		528,563
Net pension liability	$	68,167

(Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 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 of percent of payroll, closed
Wage inflation	2.75%
Salary increases	2.75–7.75%
Investment rate of return	7.25% compounded annually
Post retirement cost-of-living increases	3% Simple
Mortality table	Based on RP-2014 Mortality Table for males and females using Project ion Scale MP-2017 from 2006 (94% for males and 84% for females)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition last updated for the 2011 valuation pursuant to an experience study for the period July 1, 2010–June 30, 2015

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in ATRS's target asset allocation as of June 30, 2022 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
Total	100 %	

Discount Rate: June 30, 2022

A single discount rate of 7.25% 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 7.25%. It incorporates a municipal bond rate of 1.92% taken from the “20-Year Municipal GO AA Index” as of June 30, 2021. 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 14.75% 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: June 30, 2022

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

	Sensitivity of Discount Rate		
	1% Decrease (6.25%)	Discount rate (7.25%)	1% Increase (8.25%)
$	142,618	68,167	6,392

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

UAMS reported payables to ATRS of $0 at June 30, 2022.

(c) Arkansas Public Employees Retirement System

Plan Description

APERS is a cost-sharing, multiple-employer, defined-benefit plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the APERS Board). Membership includes three state and three nonstate 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/annualreports.

Benefits Provided

APERS 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, prior to July 1, 2005	2.07 %
Contributory, July 1, 2005-July 1, 2007	2.03 %
Contributory, on or after July 1, 2007	2.00 %
Noncontributory	1.72 %

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 of actual service
- At age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005).

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.

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 and 75% survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Effective July 1, 2016, new employees of UAMS are no longer eligible to participate in 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 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5.00% of their salary. Employers are required to contribute at a rate established by the APERS Board based on an actuary's determination of a rate required to fund the plan. UAMS contributed 15.32% of applicable compensation for the fiscal year ended June 30, 2022. The gross payroll amount for UAMS employees covered by APERS for the year ended June 30, 2022 was $6,308,524. UAMS' and member's contributions for the year ended June 30, 2022 were $966,958 and $218,274, respectively.

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

At June 30, 2022, UAMS reported a liability of $2,705,090 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. UAMS' proportion of the net pension liability was based on its share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2022 UAMS' proportion was .3518%.

For the year ended June 30, 2022, UAMS recognized pension expense credit of $2,606,408. At June 30, 2022, UAMS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	61,910	173,488
Changes in proportion and differences between employer contributions and share of contributions		—	2,008,912
Net difference between projected and actual earnings on pension plan investments		733,446	4,748,351
Change of assumptions		—	18,949
UAMS contributions subsequent to the measurement date		966,958	—
Total	$	1,762,314	6,949,700

Deferred outflows of resources related to pensions, resulting from UAMS contributions subsequent to the measurement date, totaled $966,958 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Year ending June 30:		
2023	$	(2,190,551)
2024		(1,548,444)
2025		(974,368)
2026		(1,440,981)
2027		—
Thereafter		—

Schedule of Changes in Net Pension Liability
Year ended June 30, 2022
Arkansas Public Employees Retirement System

Total pension liability at June 30, 2022:	
Service cost	$ 704,284
Interest on total pension liability	2,873,081
Difference between expected and actual experience	(230,970)
Changes of benefit terms	(19,018)
Changes of assumptions	—
Benefit payments, including refunds	(2,195,529)
Net changes in total pension liability	1,131,848
Total pension liability, beginning of year	40,928,580
Total pension liability, end of year	42,060,428
Plan fiduciary net position:	
Employer contributions	1,076,371
Employee contributions	261,627
Net investment income	9,379,539
Benefit payments, including refunds	(2,195,529)
Pension plan administrative expense	(40,972)
Other	21,070
Net change in plan fiduciary net position	8,502,106
Plan fiduciary net position, beginning of year	30,853,232
Plan fiduciary net position, end of year	39,355,338
Net pension liability	$ 2,705,090

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 of percent of payroll, closed
Investment rate of return	7.15%
Salary increases	3.25% – 9.85%
Wage inflation	3.25%
Postretirement cost-of-living increases	3.00% Annual Compounded Increase
Mortality table	Based on RP-2006 Combined Healthy mortality table projected to 2020 using Scale MP-2017.
Average remaining service life of all members	3.9676

The long-term expected rate of return on pension plan investments of 7.15% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized below:

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 %	

Assumption changes: Economic assumptions were updated in the June 30, 2017 valuation to a 7.15% investment return assumption and a 3.25% wage inflation assumption. The 3.25% represents base inflation, excluding merit or seniority increases. These assumptions were unchanged in the June 30, 2020 valuation.

Discount Rate at June 30 2022

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%. It incorporates a municipal bond rate of 1.92% based on the “Fidelity 20-Year Municipal GO AA Index” from the Bond Buyer Index of general obligation municipal bonds (based on the weekly rate closest to but not later than the measurement date).

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 at June 30, 2022

The following presents UAMS’ 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 one-percentage-point lower (6.15%) or one-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%)**
$ 8,090,979	2,705,090	(1,743,496)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s net position is available in the separately issued APERS financial report. The pension plan’s net position is determined on the same basis of accounting, including policies with respect to benefit payments and valuation of pension plan investments.

Payables to the Pension Plan

UAMS reported payables to APERS of $0 at June 30, 2022.

Retiree Health, Dental, and Life Insurance

In addition to providing retirement benefits, UAMS arranges health, dental, and life insurance for retired and disabled employees and their families. Substantially, all of UAMS’ employees may become eligible for those benefits if they meet normal retirement requirements while still working for UAMS. The participants of this program incur the total premium for this insurance. There is no direct expense for these services incurred by UAMS.

Postemployment benefits other than pensions

UAMS offers postemployment health (including prescription drugs) and dental benefits along with life insurance ($10,000 available coverage) to eligible retirees. Health and dental benefits are provided in the UA

(Continued)

System's self-funded plan sponsored by the UA Board for current and retired employees of each of its campuses and related units. The plan is considered a single-employer, defined-benefit plan. The UA System manages and administers the plan. Although benefits are also provided under the UA System's plan for the UA Foundation and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the UA System for these private entities. No assets are accumulated in a trust.

Governmental entities recognize and match other postemployment benefit costs with related services received and also provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. Accordingly, UAMS accrued $1,341,000 expense credit in retiree healthcare expense during the fiscal year ended June 30, 2022.

For those campuses in the UA System's self-funded plan, retirees qualify for postemployment benefits as follows:

(d) Participation

Employees who retire with a combination of age and years of service of at least 70 years with at least 10 years of coverage under the plan are eligible to participate. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death. Retirees can continue coverage after Medicare eligibility age (age 65 or disabled) with the UA System plan paying secondary to Medicare.

(e) Benefit Provided

Retirees participate in the plan at the same premium rate as an active employee.

(f) Required Contribution Ratio

Retirees pay 100% of premium. The pre-65 premium is based upon blended active and pre-65 retiree claims experience. The valuation accounts for the implicit subsidy that arises as a result. Employer costs are funded on a pay-as-you-go basis.

(g) Employees covered by benefit terms

As of July 1, the following employees were covered by the benefit terms:

	2021
Inactive employees, beneficiaries:	
Or spouses of retirees:	
Medical	165
Life	655
Active employees:	
Medical	9,121
Life	11,238

Total OPEB liability for the year ended June 30, 2022 was $36,055,000, determined by actuarial valuations as of June 30, 2021, rolled forward.

(h) Summary of Key Actuarial Methods and Assumptions

University self-funded plan:

Valuation date	July 1, 2021 valuation for the fiscal year ended June 30, 2022
Valuation year	Liabilities were measured as of July 1, 2021 valuation date
Actuarial cost method	Entry Age Normal as of July 1, 2021 measurement date
Discount rate	2.16% as of July 1, 2021
Projected payroll growth rate	4.00% (same as prior year)
Percent of retirees electing coverage	55.00% medical and 75.00% life (same as prior year)
Rate of medical inflation	Measurement dates: July 1, 2021 6.50% grading to 3.12% over 19 years
Rate of pharmacy inflation	Measurement dates: July 1, 2021 7.50% grading to 3.12% over 19 years
Dental trend rate	Dental benefits were excluded from the valuation since expected retiree contributions are sufficient to fully cover expected costs
Mortality table	RP-2014 Fully Generational Mortality Table, using mortality improvement based on projection scale MP-2014 (Same Mortality table as prior year)

No experience study was made during the year.
The discount rate is based on high-quality AA/Aa or higher bond yields for 20-year tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO index. (Unchanged from prior year)

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

(i) Changes in Total OPEB Liability

Balance at June 30, 2020, rolled forward to 6/30/2021	$ 34,503,000
Changes for the year:	
Service cost	$ 2,462,000
Interest	806,000
Change of benefits	—
Difference between expected and actual experience	(887,000)
Change of assumptions	179,000
Contributions - employer	—
Contributions - member	—
Net investment income	—
Benefit payments	(1,008,000)
Administrative expense/rounding	
Net changes	1,552,000
Balance at June 30, 2021, rolled forward to 6/30/2022	$ 36,055,000

(j) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents UAMS' total OPEB liability, using the discount rate of 2.16% for fiscal year 2022, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

Sensitivity of Discount Rate, as of June 30, 2022			
	1% Decrease (1.16%)	**Discount rate (2.16%)**	**1% Increase (3.16%)**
Total OPEB liability	$ 39,512,000	36,055,000	32,961,000

(k) Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents UAMS' total OPEB liability as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher, as well as what total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower than the current rate:

Sensitivity to Changes in the Healthcare Cost Trend Rate, as of June 30, 2022			
	1% Decrease	**Healthcare Trend**	**1% Increase**
Total OPEB liability	$ 32,508,000	36,055,000	40,216,000

(l) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, UAMS recognized OPEB expense of $1,341,000.

At June 30, 2022, UAMS 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	$ —	2,767,000
Changes of assumptions	3,423,000	992,000
UAMS benefits paid subsequent to the measurement date	1,110,000	—
	$ 4,533,000	3,759,000

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 ending June 30:		
2023	$	(819,000)
2024		173,000
2025		454,000
2026		(144,000)
2027		—
Thereafter		—

Affiliated Entities

The UA Foundation operates as a nonprofit benevolent corporation for charitable educational purposes. It was established to benefit the UA System, or its students, faculty, and staff. The Board of Directors of the UA Foundation includes four members who are also members, or former members, of the UA Board. Support by the UA Foundation on behalf of UAMS was $11,906,000 for the year ended June 30, 2022. These amounts are included in Gifts and Capital gifts in the financial statements.

Based on unaudited information provided by the UA Foundation, during the year ended June 30, 2022, a net loss of $26,300,000 was reported due to unrealized losses on long-term investments received by the UA Foundation for the benefit of UAMS.

Related-Party Transactions

Notes receivable from related parties at June 30, 2022 are as follows:

		2022
		(In thousands)
University of Arkansas at Fayetteville	$	563
Arkansas State Hospital		125
University of Arkansas System (eVersity)		1,306
Total included in notes and student loans receivable (note 6)	$	1,994

Notes payable to related parties at June 30, 2022 are as follows:

		2022
		(In thousands)
University of Arkansas System (Workday)	$	16,443

In addition to the above transactions, UAMS conducts various activities with UA System campuses and the State of Arkansas. These activities take place in the normal course of business and are on an arm’s length basis.

Contingencies

Amounts received and expended by UAMS under various federal and state programs are subject to audit by governmental agencies. Management believes that adjustments, if any, which might result from such audits would not have a significant impact on the financial position of UAMS. Immunity provisions in Arkansas law prohibit suits naming the UA Board or UAMS as a defendant in Arkansas State courts. Employees of UAMS acting in good faith in the course and scope of their employment may be sued in state courts but only to the extent of maintained insurance coverage. UAMS maintains malpractice insurance for certain employees under a claims-made policy. Premiums are accrued based on estimated claims, with the final premium amount determined based on actual claims experience. The cost of this policy is included in supplies and other expenses. During the year ended June 30, 2022, UAMS incurred costs of $4,497,000 for this insurance. A party may bring an action against UAMS through the Arkansas State Claims Commission (the Claims Commission). The Claims Commission may award a claim of up to $15,000 without further review or appropriation. Awards that the Claims Commission approves in excess of $15,000 must be approved and appropriated by the Arkansas State Legislature. Appropriations of this type, if any, reduce appropriations from the state to UAMS in the period in which the claim is appropriated.

UAMS is involved in litigation and regulatory investigations arising in the normal course of business. Management and counsel believe that these matters will be resolved without material adverse effect on UAMS' financial statements.

UAMS employees and their eligible dependents may participate in the UA System-sponsored self-funded health plan, which is administered by third parties who are responsible for the processing of claims and administration of cost containment. The monthly premiums are established by the UA System at a level sufficient to cover claims expected in the plan. UAMS and the employees share the cost of the monthly insurance premium with the total premium and the portion paid by UAMS varying depending on the insurance coverage chosen by the employee. The employee's portion and UAMS' portion of the premium are remitted the following month to the UA System with UAMS recognizing as expense its portion of the premiums in the month to which it relates.

In fiscal year 2006, the Arkansas Development Finance Authority (the Authority) issued $36,775,000 in Tobacco Settlement Revenue Bonds. The Authority has 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. 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 (Debt Service Revenues) 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) indicates that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60,067,000 from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27,600,000 in 2046 with the first $5,000,000 dedicated to pay the debt service on the above bond issue.

(Continued)

If Debt Service Revenues had been considered insufficient at June 30, 2022, UAMS 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 (a) physician generated revenues, (b) State appropriations, and (c) revenues restricted for other purposes.

Functional Classification of Expenses

For financial reporting purposes, UAMS classifies its operating expenses by their natural classification. The tables below summarize these expenses by their functional classification:

	Year ended June 30, 2022				
	Compensation and benefits	Supplies and other services	Scholarships and fellowships	Depreciation and amortization	Total
			(In thousands)		
Patient care	$ 780,210	502,988	—	—	1,283,198
Instruction	108,482	12,865	—	—	121,347
Research	112,765	58,971	—	—	171,736
Public services	24,021	11,593	—	—	35,614
Academic support	38,192	1,823	—	—	40,015
Student services	1,441	2,904	—	—	4,345
Institutional support	103,705	35,618	—	—	139,323
Operation and maintenance of plant	45,750	18,964	—	—	64,714
Scholarships and awards	2,007	1,368	3,225	—	6,600
Auxiliary	1,247	1,213	—	—	2,460
Depreciation and amortization	—	—	—	76,704	76,704
Other	1,640	2,017	—	—	3,657
	$ 1,219,460	650,324	3,225	76,704	1,949,713

(1) Retirement Benefits

(a) Arkansas Teacher Retirement System

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 of percent of payroll, closed
Wage inflation	2.75%
Salary increases	2.75-7.75%
Investment rate of return	7.25% compounded annually
Postretirement cost-of-living increases	3% simple
Mortality table	Based on RP-2014 Mortality Table for males and females using Projection Scale MP-2017 from 2006 (94% for males and 84% for females)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2011 valuation pursuant to an experience study for the period July 1, 2010–June 30, 2015

(Continued)

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

Fiscal Ending June 30	UAMS Proportion of Net Pension Liability	UAMS Proportionate Share of Net Pension Liability	UAMS Covered Payroll	UAMS Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Net Position as a Percentage of Total Pension Liability
2018(a)	0.0083 %	350,770	173,286	202.42 %	79.48 %
2019(b)	0.0058 %	209,653	107,058	195.83 %	82.78 %
2020(c)	0.0035 %	145,151	104,845	138.44 %	80.96 %
2021(d)	0.0033 %	189,535	80,236	236.22 %	74.91 %
2022(e)	0.0025 %	68,167	79,457	85.79 %	88.58 %

(a) The amounts presented were determined as of June 30, 2017, rolled forward to June 30, 2018.
(b) The amounts presented were determined as of June 30, 2018, rolled forward to June 30, 2019.
(c) The amounts presented were determined as of June 30, 2019, rolled forward to June 30, 2020.
(d) The amounts presented were determined as of June 30, 2020, rolled forward to June 30, 2021.
(e) The amounts presented were determined as of June 30, 2021, rolled forward to June 30, 2022.

Schedule of UAMS' Contributions
Arkansas Teacher Retirement System

Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	UAMS Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	24,260	(24,260)	—	173,286	14.00 %
2019	14,988	(14,988)	—	107,058	14.00 %
2020	14,940	(14,940)	—	104,845	14.25 %
2021	11,634	(11,634)	—	80,236	14.50 %
2022	11,720	(11,720)	—	79,457	14.75 %

Schedule of Changes In Net Pension Liability
Arkansas Teacher Retirement System

Total Pension Liability

Fiscal Year	Service Cost	Interest on Total Pension Liability	Changes of Benefit Items	Difference between Expected and Actual Experience	Changes of Assumptions	Benefit Payments, including Refunds	Net Changes in Total Pension Liability	Total Pension Liability, Beginning of Year	Total Pension Liability, End of Year
2018	25,682	123,972	(39,151)	(6,409)	114,726	(92,103)	126,717	1,582,858	1,709,575
2019	18,197	86,681	—	(424)	—	(67,415)	37,039	1,180,352	1,217,391
2020	11,325	53,988	—	4,156	—	(42,279)	27,190	735,316	762,506
2021	11,084	53,853	—	(833)	—	(42,343)	21,761	733,680	755,441
2022	8,381	40,760	—	2,680	21,849	(32,440)	41,230	755,441	796,671

Net Pension Liability

Fiscal Year	Employer Contributions	Employee Contributions	Net Investment Income	Benefit Payments, including Refunds	Pension Plan Expense	Net Changes in Plan Fiduciary Net Position	Plan Fiduciary Net Position, Beginning of Year	Plan Fiduciary Net Position, End of Year	Net Pension Liability
2018	34,624	11,107	191,062	(92,103)	(653)	144,037	1,214,768	1,358,805	350,770
2019	24,456	7,995	105,086	(67,415)	(538)	69,584	938,154	1,007,738	209,653
2020	14,993	4,937	31,261	(42,279)	(248)	8,664	608,691	617,355	145,151
2021	14,940	5,126	(5,550)	(42,343)	(283)	(28,110)	594,016	565,906	189,535
2022	11,635	4,139	129,278	(32,440)	180	112,792	565,906	678,699	68,167

Per the requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which UAMS implemented in fiscal year 2015, this schedule will continue to add future fiscal years to report the required most recent 10 years of plan data, starting with the implementation year.

(b) Arkansas Public Employees Retirement System

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 of percent of payroll, closed
Investment rate of return	7.15%
Salary increases	3.25% – 9.85%
Wage inflation	3.25%
Postretirement cost-of-living increases	3.00% annual compounded increase
Mortality table	Based on RP-2006 Combined Healthy mortality table projected to 2020 using Projection Scale MP-2017
Average remaining service life of all members	3.9676

Schedule of UAMS' Proportional Share of the Net Pens ion Liability
Arkansas Public Employees Retirement System

Fiscal Year Ending June 30	UAMS Proportion of Net Pension Liability	UAMS Proportionate Share of Net Pension Liability	UAMS Covered Payroll	UAMS Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Net Position as a Percentage of Total Pension Liability
2018(a)	0.6177 %	15,963,746	9,954,115	160.37 %	75.65 %
2019(b)	0.5313 %	11,720,586	9,663,708	121.28 %	79.59 %
2020(c)	0.4269 %	10,298,361	7,599,668	135.51 %	78.55 %
2021(d)	0.3132 %	8,969,190	6,566,642	136.59 %	75.38 %
2022(e)	0.3518 %	2,705,090	6,308,524	42.88 %	95.68 %

(a) The amounts presented were determined as of June 30, 2017, rolled forward to June 30, 2018.
(b) The amounts presented were determined as of June 30, 2018, rolled forward to June 30, 2019.
(c) The amounts presented were determined as of June 30, 2019, rolled forward to June 30, 2020.
(d) The amounts presented were determined as of June 30, 2020, rolled forward to June 30, 2021.
(e) The amounts presented were determined as of June 30, 2021, rolled forward to June 30, 2022.

Schedule of UAMS' Contributions
Arkansas Public Employees Retirement System

Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	UAMS Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	1,468,232	(1,468,232)	—	9,954,115	14.75 %
2019	1,480,805	(1,480,805)	—	9,663,708	15.32 %
2020	1,145,471	(1,145,471)	—	7,599,668	15.07 %
2021	1,000,526	(1,000,526)	—	6,566,642	15.23 %
2022	966,958	(966,958)	—	6,308,524	15.33 %

(Continued)

Schedule of Changes In Net Position Liability
Arkansas Public Employees Retirement System

Total Pension Liability

Fiscal Year	Service Cost	Interest on Total Pension Liability	Changes of Benefit Items	Difference between Expected and Actual Experience	Assumption Changes	Benefit Payments, including Refunds	Net Changes-Total Pension Liability	Total Pension Liability, Beginning of Year	Total Pension Liability, End of Year
2018	1,078,999	4,442,513	—	388,257	2,570,780	(3,224,468)	5,256,081	60,306,236	65,562,317
2019	964,653	3,962,835	—	(36,983)	(956,897)	(2,893,548)	1,040,060	56,388,715	57,428,775
2020	809,208	3,240,642	(269)	256,520	—	(2,439,957)	1,866,144	46,139,039	48,005,183
2021	621,471	2,473,164	—	6,289	—	(1,889,598)	1,211,326	35,223,763	36,435,089
2022	704,284	2,873,081	(19,018)	(230,970)	—	(2,195,529)	1,131,848	36,435,089	37,566,937

Net Pension Liability

Fiscal Year	Employer Contributions	Employee Contributions	Net Investment Income	Benefit Payments, including Refunds	Pension Plan Expense	Other	Net Changes in Plan Fiduciary Net Position	Plan Fiduciary Net Position, Beginning of Year	Plan Fiduciary Net Position, End of Year	Net Pension Liability
2018	1,614,416	356,517	5,330,173	(3,224,468)	(58,662)	47,114	4,065,090	45,533,481	49,598,571	15,963,746
2019	1,467,945	337,020	4,156,663	(2,893,548)	(61,087)	42,550	3,049,543	42,658,646	45,708,189	11,720,586
2020	1,250,523	286,949	1,923,020	(2,439,957)	(62,919)	26,641	984,257	36,722,565	37,706,822	10,298,361
2021	936,264	222,144	546,754	(1,889,598)	(36,589)	19,574	(201,451)	27,667,350	27,465,899	8,969,190
2022	1,076,371	261,627	9,379,539	(2,195,529)	(40,970)	—	8,481,038	27,465,899	35,946,937	2,705,090

Per the requirements of GASB Statement No. 68, which UAMS implemented in fiscal year 2015, this schedule will continue to add future fiscal years to report the required most recent 10 years of plan data, starting with the implementation year.

Changes in Assumptions

There were no benefit changes during the year. Economic assumptions in the June 30, 2021 valuation included a 7.15% investment return assumption. The investment return assumption for the prior year was 7.50%.

(c) Postemployment benefits other than pensions

Actuarial Assumptions

University self-funded plan:

Valuation date	July 1, 2021 valuation for the fiscal year ended June 30, 2022
Valuation year	Census data was collected as of February 2022. Liabilities were measured as of July 1, 2021 valuation date.
Actuarial cost method	Entry Age Normal as of July 1, 2021 measurement date
Discount rate	2.16% as of July 1, 2021
Projected payroll growth rate	4.00%
Percent of retirees electing coverage	55.00% medical and 75.00% life
Rate of medical inflation	Measurement dates: July 1, 2021 6.50% grading to 3.12% over 19 years
Rate of pharmacy inflation	Measurement dates: July 1, 2021 7.50% grading to 3.12% over 19 years
Dental trend rate	Dental benefits were excluded from the valuation since expected retiree contributions are sufficient to fully cover expected costs
Mortality table	RP-2014 Fully Generational Mortality Table, using mortality improvement based on projection scale MP-2014 (same as prior year)

No experience study was made during the year.
The discount rate is based on high-quality AA/Aa or higher bond yields for 20-year tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO index.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%. Also, the rate of pharmacy inflation remained constant at 7.50% grading to 3.12% over 19 years.

Schedule of Changes In Net Position Liability
Arkansas Publ ic Employees Retirement System

CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Year Ended June 30, 2022

Fiscal Year	Service Cost	Interest on Total Pension Liability	Changes of Benefit	Difference between Expected and Actual Experience	Assumption Changes	Benefit Payments, including Refunds	Net Changes- Total Pension Liability	Total Pension Liability, Beginning of Year	Total Pension Liability, End of Year
2018	$ 2,234,061	1,013,709	—	—	(5,942,336)	(714,070)	(3,408,636)	33,689,190	30,280,554
2019	1,949,956	1,141,397	—	(1,906,297)	213,960	(702,009)	697,007	30,280,554	30,977,561
2020	1,924,000	1,257,000	—	(1,375,000)	1,435,000	(826,000)	2,415,000	30,977,561	33,392,561
2021	2,228,000	1,231,000	(4,372,000)	(1,225,000)	4,154,000	(906,000)	1,110,000	33,393,000	34,503,000
2022	2,462,000	806,000	—	(887,000)	179,000	(1,008,000)	1,552,000	34,503,000	36,055,000

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Required Supplementary Information (Unaudited)

June 30, 2022 and 2021

CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Year Ended June 30, 2021

Fiscal Year	Covered-employee payroll	Total OPEB liability as a percentage of covered employee
2018	$ 798,978,000	3.79 %
2019	782,000,000	3.96 %
2020	793,212,000	4.21 %
2021	807,816,000	4.27 %
2022	992,983,000	3.63 %

Note: This is a 10-year schedule. Years after fiscal year 2022 are to be added as they become available.

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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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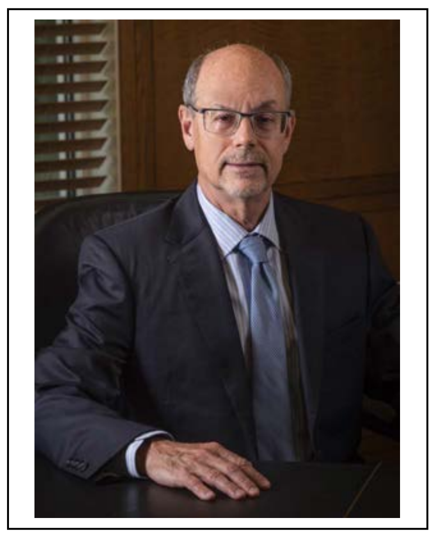

Dr. Donald R. Bobbitt, President

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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

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Senate Vice Chair

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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
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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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.

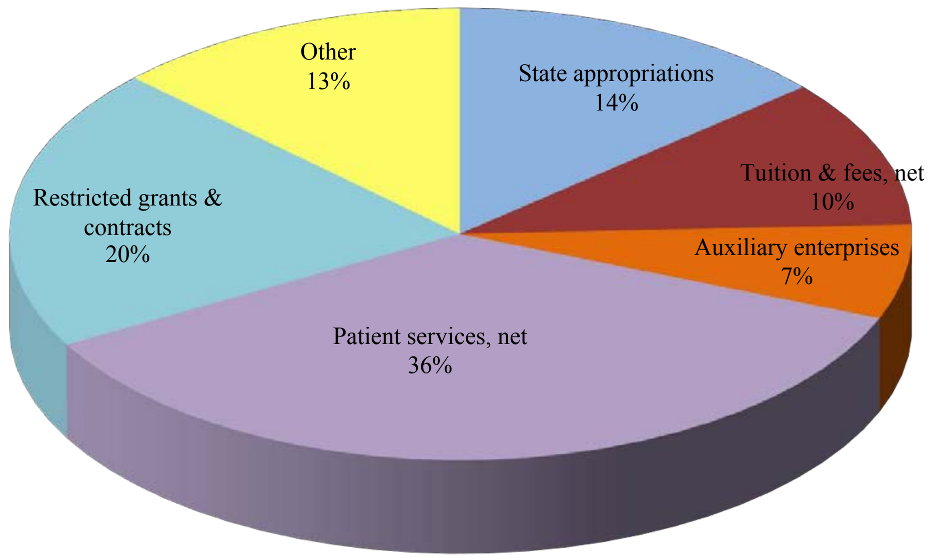
Preliminary figures indicate that the University enrolled 30,936 students for the Fall 2022 semester while setting new records for retention and graduation rates. University enrollment has increased 22.1%, or 5,595 students over the past ten years. Enrollment has now exceeded 30,000 for the first time 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

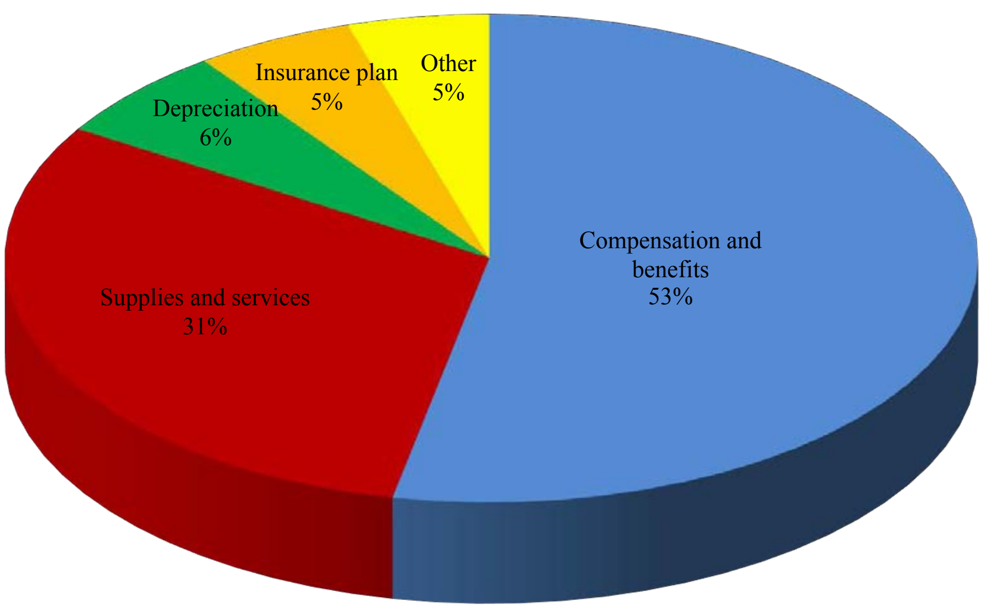
Financial support from state government for all campuses remains a critical element to the continued financial health of the University. Arkansas appears to have a healthy economy even as we encounter the uncertainties of our future due to the pandemic, as general revenue forecasts have been very positive, 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

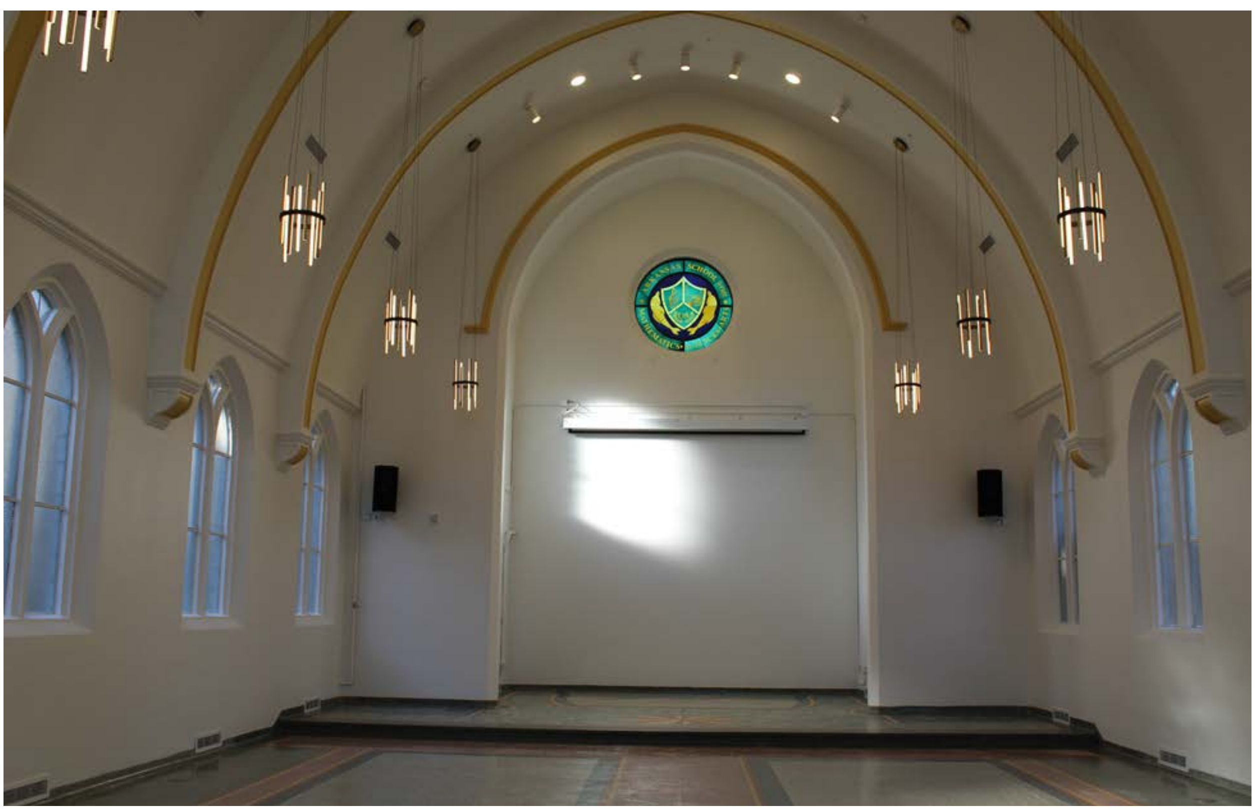
UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	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

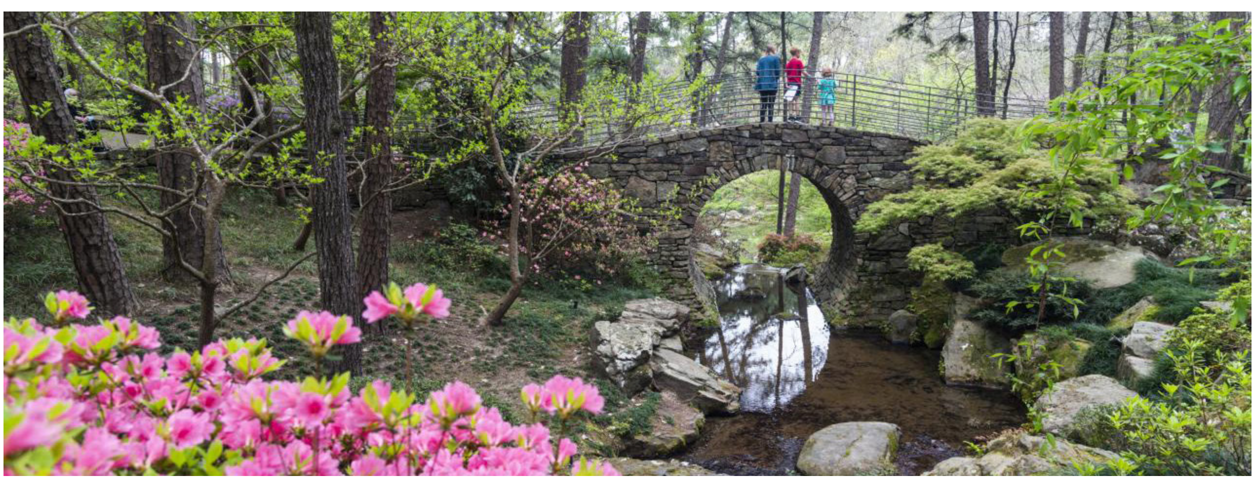
See accompanying notes.

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 Type	Fair Value	Credit Risk 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:

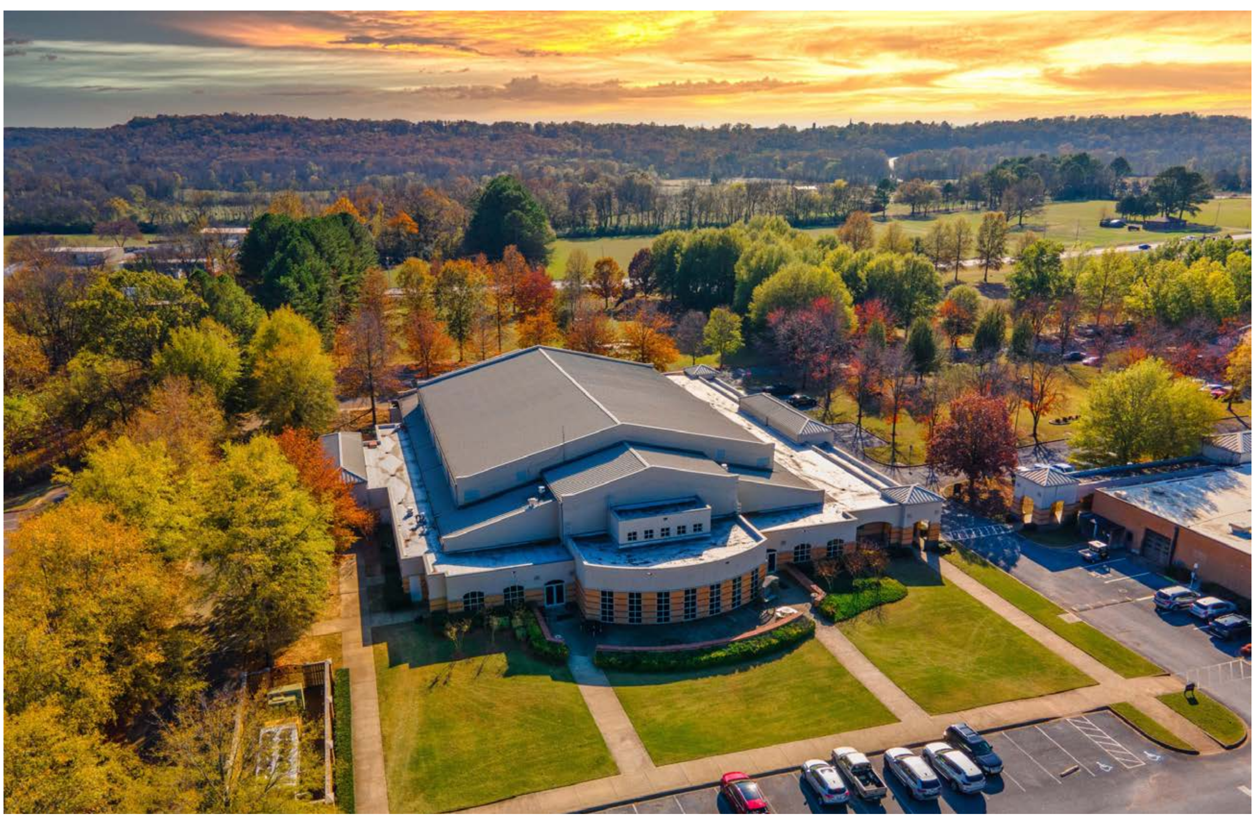
ACCOUNTS RECEIVABLE	June 30, 2022
Student accounts	$ 25,071,358
Non-student accounts	95,331,817
Grants and contracts	90,552,609
Property and sales taxes	1,624,118
Other	4,596,577
Total	$217,176,479

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	Student Fees	$	23,477,886
Series 2017A Tax-Exempt Various	Sales and Services		
Series 2020A Taxable Various Facilities	Auxiliary Enterprises		
Series 2020B Tax Exempt Various Facilities			
		$	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	$	37,285,920
	Auxiliary Revenues		
		$	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.

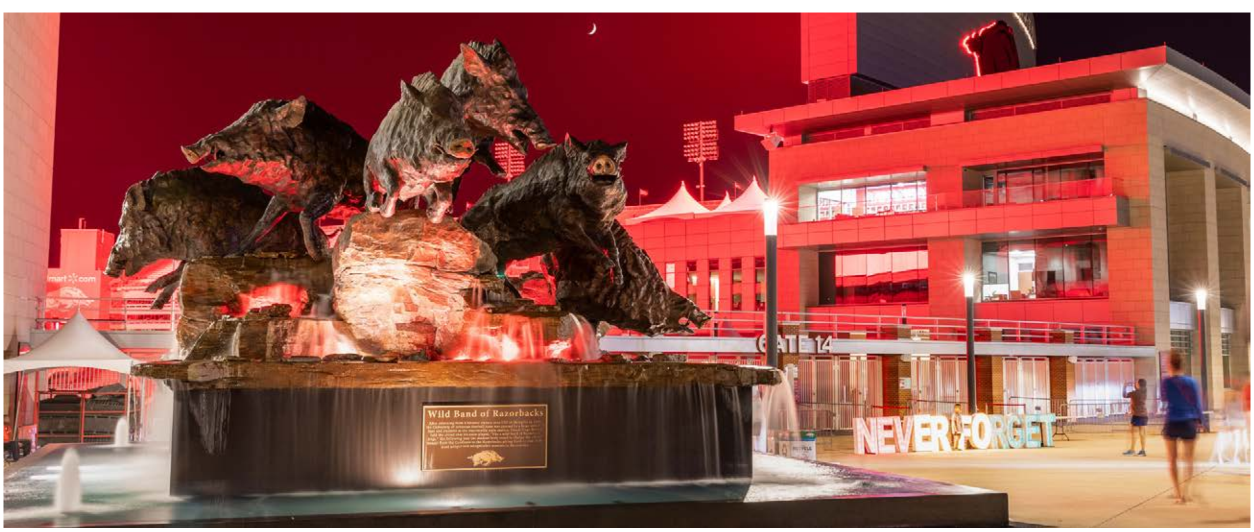
UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

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

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

Total OPEB liability as a percentage of covered employee payroll	**5.52%**	**5.67%**	**5.63%**	**5.36%**	**5.21%**

Notes to Schedule:

No assets for the Plan are accumulated in a trust.

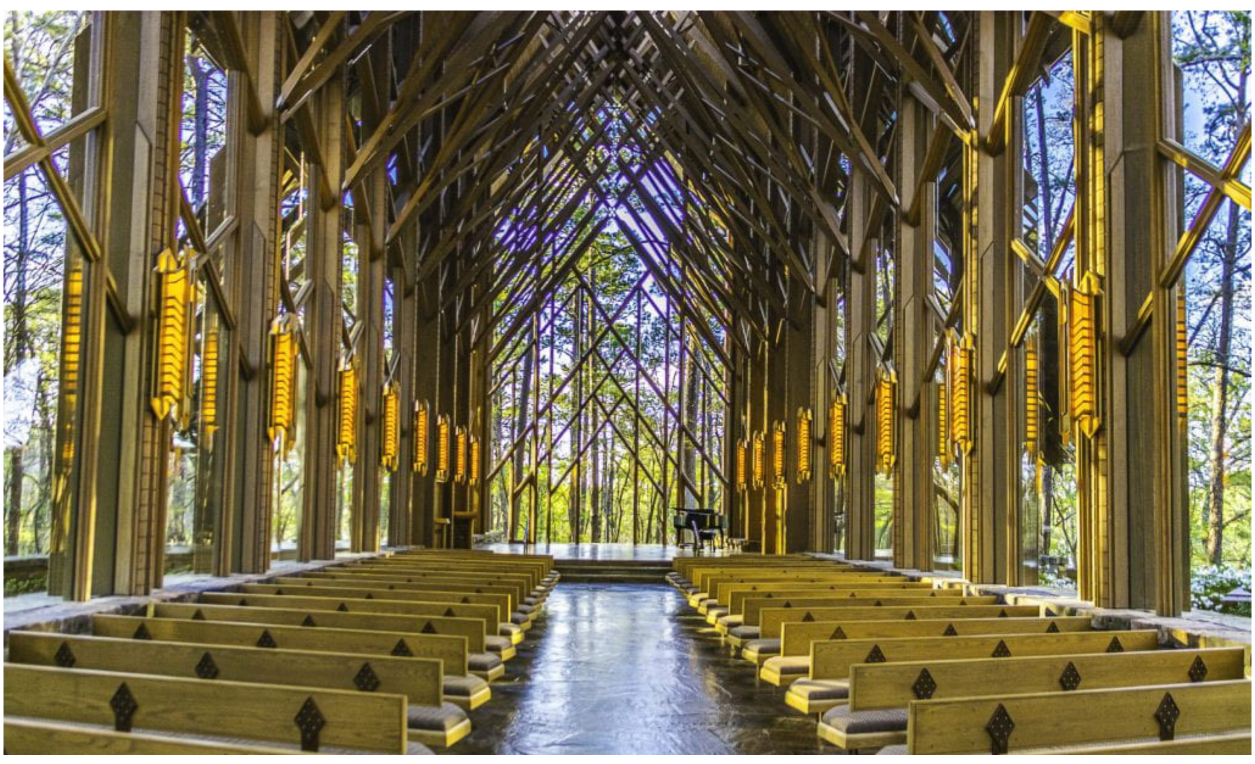
Change of Assumptions:

During the measurement year, the total OPEB Liability (TOL) increased by approximately \$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 11^{th}-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 The Bank of New York Mellon Trust Company, N.A., in connection with the issuance by the Issuer of its Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2023, dated August 3, 2023, and in the aggregate principal amount of $64,630,000 (the "Bonds"). The Bonds are being issued pursuant to a Master Trust Indenture dated as of November 15, 2004 (the "Master Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A. (f/k/a The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), and a Series 2023 Trust Indenture dated as of August 3, 2023 (the "Series 2023 Indenture," and collectively with the Master Indenture, the "Indenture"), between the Issuer and the Trustee. The Issuer and The Bank of New York Mellon Trust Company, N.A., 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 The Bank of New York Mellon Trust Company, N.A., 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). Neither the Trustee nor the Dissemination Agent shall have any liability with respect to the content of any disclosure provided hereunder and the Dissemination Agent shall be responsible only 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 Chief Financial Officer of UAMS 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 The Bank of New York Mellon Trust Company, N.A., 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.

"UAMS" shall mean the University of Arkansas for Medical Sciences, a campus of the University of Arkansas System.

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 UAMS 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 UAMS'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.

(e) Notwithstanding anything to the contrary, neither the Trustee nor the Dissemination Agent shall have any duty to review or analyze any Annual Report delivered to it or be responsible for any content therein or to verify the accuracy thereof and neither the Trustee nor the Dissemination Agent shall be deemed to have notice of any information contained in any such Annual Report or event of default which may be disclosed therein in any manner.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) (i) Information of the type set forth in the Official Statement dated July 11, 2023 relating to the Bonds (the "Official Statement") under the caption **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**, **Pledged Revenues** for the fiscal year then ended and the four prior fiscal years, (ii) information of the type set forth in the Official Statement under the caption **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**, **Utilization** for the fiscal year then ended and the four prior fiscal years, and (iii) a schedule of debt service requirements for Other Obligations and Additional Parity Bonds if incurred in the future.

(b) The annual audited financial statements of the Issuer and of UAMS, 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 UAMS;

13. The consummation of a merger, consolidation or acquisition involving the Issuer or UAMS or the sale of all or substantially all of the assets of the Issuer or UAMS, 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 UAMS, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or UAMS, 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 UAMS, any of which reflect financial difficulties.

(b) The Dissemination Agent shall, within three (3) business days 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 in writing to report the occurrence of a Listed Event, the Dissemination Agent shall file in a timely manner not in excess of three (3) business days after receiving notification from the Issuer of 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 upon thirty (30) days written notice to the then current Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time upon thirty (30) days written notice to the Issuer. 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; provided that, the Trustee has specifically agreed to assume such duties in a separate written agreement. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

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 in writing 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 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. Prior to executing any amendment or waiver, there shall be delivered to the Trustee and the Dissemination Agent an opinion of counsel, upon which the Trustee and Dissemination Agent shall conclusively rely, to the effect that such amendment or waiver is authorized or permitted by the terms of this Disclosure Agreement.

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 written request of a Participating Underwriter or the Owners of at least 25% in aggregate principal amount of Outstanding Bonds and upon receiving indemnity satisfactory to the Trustee, 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 shall not be liable for any action taken or neglected to be taken in performing or attempting to perform its obligations hereunder other than for its gross negligence or willful misconduct. Notwithstanding any provision herein to the contrary, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. 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 no implied covenants or obligations shall be read into this Disclosure Agreement against the Dissemination Agent. 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, costs and expenses) 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 the termination of this Disclosure Agreement or the sooner 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 in writing 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 for Medical Sciences 4301 West Markham Street Little Rock, Arkansas 72205 Attention: Vice Chancellor for Finance and Chief Financial Officer
and a copy to:	University of Arkansas System General Counsel 2404 North University Avenue Little Rock, Arkansas 72207 Attention: General Counsel
To the Dissemination Agent or the Trustee:	The Bank of New York Mellon Trust Company, N.A. 601 Travis Street, The Chase Center Houston, Texas 77002 Attention: Corporate Trust Fax: 732-667-4584

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 follows.]

Dated: As of August 3, 2023.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS

By ________________________________
President

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Dissemination Agent

By ________________________________
Authorized Officer

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

By ________________________________
Authorized Officer

[Signature Page to Continuing Disclosure Agreement.]

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Board of Trustees of the University of Arkansas
Name of Bond Issue:	Board of Trustees of the University of Arkansas Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2023
Date of Issuance:	August 3, 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 3, 2023.

Dated: ________________________, ____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Dissemination Agent

By:____________________________________
Authorized Officer

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BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS • VARIOUS FACILITIES REVENUE BONDS (UAMS CAMPUS), REFUNDING SERIES 2023

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