NEW ISSUE **RATING: Moody's: A1 (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 Series 2022 Bonds is not excludable from gross income for federal income tax purposes, (ii) interest on the Series 2022 Bonds is exempt from State of Arkansas income tax, and (iii) the Series 2022 Bonds are not subject to property taxes in the State of Arkansas. (In this regard, see **TAX MATTERS**.)*

$13,015,000
BOARD OF TRUSTEES OF THE ARKANSAS STATE UNIVERSITY SYSTEM STUDENT FEE REVENUE REFUNDING BONDS (JONESBORO CAMPUS) TAXABLE SERIES 2022

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

The Series 2022 Bonds are general obligations of the Board of Trustees of the Arkansas State University System (the "Board") and are secured by a pledge of certain revenues of the Board, subordinate to and on a parity with pledges securing other bonds heretofore issued as described herein. The Series 2022 Bonds are not secured by the faith or credit of the State of Arkansas or by a pledge of any of its revenues or a mortgage lien on any of its lands or buildings.

Interest on the Series 2022 Bonds will be payable on June 1 and December 1 of each year, commencing December 1, 2022. Interest will be paid by The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), to the person reflected as registered owner on the registration book maintained by the Trustee, as bond registrar, on the 15th day of the month preceding the interest payment date.

The Series 2022 Bonds will be issued as fully registered bonds, without coupons, in the denomination of $5,000 each or any integral multiple thereof. The Series 2022 Bonds will be initially issued as a single registered bond for each maturity registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Series 2022 Bonds will be available for purchase in book-entry form only. Except in limited circumstances described herein, purchasers of the Series 2022 Bonds will not receive physical delivery of Series 2022 Bonds. Payments of the principal of, premium, if any, and interest on the Series 2022 Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2022 Bonds, to be subsequently disbursed to DTC participants and thereafter to the beneficial owners of the Series 2022 Bonds, all as further described herein.

The Series 2022 Bonds mature, bear interest and are priced to yield as shown on the inside front cover. The Series 2022 Bonds are subject to redemption prior to maturity as described herein.

The Series 2022 Bonds are offered, when, as and if issued and received by the Underwriters named below, subject to the approval of legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel, and subject to certain conditions. The Series 2022 Bonds are expected to be issued on or about April 28, 2022, through the offices of DTC in New York, New York.

Stephens Inc. Crews&Associates

This Official Statement is dated April 7, 2022.

$13,015,000
BOARD OF TRUSTEES OF THE
ARKANSAS STATE UNIVERSITY SYSTEM
STUDENT FEE REVENUE REFUNDING BONDS
(JONESBORO CAMPUS)
TAXABLE SERIES 2022

MATURITY SCHEDULE

$5,965,000 Serial Bonds

Year (December 1)	Principal Amount	Interest Rate(%)	Yield(%)
2022	$640,000	2.250	2.250
2023	700,000	2.550	2.550
2024	710,000	2.750	2.750
2025	735,000	3.000	3.000
2026	755,000	3.150	3.150
2027	785,000	3.250	3.250
2028	805,000	3.400	3.400
2029	835,000	3.450	3.450

$1,740,000 3.500% Term Bonds due December 1, 2031 to Yield 3.650%
$1,875,000 3.625% Term Bonds due December 1, 2033 to Yield 3.900%
$1,980,000 4.000% Term Bonds due December 1, 2036 to Yield 4.000%
$1,455,000 4.150% Term Bonds due December 1, 2038 to Yield 4.150%

No dealer, broker, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2022 Bonds and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the business, operations or financial condition of the Board, the Arkansas State University System or Arkansas State University since the date hereof. This Official Statement does not constitute an offer or solicitation in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or is made to any person to whom it is unlawful to make such offer or solicitation.

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EXHIBIT A: Audited Financial Statements of the Arkansas State University System for the Fiscal Year Ended June 30, 2021

OFFICIAL STATEMENT

$13,015,000
BOARD OF TRUSTEES OF THE
ARKANSAS STATE UNIVERSITY SYSTEM
STUDENT FEE REVENUE REFUNDING BONDS
(JONESBORO CAMPUS)
TAXABLE SERIES 2022

INTRODUCTION

This Official Statement of the Board of Trustees of the Arkansas State University System (the "Board"), including the cover page, inside front cover page and exhibit, is furnished with respect to the sale by the Board of its $13,015,000 Student Fee Revenue Refunding Bonds (Jonesboro Campus), Taxable Series 2022 (the "Series 2022 Bonds").

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

The Series 2022 Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Title 6, Chapter 62, Subchapter 3 of the Arkansas Code of 1987 Annotated, and a Resolution adopted by the Board on March 28, 2022.

The Series 2022 Bonds are secured by a Trust Indenture dated as of December 1, 2010, as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2012, a Second Supplemental Trust Indenture dated as of December 1, 2012, a Third Supplemental Trust Indenture dated as of December 1, 2013, a Fourth Supplemental Trust Indenture dated as of November 17, 2016, a Fifth Supplemental Trust Indenture dated as of December 18, 2019 and a Sixth Supplemental Trust Indenture dated as of April 28, 2022 (collectively, the "Indenture"), between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Series 2022 Bonds are secured by a pledge of (a) gross student fees, including tuition and (b) other pledged revenues (being the net revenues from any facilities constructed, reconstructed or improved by use of any of the proceeds of the Prior Student Fee Bonds or the Student Fee Bonds (the "Consolidated Building System")), with (a) and (b) being collectively referred to as "Pledged Student Fee Revenues. The pledge of the Pledged Student Fee Revenues in favor of the Series 2022 Bonds is (a) subordinate to the pledge securing the Prior Student Fee Bonds, hereinafter described and (b) on a parity with the pledge securing the Parity Student Fee Bonds, hereinafter described. The Indenture permits the issuance of Additional Student Fee Bonds (as described under **THE INDENTURE**) secured by a pledge of the Pledged Student Fee Revenues on a parity with the pledge securing the Series 2022 Bonds. The Indenture establishes the terms and conditions upon which the Series 2022 Bonds are issued. Specific covenants concerning the maintenance of the Pledged Student Fee Revenues are described under **THE INDENTURE** herein.

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

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

THE SERIES 2022 BONDS

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

Authority and Security. The Series 2022 Bonds are being issued under the Constitution and laws of the State, including Arkansas Code of 1987 Annotated, Title 6, Chapter 62, Subchapter 3, and pursuant to a Resolution adopted by the Board on March 28, 2022.

The Series 2022 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 will not be secured by a mortgage or a lien on any land or building belonging to the State or to the Board. The Series 2022 Bonds are secured by a pledge of (a) gross student fees, including tuition and (b) other pledged revenues (being the net revenues from any facilities constructed, reconstructed or improved by use of any of the proceeds of the Prior Student Fee Bonds or the Student Fee Bonds (the "Consolidated Building System")), with (a) and (b) being collectively referred to as "Pledged Student Fee Revenues." Pledged Student Fee Revenues include revenues only of the University.

The pledge of Pledged Student Fee Revenues in favor of the Series 2022 Bonds is (a) subordinate to the pledge securing the Prior Student Fee Bonds and (b) on a parity with the pledge securing the Parity Student Fee Bonds.

The "Prior Student Fee Bonds" are the Board of Trustees of Arkansas State University Student Fee (Consolidated Building System) Revenue Refunding Bonds, Series 2005.

The "Parity Student Fee Bonds" are the Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2012B; Board of Trustees of Arkansas State University Student Fee Revenue Bonds (Jonesboro Campus), Series 2012C; Board of Trustees of Arkansas State University Student Fee Revenue Bonds (Jonesboro Campus), Series 2012D; Board of Trustees of Arkansas State University Student Fee Revenue Bonds (Jonesboro Campus), Series 2013B; Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2016 and Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2019.

The Board has covenanted that it will not issue any bonds on a parity of security with the Prior Student Fee Bonds or otherwise secured by a pledge superior to that securing the Student Fee Bonds. The Indenture permits the issuance of Additional Student Fee Bonds. See **THE INDENTURE**, Additional Student Fee Bonds.

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

The Series 2022 Bonds are and will be equally and ratably secured by and entitled to the protection of a Trust Indenture dated as of December 1, 2010, as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2012, a Second Supplemental Trust Indenture dated as of December 1, 2012, a Third Supplemental Trust Indenture dated as of December 1, 2013, a Fourth Supplemental Trust Indenture dated as of November 17, 2016, a Fifth Supplemental Trust Indenture dated as of December 18, 2019 and a Sixth Supplemental Trust Indenture dated as of April 28, 2022 (collectively, the "Indenture") between the Board and the Trustee. See **THE INDENTURE**.

The Board has covenanted to increase the student registration and other student fees at the University from time to time, if necessary, so that the amounts received therefrom, together with the available amounts of other Pledged Student Fee Revenues, will at all times be equal to the maximum annual principal and interest on all Student Fee Bonds and Prior Student Fee Bonds outstanding, with Trustee’s fees and like servicing costs, as due and payable. See **THE INDENTURE**.

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

Redemption. (a) The Series 2022 Bonds will be subject to redemption prior to maturity, at the option of the Board, in whole or in part on any date, on and after June 1, 2029 (from such maturities as may be determined by the Board and by lot within a maturity, by any method chosen by the Trustee for selection by lot), at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

(b) The Series 2022 Bonds maturing on December 1 in the years 2031, 2033, 2036 and 2038 are subject to redemption prior to maturity, selected by the Trustee by lot, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, on December 1 of each year as follows:

Series 2022 Bonds Maturing December 1, 2031

Year	Principal Amount
2030	$855,000
2031 (maturity)	885,000

Series 2022 Bonds Maturing December 1, 2033

Year	Principal Amount
2032	$925,000
2033 (maturity)	950,000

Series 2022 Bonds Maturing December 1, 2036

Year	Principal Amount
2034	$635,000
2035	660,000
2036 (maturity)	685,000

Series 2022 Bonds Maturing December 1, 2038

Year	Principal Amount
2037	$710,000
2038 (maturity)	745,000

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

Purpose. Proceeds of the Series 2022 Bonds will be used to refund the Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2012A (Federally Taxable) (the "2012A Bonds") and the Board of Trustees of Arkansas State University Student Fee Revenue Bonds (Jonesboro Campus), Series 2013A (Federally Taxable) (the "2013A Bonds" and collectively with the 2012A Bonds, the "Bonds Refunded") and to pay costs of issuance.

A portion of the proceeds of the Series 2022 Bonds will be held by the Trustee and used to fully redeem the 2012A Bonds on May 16, 2022 at par.

A portion of the proceeds of the Series 2022 Bonds will be held by the Trustee and invested in United States Treasury Obligations which will mature and bear interest at such times and in such amounts as will, together with uninvested cash, provide a cash flow sufficient to pay the principal of and interest on the 2013A Bonds to and including December 1, 2023 and to fully redeem the 2013A Bonds maturing after December 1, 2023 on December 1, 2023 at par.

Sources and Uses of Proceeds. The sources and uses of funds are estimated as follows:

Sources:	
Par Amount of Series 2022 Bonds	$13,015,000
Existing Funds for Bonds Refunded	3
Original Issue Discount	(68,794)
Total	$12,946,209
Uses:	
Refunding Costs	$12,700,058
Costs of Issuance	129,016
Underwriters' Discount	117,135
Total	$12,946,209

PLEDGED STUDENT FEE REVENUES

Pledged Student Fee Revenues are composed of gross student fee revenues, including tuition, and revenues of the Consolidated Building System (being net revenues of any facility constructed, reconstructed or improved by use of any of the proceeds of any of the Student Fee Bonds or Prior Student Fee Bonds). The buildings included in the Consolidated Building System are primarily academic buildings and are not regarded as a source of revenues. Accordingly, only gross student fees are discussed herein. Gross student fees per credit hour, as now collected by the University, are fixed as follows:

Undergraduate	Summer Term	Fall/Spring Term
Resident	$295	$295
Non Resident	527	527
Graduate		
Resident	$354	$354
Non Resident	631	631

For the preceding five fiscal years, gross student fee revenues (including scholarship allowances) have equaled the following:

	2020-21	2019-20	2018-19	2017-18	2016-17
Gross Student Fees	$87,680,272	$92,369,705	$92,505,319	$91,670,914	$87,880,382

SPECIAL CONSIDERATIONS RELATED TO COVID-19

The World Health Organization declared a pandemic in 2020 following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus.

In accordance with recommended social distancing measures, the University moved all of its classes online on March 30, 2020, for the remainder of the spring semester and cancelled all nonessential events and gatherings including athletics. The University campus remained open with significantly reduced operations to meet safety protocols, then returned to mostly regular operations with in-person, online and hybrid classes during the Fall 2020 semester while continuing extension safety protocols recommended by the Arkansas Department of Health and the U.S. Centers for Disease Control. During all of 2021 and continuing with spring semester 2022, the University has offered a mix of in-person, hybrid, and fully online courses with residence halls open.

The University has multiple contingency plans in place to adapt to future changes that may be required by state or federal authorities. The Board, the System, and the University will continue to monitor the COVID-19 situation and will adjust its policies and operations as needed for safety.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate for each maturity of the Series 2022 Bonds will be issued in the principal amount of the maturity and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 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 to Cede & Co. If fewer than all of the Series 2022 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022 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 Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

ARKANSAS STATE UNIVERSITY SYSTEM

History. Arkansas State University began in Jonesboro in 1909 as a state agriculture school. The institution opened as a vocational high school in 1910 and changed to State Agricultural and Mechanical College in 1925. Authority to extend the curriculum, offer senior college work, and grant degrees was given to the institution by the Arkansas General Assembly in 1931. In 1933, the Arkansas General Assembly changed the name of the college to Arkansas State College. Master-level graduate programs were begun in 1955. The institution was granted university status by the General Assembly in 1967 and became Arkansas State University. Its first doctoral degree in Educational Leadership was awarded in 1992. Additional doctoral programs include Environmental Sciences (1998), Heritage Studies (2001), Molecular Biosciences (2006), Nursing Practice (2012), Physical Therapy (2012), and Occupational Therapy (2018). In 2018, the Carnegie Classification of Institutions of Higher Education elevated Arkansas State University from "Master's/regional" M1 classification to "Doctoral Universities: High Research Activity" R2 classification to reflect its growth in research activity.

Through mergers or other authority of the Board, multiple institutions, campuses and programs have been established and are described below. In 1998, the Board approved the recognition and designation of the System to encompass all the institutions, locations, and activities described herein.

Arkansas State University in Jonesboro is the largest member institution of the System. The four-year institution operates degree centers on the campuses of ASU-Beebe, ASU-Mountain Home and ASU Mid-South, as well as an additional campus near Queretaro, Mexico, which opened in 2017.

Arkansas State University-Beebe began in 1927 as Junior Agricultural School of Central Arkansas. In 1955, the Arkansas General Assembly designated the school a campus of Arkansas State College and in 1967 it became Arkansas State University-Beebe. In addition to the original campus in Beebe, the institution has established campuses at the Little Rock Air Force Base in 1965, Heber Springs in 1999, and, through a merger with Foothills Technical Institute, at Searcy in 2003.

In 1991, the Arkansas General Assembly created Mountain Home Technical College through the merger of Baxter County Community/Technical Center and the North Arkansas Community/Technical Center in Mountain Home. The institution was designated Arkansas State University-Mountain Home in 1995.

In 1975, the Arkansas General Assembly established the White River Vocational Technical School at Newport. In 1992, the school merged with Arkansas State University-Beebe and in 1997 was designated as Arkansas State University-Newport. ASU-Newport has additional campuses in Marked Tree and Jonesboro.

Arkansas State University Mid-South in West Memphis began in 1982 as Mid-South Vocational School. In 1991, the Arkansas General Assembly designated the school as a technical college and it became Mid-South Technical College. In 1993, the school became a community college known as Mid-South Community College. On July 1, 2015, the college became part of the System and was renamed Arkansas State University Mid-South.

In 1969, Ouachita Vocational Technical School was created in Malvern. It became Ouachita Technical College in 1991, then changed its name to College of the Ouachitas in 2011 to better reflect its comprehensive mission. The college joined the System and became Arkansas State University Three Rivers on Jan. 1, 2020.

Henderson State University was founded as a private institution in 1890 and has a strong liberal arts heritage that is the base of more than 65 undergraduate and graduate programs. Henderson State University became part of the System on February 1, 2021, following the passage of Act 18 of 2021 by the Arkansas General Assembly and approval by the Governor. Henderson State University is the second oldest public university in Arkansas and expands the System's footprint in southwestern Arkansas.

On September 22, 2017, the University opened the Arkansas State University Campus Queretaro in Queretaro, Mexico. Classes began on September 4, 2017, and Fall 2021 enrollment was 889 students on the state-of-the-art campus. Campus Queretaro is the first American-style university campus in Mexico. Arkansas State University CQ, A.C., a private foundation led by Mexico businessman Ricardo Gonzalez, invested more than $100 million to build 800,000 square feet of academic and residential buildings and recreational facilities in the first phase of the 370-acre campus. State funds are not being used to build or operate the campus, and all of the System's startup costs are reimbursed with funds from private gifts.

Enrollment. Enrollment across the System during the Fall 2021 semester was 25,196. Enrollment at the System institutions (based on the fall semester) for each of the previous five years was as follows:

	2017	2018	2019	2020	2021
Arkansas State University	14,144	14,058	13,891	13,843	13,752
ASU-Beebe	3,738	3,446	3,330	2,988	2,776
ASU-Mountain Home	1,441	1,345	1,329	1,276	1,246
ASU-Newport	2,512	2,275	2,362	1,942	1,829
ASU Mid-South	1,561	1,423	1,326	1,203	1,077
ASU Three Rivers*	N/A	N/A	N/A	1,254	1,597
Henderson State University**	N/A	N/A	N/A	3,163	2,919
System Totals	23,396	22,547	22,238	25,669	25,196

*Became part of the System on January 1, 2020.
**Became part of the System on February 1, 2021.

Admissions. The following is a five-year history of undergraduate admissions.

	First Time Undergraduates		
Fiscal Year	Applied	Admitted	Enrolled
2017-18	12,550	9,905	3,091
2018-19	10,248	6,691	3,404
2019-20	8,429	6,107	2,909
2020-21*	12,468	10,360	3,888
2021-22*	11,374	8,203	3,965

	New Undergraduate Transfers		
Fiscal Year	Applied	Admitted	Enrolled
2017-18	3,262	2,452	1,329
2018-19	4,320	2,453	1,614
2019-20	3,715	2,039	1,235
2020-21*	4,097	2,943	1,510
2021-22*	4,121	2,572	1,249

*Includes Arkansas State University Three Rivers and Henderson State University.

Faculty. As of the Fall 2021 semester, the System employed 945 faculty members: 504 at Arkansas State University; 95 at ASU-Beebe; 37 at ASU-Mountain Home; 67 at ASU-Newport; 38 at ASU Mid-South; 37 at ASU Three Rivers; and 167 at Henderson State University.

Accreditation. The institutions of the System are each accredited by the Higher Learning Commission and have accreditations, licensures or program approvals from the following organizations: Accreditation Board for Engineering and Technology (ABET), Accreditation Commission for Education in Nursing (ACEN), Accreditation Council for Education in Nutrition and Dietetics (ACEND), Accreditation Council for Occupational Therapy Education (ACOTE), Accreditation Council for Pharmacy Education (ACPE), Accrediting Council on Education in Journalism and Mass Communications (ACEJMC), American Alliance of Museums (AAM), American Chemical Society (ACS), American Council on the Teaching of Foreign Languages (ACTFL), American Diabetes Association (ADA), American School Counselor Association (ASCA), American Society of Health-System Pharmacists (ASHP), American Veterinary Medical Association Committee on Veterinary Technician Education and Activities (CVTEA), Arkansas Department of Health - State Board of Health, Arkansas Department of Health Section of EMS and Trauma, Arkansas Department of Human Services Office of Long-Term Care, Arkansas State Approving Agency for Veterans Training, Arkansas State Board of Nursing, Association for Middle Level Education (AMLE), Association for Play Therapy, Association of Technology, Management and Applied Engineering (ATMAE), Association to Advance Collegiate Schools of Business (AACSB), Automotive Service Excellence Education Foundation, Commission on Accreditation for Law Enforcement Agencies (CALEA), Commission on Accreditation for Respiratory Care (COARC), Commission on Accreditation in Physical Therapy Education (CAPTE), Commission on Accreditation of Allied Health Education Programs (CAAHEP), Commission on Accreditation of Athletic Training Education (CAATE), Commission on Collegiate Nursing Education (CCNE), Commission on English Language Program Accreditation (CEA), Commission on Sport Management Accreditation (COSMA), Committee on Accreditation of Educational Programs for the Emergency Medical Services Professions (CoAEMSP), Council for Accreditation of Counseling and Related Educational Programs (CACREP), Council for Exceptional Children (CEC), Council for the Accreditation of Educator Preparation (CAEP), Council for the Accreditation of Emergency Management and Homeland Security Education (CAEMHSE), Council for the Accreditation of Emergency Management Education (CAEME), Council on Academic Accreditation (CAA) in Audiology and Speech-Language Pathology, Council on Accreditation of Nurse Anesthesia Educational Programs (COA), Council on Social Work Education (CSWE), HVAC Excellence, Joint Review Committee on Education in Diagnostic Medical Sonography (JRCDMS), Joint Review Committee on Education in Radiologic Technology (JRCERT), National Accrediting Agency for Clinical Laboratory Sciences (NAACLS), National Alliance of Concurrent Enrollment Partnerships (NACEP), National Association of School Psychologists (NASP), National Association of Schools of Art and Design (NASAD), National Association of Schools of Music (NASM), National Association of Schools of Public Affairs and Administration (NASPAA), National Association of Schools of Theatre (NAST), National Center for Construction Education and Research (NCCER), National Council for Social Studies (NCSS), National Council of Teachers of English (NCTE), National Council of Teachers of Mathematics (NCTM), National Educational Leadership Preparation (NELP), National Institute for Metalworking Skills (NIMS), and National Policy Board for Education Administration (NPBEA).

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Governance and Administration. The System is governed by the Board, which consists of members appointed by the Governor of the State. Act 18 of 2021 dissolved the Henderson State University Board of Trustees and added two members to the Board, giving the Board a total of seven members. Act 18 of 2021 also changed the name of the Board from the Board of Directors of Arkansas State University to the Board of Trustees of the Arkansas State University System. The current members of the Board, their vocations and years of term expiration are as follows:

Name	Business or Profession	Term Expires
Christy Clark, Chair	Controller, Clark Contractors LLC	2023
Price Gardner, Vice Chair*	Attorney	2029
Niel Crowson, Secretary	Retired CEO, Barton's	2025
Steve Eddington	Vice President of Public Relations, Arkansas Farm Bureau Federation	2026
Robert Rudolph	Pastor	2027
Paul Rowton	Executive Vice President, GES, Inc.	2028
Jerry Morgan	Regional President, First National Bank	2024

*Mr. Gardner is Managing Partner of Friday, Eldredge & Clark, LLP, Bond Counsel for this issue.

System Administration. The current officers are:

Name	Office
Dr. Charles L. Welch	President
Julie Bates	Executive Vice President
Jeff Hankins	Vice President for Strategic Communications
Brad Phelps	General Counsel
Shane Broadway	Vice President for Governmental Relations
Eric Atchison	Vice President for Strategic Research
Henry Torres	Vice President for Information Technology and CIO

The central administrative offices of the System are located at 501 Woodlane Drive, Suite 600, Little Rock, Arkansas 72201; telephone: (501) 660-1000.

Dr. Charles L. Welch became the second President of the System on April 23, 2011. He formerly served as President of Henderson State University, Chancellor of the University of Arkansas Community College at Hope, Vice Chancellor for Academic Affairs at Arkansas State University-Beebe and Dean of University Studies at Pulaski Technical College. Dr. Welch received a Bachelor of Arts degree in political science from the University of Arkansas, received a Master of Arts degree in political management from George Washington University, and a Doctor of Education degree in higher education administration from the University of Arkansas at Little Rock.

Campus Administration. The institutions of the System are each led by a chancellor appointed by the Board in consultation with the President of the University. The current chancellors of the campuses are:

Name	Office
Dr. Kelly Damphousse*	Chancellor, Arkansas State University
Dr. Jennifer Methvin	Chancellor, Arkansas State University-Beebe
Dr. Robin Myers	Chancellor, Arkansas State University-Mountain Home
Dr. Johnny Moore	Chancellor, Arkansas State University-Newport
Dr. Debra West	Chancellor, Arkansas State University-Mid-South
Dr. Steve Rook	Chancellor, Arkansas State University Three Rivers
Dr. Charles Ambrose	Chancellor, Henderson State University

*See **ARKANSAS STATE UNIVERSITY,** Chancellor.

General Financial Information. Attached hereto as Exhibit A is a copy of the audited financial statements of the System for the fiscal year ended June 30, 2021. Financial information regarding the University is included in Exhibit A. These financial statements should be read in their entirety.

ARKANSAS STATE UNIVERSITY

Location and Size. Arkansas State University is located in Jonesboro, Arkansas, a city of approximately 78,500 in northeastern Arkansas. The population of the Jonesboro Metropolitan Statistical Area is approximately 134,000 and Jonesboro is the center of a 13-county retail trade zone of approximately 500,000 people. The campus encompasses approximately 1,263 acres with 188 buildings.

Degree Programs. The programs at the University are designed to meet the needs of the State, the region, the nation and the international community. Educating people for a global, knowledge-based economy, retraining and continuing education for the already-employed citizens of the State, and providing the impetus and support for technology-based economic development are the keys to diversifying and improving the State's economy. The University offers 47 degrees, advanced certificates and graduate certificates that include four associate degrees in 15 fields of study, 15 bachelor's degrees in 80 fields of study, two graduate certificate in 26 fields of study, 18 master's degrees in 56 fields of study, two specialist degrees in five fields of study and five doctoral degrees in nine fields of study.

The University offers programs at the doctoral, specialist, master's, bachelor's and associate degree levels through the colleges of Agriculture, Niel Griffin College of Business, Engineering and Computer Science, Education and Behavioral Science, Liberal Arts and Communication, Nursing and Health Professions, Sciences and Mathematics, University College, and Graduate School. Additionally, the University offers baccalaureate or graduate degree programs at Arkansas State University Degree Centers located in Beebe, Mountain Home, Newport, and West Memphis.

The University awarded 5,179 degrees and certificates during the 2020-21 academic year. The number of 2020-21 degrees conferred included: 117 certificates of proficiency; 629 associate degrees; 1,785 bachelor's degrees; 95 graduate certificates; 1,850 master's degrees; 615 specialist degrees and 88 doctoral degrees.

Chancellor. Dr. Kelly Damphousse became Chancellor of the University on July 1, 2017. He had served as an academic administrator at the University of Oklahoma since 2004 and most recently served as Dean of the College of Arts and Sciences. He holds a doctoral degree in sociology and a master's degree in sociology from Texas A&M University. He holds a bachelor's degree in criminal justice from Sam Houston State University and an associate degree in law enforcement from Lethbridge College.

Dr. Damphousse recently announced his resignation as Chancellor, effective June 30, 2022. Dr. Damphousse will become the President of Texas State University on July 1, 2022. No decision has been made regarding a possible interim appointment or a search process for a new Chancellor.

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DEBT SERVICE REQUIREMENTS

Principal and interest on the Prior Student Fee Bonds, the Parity Student Fee Bonds and the Series 2022 Bonds are payable as follows:

Fiscal Year Ended June 30	Prior Student Fee Bonds*	Parity Student Fee Bonds**	Series 2022 Bonds	Total
2023	$1,607,750.00	$ 2,511,787.54	$ 1,121,592.39	$5,241,129.93
2024	1,610,750.00	2,506,868.80	1,124,423.76	5,242,042.56
2025	420,000.00	2,507,531.30	1,115,736.26	4,043,267.56
2026	--	2,506,768.80	1,119,948.76	3,626,717.56
2027	--	2,471,493.80	1,117,032.51	3,588,526.31
2028	--	2,469,812.54	1,122,385.01	3,592,197.55
2029	--	2,467,556.28	1,115,943.76	3,583,500.04
2030	--	2,475,596.28	1,117,855.01	3,593,451.29
2031	--	2,318,493.78	1,108,488.76	3,426,982.54
2032	--	2,322,003.78	1,108,038.76	3,430,042.54
2033	--	2,324,137.52	1,115,785.63	3,439,923.15
2034	--	2,317,706.28	1,106,801.25	3,424,507.53
2035	--	2,153,193.75	761,882.50	2,915,076.25
2036	--	2,161,425.00	760,982.50	2,922,407.50
2037	--	2,156,650.01	759,082.50	2,915,732.51
2038	--	904,237.50	755,650.00	1,659,887.50
2039	--	901,331.25	760,458.75	1,661,790.00
2040	--	901,840.63	-	901,840.63
2041	--	900,643.76	-	900,643.76
2042	--	897,740.63	-	897,740.63
2024	--	898,009.38	-	898,009.38
2044	--	896,328.13	-	896,328.13
TOTAL:	$3,638,500.00	$41,971,156.74	$17,192,088.11	$62,801,744.85

*Board of Trustees of Arkansas State University Student Fee (Consolidated Building System) Revenue Refunding Bonds, Series 2005.

**Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2012B; Board of Trustees of Arkansas State University Student Fee Revenue Bonds (Jonesboro Campus), Series 2012C; Board of Trustees of Arkansas State University Student Fee Revenue Bonds (Jonesboro Campus), Series 2012D; Board of Trustees of Arkansas State University Student Fee Revenue Bonds (Jonesboro Campus), Series 2013B; Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2016 and Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2019.

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DEBT SERVICE COVERAGE

Pledged Student Fee Revenues for the fiscal year ended June 30, 2021 are expected to provide coverage of maximum annual debt service on the Student Fee Bonds and the Prior Student Fee Bonds as follows:

Pledged Student Fee Revenues (A)[(1)]	$87,680,272
Maximum Annual Debt Service on the Student Fee Bonds and the Prior Student Fee Bonds (B)[(2)]	5,242,043
Debt Service Coverage (A/B)	16.73x

[(1)]Including scholarship allowances of $37,573,809.
[(2)]Based on a fiscal year ending June 30.

In addition to the Student Fee Bonds and the Prior Student Fee Bonds, the Board, on behalf of the University, has various series of housing revenue bonds and several notes payable and capital leases which are currently outstanding. As of June 30, 2021, these additional debt obligations of the University totaled $72,040,939 in principal amount. See Notes 5, 6 and 15 in Exhibit A attached hereto.

RISK FACTORS

The State portion of the Board’s budget is subject to appropriation by the General Assembly of the State every year, and the Board has no control over the amounts so appropriated. There can be no assurance that the levels of future appropriations to the Board will not impair its ability to make payments on the Series 2022 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 "Funding Model") for State-supported institutions of higher education. 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 Funding Model replaces the prior Arkansas higher education funding formula, which was based largely on student enrollment.

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

The University lies within the area which is considered by a number of seismologists to be subject to major earthquake damage in the event of an earthquake along and in the proximity of the New Madrid Fault. Whether an earthquake might occur while any of the Series 2022 Bonds are outstanding, the extent of damage to the University in that event and the effect upon the ability to pay debt service cannot be predicted. Property damage, should an earthquake occur, could result in a reduction in revenues of such significance that the ability to pay debt service would be impaired or eliminated. At the present time, the average rate for property damage insurance as a result of earthquake is higher in northeast Arkansas than the rate for property located outside a fault area.

THE INDENTURE

Flow of Funds. Pursuant to the Indenture there has been created with a bank or banks which are members of the Federal Deposit Insurance Corporation a special fund known as the "Student Fee Revenue Fund Account" (the "Revenue Fund") into which there is being deposited on or before 30 days prior to an interest or principal payment date from the first gross student fees collected, subject to payments and deposits required under the Indenture securing the Prior Student Fee Bonds (the "Prior Student Fee Indenture"), those amounts, which, together with any other Pledged Student Fee Revenues available, equal not less than one-half (1/2) the maximum annual principal and interest requirements of all Student Fee Bonds outstanding under the Indenture plus such additional amounts as may be necessary to comply with all covenants and undertakings set forth in the Indenture. Also, there has been created with the Trustee a separate trust fund known as the "Student Fee Bond Fund Account" (the "Bond Fund") into which there is being deposited on or before 15 days prior to each interest or principal payment date such sums as are necessary, together with funds on deposit therein, to pay the interest and principal on all outstanding Student Fee Bonds as the same become due. A separate account has been established in the Bond Fund known as the "Student Fee Debt Service Reserve Account" (the "Debt Service Reserve") into which there has been deposited and is being maintained an amount equal to the required level for each issue of Student Fee Bonds (the required level for the Series 2022 Bonds is $0). Subject to making the required deposits as set forth in the Indenture, the Board is authorized to use excess funds in the Revenue Fund and the balance of the Pledged Student Fee Revenues, whether or not in the Revenue Fund, at the close of each twelve month period ending September 30, to redeem outstanding Student Fee Bonds in accordance with the applicable redemption provisions of the Indenture or for any lawful purpose.

Investment of Funds. Moneys held for the credit of the Debt Service Reserve in the Bond Fund shall, upon request by the Board, be invested and reinvested in Permitted Investments, which shall mature not later than five years after the date of investment.

Moneys held for the credit of any other fund shall, at the request of the Board, be invested and reinvested in Permitted Investments, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of the holder, not later than the date or dates when the money held for the credit of the particular fund will be required for the purposes intended.

Obligations so purchased as an investment of moneys in any such fund shall be deemed at all times to be a part of such fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund; provided, however, that if earnings on investments increase the Debt Service Reserve above the required amount, the excess may be transferred from time to time into the Bond Fund and used as other moneys therein may be used.

The term "Permitted Investments" means (a) direct or fully guaranteed obligations of the United States ("Government Obligations"), (b) accounts or certificates of deposit of financial institutions insured by the Federal Deposit Insurance Corporation, or, to the extent not so insured, fully collateralized by Government Obligations, (c) money market funds composed of Government Obligations and registered with the Securities and Exchange Commission and meeting the requirement of Rule 7-a under the Investment Company Act of 1940, and (d) surety bonds or like enhancements issued by bond insurers rated when issued not less than "A" or "A2" by Standard & Poor’s or Moody’s, respectively.

Debt Service Reserve. There is no debt service reserve securing the Series 2022 Bonds.

Additional Student Fee Bonds. The Board shall have the power to issue Additional Student Fee Bonds, ranking on a parity with the then outstanding Student Fee Bonds, provided that the Pledged Student Fee Revenues for the then preceding fiscal year, as so certified by a financial officer of the University, equaled an amount not less than 125% of the aggregate maximum annual debt service for the Prior Student Fee Bonds and the maximum annual debt service for the Student Fee Bonds then outstanding and the proposed Additional Student Fee Bonds.

Remedies of Bondholders. The Indenture defines an event of default to include:

(a) Default in the payment of the principal or redemption price of any Student Fee Bond;

(b) Default in the payment of interest and continuation of the default for thirty (30) days;

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

(d) Any final money judgment against the Board resulting from ownership, control or operation of any financed project which is not discharged or appealed from within sixty (60) days;

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

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

(g) An "Event of Default" under the Prior Student Fee Indenture.

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

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

Rate Covenant. Student registration and other student fees at the University will be maintained (and increased if necessary) so that annual Pledged Student Fee Revenues will be in an amount equal to the maximum annual principal and interest on all Student Fee Bonds and Prior Student Fee Bonds outstanding, with Trustee's fees and like servicing fees.

CONTINUING DISCLOSURE

The Board is a party to multiple continuing disclosure agreements for its various outstanding bond issues. 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 annual report and audit for the fiscal year ended June 30, 2018 were filed nine days late for multiple series of bonds. The annual report for the fiscal year ended June 30, 2021 was filed two days late for multiple series of bonds. The information required to be provided in the late annual reports, as well as the audit, was available in filings timely made in connection with other then outstanding bonds of the Board.

A notice concerning the merger of College of the Ouachitas into the System was not linked to the CUSIP numbers for one series of bonds. This notice was timely linked to all other applicable CUSIP numbers.

The Board failed to timely file notice of a rating change (a rating upgrade) in connection with the Crittenden County Community College District Limited Tax General Obligation Refunding and Improvement Bonds, Series 2012. This notice was filed 27 days late.

With the addition of Henderson State University into the System, the Board became the obligated person for post-merger disclosure with respect to the outstanding bonds issued for the benefit of Henderson State University. Over the past five years, Henderson State University was a party to multiple continuing disclosure agreements for its various outstanding bond issues that require the filing of (a) certain financial information and operating data within 180 days after the end of each fiscal year (the "HSU Deadline") and (b) its audited financial statements. The continuing disclosure agreements entered into by Henderson State University prior to 2014 require audited financial statements to be filed when they become available. The continuing disclosure agreements entered into by Henderson State University in 2014 and thereafter require Henderson State University to file audited financial statements within 30 days of becoming available. Henderson State University is required to file unaudited financial statements if the audited financial statements are not available by the HSU Deadline. While the Board has not made any determinations as to materiality, the following paragraph, while not exhaustive, summarizes the results of the Board's review of compliance with prior continuing disclosure obligations of Henderson State University over the past five years.

Henderson State University failed to file its 2017 and 2018 audits immediately upon becoming available (both were filed five days after becoming available). Neither the 2019 audit nor the 2020 audit were available by the HSU Deadline. Unaudited financial statements for the fiscal year ended June 30, 2019 were not filed as required. Unaudited financial statements for the fiscal year ended June 30, 2020 were timely filed. Audits of Henderson State University are now included in the audit of the System. The audited financial statements of the System for the fiscal year ended June 30, 2021 were timely filed on one of Henderson State University's outstanding bond issues and were not filed on EMMA in connection with Henderson State University's remaining bond issues.

The annual reports for Henderson State University for the fiscal years ended June 30, 2017 through June 30, 2020 were timely filed and contained all of the required financial information and operating data. The annual report for Henderson State University for the fiscal year ended June 30, 2021 was only filed in connection with two of Henderson State University's outstanding bond issues and did not contain all of the required information.

Notices concerning the failures to file were not filed on EMMA.

The Board will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") with the Trustee 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.

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

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

Definitions. In addition to the definitions otherwise set forth herein, the following capitalized terms shall have the following meanings:

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

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

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

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

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

"Financial Obligation" shall mean a

(A) debt obligation;

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

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

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

"Listed Events" shall mean any of the events listed below under Reporting of Listed Events.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

Provision of Annual Reports. The Board shall, or shall cause the Dissemination Agent to, not later than December 15 of each year (commencing with the report due December 15, 2022, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any other similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Disclosure Agreement. Not later than fifteen (15) days prior to said date, the Board shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). Annual Reports may be submitted as single documents or as separate documents comprising a package, and may cross-reference other information; provided that the annual financial statements of the Board may be submitted separately from the balance of the Annual Report and later than the date set forth above for the filing of such Annual Report if they are not available by that date but shall be submitted within 60 days after receipt thereof by the Board.

Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Information of the type set forth in this Official Statement under the caption **PLEDGED STUDENT FEE REVENUES**.

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

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the Board, which are available to the public on the MSRB's website or filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

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

(i) Principal and interest payment delinquencies.

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

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

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

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

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

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

(viii) Series 2022 Bond calls, if material.

(ix) Defeasances and tender offers.

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

(xi) Rating changes.

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

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

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

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

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board, 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 (e) below.

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

(d) If the Board has determined that the occurrence of a Listed Event must be reported under applicable federal securities laws, the Board shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence as provided in subsection (e) below at least three (3) business days prior to the date such notice is required to be given pursuant to subsection (e).

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

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

Dissemination Agent. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Neither the Dissemination Agent nor the Trustee shall be responsible in any manner for the content of any notice or report prepared by the Board pursuant to the Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

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

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

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

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

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

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

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

ENFORCEABILITY OF REMEDIES

The Board is exempt from all suits under the doctrine of sovereign immunity, but agents and employees of the Board may, by mandamus, be compelled to perform the duties of the Board under the Indenture, including the application of the Pledged Student Fee Revenues to the payment of the Series 2022 Bonds in accordance with the terms of the Indenture. Rights of the Registered Owners of the Series 2022 Bonds and the enforceability of the remedies available under the Indenture may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforceability of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Indenture resulting from the application of state of 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.

TAX MATTERS

In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, interest on the Series 2022 Bonds under existing law is not excludable from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2022 Bonds. Prospective purchasers should consult their own tax advisor in determining the federal tax consequences to them of the purchase, holding and disposition of the Series 2022 Bonds.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2022 Bonds under the Internal Revenue Code of 1986, as amended (the "Code"), regulations and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold the Series 2022 Bonds (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Series 2022 Bond and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed below under "Foreign Investors," this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary does not discuss the tax laws of any state other than Arkansas or any local or foreign governments. Potential purchasers of the Series 2022 Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2022 Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

LEGAL

Issuance of the Series 2022 Bonds is subject to the approving opinion of Bond Counsel to the effect that the Series 2022 Bonds are valid obligations of the Board in accordance with their terms.

Enforcement of the remedies available under the Indenture may depend on judicial action and may be subject to the application of federal bankruptcy laws or other debtor relief or moratorium laws. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable. Bond Counsel will express no opinion as to may effect upon any right, title, interest or relationship created by or arising under either 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.

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

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "A1" (stable outlook) to the Series 2022 Bonds. The rating reflects only the views of Moody's. An explanation of the significance of the rating may be obtained from Moody's. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if, in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2022 Bonds. The Underwriters and the Board have undertaken no responsibility after issuance of the Series 2022 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal. No application has been made to any rating agency other than Moody's for a rating on the Series 2022 Bonds.

UNDERWRITING

The Underwriters listed on the cover page of this Official Statement (the "Underwriters") are purchasing the Series 2022 Bonds at a price equal to $12,829,070.80 (principal amount less original issue discount of $68,794.20 less Underwriters' discount of $117,135).

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

MISCELLANEOUS

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

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

BOARD OF TRUSTEES OF THE ARKANSAS STATE UNIVERSITY SYSTEM

By /s/ Charles L. Welch
President

EXHIBIT A

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

Arkansas State University System

Little Rock, Arkansas

Basic Financial Statements
and Other Reports

June 30, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Arkansas State University System
Legislative Joint Auditing Committee

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 20 to the financial statements, in 2021 the College adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 84, *Fiduciary Activities.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 7-29, 121-124, and 125-130 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1), the Statement of Net Position by Campus (Schedule 2), the Statement of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), the Statement of Cash Flows by Campus (Schedule 4), the Statement of Fiduciary Net Position by Campus (Schedule 5), and the Statement of Changes in Fiduciary Net Position by Campus (Schedule 6) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, the Statement of Cash Flows by Campus, the Statement of Fiduciary Net Position by Campus, and the Statement of Changes in Fiduciary Net Position by Campus are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, the Statement of Cash Flows by Campus, the Statement of Fiduciary Net Position by Campus, and the Statement of Changes in Fiduciary Net Position by Campus are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger A. Norman

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

Little Rock, Arkansas
November 16, 2021
EDHE12521

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Arkansas State University System
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Arkansas State University System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 16, 2021. Our report includes a reference to other auditors who audited the financial statements of the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc., as described in our report on the University's financial statements. The financial statements of the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc. or that are reported on separately by those auditors who audited the financial statements of the Arkansas State University System Foundation, Inc., the Arkansas State University Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the University in a separate letter dated November 16, 2021.

AUDIT FINDINGS

Significant Deficiency

The Henderson State University internal control system did not detect or prevent significant misstatements in the financial statements. Key errors are listed below:

Statement of Cash Flows

- Purchases of capital assets were overstated by $2,574,465, primarily due to inclusion of donated capital assets and other non-cash transactions.
- Student tuition and fees were understated by $2,119,497 due to misclassifications.
- Grants and contracts were overstated by $1,481,945 due to misclassifications.
- Capital gift and grants were overstated by $1,329,311 due to inclusion of donated capital assets.
- State appropriations were understated by $963,268 due to misclassifications.
- Payments to suppliers were understated by $419,642 due to misclassifications.
- Payments for employee benefits were understated by $274,763 due to misclassifications.
- Payments to debt holders for loan principal were overstated by $250,000 due to inclusion of a non-cash transaction.

Notes to the Financial Statements

- The amounts reported in the Capital Asset note did not agree with the University's subsidiary ledger. "Improvements and infrastructure" was overstated by $789,076, and "Buildings" was understated by the same amount.
- The amounts reported in the Receivable and Payable Balances note for vendor payables, due to students, salaries and other payroll-related items, and miscellaneous contained misclassifications totaling $431,150.

The financial statements, for the above misstatements, were corrected by University personnel during the audit.

We recommend the University review internal controls to ensure the accuracy of financial statements.

> Management Response: The University transitioned to a new common ERP system on July 1, 2021 and will ensure that balances are loaded properly into the new financial system. Additional training and oversight will be provided to ensure proper classification. Merging Henderson into the ASU System consolidated financial statements and notes has been completed with this audit and has laid the groundwork for future audits.

University's Response to Findings

The University's response to the finding identified in our audit, excluding the management letter findings, is described previously. The University's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 16, 2021

Arkansas

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

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

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Arkansas State University System
Legislative Joint Auditing Committee

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

Arkansas State University System (System)

Henderson State University campus did not complete and submit campus-level financial statements to the System office timely. Based on the deadlines established by System administration, the campus was to provide financial statements and notes to the System office by August 16, 2021. As a result, the System office was unable to provide the consolidated report to Arkansas Legislative Audit (ALA) staff by the originally scheduled date of October 8, 2021, which delayed the audit process. The System office provided the consolidated report to ALA on November 2, 2021.

Arkansas State University – Jonesboro

A review of issues reported to the Arkansas State University – Jonesboro Human Resource Department revealed $4,198 in salary overpayments:

- $3,500 overpaid to a non-classified employee to teach courses that were subsequently cancelled due to lack of student enrollment. Through payroll deductions, the University will recoup the full overpayment amount as of November 30, 2021.
- $698 overpaid to a classified employee due to inaccurate recording of time worked. The University deducted the excess hours paid from the employee's annual leave and terminated employment on August 31, 2021.

Arkansas State University – Mid-South

Due to an issue reported to the Arkansas State University System Internal Audit (IA), the IA Department examined a part-time employee's payroll records for the period January 1, 2017 through October 10, 2020. This examination revealed that the employee was overpaid wages and payroll taxes totaling $4,800 due to over reporting of time worked. The employee resigned on March 8, 2021. (As of November 16, 2021, the University had not received reimbursement.)

Henderson State University

In July 2021, the University discovered that the former acting President was paid $32,010 in excess of her contracted salary from August 2020 to June 2021 when she took her current position (General Counsel/Chief Compliance Officer) and the University failed to adjust her salary accordingly. She reimbursed the University on August 11, 2021.

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

	Summer II Term 2020	Fall Term 2020	Spring Term 2021	Summer I Term 2021
Student Headcount	8,136	24,908	22,755	10,119
Student Semester Credit Hours	33,539	244,451	219,014	49,630

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

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
November 16, 2021

Financial Statement Presentation

This section of the Arkansas State University (The University) annual financial report presents discussion and analysis of the University's financial performance during the fiscal year ended June 30, 2021. This discussion and analysis is prepared by the University's financial administrators and is intended to provide information on the financial activities of the University that is both relevant and easily understandable. Information is also provided on the University's financial position as of June 30, 2020 as further explanation of the results of the year's financial activities. As shown in the information that follows, the overall financial position of the University has remained stable during the fiscal year.

The statements have been prepared using the format specified in Governmental Accounting Standards Board (GASB) Statements no. 34 and 35. GASB Statement no. 34 does not require the presentation of comparative information from the previous fiscal year but does require a discussion of any significant changes in the University's financial position or the results of its operations.

In June 2011, the GASB issued Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in GASB Statement no. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In March 2012, the GASB issued Statement no. 65, *Items Previously Reported as Assets and Liabilities*. This statement is related to Statement no. 63 in that it establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In June 2012, the GASB issued Statement no. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

In June 2015, the GASB issued Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement revises existing standards for measuring and reporting retiree benefits provided by the University to its employees.

In March 2016, the GASB issued Statement no. 81, *Irrevocable Split-Interest Agreements*. The statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance in which a government is a beneficiary of the agreement.

In January 2017, the GASB issued Statement no. 84, *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom fiduciary relationship exists.

In May 2020, the GASB issued Statement no. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the following Statement that is relevant to the University due to the COVID-19 pandemic: Statement no. 87, *Leases*.

Financial Statement Presentation (Continued)

The University's financial statements for the year ended June 30, 2021 have been audited and Arkansas Legislative Audit has rendered the audit opinion contained herein. In accordance with Governmental Accounting Standards Board requirements this analysis includes a discussion of the significant changes between the two fiscal years ended June 30, 2021 and 2020 where appropriate. Due to the merger of Henderson State University (HSU) into the Arkansas State University System, the 2020 comparative amounts are shown separately for Arkansas State University and Henderson State University. The 2020 comparative amounts have been adjusted for the merger to provide a more complete comparison of the two years. Additional information about the merger may be found in Note 21.

Statement Discussion

Statement of Net Position

The Statement of Net Position is intended to display the financial position of the University. Its purpose is to present to the reader of the financial statements a benchmark from which to analyze the financial stability of the University. It is a "snapshot" of the University's assets, liabilities, deferred inflows, deferred outflows, and net position (assets and deferred outflows minus liabilities and deferred inflows) as of June 30, 2021, the last day of the fiscal year. Assets and liabilities are presented in two categories: current and noncurrent. Net position is presented in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position is divided into two categories: nonexpendable and expendable. A more detailed explanation of these categories is found in the notes that accompany the financial statements. A condensed version of the Statement of Net Position is displayed on the following page.

Readers of the Statement of Net Position can determine answers to the following key questions as of June 30, 2021:

- Did the University have sufficient assets available to meet its existing obligations and continue operations?

- How much did the University owe to external parties including vendors and lending institutions?

- What resources did the University have available to make future investments and expenditures?

Condensed Statement of Net Position

	2021	2020 Revised	2020 HSU	2020 ASU	Increase/ (Decrease)	Percent Change
Assets and Deferred Outflows:						
Current Assets	$ 146,704,492	$ 124,470,849	$ 13,091,825	$ 111,379,024	$ 22,233,643	17.86%
Capital Assets, net	551,523,175	558,262,096	107,210,686	451,051,410	(6,738,921)	(1.21%)
Other Noncurrent Assets	138,413,742	118,825,348	2,480,977	116,344,371	19,588,394	16.49%
Total Assets	836,641,409	801,558,293	122,783,488	678,774,805	35,083,116	4.38%
Deferred Outflows	15,112,256	13,369,504	1,910,583	11,458,921	1,742,752	13.04%
Total Assets and Deferred Outflows	$ 851,753,665	$ 814,927,797	$ 124,694,071	$ 690,233,726	$ 36,825,868	4.52%
Liabilities and Deferred Inflows:						
Current Liabilities	$ 65,489,814	$ 54,945,016	$ 11,734,091	$ 43,210,925	$ 10,544,798	19.19%
Noncurrent Liabilities	311,201,237	331,433,993	91,233,879	240,200,114	(20,232,756)	(6.10%)
Total Liabilities	376,691,051	386,379,009	102,967,970	283,411,039	(9,687,958)	(2.51%)
Deferred Inflows	21,375,123	18,815,633	1,951,192	16,864,441	2,559,490	13.60%
Total Liabilities and Deferred Inflows	398,066,174	405,194,642	104,919,162	300,275,480	(7,128,468)	(1.76%)
Net Position:						
Net Investment in Capital Assets	284,429,128	281,324,518	34,372,244	246,952,274	3,104,610	1.10%
Restricted, Nonexpendable	19,579,467	16,442,426	-	16,442,426	3,137,041	19.08%
Restricted, Expendable	7,755,610	10,309,939	740,647	9,569,292	(2,554,329)	(24.78%)
Unrestricted	141,923,286	101,656,272	(15,337,982)	116,994,254	40,267,014	39.61%
Total Net Position	453,687,491	409,733,155	19,774,909	389,958,246	43,954,336	10.73%
Total Liabilities and Net Position	$ 851,753,665	$ 814,927,797	$ 124,694,071	$ 690,233,726	$ 36,825,868	4.52%

Statement of Net Position (Continued)

<u>Assets and Deferred Outflows</u>
Total assets and deferred outflows increased by $36.8 million.

<u>Current Assets</u>
Current assets increased by $22.2 million.

<u>Cash and Cash Equivalents</u>
Cash and cash equivalents increased by approximately $23.9 million. All campuses had increases for the year except for Mountain Home which had a small decrease of approximately $500,000. All campuses benefitted from receiving federal Higher Education Emergency Relief Funds (HEERF I/HEERF II/HEERF III). Additional information about HEERF can be found in the details that follow. The Jonesboro campus had a significant increase of $15 million. This increase of cash in unrestricted funds was mainly due to lower spending during the year. Beebe's $5.2 million increase was largely a result of certificate of deposits that were converted to cash. Mid-South had an increase of $1.2 million, primarily from the timing of their Pell drawdowns at the end of the year. Newport had an increase in the amount of $2.3 million. Henderson State University and Three Rivers had small increases of roughly $300,000 and $400,000, respectively.

<u>Short-term Investments</u>
Short-term investments decreased by $1.5 million. Mountain Home renewed certificate of deposits totaling $1.7 million with a two year maturity. These are now considered long-term investments. Beebe had a slight increase of approximately $200,000. There were no changes at the other campuses.

<u>Accounts Receivable</u>
Accounts receivable increased slightly by approximately $945,000; although only two campuses had increases. Gross receivables increased by $2.1 million. The Jonesboro campus's increase of $3.6 million was largely due to recording HEERF III funds of approximately $13.2 million and state treasury funds of $3.8 million released at the end of the fiscal year. In addition to this, the campus also received federal direct lending funds of $9 million which was recorded as a receivable in 2020. Three Rivers also showed an increase due to their recording of approximately $700,000 in HEERF III funds. Henderson State University had a $1.5 million decrease as of result of writing off uncollectible accounts receivable. Mountain Home's and Newport's declines were the result of receiving their HEERF I funds that were recorded in 2020 in 2021. The Mid-South campus's decrease of $400,000 was a result of lower Federal Pell Grants receivable at the end of 2021. The Beebe campus had a minimal decrease in accounts receivable due to lower enrollment. The campuses are continuing to monitor the accounts receivable balances and have increased collection activities. This has proven to be an effective method as accounts receivables balances are closely monitored and the allowance for doubtful accounts methodology is reviewed and revised. Overall, allowance for doubtful accounts increased by about $1.2 million. Henderson State University, Beebe, and Mountain Home all had increases. These increases were based on reviewing the aged accounts receivable and concluding a larger allowance is necessary. Of the remaining campuses, Mid-South and Three Rivers had the largest decreases of $440,000 due to writing off older balances. The other campuses had slight decreases due to a decrease of accounts receivable balances.

<u>Inventories</u>
Inventories decreased by $396,000. Of the campuses with inventories, four had decreases and two had increases. Jonesboro had the largest change with a decrease of $308,000. This was from a reduction of Information and Technology Services' inventory. In preparation of Beebe's bookstores being privatized beginning July 1, 2021, they depleted bookstore inventories, resulting in a decrease of $66,000. Henderson State University and Newport had small decreases in the amounts of $2,000 and $30,000, respectively. Mid-South and Three Rivers both had slight increases during the year.

<u>Deposits with Trustees</u>
Deposits with trustees decreased by $850,000. All of the campuses, other than Mid-South, had decreases. Mid-South's slight increase is due to their bond agreements. Henderson State University accounted for nearly all the decrease due to their completion of an energy savings project. Jonesboro had a decrease of around $5,000 due to a bond refunding and the elimination of three debt service reserve funds for the refunded issue. Additional information on the bond refunding may be found in Note 5. The remaining campuses, other than Three Rivers and Mountain Home, had slight decreases. Three Rivers does not have bonds issued and had no deposits with trustees.

Statement of Net Position (Continued)

Current Assets (Continued)

Prepaid Expenses
Prepaid expenses increased by $52,000. The greatest change was the increase at Newport of $95,000. This was the result of maintenance agreements that were paid for before the end of fiscal year 2021 that were associated with new computer systems and software. Mid-South had an increase of $27,000 from a payment that was submitted to the Arkansas Department of Finance and Administration for a vehicle purchase. Mountain Home also had an increase of $17,000 due to a rise in the amounts paid in fiscal year 2021 for fiscal year 2022 expenses. Of the three campuses that had decreases, the largest decline was at Three Rivers in the amount of $68,000. Three Rivers' prior year prepaid expenses included $55,000 for Ellucian support, but they did not have this type of prepaid expense at the end of fiscal year 2021. Beebe had a decrease of $14,000 due to a reduction in prepaid postage. The Jonesboro campus had a small decrease during the year. Henderson State University did not have any prepaid expenses.

Capital Assets, net
Capital assets, net decreased by $6.7 million. Accumulated depreciation increased from $563,142,234 in 2020 to $590,881,018 in 2021. This increase, of approximately $31.5 million, is due to the recording of one additional year of depreciation for assets that have already been depreciating. Additionally, there was new equipment, new buildings, renovations to buildings, and other improvements/infrastructure that were added in 2020 and began depreciating in 2021. The increase in accumulated depreciation was offset by the addition of $24.9 million in capital assets and the retirement of $3.9 million in capital assets with accumulated depreciation of $3.7 million. Of the $24.9 million added to capital assets, $10.3 million was buildings, $6.5 million was construction in progress, $450,000 was improvements and infrastructure, $3.7 million was equipment, and 2.3 million was intangibles related to software in development. Additional information about capital assets may be found in the 'Capital Assets' section of this Management's Discussion and Analysis.

Other Noncurrent Assets
Other noncurrent assets increased by $19.6 million.

Noncurrent Cash
Noncurrent cash increased by $17.8 million and restricted cash increased by $920,000. The Jonesboro and Mountain Home campuses are the only ones to have a noncurrent cash balance. Jonesboro's increase in noncurrent cash of $16.5 million was the result of additional cash transfers to unexpended plant funds and the accounts receivable related to HEERF and State Treasury, as previously mentioned in the Accounts Receivable section. The annual increase of noncurrent cash by the campus is a strategic effort to increase the University's reserves. Mountain Home had an increase of $1.3 million. This change was from lost revenues recovered through HEERF funding that was transferred to plant funds. The Jonesboro and Mid-South campuses are the only ones with a noncurrent restricted cash balance. The greatest change was Mid-South's increase of $1.4 million. Mid-South had increases for the receipt of restricted cash from their excess millage during fiscal year 2021 and recoveries of lost revenue from CARES funds. Jonesboro's decrease of $480,000 was due to a decrease in cash in loan funds from returns of part of the federal capital contribution related to the Federal Perkins Loan Program.

Endowment Investments
Endowment investments increased by $3.3 million. The majority of this increase was due to Jonesboro's $3.1 million market value adjustment for endowment funds. The remaining difference was from an increase in the return rate of Beebe's investments compared to previous years. The other campuses did not have endowment investments.

Other Long-term Investments
Other long-term investments decreased by $2 million. Mountain Home was the only campus with an increase. This was due to renewing certificate of deposits totaling $1.7 million with a two year maturity. These were previously considered short-term investments. Jonesboro, Beebe, and Mid-South all had decreases. As investments are maturing at the Jonesboro campus, new investments are not being purchased. There is a strategic change to move from investments to cash. There was a decrease of $1.3 million for the year. Beebe's decrease of $1.9 million is a result of moving from long-term to short-term investments. Mid-South had a small decrease of approximately $500,000.

Statement of Net Position (Continued)

Other Noncurrent Assets (Continued)

Irrevocable Split-Interest Agreement

The Jonesboro campus implemented GASB no. 81, *Irrevocable Split-Interest Agreements*, which was effective July 1, 2017. There was an increase of roughly $68,000 during fiscal year 2021 as the trustee re-appraised the value of the asset.

Deposits with Trustees

Deposits with trustees decreased by $2.1 million. Henderson State University's decrease of $1.3 million was a result of completion of an energy savings project. The Jonesboro campus's decrease of $900,000 was primarily due to the elimination of three debt service reserve funds related to the bond refunding issue. Additional information on the bond refunding may be found in Note 5. Mid-South's increase for the year was due to their bond agreements.

Deferred Outflows

Deferred outflows increased by approximately $1.7 million. Roughly $1.6 million of this increase was due to an increased amount of deferred outflows related to pensions. All of the campuses had increases due to the adjustment of deferred outflows related to pensions for the 2021 fiscal year. Additional information about the deferred outflows related to pensions may be found in Note 8 and the Required Supplementary Information. Deferred outflows related to other postemployment benefits (OPEB) increased slightly by about $170,000. Although all but one of the campuses had decreases; Henderson State University's increase was substantial when compared to the others. Their increase was approximately $780,000. Additional information about the deferred outflows related to OPEB may be found in Note 12 and the Required Supplementary Information. Deferred outflows related to the excess of bond reacquisition costs over carrying value decreased by $40,000. All the campuses, other than Jonesboro, had decreases due to the amortization of these amounts. Jonesboro recorded an additional amount for their bond refunding issue. Additional information about the bond issue may be found in the Debt Administration section of this Management's Discussion and Analysis and Note 5.

Liabilities and Deferred Inflows

Total liabilities and deferred inflows decreased by $7.1 million.

Current Liabilities

Current liabilities increased by $10.5 million.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities increased by roughly $10 million. Jonesboro had a substantial increase of approximately $9.8 million. This increase was primarily from a payable due to the United States Department of Education for direct lending. Henderson State University saw an increase of about $700,000. Newport also had a slight increase; while Beebe, Mid-South, Mountain Home, and Three Rivers all had small decreases. Some campuses made the decision to pay as many invoices as possible prior to June 30, 2021, since they were converting to the Banner ERP system on July 1, 2021. This caused a reduction in accounts payable.

Bonds, Notes, and Leases Payable

Bonds, notes, and leases payable increased slightly by $506,000. There was a mix of increases and decreases among the campuses. There was no additional debt issued during the fiscal year; however Jonesboro did have a bond refunding issue and paid off one bond and one note early. The increases for each campus are due to the additional amount of principal payments due in 2022 compared to 2021.

Statement of Net Position (Continued)

Current Liabilities (Continued)

Unearned Revenues
Unearned revenues increased by $3.4 million. All campuses had increases for the year except for Henderson State University which had a decrease of approximately $250,000. This was largely due to unearned revenue from HEERF I that was recorded in fiscal year 2020. Jonesboro had the largest increase in the amount of $3.1 million which was the result of activity in several different areas. Athletics saw a rise in football and basketball tickets sold for the new fiscal year, and the First National Bank Arena also had more tickets sold for upcoming concerts and shows for fiscal year 2022. There will be renovations to Agriculture's Meat Lab through a grant where funds have been received, but the work has not been completed yet. Furthermore, there are other grant awards received in full prior to the spending of the total grant award. As expenses are posted to the grant award, revenue is recognized equal to the amount of the expenses. Mid-South, Mountain Home, and Three Rivers also had increases related to grants in the amounts of $200,000, $80,000, and $200,000, respectively. The remaining amount of the upturn in unearned revenue was related to tuition and fees.

Deposits
Deposits decreased by $55,000, although Jonesboro was the only campus with a decrease which was roughly $115,000. This was mainly due to a decline in student enrollment. Newport allowed more students to use excess funds to prepay summer and fall semesters which resulted in an increase of $60,000. Beebe had a slight increase due to property rentals, and Mid-South also had a slight increase.

Other Postemployment Benefits (OPEB) Liability
The current portion of this liability, a reduction of about $231,000, was recorded during the year in accordance with GASB no. 75. The current portion of this total liability represents the amount that is the expected employer contributions for fiscal year 2022. Additional information about OPEB may be found in Note 12 and the Required Supplementary Information.

Noncurrent Liabilities
Noncurrent liabilities decreased by $20.2 million.

Bonds, Notes, and Leases Payable
Bonds, notes and leases payable decreased by $19.6 million. All campuses had decreases when compared to 2020. The decrease is a reflection of the reduction of principal amounts owed by all the campuses for bonds, notes, and leases payable. As previously mentioned, there was no additional debt issued during the fiscal year; however Jonesboro did have a bond refunding issue and paid off one bond and one note early.

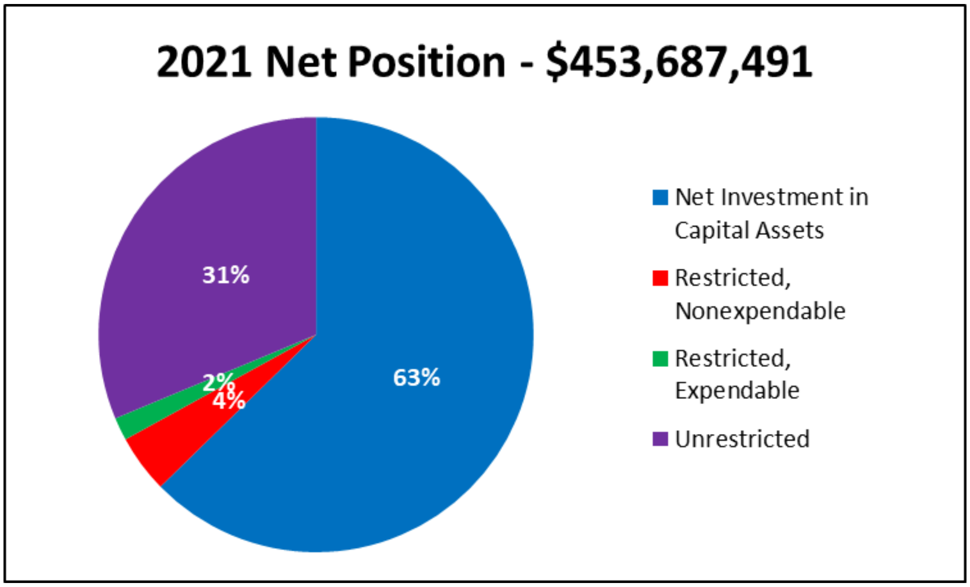
Other Postemployment Benefits (OPEB) Liability
The noncurrent portion of this liability decreased by about $4.4 million and was recorded during the year in accordance with GASB no. 75. Additional information about OPEB may be found below in the deferred inflows section, in Note 12 and the Required Supplementary Information.

Net Pension Liability
The University's portion of the net pension liability increased by around $3.2 million. These amounts were recorded in accordance with GASB no. 68. Additional information about the net pension liability may be found in Note 8 as well as the Required Supplementary Information.

Deferred Inflows
Deferred inflows increased by $2.6 million. Nearly all of this increase, $3.8 million, was the amount related to other postemployment benefits. This amount is recorded in accordance with GASB no. 75 and as mentioned previously, the campuses recorded a large decrease of $4.4 million related to the noncurrent liability portion of OPEB. The overall effect of recording the OPEB amounts showed a decrease of about $937,000. In addition to OPEB, there was a $1.3 million decrease for pensions which was recognized in fiscal year 2020 in accordance with GASB no. 68. The deferred inflows are recorded in conjunction with the deferred outflows and net pension liability discussed previously. The remaining minimal increase of $68,000 was recorded as part of the irrevocable split-interest agreement at the Jonesboro campus as previously mentioned in the Noncurrent Asset section.

Statement of Net Position (Continued)

Net Position
Total net position increased by $43.9 million. The percentage of each net position category is displayed in the chart below.



Net investment in capital assets
Net investment in capital assets increased by $3.1 million. This increase was mainly attributable to reduction of long-term debt associated with capital projects. The amount of depreciation exceeded the amount of capital asset additions. In previous years, there have been large increases of construction projects to offset the amount of depreciation recognized. For 2021, there was $24.9 million in capital assets additions compared to $31.4 million of depreciation expense.

Restricted, Nonexpendable
Restricted, nonexpendable net position increased by $3.1 million.

- *Scholarships and Fellowships*—Restricted, nonexpendable net position for scholarships and fellowships increased by $1.3 million. This was due to Jonesboro and Beebe campuses' increase in the fair value of endowment investments held by the ASU Foundation for scholarship purposes.

- *Renewal and Replacement*—The Mid-South campus has restricted, nonexpendable net position for renewal and replacement. There were no changes to the net position during the fiscal year.

- *Loans*—The restricted, nonexpendable net position for loans increased in the amount of approximately $251,000. This was due to a change in the accounts receivable allowance calculation at the Jonesboro campus. The allowance decreased which caused an increase in the net position related to the Federal Perkins Loan Program.

- *Other*—Restricted, nonexpendable net position for other purposes than those mentioned above increased by $1.6 million. This was due to an increase in investment earnings during the year on endowments for purposes other than scholarships.

Statement of Net Position (Continued)

<u>Net Position</u> (Continued)

<u>Restricted, Expendable</u>
Restricted, expendable net position decreased by $2.6 million.

- *Scholarships and Fellowships*—Restricted, expendable net position for scholarships and fellowships decreased by $315,000. This was largely due to Beebe expending most grants as they were awarded with less carried forward in to the new fiscal year, resulting in a decrease of $273,000. The Jonesboro campus had a small increase, while the Mid-South and Mountain Home campuses had slight decreases.

- *Research*—Restricted, expendable net position for research increased by approximately $6,000. Although the overall increase was small, two campuses had moderate swings. Jonesboro received a lower amount of research grants, while Henderson State University experienced a growth in research. This resulted in a decrease of $148,000 for Jonesboro and an increase of $154,000 for Henderson State University.

- *Loans*—The restricted, expendable net position for loans decreased slightly by about $20,000. Henderson State University and Mid-South are the only campuses to have a restricted, expendable net position amount for loans. Mid-South’s amount did not change compared to 2020. Henderson State University’s decrease was due to the return of funds from the institutional portion of the Federal Perkins Loan Program. The Federal Perkins Loan Program amounts will continue to decline with the expiration of the program on September 30, 2017.

- *Debt Service*—The restricted, expendable net position for other purposes than those listed above decreased very slightly by $119. Henderson State University and Mid-South are the only campuses to have funds restricted for debt service due to their debt structure for bonds payable.

- *Renewal and Replacement*—The Mid-South campus has restricted, expendable net position for renewal and replacement. There was a decrease of about $25,000 due to the bond requirements of these funds.

- *Other*—The restricted, expendable net position for other purposes than those listed above decreased by $2.1 million. Campuses, other than Beebe and Mid-South, experienced declines. Henderson State University and Three Rivers does not have a balance for this. The decrease of about $1 million at Jonesboro and $326,000 at Newport were related to a decrease of non-research grant activity balances at year end. The remaining decrease at Mountain Home and increases at Beebe and Mid-South were due to the HEERF funds.

<u>Unrestricted</u>
Unrestricted net position increased by $40.3 million. All of the campuses experienced increases. While the HEERF awards attributed to a great deal of the increases; the campuses also showed increases due to reduced spending and efforts to increase reserves. The majority of this increase was a $24 million increase at the Jonesboro campus due to an increased effort to grow the University’s reserves balance. While Henderson State University has a negative unrestricted net position; theirs did experience an increase of $5 million as a result of the HEERF funds. Additional information about their net position may be found in Note 22. In addition, Beebe’s unrestricted net position also increased by approximately $3.7 million. Mid-South and Mountain Home both had increases of $1.5 million. Newport and Three Rivers had increases of $3.5 million and $833,000, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The net position as presented on the Statement of Net Position is based in part on the financial activities that occurred during the fiscal year as presented in the Statement of Revenues, Expenses, and Changes in Net Position. This statement's purpose is to present the revenues generated and received by the University, both operating and nonoperating, the expenses incurred by the University, both operating and nonoperating, and all other financial gains or losses experienced by the University during the fiscal year ended June 30, 2021.

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

Generally, revenues from operations are received in exchange for the University providing services or products to students and other constituencies. Operating expenses are those costs paid or incurred in producing those services or products or in carrying out the mission of the University. Nonoperating revenues are financial inflows to the University resulting from nonexchange transactions; that is, the University does not provide a specific service or product in exchange for them. For example, appropriations from the state are considered nonoperating revenue because the legislature does not receive a direct and commensurate benefit from the University in exchange for providing the appropriation. A condensed Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2021 compared to fiscal year 2020 is shown below.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2021	2020 Revised	2020 HSU	2020 ASU	Increase/ (Decrease)	Percent Change
Operating Revenues						
Tuition and Fees, Net	$ 70,455,406	$ 77,026,297	$ 10,804,478	$ 66,221,819	$ (6,570,891)	(8.53%)
Grants and Contracts	36,894,255	38,437,890	2,503,675	35,934,215	(1,543,635)	(4.02%)
Auxiliary Enterprises, Net	29,367,343	35,030,469	9,223,208	25,807,261	(5,663,126)	(16.17%)
Other	11,688,025	12,278,686	525,640	11,753,046	(590,661)	(4.81%)
Total Operating Revenues	148,405,029	162,773,342	23,057,001	139,716,341	(14,368,313)	(8.83%)
Operating Expenses	363,809,589	365,039,802	61,978,278	303,061,524	(1,230,213)	(0.34%)
Nonoperating Revenues (Expenses)						
State Appropriations	135,778,821	131,515,710	21,487,337	110,028,373	4,263,111	3.24%
Grants and Contracts	58,561,444	63,740,768	12,208,165	51,532,603	(5,179,324)	(8.13%)
Interest on Capital Asset - Related Debt	(10,104,249)	(10,351,257)	(2,459,912)	(7,891,345)	247,008	(2.39%)
Other	63,850,746	35,425,349	3,838,100	31,587,249	28,425,397	80.24%
Total Nonoperating Revenues (Expenses)	248,086,762	220,330,570	35,073,690	185,256,880	27,756,192	12.60%
Income Before Other Revenues, Expenses, Gains or Losses	32,682,202	18,064,110	(3,847,587)	21,911,697	14,618,092	80.92%
Capital Appropriations	1,223,869	98,112	-	98,112	1,125,757	1,147.42%
Capital Grants and Gifts	8,848,584	356,598	-	356,598	8,491,986	2,381.39%
Other	1,125,613	(174,736)	43,880	(218,616)	1,300,349	(744.18%)
Total	11,198,066	279,974	43,880	236,094	10,918,092	
Increase (Decrease) in Net Position	$ 43,880,268	$ 18,344,084	$ (3,803,707)	$ 22,147,791	$ 25,536,184	139.21%
Net Position, Beginning of Year	$ 409,733,155	$ 391,389,071	$ 23,578,616	$ 367,810,455	$ 18,344,084	4.69%
Restatement for GASB 75 (Note 20)	$ 74,068					
Net Position, End of Year	$ 453,687,491	$ 409,733,155	$ 19,774,909	$ 389,958,246	$ 43,954,336	10.73%

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

Revenues
Total revenues increased by approximately $13 million.

Operating Revenues
Total operating revenues decreased by $14.4 million.

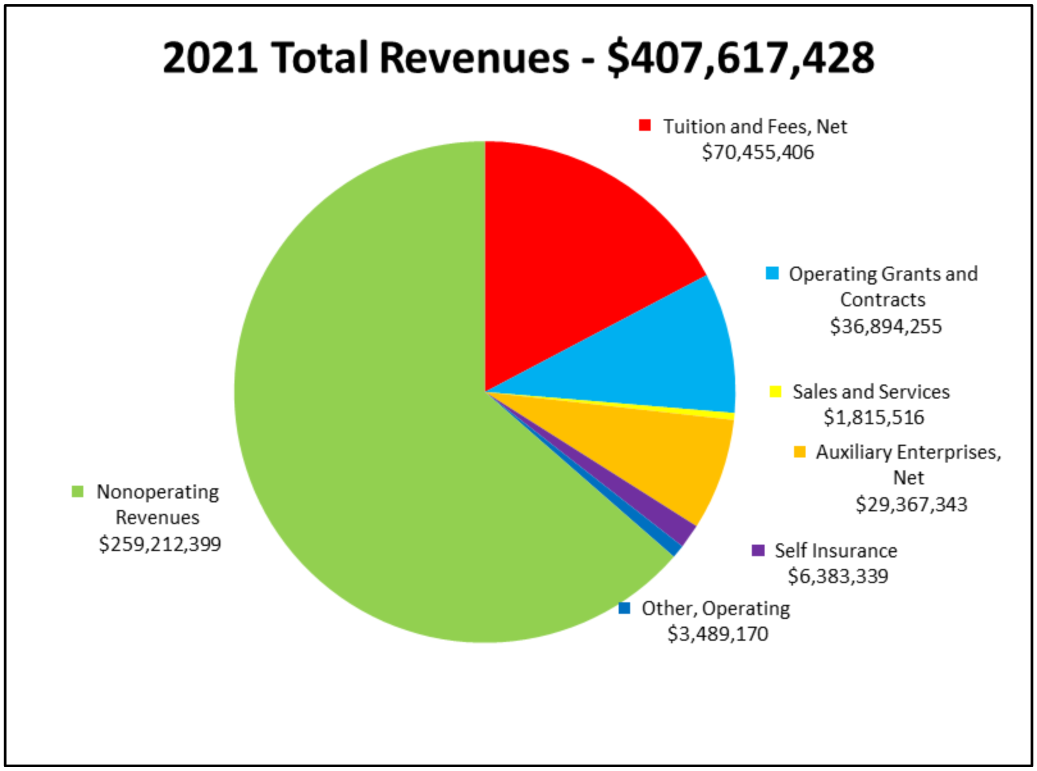
Tuition and Fees, net
Net tuition and fees decreased by $6.5 million. Gross tuition and fee revenue decreased by $10.4 million. All of the campuses experienced declines in tuition and fees, primarily due to lower student enrollment when comparing 2020 to 2021. The largest decrease was $2.9 million at the Jonesboro campus. Declining student enrollment is a growing concern across the country. The COVID pandemic caused many students to delay their higher education plans and forced some international students to remain home due to travel restrictions. Mid-South had a decrease of $350,000 related to their Secondary Technical Center; technical programs taken by concurrent students. In previous years, half of the funding was from Arkansas Career Education (ACE) and was recorded as grant revenue. The other half was billed directly to their high school partners and recorded as tuition and fees. ACE changed their funding method this fiscal year so that all funding now comes from them. Therefore, all of the funding for this program is now considered grant revenue. The decrease in tuition and fee revenue, as well as the decline in student enrollment, also led to a decrease in scholarship allowances. Scholarship allowances decreased by about $3.9 million.

Grants and Contracts
Operating grants and contracts decreased by $1.5 million. Jonesboro, Mountain Home, and Three Rivers all experienced decreases, while the other four campuses had increases. Jonesboro has seen a decline in grant research due to the COVID pandemic, resulting in a decrease of $2.6 million. Currently, there is not much emphasis placed on research, but it should increase with the implementation of their campus strategic plan. Mountain Home had a decrease of $200,000 mainly due to funding that was cut in fiscal year 2021 for their Secondary Career Center grant. Three Rivers had a small decrease of $100,000. Beebe's increase of $900,000 was mostly attributable to activities returning to normal after COVID restrictions interrupted grant activity in the previous year. Henderson State University, Mid-South, and Newport experienced increases in operating grants and contracts revenues due to slight increases of these balances at the end of the year. Overall, the change across the campuses was a decrease of 4.02%. As the available grant resources remain in decline, there will continue to be fluctuations in the amount of operating grants and contracts revenue as more colleges and universities compete for these dollars.

Sales and Services
Sales and services increased slightly by about $154,000. Of the four campuses that show sales and services revenue, two had increases and two had decreases. Jonesboro and Henderson State University had increases of $96,000 and $111,000, respectively. This is primarily due to the impact the COVID pandemic had on sales and services revenue in the previous fiscal year; lost revenue due to cancelled events, lost store sales, and reduced admissions due to closed facilities. COVID restrictions loosened during fiscal year 2021, and although these activities did not completely return to normal, they did expand from the previous year. Mountain Home continued to show a decrease of $46,000 due to the COVID pandemic, as they were unable to rent rooms. Beebe had a slight decrease of $7,000 from fewer student testing.

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

<u>Operating Revenues</u> (Continued)



<u>Auxiliary Enterprises, net</u>
Auxiliary enterprises, net decreased by approximately $5.7 million. All campuses, except for Three Rivers, experienced declines from 2020 to 2021. The bulk of this amount was from Jonesboro and Henderson State University's decreases of $3 million and $2.4 million, respectively. The declines in auxiliary revenues at the campuses were expected due to lower enrollment and the ongoing impact of the COVID pandemic. In addition to the reduced revenues, scholarship allowances related to auxiliaries decreased by $972,000.

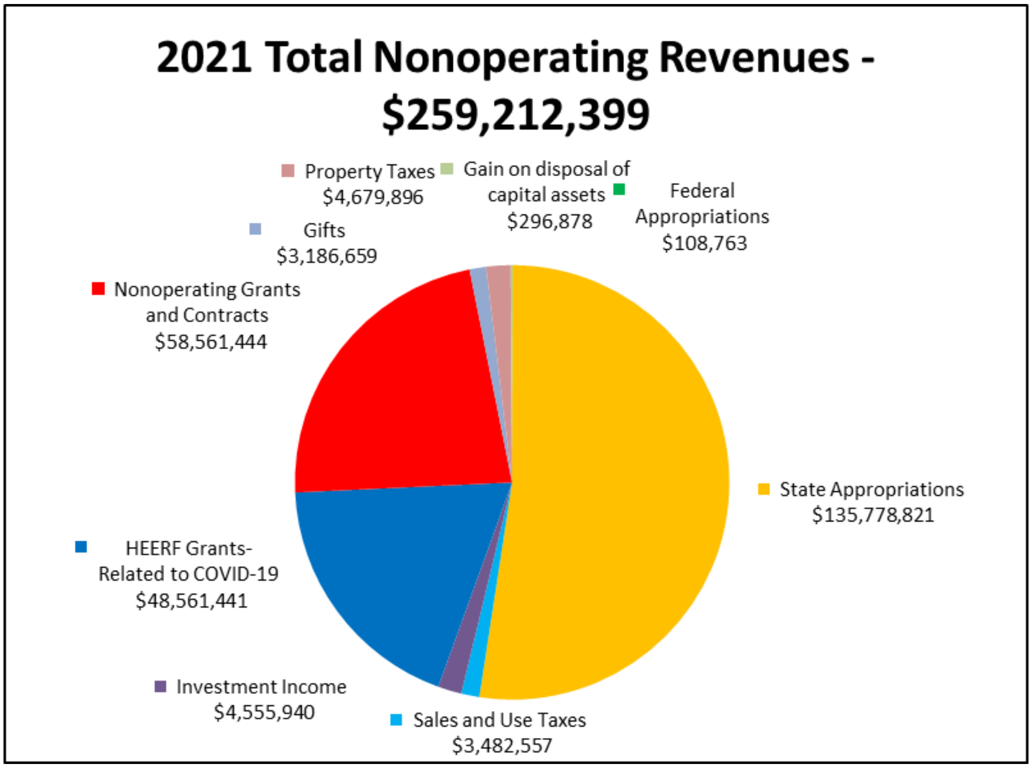
<u>Self Insurance</u>
Self insurance revenues increased by $317,000. During fiscal year 2021, there was a minimal increase in premiums beginning in January 2021 for the employee withholding amount.

<u>Other</u>
Other operating revenues decreased by $1.1 million. The Jonesboro campus experienced the largest decrease in the amount of $960,000 due to receiving two years of payments for the partner share of the NYIT College of Osteopathic Medicine during fiscal year 2020. Beebe and Mountain Home had decreases of $39,000 and $17,000, respectively. These reductions were from a decrease in the ASU Jonesboro host fees collected due to lower student enrollment. Three Rivers' decrease of $52,000 was related to internet rebates to customers in rural areas received from the Arkansas Research and Education Optical Network (ARE-ON) organization in 2020. Newport recognized a slight decrease as well; while Henderson State University and Mid-South were the only campuses with slight increases.

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

Nonoperating Revenues

Total nonoperating revenues increased by $27.3 million.



Federal Appropriations

Federal appropriations slightly decreased by about $78,000. In previous fiscal years, the Jonesboro campus received several federal awards related to grants and contracts. As available grant resources continue to decline, so do these funds.

State Appropriations

State appropriations increased by $4.3 million overall; although Jonesboro, Henderson State University, and Mid-South were the only campuses with increases which were $4.6 million, $56,000, and $77,000, respectively. The increase at Jonesboro was largely due to an additional $3.9 million received for implementing a new ERP (Enterprise Resource Planning) System for all campuses. Additional rainy day funds and restricted reserve funds were released to Jonesboro, Beebe, and Three Rivers in July 2020. State funding remained stable throughout the year, and new monies were released for productivity funding. Act 148 of 2017 repealed the needs-based and outcome-centered funding and directed the Arkansas Higher Education Coordinating Board to adopt policies developed by the Department of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in the state.

Grants and Contracts

Nonoperating grants and contracts decreased by approximately $5.2 million. All of the campuses experienced declines during the year. Henderson State University had the highest decrease at $1.6 million, and Mid-South had the lowest decrease at $106,000. The decreases were primarily a result of less Pell funding due to declines in student enrollment.

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

Nonoperating Revenues (Continued)

HEERF Grants-Related to COVID-19
The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27th, 2020. This bill allotted $2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, approximately $14 billion was given to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF (now referred to as HEERF I). The campuses recorded almost $18.3 million related to this in fiscal year 2020. A portion of these funds (the student portion) stipulated that the amount would be used to provide emergency grants to students. Once those funds had been expended; the institution may then receive the institutional portion of HEERF I. The total HEERF award for the student portion and the institutional portion were equal awards to institutions. Most of the student payments were made in 2020, however, $1.2 million was paid during 2021.

In addition to HEERF I, the Higher Education Emergency Relief Fund II (HEERF II) was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and was signed into law on December 27, 2020. In total, the CRRSAA authorizes $81.88 billion in support for education.

The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, and was signed into law on March 11, 2021. This provided $39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic.

ARP funds are in addition to funds authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and the Coronavirus Aid, Recovery, and Economic Security (CARES) Act, Public Law 116-136.

As with HEERF I, both HEERF II and HEERF III provided a portion of institutional funds and a portion of funds dedicated to students. During fiscal year 2021, there were $9.8 million in direct payments to students from HEERF II funds.

Additionally, the campuses qualified for either SIP (Strengthening Institutions Program) funds or MSI (Minority Serving Institutions) funds. Mid-South was the only campus to receive for MSI funds; the remaining campuses received SIP funds. Both the institutional portion of HEERF I, HEERF II, HEERF III, SIP and the MSI awards were used to provide relief to intuitions for reimbursement items such as, room and board refunds to students, purchases of equipment related to moving to online learning, provide additional emergency payments to students, and provide funds for lost revenue.

Sales and Use Taxes
Sales and use taxes increased by $513,000. Beebe experienced an increase of $378,000 from tourists returning to the Heber Springs area causing an influx in tax revenues. Newport saw an increase of $135,000 due to increased consumer spending in the county and the initiation of mail order tax enforcement.

Property Taxes
Property tax revenues increased by $146,000. The Mid-South campus saw an increase of $44,000, and the Mountain Home campus saw an increase of $102,000.

Gifts
Revenues from gifts decreased by $858,000. All the campuses experienced declines compared to 2020. Henderson State University had the highest decrease at $557,530, and Newport had the lowest decrease at $5,000.

Investment Income
Investment income increased by approximately $1.3 million overall; although Jonesboro and Beebe were the only campuses with an increase which were $2 million and $46,000, respectively. This was a result of higher investment income in their endowment funds. Mid-South had the largest decrease of $538,000 from unrealized losses and lower interest rates. The other campuses had decreases during the year due to a continued decline in interest rates.

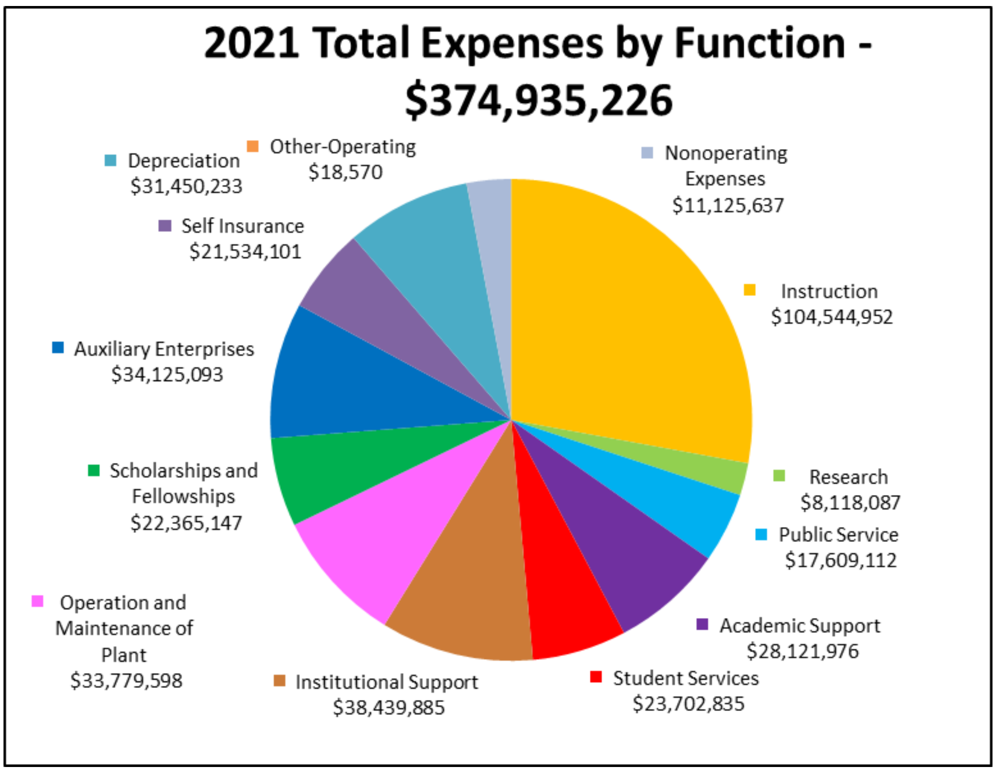
Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Nonoperating Revenues

Gain or Loss on Disposal of Capital Assets
During the fiscal year, the University had a gain of $297,000 on capital assets compared to a loss of $397,000 in fiscal year 2020. The Jonesboro campus had a gain of about $268,000. This was mainly a result of selling off-campus real estate during the fiscal year. Henderson State University, Mid-South, and Newport also had gains during the year. Beebe was the only campus to show a loss of about $3,800.

Expenses
Total expenses decreased by $1.6 million.

Operating Expenses
Total operating expenses decreased by $1.2 million.
Additional information on operating expenses can be found in the tables and charts that follow.



Personal Services
Personal services decreased by approximately $757,000; although there was a mix of increases and decreases throughout the System. Of those with increases, the Three Rivers campus experienced the largest increase, $4.8 million. The majority of this increase was due to their 2020 OPEB plan entries. The campus joined the System's OPEB plan in 2020. This provided the campus with a positive effect in recording OPEB plan liabilities from fiscal year 2019 to fiscal year 2020. Their OPEB entries for 2021 would be for a more typical year and their increase in personal services reflects this. Mid-South also showed a minor increase of less than $100,000 during the year. Of the campuses with decreases; Henderson State University showed the largest with $3.7 million. This was a result of a 3% reduction in wages for the year. Additionally, the remaining campuses, had a combined decrease of around $1.9 million. A net decrease of about of $1 million was recorded by the campuses for other postemployment benefits. More information on this may be found in Note 12.

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

Operating Expenses (Continued)

Scholarships and Fellowships
Scholarships and fellowships increased by $9 million. Gross scholarships and fellowships increased by approximately $4.2 million. All of the campuses had declines in enrollment when compared to 2020. All campuses, except for Henderson State University, showed an increase in scholarships and fellowships due to HEERF funds that were disbursed directly to students as aid. Although federal and state financial aid fluctuates throughout the years, the campuses continue to offer competitive institutional scholarships to students. The institutional scholarships continue to increase at each campus and displays the University's commitment to students.

Supplies and Services
Supplies and services decreased by $9.5 million. The majority of the decrease can be attributed to HEERF I direct payments to students and student refunds for housing and meal plans that occurred in fiscal year 2020 and were shown as supplies and services. In fiscal year 2021, all payments made to students related to HEERF I or HEERF II were shown as scholarships and fellowships. In addition to this, the campuses reduced budgets due to the lower enrollment during the year. The campuses continue to be committed to cost containment efforts and pursue conservative levels of spending.

Self Insurance
Self insurance expenses increased by $1.5 million. Medical and pharmaceutical claims during 2021 increased when compared to 2020. Additionally, there was an increase ($262,000) in the unpaid claims liability recorded at year end.

Depreciation
Depreciation expense decreased by $1.5 million. All of the campuses, other than Mid-South, Newport, and Three Rivers, experienced decreases when compared to 2020. The largest increase was at Three Rivers in the amount of $449,000 due to their change in the useful lives of their assets. The largest amount of decrease was $1.6 million at Henderson State University also due to their change in the useful lives of their assets. The remaining changes were due to either additions or deletions of fixed assets at the campuses. Additionally, as new projects were completed in 2021, depreciation expense will increase next year as a result of these. The amount of completed projects was $30 million when compared to the $18.8 million in 2020; depreciation expense will continue to increase each year as new buildings and renovations are completed and begin depreciating.

Other
Other operating expenses decreased by $33,000. These expenses are related to the Federal Perkins Loan program on the Jonesboro and Henderson State University campuses.

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

Operating Expenses (Continued)

Operating Expenses by Function

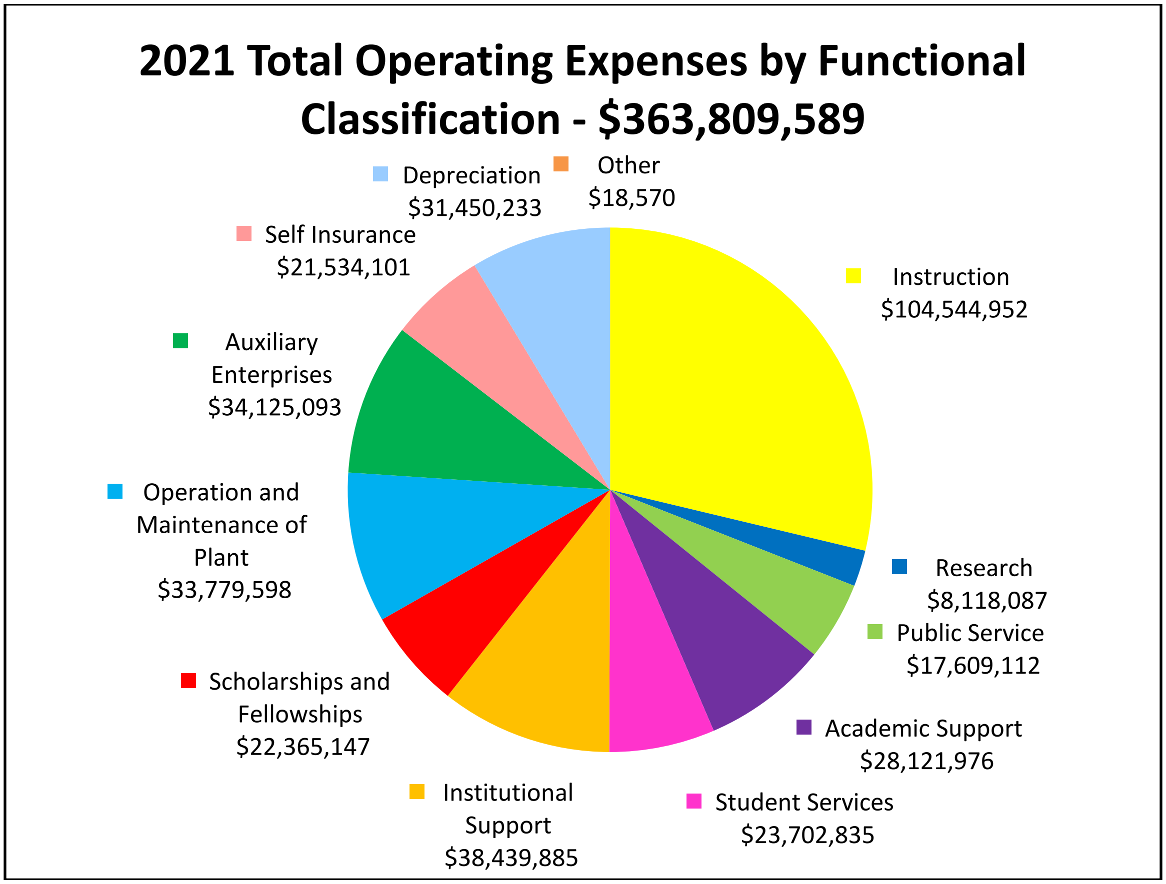
	2021	2020 Revised	2020 HSU	2020 ASU	Increase/ (Decrease)	Percent Change
Instruction	$ 104,544,952	$ 100,571,829	$ 14,227,178	$ 86,344,651	$ 3,973,123	3.95%
Research	8,118,087	9,875,958	29,002	9,846,956	(1,757,871)	(17.80%)
Public Service	17,609,112	18,857,868	275,589	18,582,279	(1,248,756)	(6.62%)
Academic Support	28,121,976	28,892,285	9,142,915	19,749,370	(770,309)	(2.67%)
Student Services	23,702,835	22,599,238	5,364,563	17,234,675	1,103,597	4.88%
Institutional Support	38,439,885	36,445,693	7,180,171	29,265,522	1,994,192	5.47%
Scholarships and Fellowships	22,365,147	22,840,427	3,326,509	19,513,918	(475,280)	(2.08%)
Operation and Maintenance of Plant	33,779,598	31,921,066	5,749,064	26,172,002	1,858,532	5.82%
Auxiliary Enterprises	34,125,093	40,018,263	10,849,094	29,169,169	(5,893,170)	(14.73%)
Self Insurance	21,534,101	20,043,070		20,043,070	1,491,031	7.44%
Depreciation	31,450,233	32,922,583	5,834,193	27,088,390	(1,472,350)	(4.47%)
Other	18,570	51,522		51,522	(32,952)	(63.96%)
Total Operating Expenses	$ 363,809,589	$ 365,039,802	$ 61,978,278	$ 303,061,524	$ (1,230,213)	(0.34%)

Operating Expenses by Natural Classifications

	2021	2020 Revised	2020 HSU	2020 ASU	Increase/ (Decrease)	Percent Change
Personal Services	$ 196,773,631	$ 197,530,143	$ 34,479,629	$ 163,050,514	$ (756,512)	(0.38%)
Scholarships and Fellowships	31,446,429	22,398,183	3,326,509	19,071,674	9,048,246	40.40%
Supplies and Services	82,586,625	92,094,301	18,337,947	73,756,354	(9,507,676)	(10.32%)
Self Insurance	21,534,101	20,043,070		20,043,070	1,491,031	7.44%
Depreciation	31,450,233	32,922,583	5,834,193	27,088,390	(1,472,350)	(4.47%)
Other	18,570	51,522		51,522	(32,952)	(63.96%)
Total Operating Expenses	$ 363,809,589	$ 365,039,802	$ 61,978,278	$ 303,061,524	$ (1,230,213)	(0.34%)

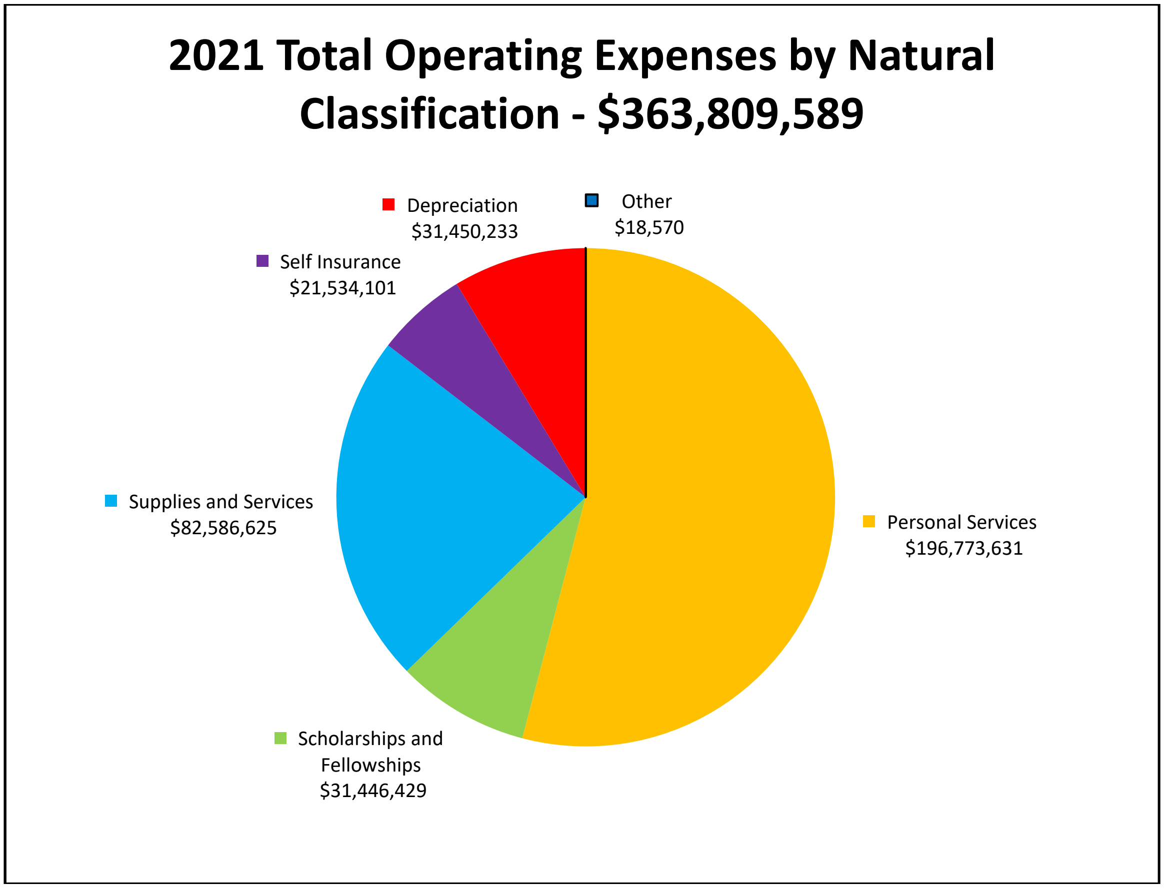
Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Operating Expenses (Continued)



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

<u>Operating Expenses</u> (Continued)



<u>Nonoperating Expenses</u>
Total nonoperating expenses decreased by $418,000.

<u>Interest</u>
Interest expense decreased by $247,000. All the campuses, other than Henderson State University, showed decreases. Their increase of approximately $323,000 was a result of adding additional debt in the 2020. Jonesboro experienced the largest decrease of $471,000 due to savings from bond refundings that have been done recently. The campuses did not incur any new debt during fiscal year 2021. There was one bond refunding issue at Jonesboro to refund three bond issues into one. The lower interest expense is expected due to no additional debt with interest being added and the fact that more of the payments are being applied to principal rather than interest. Additional information on debt administration may be found in the Debt Administration section that follows.

<u>Other Changes</u>
Other revenues, expenses, gains and losses totaled $11.2 million. This amount increased by $10.9 million.

<u>Capital Appropriations</u>
Capital appropriations increased by $1.1 million. The Jonesboro and Three Rivers campuses were the only campus with capital appropriations in 2021. Three Rivers received about $662,000 for the Ritz Theatre renovation. Jonesboro had amounts in both 2020 and 2021. During 2020, the campus received about $98,000 for projects at the Dyess Colony, the Lakeport Plantation Dairy, and Marion Berry Phase III-Loop Road. In 2021, Jonesboro's amount was around $562,000. In 2021, the campus received additional funds for the Dyess Colony restoration related to the campus's Delta Heritage Office.

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

Other Changes (Continued)

Capital Grants and Gifts

Capital grants and gifts increased by $8.5 million. The Jonesboro campus had the largest increase of $6.7 million due to the transfer of the Windgate Center for Three-Dimensional Arts from the ASU Foundation. Henderson State University, Beebe, Mid-South, and Mountain Home also had increases when compared to 2020. Newport and Three Rivers had a small combined decrease of $77,000 during the year.

Statement of Cash Flows

The third and final statement presented is the Statement of Cash Flows. This statement presents detailed information about the University's financial activities from the perspective of their effect on cash. The information is presented in five components. The first presents cash inflows and outflows resulting from the University's normal operating activities. The second component presents cash flows from noncapital financing activities; that is, cash received from or spent for activities that do not result from normal operations, capital financing activities, or investing. The third component presents cash inflows and outflows resulting from capital and related financing activities such as debt issuance, lease agreements, and capital appropriations, grants, or gifts. The fourth component presents cash flows resulting from investing activities such as purchases and liquidations of investments and interest, gains, and losses generated by these activities. The fifth component of the Statement of Cash Flows is a reconciliation of the net operating revenues (expenses) for the fiscal year as reported on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash provided (used) by operating activities as presented in component one of the Statement of Cash Flows.

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2021 and June 30, 2020 were as follows:

Capital Assets (net of accumulated depreciation)

	2021	2020 Revised	2020 HSU	2020 ASU	Increase/ (Decrease)	Percent Change
Land and land improvements	$ 22,629,935	$ 21,478,473	$ 1,975,554	$ 19,502,919	$ 1,151,462	5.36%
Construction in progress	8,428,746	15,910,724	10,583,252	5,327,472	$ (7,481,978)	(47.02%)
Livestock	225,886	234,901		234,901	$ (9,015)	(3.84%)
Intangibles-Software in development	2,053,095	847,761		847,761	$ 1,205,334	142.18%
Intangibles-Easements	2,675,000	2,675,000		2,675,000	$ -	0.00%
Intangibles-Software	4,097,046	3,791,437		3,791,437	$ 305,609	8.06%
Buildings	343,016,648	336,781,739	74,815,161	261,966,578	$ 6,234,909	1.85%
Improvements and infrastructure	149,099,566	156,381,462	14,546,474	141,834,988	$ (7,281,896)	(4.66%)
Equipment	14,114,793	14,748,893	1,249,420	13,499,473	$ (634,100)	(4.30%)
Library/audiovisual holdings	5,182,460	5,411,706	4,040,825	1,370,881	$ (229,246)	(4.24%)
Total	$ 551,523,175	$ 558,262,096	$ 107,210,686	$ 451,051,410	$ (6,738,921)	(1.21%)

Land

The University had one addition of land and land improvements in the amount of $1,156,721 at the Jonesboro campus. Also, the campus had a small decrease of $5,259 for the sale of property during the year.

Capital Assets (Continued)

Construction in progress
Construction in progress decreased by 47.02%. Henderson State University had a decrease of $10.6 million. This decrease is mainly attributable to the energy savings project at Henderson State University. $10.6 million was transferred from construction in progress to buildings. All the other campuses either had an overall increase or no activity during 2021. Jonesboro had an increase of $1.2 million for a number of projects. Some of these projects include renovations to the library and campus lighting renovations. Newport’s increase was a result of a technology project at the campus and Three River’s was a result of the Ritz Theatre renovation. Mountain Home had a slight increase during the year.

Livestock
The change of 3.84% is attributable to a decrease of the Jonesboro campus livestock herds of $473 and a decrease of the Beebe campus’s herds in the amount of $8,542.

Intangibles-Software in development
All of the campuses, other than Jonesboro, have been implementing a new ERP (Enterprise Resource Planning) System. The new software was still in development as of June 30, 2021. The University’s threshold for capitalizing software is $1 million and each campus should meet this threshold with the exception of Mountain Home and Three Rivers. An amount of $2,053,095 was recorded during 2021 by Henderson State University, Beebe, Mid-South, and Newport. The transition to the new ERP should be complete June 2022. The Jonesboro campus has been transitioning to cloud software and added $284,274 of intangibles-software in development. The Jonesboro campus completed their transition and transferred the total amount of $1.1 million to intangibles-software.

Intangibles-Easements
The University had no additions or disposals of easements during fiscal year 2021.

Intangibles-Software
The University’s increase of $1.1 million consisted of the amount that the Jonesboro campus transferred from intangibles-software in development. In addition, $826,426 was depreciated for software during fiscal year 2021.

Buildings
The University experienced an increase of $6.2 million in the total value of buildings. This is a result of transfers from construction in progress during the year. In fiscal year 2021, the campuses added $20,884,469 compared to $6,565,402 in fiscal year 2020. Jonesboro, Henderson State University, and Newport were the only campuses with building additions during the year. The Jonesboro campus added $6.8 million in building additions. The majority of this ($6.7 million) was for a capital gift received from the ASU Foundation for the Windgate Center for Three-Dimensional Arts. The building has 16,818 square feet indoors plus an additional 5,000 square feet of outdoor working spaces. The Windgate Center has state of the art kilns and workspaces for ceramics, a dedicated woodworking lab, a foundry for castings, student studio and work spaces, and indoor and outdoor spaces for students, faculty, and visiting faculty to display their art. In addition to this building, the campus also added a building from the purchase of property adjacent to the campus. The $13.8 million addition at Henderson State University was a result of an energy savings project, the completion of the Charles and Anita Cabe Student-Athlete Success Center, and updates to Hickory House. Newport added a greenhouse and an equipment repair facility. Jonesboro was the only campus to reduce buildings during the year for property that was sold at an off-campus location. Also, accumulated depreciation increased from $377,025,870 in 2020 to $391,310,136 in 2021. This is due to the annual amount of depreciation recorded by each campus. There were no large adjustments to the annual depreciation since the additions of buildings in the prior year were minor.

Capital Assets (Continued)

Improvements and infrastructure
The 4.66%, or $7,281,896, decrease in improvements and infrastructure is attributable to the amount of depreciation exceeding the amount of additions during the year. In 2020, there were completed projects totaling approximately $6.4 million. These included the $3.5 million improvements to the student union cafeteria at the Jonesboro campus, as well as parking and residence hall improvements. In fiscal year 2021, there were only $3.9 million in additions; all of which are at Jonesboro. These projects included residence hall upgrades, parking overlays, improvements to the library, and renovations for utilities. In addition to a reduced amount of completed projects; the amount of depreciation increased in the fiscal year 2021 due to the additions in fiscal year 2020. In 2020, there was $10.4 million posted for depreciation compared to $11.1 million in 2021. Also, there were no deletions in 2021 while the deletions in 2020 deletions netted to around $409,000.

Equipment
Equipment decreased by 4.30%, or $634,100, during the year. Equipment additions increased slightly from $3,433,242 in 2020 to $3,660,323 in 2021; an increase of about $227,000. Of the additions for fiscal year 2021, $78,751 were capital gifts received by the campuses and noted on the Cash Flow Statement as a noncash transaction. The campuses did have reduced spending in light of the COVID pandemic. Depreciation expense decreased from $4,896,661 in 2020 to $4,242,265 in 2021. The campuses disposed of equipment during the year with a net value of $52,158.

Library/Audiovisual Holdings
The University's decrease of $229,246, or 4.24%, is due to the amount of depreciation exceeding the amount of purchases during the year. Total purchases decreased in part to the COVID pandemic during the fiscal year from a total of $506,217 compared to $635,078 in 2020. Depreciation expense increased from $689,614 in 2020 to $735,463 in 2021. Library holdings that were removed during the year were fully depreciated.

Additional information on capital assets by campus may be found in Note 4 in the notes to the financial statements.

Debt Administration

The University's financial statements indicate $210,914,326 in bonds payable, $38,690,141 in notes payable and $21,574,369 in capital leases payable at June 30, 2021.

The Jonesboro campuses issued refunding bonds during 2021. The bonds that were refunded included:

$5,370,000	2012A Taxable Housing
$5,520,000	2012B Housing
$1,005,000	2012D Housing

Also, the campus paid the 2010B Refunding bond issue off early. Additional information about the refunding is included in Note 5.

The University's bonded indebtedness consists of revenue bonds secured by tuition and fees, property taxes, and auxiliary revenues, such as housing and parking fees. The revenue bonds were issued for educational buildings, student housing, parking improvements, property purchases, plant improvements, and auxiliary facilities.

Debt Administration (Continued)

The $38,690,141 in notes payable consists of four notes for the Jonesboro campus. These include $604,000 and $600,000 notes for energy improvement projects through the state's sustainable revolving loan fund, and a $1,000,000 note for pedestrian improvements. Additionally, there is a $1,000,000 note for renovations to the Armory. The campus has benefited from securing zero or very low interest rates for each of these notes. Also, the campus paid the note to renovate Wilson Hall for the DO School off early during fiscal year 2021. This will save the campus approximately $150,000 over 2.5 years. At June 30, 2021, the outstanding amounts for these notes were $271,800, $270,000, $302,521, and $700,000 respectively. Henderson State University has $33,356,461 in notes payable outstanding at June 30, 2021. These six notes payable include: $2,750,000 for the Honors Hall, $2,366,268 for energy savings, $1,100,000 for energy savings related to an auxiliary renovation, $10,136,926 for energy savings, 2019 $6,000,000 loan from the state of Arkansas used to assist with cash shortfalls for that year, and $15,996,406 for property renovations. At June 30, 2021, the outstanding amounts for these notes were $2,203,766, $1,137,955, $583,762, $8,021,260, $5,750,000, and $15,659,718, respectively. The Beebe, Mid-South, and Newport campuses have notes payable related to their energy performance improvements and are paid with savings from utility billings. These amounts at the end of 2021 are $75,212, $1,365,482, 727,901, and $815,306, respectively. The notes payable for the Three Rivers campus include $825,000 for construction of a new Allied Health building, $565,000 for the remodel and expansion of a cosmetology building, , and $1,000,000 for the purchase and renovation of an Applied Science Technology building. All three notes were secured through Arkansas Higher Education Coordinating Boards' College Savings Bond Revolving Loan Fund at exceptionally low interest rates. The outstanding amounts for these notes were $75,830, $191,822 and $537,806 respectively.

The Jonesboro campus issued a capital lease during 2016 in the amount of $15,226,080 for energy savings projects on the campus. The savings from utility billings will be used to pay the debt. Principal payments began in 2019 and the current balance of the debt is $14,113,961. The Beebe and Newport campuses added leases payable in the amounts of $4,930,498 and $2,951,079, respectively, during fiscal year 2018. Both of these leases payable were for energy performance improvements and will be paid with savings from utility billings. These balances are $4,667,027 and $2,793,381, respectively at June 30, 2021.

Additional information on the University's debt may be found in Notes 5, 6 and 15 in the notes to the financial statements.

Economic Outlook

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The impacts of the COVID pandemic on our financial statements for future reporting periods remain uncertain and cannot be predicted. The long-term effects on student population, housing, and participation in traditional, in-person classes is unclear. However, the economic outlook of the University remains sound at this time.

The Federal Reserve predicts the annual inflation rate to continue rising and hit 4.2% by the end of the year, but believes the price hikes will level out in 2022 as pressures from the COVID pandemic subside. Prices have been driven upward due to supply-chain bottlenecks and shortages caused by the pandemic. As these supply effects diminish, inflation is expected to drop back down to around 2%. There is potential for the Fed's rate-setting committee to increase interest rates in 2022 which could positively affect the University's ability to generate returns on its financial assets. Interest rates are currently near zero.

At the state level, the economy is stable, and revenues are tracking above forecast levels. Arkansas continues to conservatively manage its financial resources; as a result, state appropriations to the University have remained static with no expectation of appreciable increases in the near term. Public higher education will continue to compete with other state agencies and priorities for appropriate levels of funding.

Economic Outlook (Continued)

Act 148 of 2017 repealed the needs-based and outcome-centered funding and directed the Arkansas Higher Education Coordinating Board to adopt policies developed by the Arkansas Department of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in the state.

The University continues to maintain a strong credit rating of A1 by Moody's Investors Service. Achieving and maintaining this credit rating provides the University with significant flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the University to provide the necessary resources to support a consistent level of excellence in service to students, the local communities, the state and the nation.

The University continues to proactively manage its enrollment and scholarship administration to strike an appropriate balance between academic standards, demographic and economic changes, and net tuition revenue. The University continues to review all of its existing and potential revenue sources and is working to explore and develop new and innovative funding opportunities.

The University strategically and prudently manages its financial resources. Capital investments are extensively reviewed at the board and executive level, strategic cost containment and resource allocation remain high priorities of the University, and budgets are carefully developed, monitored, controlled, and adjusted as warranted. These efforts will continue as the University strategically manages the challenges and opportunities posed by the current economic environment and the furtherance of its mission.

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2021

Exhibit A

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	$ 88,097,500
Short-term investments	8,770,641
Accounts receivable (less allowances of $9,733,352)	44,478,159
Notes and deposits receivable (less allowances of $117,509)	800,129
Accrued interest and late charges	223,534
Inventories	2,006,196
Deposits with trustees	1,469,080
Unamortized bond insurance	141,754
Prepaid expenses	717,499
Total Current Assets	146,704,492
Noncurrent Assets:	
Cash and cash equivalents	82,614,935
Restricted cash and cash equivalents	10,315,700
Restricted investments	143,563
Endowment investments	18,750,220
Unrestricted investments	2,261,251
Other long-term investments	14,142,347
Irrevocable split-interest agreement	2,171,390
Accrued interest and late charges	746,400
Deposits with trustees	2,382,227
Accounts receivable	1,980,013
Notes and deposits receivable (less allowances of $407,573)	2,905,696
Capital assets (net of accumulated depreciation of $590,881,018)	551,523,175
Total Noncurrent Assets	689,936,917
TOTAL ASSETS	**836,641,409**
DEFERRED OUTFLOWS OF RESOURCES	
Excess of bond reacquisition costs over carrying value	4,181,563
Pensions	7,892,727
Other postemployment benefits (OPEB)	3,037,966
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**851,753,665**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current Liabilities:	
Accounts payable and accrued liabilities	26,878,573
Bonds, notes and leases payable	15,938,300
Compensated absences	5,932,411
Unearned revenue	12,776,790
Deposits	696,883
Interest payable	2,766,236
Other postemployment benefits (OPEB) liability	500,621
Total Current Liabilities	65,489,814
Noncurrent Liabilities:	
Accounts payable and accrued liabilities	13,238
Bonds, notes and leases payable	255,240,536
Compensated absences	6,331,207
Other postemployment benefits (OPEB) liability	17,059,596
Net pension liability	27,317,990
Deposits	241,036
Refundable federal advances	4,997,634
Total Noncurrent Liabilities	311,201,237
TOTAL LIABILITIES	376,691,051
DEFERRED INFLOWS OF RESOURCES	
Pensions	5,206,463
Other postemployment benefits (OPEB)	13,997,270
Irrevocable split-interest agreement	2,171,390
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**398,066,174**

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2021

Exhibit A

NET POSITION		
Net investment in capital assets	$	284,429,128
Restricted for:		
Nonexpendable:		
Scholarships and fellowships		7,135,240
Renewal and replacement		967,261
Loans		347,547
Other-College and Department Purposes		11,129,419
Expendable:		
Scholarships and fellowships		1,224,928
Research		475,019
Loans		47,377
Debt service		1,997,701
Renewal and replacement		582,651
Other		3,427,934
Unrestricted		141,923,286
TOTAL NET POSITION	$	453,687,491

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

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

Exhibit A-1

ASSETS		
Cash and cash equivalents	$	9,385,171
Certificates of deposit		4,520,022
Prepaid expenses		35,984
Contributions receivable, net		5,948,943
Investments, at fair value		114,385,899
Property and equipment, net		2,005,806
Other assets		100,082
Total Assets	$	136,381,907
LIABILITIES		
Accounts payable	$	47,250
Annuity obligations		16,000
Due to Arkansas State University campuses		98,904
Due to Alumni Association		160
Amounts held on behalf of Arkansas State University related entities		16,269,603
Note payable		28,619
Total Liabilities		16,460,536
NET ASSETS		
Without donor restrictions		
Undesignated		926,471
Board designated		7,447,451
Total without donor restrictions		8,373,922
With donor restrictions		
Restricted as to purposes		15,362,714
Restricted in perpetuity		96,184,735
Total with donor restrictions		111,547,449
Total Net Assets		119,921,371
Total Liabilities and Net Assets	$	136,381,907

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

Exhibit A-2

ASSETS		
Current Assets		
Cash	$	9,029,409
Investment securities		191
Receivables, current portion		3,265,736
Related party prepaid lease, current portion		1,700,000
	$	13,995,336
Property and Equipment		
Buildings	$	29,866,540
Furniture and equipment		680,506
Parking lot		57,005
		30,604,051
Less accumulated depreciation		(869,549)
	$	29,734,502
Other Assets		
Receivables, net of current portion and amortization	$	6,249,143
Related party prepaid lease, net of current portion		4,391,667
Real estate		206,100
Construction in progress		102,390
	$	10,949,300
Endowment Investments, at fair value	$	2,204,295
Total Assets	$	56,883,433
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	2,150,834
Accrued interest payable		35,316
Current portion long-term debt		560,994
Current portion deferred revenue		3,405,141
Total Current Liabilities	$	6,152,285
Long-Term Liabilities		
Long-Term Debt, net of current portion	$	30,007,729
Deferred Revenue, net of current portion		8,250,102
	$	38,257,831
Total Liabilities	$	44,410,116
Net Assets		
Without donor restrictions	$	(1,435,110)
With donor restrictions		13,908,427
	$	12,473,317
Total Liabilities and Net Assets	$	56,883,433

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

Exhibit A-3

ASSETS		
Cash and cash equivalents	$	1,278,467
Accrued interest receivable		128
Investments		24,974,260
Works of art		480,778
Total Assets	$	26,733,633
LIABILITIES		
Accounts payable	$	56,015
Total Liabilities		56,015
NET ASSETS		
Without donor restrictions		273,376
With donor restrictions		26,404,242
Total without donor restrictions		26,677,618
Total Liabilities and Net Assets	$	26,733,633

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

Exhibit B

OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $66,901,570)	$	70,455,406
Grants and contracts		36,894,255
Sales and services		1,815,516
Auxiliary enterprises (net of scholarship allowances of $11,403,654)		29,367,343
Self-insurance		6,383,339
Other operating revenues		3,489,170
TOTAL OPERATING REVENUES		148,405,029
OPERATING EXPENSES		
Personal services		196,773,631
Scholarships and fellowships		31,446,429
Supplies and services		82,586,625
Self-insurance		21,534,101
Depreciation		31,450,233
Other		18,570
TOTAL OPERATING EXPENSES		363,809,589
OPERATING INCOME (LOSS)		(215,404,560)
NON-OPERATING REVENUES (EXPENSES)		
Federal appropriations		108,763
State appropriations		135,778,821
Grants and contracts		58,561,444
HEERF Grants-Related to COVID-19		48,561,441
Sales and use taxes		3,482,557
Property taxes		4,679,896
Gifts		3,186,659
Investment income		4,555,940
Interest on capital asset - related debt		(10,104,249)
Gain or loss on disposal on capital assets		296,878
Payment of student activity fee to fiduciary accounts		(278,160)
Refunds to grantors		(208,544)
Other nonoperating revenues (expenses)		(534,684)
NET NON-OPERATING REVENUES (EXPENSES)		248,086,762
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES		32,682,202
Capital appropriations		1,223,869
Capital grants and gifts		8,848,584
Additions to endowments		100
Adjustments to capital assets		1,125,513
INCREASE (DECREASE) IN NET POSITION		43,880,268
NET POSITION - BEGINNING OF YEAR		389,958,246
MERGER WITH HENDERSON STATE UNIVERSITY (NOTE 21)		19,774,909
RESTATEMENT FOR GASB 84 (NOTE 20)		74,068
NET POSITION - BEGINNING OF YEAR, AS RESTATED		409,807,223
NET POSITION - END OF YEAR	$	453,687,491

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

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B-1

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	$ 397,995	$ 11,425,176	$ 11,823,171
Investment return, net	1,459,519	18,058,947	19,518,466
Other income	216,690	376,597	593,287
Net assets released from restrictions	4,058,344	(4,058,344)	-
Total Revenue and Other Support	6,132,548	25,802,376	31,934,924
Expenses			
Program services	4,388,368		4,388,368
Management and general supporting services	162,782		162,782
Change in split-interest agreements		16,000	16,000
Total Expenses	4,551,150	16,000	4,567,150
(Decrease) increase in net assets	1,581,398	25,786,376	27,367,774
Net assets at beginning of year	6,792,524	85,761,073	92,553,597
Net assets at end of year	$ 8,373,922	$ 111,547,449	$ 119,921,371

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Support			
Contributions	$ 2,083,671	$ 158,411	$ 2,242,082
Special events/fundraising		294,906	294,906
Other income	36,240	4,379,121	4,415,361
Investment income (expense)	32,209	1,097,101	1,129,310
Net assets released from restrictions	6,675,347	(6,675,347)	
	$ 8,827,467	$ (745,808)	$ 8,081,659
Expenses			
General and administrative	$ 414,299		$ 414,299
Athletic program services	6,660,119		6,660,119
Special events/fundraising	177,882		177,882
	$ 7,252,300		$ 7,252,300
Transfers			
ASU athletic programs	$ 51,736	$ 4,200	$ 55,936
ASU other	1,944,927	37,679	1,982,606
	$ 1,996,663	$ 41,879	$ 2,038,542
Increase (decrease) in net assets	$ (421,496)	$ (787,687)	$ (1,209,183)
Beginning Net Assets	$ (136,202)	$ 10,143,855	$ 10,007,653
Reclassifications	(877,412)	877,412	
Prior period adjustments		3,674,847	3,674,847
Ending Net Assets	$ (1,435,110)	$ 13,908,427	$ 12,473,317

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B-3

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Support and Revenue Without Donor Restrictions	
Contributions	$ 1,210
Investment return	2,760
Net assets released from restrictions	2,575,247
Total Support and Revenue Without Donor Restrictions	2,579,217
Expenses	
Program services	2,353,822
General and administrative supporting services	175,216
Total Expenses	2,529,038
Increase in Net Assets Without Donor Restrictions	50,179
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	1,472,480
Investment return, net	5,242,146
Net assets released from restrictions	(2,575,247)
Increase in Net Assets With Donor Restrictions	4,139,379
INCREASE IN TOTAL NET ASSETS	4,189,558
NET ASSETS, BEGINNING OF YEAR	22,488,060
NET ASSETS, END OF YEAR	$ 26,677,618

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 74,403,734
Grants and contracts	36,371,611
Auxiliary enterprises revenues	29,276,268
Sales and services	1,856,304
Self-insurance program receipts	6,696,011
Collection of principal and interest related to student loans	654,810
Other receipts	3,676,065
Payments to employees	(166,095,821)
Payments for employee benefits	(32,298,647)
Payments to suppliers	(80,159,728)
Scholarships and fellowships	(31,339,066)
Self-insurance program payments	(21,587,045)
Other payments	(804,382)
Net cash provided (used) by operating activities	(179,349,886)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal appropriations	136,013
State appropriations	130,361,174
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners	1,527,000
Grants and contracts	60,375,525
HEERF Grants-Related to COVID-19	39,305,891
Private gifts and grants	1,976,488
Payments to debt holders for loan principal	(170,326)
Payments to debt holders for loan interest	(40,295)
Sales and use taxes	3,415,956
Property taxes	4,605,865
Direct lending, PLUS and FFEL loan receipts	124,331,412
Direct lending, PLUS and FFEL loan payments	(105,721,434)
Payment of student activity fee to fiduciary accounts	(332,919)
Refunds to grantors	(270,067)
Net cash provided (used) by noncapital financing activities	259,500,283
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	141,801
Capital appropriations	1,223,869
Capital gift and grants	1,160,000
Proceeds from sale of capital assets	449,805
Purchases of capital assets	(13,741,348)
Payments to trustees for bond principal	(11,285,000)
Payments to trustees for bond interest and fees	(7,567,021)
Payments to debt holders for principal (other than bonds)	(6,322,612)
Payments to debt holders for interest and fees (other than bonds)	(2,092,784)
Property taxes remitted to bond trustees	(3,039,359)
Distribution of excess property taxes from bond trustees	1,671,552
Net cash provided (used) by capital and related financing activities	(39,401,097)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	10,043,116
Interest on investments (net of fees)	997,326
Purchases of investments	(7,692,630)
Net cash provided (used) by investing activities	3,347,812
Net increase (decrease) in cash and cash equivalents	44,097,112
Cash and cash equivalents - beginning of year	132,408,024
Merger with Henderson State University (Note 21)	5,876,925
Restatement for GASB 84 (Note 20)	(1,353,926)
Cash and cash equivalents - beginning of year, restated	136,931,023
Cash and cash equivalents - end of year	$ 181,028,135

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (215,404,560)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	31,450,233
Change in assets and liabilities:	
Receivables, net	934,809
Inventories	396,027
Prepaid expenses	(52,104)
Accounts and salaries payable	1,701,050
Other postemployment benefits (OPEB)	(936,929)
Pension obligations	207,140
Unearned revenue	2,556,915
Deposits	132,608
Refundable federal advances	250,036
Compensated absences	(585,111)
Net cash provided (used) by operating activities	$ (179,349,886)
Reconciliation of Cash and Cash Equivalents	
Current Assets:	
Cash and Cash Equivalents	$ 88,097,500
Noncurrent Assets:	
Cash and Cash Equivalents	82,614,935
Restricted Cash and Cash Equivalents	10,315,700
Total cash and cash equivalents	$ 181,028,135

NONCASH TRANSACTIONS

JONESBORO

The University issued refunding bonds of $11,670,000. The proceeds of this issue were utilized as follows: $11,472,240 was remitted to an escrow agent and $197,760 was used to pay the bond issuance costs.

Building-capital gift of $6,656,055

Equipment-capital gift of $6,841

Value of equipment received from vendor discounts-$100,602

Interest earned on reserve accounts held by trustee-$591

Interest paid from accounts held by trustee-$12,068

Amount earned on investments-$3,647,734

Amount of PPE received from the state through CARES funds-$738,402

HENDERSON

Building improvement-capital gift of $1,372,775

Construction expenses paid by trustee-$1,865,354

Principal payment on loan withheld from state appropriations-$250,000

Amount of PPE received from the state through CARES funds-$213,798

NONCASH TRANSACTIONS (CONTINUED)

BEEBE
Equipment-capital gift of $25,710

Interest earned on reserve accounts held by trustee-$21

Interest paid from accounts held by trustee-$516

Amount of PPE received from the state through CARES funds-$51,119

MID-SOUTH
Equipment-capital gift of $28,200

Interest earned on reserve accounts held by trustee-$142

Trustee payments for retirement of bond principal-$575,000

Trustee payment for bond interest-$730,989

Trustee payment for bond fees-$4,075

Unrealized loss on investments-$171,732

Amount of PPE received from the state through CARES funds-$46,323

Amount of interest earned on CD's reinvested with CD's-$2,746

MOUNTAIN HOME
Interest earned on reserve accounts held by trustee-$6

Interest paid from accounts held by trustee-$5

Amount of PPE received from the state through CARES funds-$14,535

NEWPORT
Interest earned on reserve accounts held by trustee-$128

Interest paid from accounts held by trustee-$137

Amount of interest earned on CD's reinvested with CD's-$1,357

Amount of PPE received from the state through CARES funds-$96,716

THREE RIVERS
Equipment-capital gift of $18,000

Amount of PPE received from the state through CARES funds-$28,134

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

Exhibit D

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

ASSETS	
Cash and cash equivalents	$ 1,710,795
Accounts receivable	311
TOTAL ASSETS	1,711,106
LIABILITIES	
Accounts payable	1,185
TOTAL LIABILITIES	1,185
NET POSITION	
Restricted for:	
Individuals and organizations	1,709,921
TOTAL NET POSITION	$ 1,709,921

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

Exhibit E

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2021

ADDITIONS	
Gifts	$ 119,215
Contributions	2,389,756
Transfer from Student Activity Fee	332,919
TOTAL ADDITIONS	2,841,890
DEDUCTIONS	
Supplies	$ 691,913
Travel	881
Scholarships	2,255,698
Transfer to Mid-South Community College Foundation	3,884
TOTAL DEDUCTIONS	2,952,376
INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(110,486)
NET POSITION-BEGINNING OF YEAR	-
RESTATEMENT FOR GASB 84 (NOTE 20)	$ 1,820,407
NET POSITION-BEGINNING OF YEAR, RESTATED	1,820,407
NET POSITION- END OF YEAR	$ 1,709,921

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

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

Jonesboro
Arkansas State University Jonesboro, an Institution of Higher Education of the State of Arkansas, developed from one of four State agricultural schools established in 1909 by an act of the Arkansas General Assembly. The University opened as a vocational high school in 1910 and was reorganized as a junior college in 1918. The name was changed to State Agricultural and Mechanical College by an act of the Legislature in 1925. Authority to extend the curriculum, offer senior college work, and grant degrees was granted in 1931. In 1933, the Legislature changed the name of the College to Arkansas State College. Master-level programs were begun in 1955. In January 1967, the Legislature passed an act authorizing a change in the name of Arkansas State College to Arkansas State University, effective July 1, 1967. The University's first doctoral degree in Educational Leadership was awarded in 1992.

Henderson
Henderson State University was founded in 1890 as a four-year coeducational baccalaureate liberal arts college and was named Arkadelphia Methodist College. The name was changed to Henderson College in 1904 to honor Charles Christopher Henderson, a trustee and prominent local businessman. In 1911, the name was amended to Henderson-Brown College to honor Walter William Brown, who was also a trustee. The Arkansas General Assembly enacted legislation to establish a standard teachers' college in Arkadelphia and the institution was transferred to the State of Arkansas in 1929. The name then was changed to Henderson State Teachers College. In 1967, the name was changed to Henderson State College and in 1975 to Henderson State University. The University is the only Arkansas University which has been controlled by both church and State and is the only public one named for an individual. Of the ten Arkansas public universities, Henderson State University is one of only two originally established as a four-year, degree-conferring institution and is the second oldest university under state control. Effective January 1, 2021 under the provisions of Ark. Code Ann. § 6-60-102, Henderson State University merged with the Arkansas State University System.

Beebe
Arkansas State University Beebe began in 1927 as Junior Agricultural School of Central Arkansas. In 1955, the Arkansas General Assembly designated the school a campus of Arkansas State College. The branch campus was designated as Arkansas State College-Beebe Branch. The institution established a campus at the Little Rock Air Force Base in 1965. The campus became Arkansas State University Beebe in 1967. Act 90 of 2001 eliminated the word "branch" from the references to campuses of Arkansas State University.

ASU-Heber Springs, a Center of ASU Beebe, was officially established by Act 426 of 1999 in response to the community's desire to have a two-year college presence in Cleburne County.

Effective July 1, 2003, Foothills Technical Institute in Searcy merged with ASU Beebe to become ASU-Searcy, a Technical Campus of ASU Beebe.

Mountain Home
In 1991, the Arkansas General Assembly created Mountain Home Technical College through the merger of Baxter County Community/Technical Center and the North Arkansas Community/Technical Center in Mountain Home. On October 19, 1993, the voters of Baxter County authorized the levy of a two mill tax to support operations at the Arkansas State University Mountain Home campus. The institution was designated Arkansas State University Mountain Home in 1995.

Newport
Under the provisions of Ark. Code Ann. § 6-53-405, White River Technical College was consolidated with Arkansas State University Beebe campus effective July 1, 1992 and named Arkansas State University Newport. Subsequently, the Newport campus separated itself from Beebe to become a stand-alone campus.

Effective July 1, 2001, Delta Technical Institute was merged to the University to become the Arkansas State University Technical Center. The Technical Center is part of the Newport campus and consists of two campuses located at Marked Tree and Jonesboro.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Mid-South

Mid-South Vocational Technical School, an institution of higher education of the State of Arkansas and located in West Memphis, began operations January 18, 1982. Effective July 1, 1991, the College's name was changed to Mid-South Technical College under the provision of Ark. Code Ann. § 6-53-301. On February 16, 1993, the voters approved a four mill property tax for the creation of the community college. During April 1993, the Arkansas State Board of Higher Education approved the change in status of Mid-South Technical College to Mid-South Community College. Effective July 1, 2015 under the provisions of Ark. Code Ann. § 6-60-102, Mid-South Community College merged with the Arkansas State University System to become Arkansas State University Mid-South.

Three Rivers

Ouachita Vocational Technical School began operations in January 1972. Effective July 1, 1991, the entity's name was changed to Ouachita Technical College under the provisions of Act 617 of 1991. The College became under the jurisdiction of the Arkansas State Board of Higher Education. On March 8, 2011, Act 208 of 2011 was approved changing the name of the entity to College of the Ouachitas effective July 27, 2011. Effective January 1, 2020 under the provisions of Ark. Code Ann. § 6-60-102, College of the Ouachitas merged with the Arkansas State University System to become Arkansas State University Three Rivers.

System

In 1998, the Arkansas State University Board of Trustees approved the recognition and designation of the Arkansas State University System to encompass the campuses and locations.

The Arkansas State University System is governed by the Board of Trustees, which consists of seven persons appointed by the Governor of the State of Arkansas. Terms of appointments are for five years and Board members may be re-appointed by the Governor for a second five year term.

Component Units

Arkansas State University System Foundation, Inc.

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

During the year ended June 30, 2021, the ASU Foundation transferred property, equipment and funds of $2,961,623 to the University for academic support. Complete financial statements for the ASU Foundation may be obtained from the ASU Foundation at P.O. Box 1990, State University, AR 72467-1990.

The ASU Foundation reports under the requirements of the Not-for Profit Organizations Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the ASU Foundation's financial information in the University's financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Arkansas State University Red Wolves Foundation, Inc.
The Arkansas State University Red Wolves Foundation, Inc. (the RW Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The RW Foundation is dedicated to aid, assist, and promote the development of intercollegiate athletics at the Jonesboro campus and to work with the University's administration in serving the institution. The RW Foundation's support comes primarily through donor contributions. The RW Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the RW Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2021, the RW Foundation transferred property, equipment and funds of $2,038,542 to the University for support. Complete financial statements for the RW Foundation may be obtained from the RW Foundation at P.O. Box 2219, State University, AR 72467-1990.

The RW Foundation reports under the requirements of the Not-for Profit Organizations Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the RW Foundation's financial information in the University's financial statements.

Henderson State University Foundation, Inc.
The Henderson State University Foundation, Inc. (the HSU Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The HSU Foundation operates for charitable educational purposes, including administering and investing gifts and other amounts received directly or indirectly for the benefit of Henderson State University. The board of directors consist of 12 members including 2 members who are members of the former Henderson State University Board of Trustees, and two ex-officio members who are also employees of the University. The HSU Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the RW Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2021, the HSU Foundation transferred property, equipment and funds of $2,007,505 to the University for academic support. Complete financial statements for the HSU Foundation may be obtained from the HSU Foundation at 324 North 12th Street, Arkadelphia, AR 71923.

The HSU Foundation reports under the requirements of the Not-for Profit Organizations Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the RW Foundation's financial information in the University's financial statements.

Financial Statement Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement no. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments.* GASB Statement no. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, followed this in November 1999. The financial statement presentation required by GASB no. 34 and no. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

In June 2011, the GASB issued Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in Statement no. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In March 2012, the GASB issued Statement no. 65, *Items Previously Reported as Assets and Liabilities*. This statement is related to Statement no. 63 in that it establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In June 2012, the GASB issued Statement no. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

In June 2015, the GASB issued Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement revises existing standards for measuring and reporting retiree benefits provided by the University to its employees.

In March 2016, the GASB issued Statement no. 81, *Irrevocable Split-Interest Agreements*. The statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance in which a government is a beneficiary of the agreement.

In January 2017, the GASB issued Statement no. 84, *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom fiduciary relationship exists.

In June 2018, the GASB issued Statement no. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Additionally, it simplifies accounting for interest cost incurred before the end of a construction period.

In May 2020, the GASB issued Statement no. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the following Statement that is relevant to the University due to the COVID-19 pandemic: Statement no. 87, *Leases*.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The consolidated University financial statements were prepared from the separate statements of the seven (7) campuses. Financial transactions among the campuses were not considered material in amount or consequence and, accordingly, were not eliminated from the consolidated statements.

Capital Assets and Depreciation

Land, buildings, improvements and infrastructure, equipment, audiovisual holdings and construction in progress are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Livestock held for educational purposes is recorded at cost or estimated acquisition value. Library holdings are recorded at cost or a stated rate per volume. For the campuses that record library holdings at a stated rate per volume, the additions for the fiscal year are displayed as a separate line item on the Statement of Revenues, Expenses and Changes in Net Position. Library holdings that are capitalized do not include periodicals, microfilm, microfiche and government documents. The University follows capitalization guidelines established by the State of Arkansas. The University's capitalization policy for equipment is to record, as assets, any items with a unit cost of more than $5,000 and an estimated useful life greater than one year. Improvements to buildings, infrastructure, and land that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense when incurred. Interest costs incurred are no longer capitalized during the period of construction.

At the Jonesboro campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 30 years for residence halls, 20 years for improvements and infrastructure, 15 years for library and audiovisual holdings, 10 years for leasehold improvements, and 3 to 7 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. No depreciation is taken the year of disposal.

At Henderson State University, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 15 to 20 years for improvements and infrastructure, 10 to 15 years for library and audiovisual holdings, and 3 to 7 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. No depreciation is taken the year of disposal.

At the Mid-South campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 20 years for mobile classrooms and metal structures, 20 years for improvements and infrastructure, 15 years for library and audiovisual holdings, and 5 to 15 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is started in the month of acquisition. No depreciation is taken the year of disposal.

At the Three Rivers campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 20 to 50 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, and 3 to 7 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. No depreciation is taken the year of disposal.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

For all other campuses, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 to 30 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, and 3 to 20 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. No depreciation is taken the year of disposal.

Easements are considered intangible assets and are capitalized at either the cost at the date of acquisition or acquisition value at the date of donation in the case of gifts.

Software costing $1,000,000 or more is capitalized as an intangible asset and is amortized over the life of the software.

Operating and Nonoperating Revenues

Revenues of the University are classified as either operating or nonoperating according to the following criteria:

Operating Revenues: Operating revenues result from activities that have characteristics of exchange transactions; that is, the University receives payment in exchange for providing services or products to students or other constituencies. Student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary operations, net of scholarship discounts and allowances, and most federal, state, local and private grants are the main categories of operating revenues for the University.

Nonoperating Revenues: Nonoperating revenues are those revenues that result from nonexchange transactions or from activities specifically defined as nonoperating by the GASB. Examples of nonoperating revenues include state appropriations, certain grants and contracts, sales and use taxes, property taxes and investment income. State appropriations from the state are considered nonoperating under the definitions set forth by the GASB because the University does not provide a direct and commensurate benefit to the legislature in exchange for them.

Cash Equivalents

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

Accounts Receivable

Accounts receivable consists of assets the University is legally entitled to, but for which payment has not been received as of the close of the fiscal year at June 30, 2021. The various sources of the University's receivables are detailed in a subsequent note. Receivables are presented net of any estimated uncollectible amounts in accordance with generally accepted accounting principles.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Investments

An investment is a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. The University accounts for its investments, except for nonparticipating contracts, at fair value in accordance with GASB Statement no. 72, *Fair Value Measurement and Application*. Fair value is the defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost in accordance with GASB Statement no. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

The University's policy is to report all endowment funds administered by other parties for investment purposes as investments in the financial statements.

Detailed information of the University's investments is provided in Note 2.

Inventories

Inventories are valued at cost with cost being generally determined on a first-in, first-out or average basis.

Noncurrent Cash and Investments

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

Restricted/Unrestricted Resources

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

Unearned Revenues

Unearned revenues consist primarily of amounts received prior to the end of the fiscal year for tuition and fees and certain auxiliary activities that relate to a subsequent accounting period. For example, payments for tuition and fees for the second summer term or season football tickets for the upcoming fall season received prior to June 30, 2021 are treated as unearned revenues. They are considered liabilities of the University until earned.

Compensated Absences Payable

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Deposits with Trustees

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

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and related matching costs and other liabilities that will not be paid within the next fiscal year; (3) estimated amounts for deposits held that will not be paid within the next fiscal year; (4) other postemployment benefits (Note 12); (5) net pension liability (Note 8); and (6) the refundable federal portion of the Perkins Loan Program.

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 (APERS) and Arkansas Teacher Retirement System (ARTRS) and additions to/deductions from their respective fiduciary net position have been determined on the same basis as they are reported by each retirement system. 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.

Property Taxes

The Mid-South and Mountain Home campuses receive property tax revenues. These property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Sales and Use Taxes

Effective January 2003, the electors of Jackson County, by a majority vote, approved the levy of a one-half of one percent (1/2%) sales and use tax for the ASU-Newport campus. This tax will be utilized for capital improvements and operation and maintenance. Additionally, the electors of Cleburne County approved the levy of a one-half of one percent (1/2%) sales and use tax for the Heber Springs campus. The tax will also be utilized for capital improvements and operation and maintenance.

Fiduciary Activities

The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University. These amounts are not University funds and are shown in separate statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Net Position

The University's net position is classified as follows:

Net Investment in Capital Assets: This classification represents the University's total investment in capital assets, net of outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this category.

Restricted Net Position: Within this classification there are two (2) categories of net position:

Restricted, expendable: Restricted expendable net position includes resources for which the University is legally or contractually obligated to spend only in accordance with restrictions imposed by external parties.

Restricted, nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds for which donors or other external parties have stipulated that the principal or corpus is to be maintained inviolate and in perpetuity and invested only for the purpose of producing income which may either be expended in accordance with the donors' or external parties' stipulations or added to the principal.

Unrestricted Net Position: Unrestricted net position represents resources of the University that are unrelated to capital items and not externally restricted. These resources may be expended at the discretion of the University's governing board in the educational and general operations of the University and in furtherance of its mission.

Scholarship Discounts and Allowances

Student tuition and fees, and certain other revenues received from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the University's stated rates and charges and the amount actually paid by students and/or third parties making payments on behalf of the students. Under this approach, scholarships awarded by the University are considered as reductions in tuition and fee revenues rather than as expenses. Additionally, certain governmental grants, such as Pell grants, and payments from other federal, state or nongovernmental programs, are required to be recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the University has reported a corresponding scholarship discount or allowance.

NOTE 2: Public Fund Deposits and Investments

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

	Carrying Amount	Bank Balance
Insured (FDIC)	$ 4,373,790	$ 4,300,734
Insured (SIPC)	249,338	338
Collateralized:		
Collateral held by the pledging bank or pledging bank's agent in the University's name	188,103,804	188,717,565
Total Deposits	$ 192,726,932	$ 193,018,637

The above deposits do not include cash on deposit in the state treasury and cash on hand maintained by the University in the amounts of $6,739,864 and $94,145 at June 30, 2021, respectively. Also, the above amount does not include $96,184 in cash and cash equivalents and $400,000 in certificates of deposits held by the ASU Foundation for license plate scholarships classified as short-term investments and $576,292 of money market funds classified as cash and cash equivalents. The above total deposits include certificates of deposits of $16,478,201 reported as investments and classified as nonnegotiable certificates of deposit and money market checking accounts of $1,016,286 reported as deposits with trustees. Additionally, the deposits do not include money market checking accounts of $1,341 reported as deposits with trustees. The above total deposits include cash held for fiduciary activities of $1,710,795 reported on the Statement of Fiduciary Net Position.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's policy states that investments made by the University, excluding those funds donated for endowment purposes, should be secure with no risk of loss. All investments must be fully collateralized with such collateral being evidenced by a bonded, third-party custody receipt provided to the campus making the investment. Collateral may be of three types including: (a) United State government securities, (b) securities of agencies of the United States, or (c) general obligation bonds of cities, counties, or school districts of the state of Arkansas. The University's bank balance of $193,018,637 was fully collateralized at June 30, 2021.

Deposits with Trustees

At June 30, 2021, the University's deposits with trustees totaled $3,851,307. Other than the money market checking accounts of $1,017,627, the details of the deposits with trustee by campus are below.

Jonesboro

At June 30, 2021, the University's deposits with trustee of $314,003 were primarily invested in the Federated Hermes Treasury Obligations Fund and the Federated Hermes U.S. Treasury Cash Reserves. Both of these are money market treasury funds. These funds were rated Aaa-mf by Moody's Investors Service. The Federated Hermes Treasury Obligations Fund consisted primarily of repurchase agreements and short-term U.S. Treasury securities. The weighted average maturity was approximately 28 days. The Federated U.S. Treasury Cash Reserves consisted of short-term U.S. Treasury securities had a weighted average maturity of 40 days.

The deposits with trustee consisted of funds either obligated as debt reserves for the University's bond issues or earmarked for specific capital projects.

NOTE 2: Public Fund Deposits and Investments (Continued)

Jonesboro (Continued)

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the deposits with trustee at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 314,003	$ -	$ -	$ 314,003

Mid-South

At June 30, 2021, the University's deposits with trustee of $2,519,676 were invested by US Bank. The fund invests solely in First American Government Obligations, a money market treasury fund. The objective of the fund, rated AAAm and Aaa-mf by Standard and Poor's and Moody's Investors Service, respectively, is to maximize current income consistent with preserving capital and maintaining daily liquidity. The effective average maturity was approximately 26 days.

The deposits with trustee consist of funds obligated as debt reserves for the University's bond issues.

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the deposits with trustee at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 2,519,676	$ -	$ -	$ 2,519,676

NOTE 2: Public Fund Deposits and Investments (Continued)

Mountain Home

At June 30, 2021, the University's deposits with trustee of $1 were invested in Morgan Stanley Government Portfolio, a money market treasury fund. This fund was rated Aaa-mf by Moody's Investors Service and consisted of Treasury bills, bonds and notes. The effective average maturity was approximately 32 days.

The deposits with trustee consisted of funds either obligated as debt reserves for the University's bond issues or earmarked for specific capital projects.

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the deposits with trustee at June 30, 2021 is shown below:

Level 1 Quoted prices for identical investments in active markets	Level 2 Quoted prices for similar investments in active markets	Level 3 Prices determined from the University's data	Total
$ 1	$ -	$ -	$ 1

University Investments (Excluding Endowment Funds)

At June 30, 2021, the University's investments, excluding endowment funds, consisted of corporate bonds of $2,124,539, U.S. agencies of $898,476, negotiable certificates of deposit of $605,101, and U.S. Treasury notes of $4,811,485. Details of the investments by campus are below.

Jonesboro

At June 30, 2021, the University's investments, excluding endowment funds, consisted of corporate bonds of $758,417, U.S. agencies of $691,460 and negotiable certificates of deposit of $605,101.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ -	$ 758,417	$ -	$ -	$ 758,417

NOTE 2: Public Fund Deposits and Investments (Continued)

University Investments (Excluding Endowment Funds) (Continued)

Jonesboro (Continued)

The U.S. agencies will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ -	$ 72,542	$ -	$ 618,918	$ 691,460

The negotiable certificates of deposits will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ 605,101	$ -	$ -	$ -	$ 605,101

Credit risk – The credit quality ratings of the corporate bonds by Moody's Investors Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
$ -	$ 648,826	$ 109,591	$ -	$ -	$ 758,417

The credit quality ratings of the U.S. agencies by Moody's Investor Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
$ -	$ 352,261	$ 266,657	$ -	$ 72,542	$ 691,460

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 3.302 years at June 30, 2021. The U.S. agencies had an estimated weighted average maturity of 12.868 years at June 30, 2021. The negotiable certificates of deposit had an estimated weighted average maturity of 0.625 years at June 30, 2021. The University's investment policy does not specifically limit operating investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment policy states the portfolio shall be designed to attain an above market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and cash flow requirements.

Concentration of credit risk – The University does not limit the amount of operating funds invested in any one issuer.

NOTE 2: Public Fund Deposits and Investments (Continued)

University Investments (Excluding Endowment Funds) (Continued)

Jonesboro (Continued)

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of its investments. At June 30, 2021, negotiable certificates of deposits of $605,101 were exposed to custodial credit risk.

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the corporate bonds at June 30, 2021 are shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 758,417	$ -	$ -	$ 758,417

The fair value of the U.S. agencies at June 30, 2021 are shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 691,460	$ -	$ -	$ 691,460

NOTE 2: Public Fund Deposits and Investments (Continued)

University Investments (Excluding Endowment Funds) (Continued)

Jonesboro (Continued)

The fair value of the negotiable certificates of deposit at June 30, 2021 are shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 605,101	$ -	$ -	$ 605,101

Mid-South

At June 30, 2021, the University's investments consisted of corporate bonds of $1,366,122, U.S. agencies of $207,016, and U.S. Treasury notes of $4,811,485. The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ 201,207	$ 909,586	$ 255,329	$ -	$ 1,366,122

The U.S. agencies will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ 101,224	$ 105,792	$ -	$ -	$ 207,016

The U.S Treasury notes will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ 1,009,268	$ 2,610,387	$ 1,191,830	$ -	$ 4,811,485

NOTE 2: Public Fund Deposits and Investments (Continued)

University Investments (Excluding Endowment Funds) (Continued)

Mid-South (Continued)

Credit risk – The credit quality ratings of the corporate bonds by Moody's Investors Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
$ 81,953	$ 286,916	$ 997,253	$ -	$ -	$ 1,366,122

The credit quality ratings of the U.S. agencies by Moody's Investor Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
$ 207,016	$ -	$ -	$ -	$ -	$ 207,016

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 4.095 years at June 30, 2021. The U.S. agencies had an estimated weighted average maturity of 1.257 years at June 30, 2021. The U.S. Treasury notes had an estimated weighted average maturity of 3.814 years at June 30, 2021. The University's investment policy does not specifically limit operating investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment policy states the portfolio shall be designed to attain an above market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and cash flow requirements.

Concentration of credit risk – The University does not limit the amount of operating funds invested in any one issuer.

Fair value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value of the corporate bonds at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 1,366,122	$ -	$ -	$ 1,366,122

NOTE 2: Public Fund Deposits and Investments (Continued)

University Investments (Excluding Endowment Funds) (Continued)

Mid-South (Continued)

The fair value of the U.S. agencies at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 207,016	$ -	$ -	$ 207,016

The fair value of the U.S. Treasury notes at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 4,811,485	$ -	$ -	$ 4,811,485

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments

Except for the endowment investments of the R.E. Lee Wilson, Sr. Trust and the V.C. and Bertie H. Kays Educational Trust, all remaining endowment funds are included in an investment pool administered by the Arkansas State University Foundation, Inc. Endowment investments totaling $6,049,185 were exposed to custodial credit risk because they were uninsured securities held by the Counterparty Trust Department or Agent and not in the University's name.

The Jonesboro campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 10.29% or $11,788,823 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	$ 1,989,937
Cash/Cash Equivalents	240,009
Domestic Equitiy Mutual Funds	2,306,281
Domestic Equities	1,793,537
Global Equity Funds	864,765
Hedge Fund	583,701
International Equities	645,628
International Equity Mutual Funds	2,536,714
Real Estate	113,383
Real Estate Funds	171,454
Venture Capital and Partnerships	543,414
Total	$ 11,788,823

The ASU Foundation provides for investments in various investment securities, which generally are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment activities will occur.

The fair value of the investments at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 8,176,844	$ 2,439,165	$ 1,172,814	$ 11,788,823

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

The Beebe campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 0.80% or $912,212 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	$ 154,183
Cash/Cash Equivalents	17,394
Domestic Equity Mutual Funds	178,696
Domestic Equities	138,968
Global Equity Funds	67,004
Hedge Fund	45,226
International Equities	50,025
International Equity Mutual Funds	196,541
Real Estate	8,785
Real Estate Funds	13,285
Venture Capital and Partnerships	42,105
Total	$ 912,212

The ASU Foundation provides for investments in various investment securities, which generally are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment activities will occur.

The fair value of the investments at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 632,346	$ 188,993	$ 90,873	$ 912,212

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

R.E. Lee Wilson, Sr. Trust Investments

The R.E. Lee Wilson, Sr. Trust of $4,092,411 consisted of the following types of investments held in trust by a third party for the Jonesboro campus:

Type	Amount
Bond Funds	$ 277,051
Corporate Bonds	524,709
Cash Equivalents	190,162
U.S. Agencies	360,851
Equities	2,739,638
Total	$ 4,092,411

The corporate bonds and U.S. agencies will mature as follows:

	Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
Corporate Bonds	$ 10,223	$ 264,423	$ 189,931	$ 60,132	$ 524,709
U.S. Agencies	-	3,748	49,593	307,510	360,851
Total	$ 10,223	$ 268,171	$ 239,524	$ 367,642	$ 885,560

Credit risk – The credit quality ratings of the corporate bonds and U.S. agencies by Moody's Investor Services are below:

	Aaa	Aa	A	Baa	Not Rated	Total
Corporate Bonds	$ -	$ 40,070	$ 265,222	$ 179,215	$ 40,202	$ 524,709
U.S. Agencies	135,862	-	-	-	224,989	360,851
Total	$ 135,862	$ 40,070	$ 265,222	$ 179,215	$ 265,191	$ 885,560

Interest rate risk – The trust portfolio consists of corporate bonds and U.S. agencies had an estimated weighted average maturity of 6.938 and 18.959 years, respectively, at June 30, 2021.

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

R.E. Lee Wilson, Sr. Trust Investments (Continued)

The fair value of the investments at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 4,092,411	$ -	$ -	$ 4,092,411

V.C. and Bertie H. Kays Educational Trust Investments

The V.C. and Bertie H. Kays Educational Trust of $1,956,774 consisted of the following types of investments held in trust by a third party:

Type	Amount
Bond Funds	$ 146,493
Corporate Bonds	247,909
Cash Equivalents	100,916
U.S. Agencies	217,733
Equities	1,238,622
Other	5,101
Total	$ 1,956,774

The corporate bonds and U.S. agencies will mature as follows:

	Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
Corporate Bonds	$ 5,111	$ 126,784	$ 87,785	$ 28,229	$ 247,909
U.S. Agencies	-	28,568	52,707	136,458	217,733
Total	$ 5,111	$ 155,352	$140,492	$ 164,687	$ 465,642

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

V.C. and Bertie H. Kays Educational Trust Investments (Continued)

Credit risk – The credit quality ratings of the corporate bonds and U.S. agencies by Moody's Investor Services are below:

	Aaa	Aa	A	Baa	Not Rated	Total
Corporate Bonds	$ -	$ 29,152	$ 125,448	$ 84,517	$ 8,792	$ 247,909
U.S. Agencies	111,935	-	-	-	105,798	217,733
Total	$ 111,935	$ 29,152	$ 125,448	$ 84,517	$ 114,590	$ 465,642

Interest rate risk – The trust portfolio consists of corporate bonds and U.S. agencies had an estimated weighted average maturity of 6.934 and 15.701 years, respectively, at June 30, 2021.

The fair value of the investments at June 30, 2021 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
$ 1,956,774	$ -	$ -	$ 1,956,774

NOTE 3: Income Taxes

The Institution is tax exempt under the Internal Revenue Service code and is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

NOTE 4: Capital Assets

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

Arkansas State University Jonesboro

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Nondepreciable capital assets:					
Land and improvements	$ 7,058,089	$ 1,156,721		$ (5,259)	$ 8,209,551
Livestock for educational purposes	163,154			(473)	162,681
Construction-in-progress	5,257,425	4,595,562	$ (3,403,986)		6,449,001
Intangibles-Easements	2,675,000				2,675,000
Intangibles-Software in development	847,761	284,274 *	(1,132,035)		-
Total nondepreciable capital assets	$ 16,001,429	$ 6,036,557	$ (4,536,021)	$ (5,732)	$ 17,496,233
Other capital assets:					
Improvements and infrastructure	$ 176,568,532	$ 449,628	$ 3,403,986		$ 180,422,146
Buildings	366,916,687	6,752,879		$ (365,292)	373,304,274
Equipment	49,207,324	2,023,516 *		(1,020,184)	50,210,656
Library/audiovisual holdings	12,225,870			(71,613)	12,154,257
Intangibles-Software	5,828,610		1,132,035		6,960,645
Total other capital assets	610,747,023	9,226,023	4,536,021	(1,457,089)	623,051,978
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	53,687,432	8,042,373			61,729,805
Buildings	195,739,913	5,640,670		(226,303)	201,154,280
Equipment	41,249,313	2,300,883		(1,020,184)	42,530,012
Library/audiovisual holdings	11,685,232	39,041		(71,613)	11,652,660
Intangibles-Software	5,051,462	388,574			5,440,036
Total accumulated depreciation	307,413,352	16,411,541	-	(1,318,100)	322,506,793
Other capital assets, net	$ 303,333,671	$ (7,185,518)	$ 4,536,021	$ (138,989)	$ 300,545,185
Capital Asset Summary:					
Nondepreciable capital assets	$ 16,001,429	$ 6,036,557	$ (4,536,021)	$ (5,732)	$ 17,496,233
Other capital assets, at cost	610,747,023	9,226,023	4,536,021	(1,457,089)	623,051,978
Total cost of capital assets	626,748,452	15,262,580	-	(1,462,821)	640,548,211
Less accumulated depreciation	307,413,352	16,411,541	-	(1,318,100)	322,506,793
Capital Assets, net	$ 319,335,100	$ (1,148,961)	$ -	$ (144,721)	$ 318,041,418

*Includes $205,817 for prior year additions for intangibles-software in development and $115,110 for prior year additions for equipment.

NOTE 4: Capital Assets (Continued)

Henderson State University

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Nondepreciable capital assets:					
Land and improvements	$ 1,975,554				$ 1,975,554
Construction-in-progress	10,583,252	$ 502,086	$ (10,583,250)		502,088
Intangibles-Software in development		758,762			758,762
Total nondepreciable capital assets	$ 12,558,806	$ 1,260,848	$ (10,583,250)	$ -	$ 3,236,404
Other capital assets:					
Improvements and infrastructure	$ 23,044,193				$ 23,044,193
Buildings	141,784,538	$ 3,222,903	$ 10,583,250		155,590,691
Equipment	7,192,915	19,817		$ (982,007)	6,230,725
Library/audiovisual holdings	14,485,316	426,578			14,911,894
Intangibles-Software					-
Total other capital assets	186,506,962	3,669,298	10,583,250	(982,007)	199,777,503
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	8,497,719	934,977			9,432,696
Buildings	66,969,377	2,521,532			69,490,909
Equipment	5,943,495	282,175		(977,452)	5,248,218
Library/audiovisual holdings	10,444,491	531,797			10,976,288
Intangibles-Software					-
Total accumulated depreciation	91,855,082	4,270,481	-	(977,452)	95,148,111
Other capital assets, net	$ 94,651,880	$ (601,183)	$ 10,583,250	$ (4,555)	$ 104,629,392
Capital Asset Summary:					
Nondepreciable capital assets	$ 12,558,806	$ 1,260,848	$ (10,583,250)	$ -	$ 3,236,404
Other capital assets, at cost	186,506,962	3,669,298	10,583,250	(982,007)	199,777,503
Total cost of capital assets	199,065,768	4,930,146	-	(982,007)	203,013,907
Less accumulated depreciation	91,855,082	4,270,481	-	(977,452)	95,148,111
Capital Assets, net	$ 107,210,686	$ 659,665	$ -	$ (4,555)	$ 107,865,796

NOTE 4: Capital Assets (Continued)

Arkansas State University Beebe

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Nondepreciable capital assets:					
Land and improvements	$ 3,370,634				$ 3,370,634
Livestock for educational purposes	71,747			$ (8,542)	63,205
Intangibles-Sofware in development		$ 674,270			674,270
Total nondepreciable capital assets	$ 3,442,381	$ 674,270	$ -	$ (8,542)	$ 4,108,109
Other capital assets:					
Improvements and infrastructure	$ 22,037,187				$ 22,037,187
Buildings	67,052,336				67,052,336
Equipment	6,159,406	$ 416,785		$ (637,018)	5,939,173
Library/audiovisual holdings	2,764,822	50,813		(35,748)	2,779,887
Intangibles-Software	1,935,886				1,935,886
Total other capital assets	99,949,637	467,598	-	(672,766)	99,744,469
Less accumulated depreciation for:					
Improvements and infrastructure	11,645,838	1,268,422			12,914,260
Buildings	34,195,157	1,988,050			36,183,207
Equipment	5,109,791	379,803 *		(593,463)	4,896,131
Library/audiovisual holdings	2,255,080	93,797		(35,748)	2,313,129
Intangibles-Software	387,178	193,589			580,767
Total accumulated depreciation	53,593,044	3,923,661	-	(629,211)	56,887,494
Other capital assets, net	$ 46,356,593	$ (3,456,063)	$ -	$ (43,555)	$ 42,856,975
Capital Asset Summary:					
Nondepreciable capital assets	$ 3,442,381	$ 674,270	$ -	$ (8,542)	$ 4,108,109
Other capital assets, at cost	99,949,637	467,598	-	(672,766)	99,744,469
Total cost of capital assets	103,392,018	1,141,868		(681,308)	103,852,578
Less accumulated depreciation	53,593,044	3,923,661		(629,211)	56,887,494
Capital Assets, net	$ 49,798,974	$ (2,781,793)	$ -	$ (52,097)	$ 46,965,084

*Includes $39,800 for prior year depreciation expense for equipment.

NOTE 4: Capital Assets (Continued)

Arkansas State University Mid-South

	Balance July 1, 2020	Additions		Transfers	Retirements	Balance June 30, 2021
Nondepreciable capital assets:						
Land and improvements	$ 3,898,076					$ 3,898,076
Intangibles-Software in development		$ 502,179				502,179
Total nondepreciable capital assets	$ 3,898,076	$ 502,179		$ -	$ -	$ 4,400,255
Other capital assets:						
Improvements and infrastructure	$ 7,538,828					$ 7,538,828
Buildings	58,672,548					58,672,548
Equipment	10,852,943	$ 478,609	*		$ (673,432)	10,658,120
Library/audiovisual holdings	918,123	18,777			(39)	936,861
Total other capital assets	77,982,442	497,386		-	(673,471)	77,806,357
Less accumulated depreciation for:						
Improvements and infrastructure	4,771,796	365,936	*			5,137,732
Buildings	26,097,843	1,166,051				27,263,894
Equipment	9,907,771	294,358	*		(669,384)	9,532,745
Library/audiovisual holdings	859,509	11,723			(39)	871,193
Total accumulated depreciation	41,636,919	1,838,068		-	(669,423)	42,805,564
Other capital assets, net	$ 36,345,523	$ (1,340,682)		$ -	$ (4,048)	$ 35,000,793
Capital Asset Summary:						
Nondepreciable capital assets	$ 3,898,076	$ 502,179		$ -	$ -	$ 4,400,255
Other capital assets, at cost	77,982,442	497,386		-	(673,471)	77,806,357
Total cost of capital assets	81,880,518	999,565			(673,471)	82,206,612
Less accumulated depreciation	41,636,919	1,838,068			(669,423)	42,805,564
Capital Assets, net	$ 40,243,599	$ (838,503)		$ -	$ (4,048)	$ 39,401,048

*Includes $94,638 for prior year additions for equipment, $157,020 for prior year depreciation expense for improvements, and $10,769 for prior year depreciation expense for equipment.

NOTE 4: Capital Assets (Continued)

Arkansas State University Mountain Home

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Nondepreciable capital assets:					
Land and improvements	$ 2,934,808				$ 2,934,808
Construction-in-progress	51,226	$ 8,670			59,896
Total nondepreciable capital assets	$ 2,986,034	$ 8,670	$ -	$ -	$ 2,994,704
Other capital assets:					
Improvements and infrastructure	$ 2,313,346				$ 2,313,346
Buildings	38,285,223				38,285,223
Equipment	2,531,277	$ 184,996			2,716,273
Library/audiovisual holdings	1,038,422	3,214		$ (117,263)	924,373
Total other capital assets	44,168,268	188,210	-	(117,263)	44,239,215
Less accumulated depreciation for:					
Improvements and infrastructure	2,223,699	24,276			2,247,975
Buildings	29,163,494	1,641,819			30,805,313
Equipment	2,046,100	122,524			2,168,624
Library/audiovisual holdings	917,789	19,747		(117,263)	820,273
Total accumulated depreciation	34,351,082	1,808,366	-	(117,263)	36,042,185
Other capital assets, net	$ 9,817,186	$ (1,620,156)	$ -	$ -	$ 8,197,030
Capital Asset Summary:					
Nondepreciable capital assets	$ 2,986,034	$ 8,670	$ -	$ -	$ 2,994,704
Other capital assets, at cost	44,168,268	188,210	-	(117,263)	44,239,215
Total cost of capital assets	47,154,302	196,880		(117,263)	47,233,919
Less accumulated depreciation	34,351,082	1,808,366		(117,263)	36,042,185
Capital Assets, net	$ 12,803,220	$ (1,611,486)	$ -	$ -	$ 11,191,734

NOTE 4: Capital Assets (Continued)

Arkansas State University Newport

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Nondepreciable capital assets:					
Land and improvements	$ 1,451,050				$ 1,451,050
Construction-in-progress	18,821	$ 756,640	$ (18,820)		756,641
Intangibles-Software in development		117,884			117,884
Total nondepreciable capital assets	$ 1,469,871	$ 874,524	$ (18,820)	$ -	$ 2,325,575
Other capital assets:					
Improvements and infrastructure	$ 7,651,852				$ 7,651,852
Buildings	31,320,526	$ 306,615	$ 18,820		31,645,961
Equipment	6,071,967	437,917			6,509,884
Library/audiovisual holdings	500,810	414			501,224
Intangibles-Software	1,709,844				1,709,844
Total other capital assets	47,254,999	744,946	18,820	-	48,018,765
Less accumulated depreciation for:					
Improvements and infrastructure	2,001,293	496,781			2,498,074
Buildings	19,334,709	1,042,813			20,377,522
Equipment	4,106,965	513,729			4,620,694
Library/audiovisual holdings	413,253	14,493			427,746
Intangibles-Software	244,263	244,263			488,526
Total accumulated depreciation	26,100,483	2,312,079	-	-	28,412,562
Other capital assets, net	$ 21,154,516	$ (1,567,133)	$ 18,820	$ -	$ 19,606,203
Capital Asset Summary:					
Nondepreciable capital assets	$ 1,469,871	$ 874,524	$ (18,820)	$ -	$ 2,325,575
Other capital assets, at cost	47,254,999	744,946	18,820	-	48,018,765
Total cost of capital assets	48,724,870	1,619,470	-	-	50,344,340
Less accumulated depreciation	26,100,483	2,312,079	-	-	28,412,562
Capital Assets, net	$ 22,624,387	$ (692,609)	$ -	$ -	$ 21,931,778

NOTE 4: Capital Assets (Continued)

Arkansas State University Three Rivers

	Balance July 1, 2020	Additions	Transfers	Retirements	Balance June 30, 2021
Nondepreciable capital assets:					
Land and improvements	$ 790,262				$ 790,262
Construction-in-progress		$ 661,120			661,120
Total nondepreciable capital assets	$ 790,262	$ 661,120	$ -	$ -	$ 1,451,382
Other capital assets:					
Improvements and infrastructure	$ 339,912				$ 339,912
Buildings	9,775,751				9,775,751
Equipment	3,028,497	$ 98,683			3,127,180
Library/audiovisual holdings	503,980	6,421			510,401
Total other capital assets	13,648,140	105,104	-	-	13,753,244
Less accumulated depreciation for:					
Improvements and infrastructure	284,611	2,745			287,356
Buildings	5,525,377	509,634			6,035,011
Equipment	1,932,001	348,793			2,280,794
Library/audiovisual holdings	450,283	24,865			475,148
Total accumulated depreciation	8,192,272	886,037	-	-	9,078,309
Other capital assets, net	$ 5,455,868	$ (780,933)	$ -	$ -	$ 4,674,935
Capital Asset Summary:					
Nondepreciable capital assets	$ 790,262	$ 661,120	$ -	$ -	$ 1,451,382
Other capital assets, at cost	13,648,140	105,104	-	-	13,753,244
Total cost of capital assets	14,438,402	766,224	-	-	15,204,626
Less accumulated depreciation	8,192,272	886,037	-	-	9,078,309
Capital Assets, net	$ 6,246,130	$ (119,813)	$ -	$ -	$ 6,126,317

NOTE 5: Long-Term Liabilities

A summary of long-term debt is as follows:

Arkansas State University Jonesboro

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
9/15/2005	4/1/2025	3 - 5%	$ 19,230,000	$ 4,725,000	$ 14,505,000
3/1/2012	3/1/2034	0.7 - 4.8%	5,340,000	3,520,000	1,820,000
3/1/2012	3/1/2034	2 - 3.6%	2,775,000	1,685,000	1,090,000
3/1/2012	3/1/2037	2 - 4%	3,425,000	2,540,000	885,000
12/1/2012	3/1/2037	1.375 - 3.375%	1,500,000	1,100,000	400,000
3/1/2013	3/1/2034	1 - 5%	28,895,000	20,235,000	8,660,000
8/1/2013	8/1/2023	0.24%	1,000,000	302,521	697,479
12/1/2013	12/1/2038	0.864 - 5.779%	11,130,000	9,080,000	2,050,000
12/1/2013	12/1/2043	2 - 5%	14,685,000	12,630,000	2,055,000
11/1/2015	11/1/2025	0.00%	600,000	270,000	330,000
11/1/2015	11/1/2025	0.00%	604,000	271,800	332,200
12/17/2015	12/1/2035	3.21%	15,226,080	14,113,961	1,112,119
11/17/2016	3/1/2037	3 - 4%	13,870,000	11,465,000	2,405,000
11/17/2016	3/1/2037	2 - 4%	23,150,000	17,305,000	5,845,000
12/20/2017	3/1/2039	3 - 4%	11,740,000	9,680,000	2,060,000
7/25/2018	5/25/2028	0.00%	1,000,000	700,000	300,000
12/18/2019	3/1/2030	2 - 3%	1,640,000	1,350,000	290,000
12/18/2019	3/1/2042	2.004 - 3.651%	3,750,000	3,500,000	250,000
3/15/2021	3/1/2042	0.515 - 2.794%	11,670,000	11,670,000	-
Unamortized discount			(21,470)	(14,313)	(7,157)
Unamortized premium			4,750,343	3,479,585	1,270,758
Totals			$ 175,958,953	$ 129,608,554	$ 46,350,399

NOTE 5: Long-Term Liabilities (Continued)

Henderson State University

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
8/31/2011	8/30/2036	5.74%	$ 2,750,000	$ 2,203,766	$ 546,234
7/23/2012	7/23/2026	3.08%	2,366,268	1,137,955	1,228,313
2/14/2014	2/14/2028	4.98%	1,100,000	583,762	516,238
11/1/2014	11/1/2039	2 - 5%	33,000,000	28,195,000	4,805,000
6/1/2015	7/1/2026	1 - 3.2%	3,780,000	1,520,000	2,260,000
6/30/2015	6/1/2035	4.12%	10,136,926	8,021,260	2,115,666
2/3/2016	7/1/2032	2 - 3%	6,465,000	5,080,000	1,385,000
9/19/2017	7/15/2035	2 - 3.25%	7,005,000	6,050,000	955,000
10/3/2017	9/1/2035	1.25 - 3.25%	3,315,000	2,860,000	455,000
8/14/2018	8/14/2021	4.25%	1,000,000	1,000,000	-
7/1/2019	6/30/2028	0.00%	6,000,000	5,750,000	250,000
8/20/2019	11/1/2039	3.73%	15,996,406	15,553,524	442,882
Unamortized discount			(49,704)	(38,238)	(11,466)
Unamortized premium-bonds			783,471	564,730	218,741
Unamortized premium-note			115,848	106,194	9,654
Totals			$ 93,764,215	$ 78,587,953	$ 15,176,262

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Beebe

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
12/1/2012	12/1/2032	1 - 3%	$ 1,890,000	$ 1,235,000	$ 655,000
4/1/2015	12/1/2023	1 - 3%	1,895,000	680,000	1,215,000
4/1/2015	4/1/2039	1 - 3.625%	8,005,000	6,465,000	1,540,000
5/1/2015	12/1/2035	2 - 4%	12,930,000	10,110,000	2,820,000
6/1/2015	9/1/2035	2 - 4%	9,185,000	7,100,000	2,085,000
8/8/2017	7/1/2032	1.31%	100,000	75,212	24,788
10/18/2017	10/1/2037	3.04%	4,930,498	4,667,027	263,471
Unamortized discount			(91,432)	(63,938)	(27,494)
Unamortized premium			404,190	275,758	128,432
Totals			$ 39,248,256	$ 30,544,059	$ 8,704,197

Arkansas State University Mid-South

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
8/26/2010	2/1/2040	2 - 4.7%	$ 5,180,000	$ 3,975,000	$ 1,205,000
8/1/2012	2/1/2042	1 - 4%	18,510,000	14,385,000	4,125,000
3/15/2018	3/15/2038	3.30%	1,537,658	1,365,482	172,176
Unamortized discount			(47,842)	(30,301)	(17,541)
Unamortized premium			112,689	78,883	33,806
Totals			$ 25,292,505	$ 19,774,064	$ 5,518,441

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mountain Home

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
12/18/2019	12/1/2032	2.004 - 3.119%	$ 4,885,000	$ 4,515,000	$ 370,000
Totals			$ 4,885,000	$ 4,515,000	$ 370,000

Arkansas State University Newport

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
7/23/2012	7/23/2027	3.75%	$ 1,500,000	$ 727,901	$ 772,099
12/1/2012	5/1/2028	0.666 - 3.82%	3,740,000	1,790,000	1,950,000
12/1/2012	12/1/2032	1 - 3%	1,875,000	1,230,000	645,000
8/8/2017	7/1/2032	1.31%	1,000,000	815,306	184,694
10/18/2017	10/1/2037	3.04%	2,951,079	2,793,381	157,698
Unamortized discount			(22,328)	(12,840)	(9,488)
Totals			$ 11,043,751	$ 7,343,748	$ 3,700,003

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Three Rivers

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
6/5/2007	3/1/2022	5.03%	$ 825,000	$ 75,830	$ 749,170
2/28/2011	3/1/2026	0.37%	565,000	191,822	373,178
4/25/2014	5/1/2029	0.24%	1,000,000	537,806	462,194
Totals			$ 2,390,000	$ 805,458	$ 1,584,542

The changes in long-term liabilities are as follows:

Arkansas State University Jonesboro

	Balance July 1, 2020	Additions	Reductions		Balance June 30, 2021	Amounts Due Within One Year
Bonds payable	$ 121,475,710	$ 11,670,000	$ 19,195,438	*	$ 113,950,272	$ 7,115,332
Notes payable	5,613,400		4,069,079	**	1,544,321	320,999
Capital leases payable	14,585,346		471,385		14,113,961	531,796
Compensated absences	7,723,931	4,590,302	4,906,502		7,407,731	4,260,835
Totals	$ 149,398,387	$ 16,260,302	$ 28,642,404		$ 137,016,285	$ 12,228,962

*Includes advance refunding of $5,370,000; advance refunding of $5,520,000 with an unamortized premium of $11,979; and refunding of $1,005,000 with an unamortized discount of $14,911. Includes early payoff of $475,000 with an unamortized premium of $12,299.

**Includes early payoff of $3,236,730.

NOTE 5: Long-Term Liabilities (Continued)

Henderson State University

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds payable	$ 47,347,106		$ 2,115,614	$ 45,231,492	$ 3,179,088
Notes payable	34,871,865		1,515,404	33,356,461	1,427,415
Compensated absences	1,219,570		243,278	976,292	186,954
Totals	$ 83,438,541	$ -	$ 3,874,296	$ 79,564,245	$ 4,793,457

Arkansas State University Beebe

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds payable	$ 27,253,718		$ 1,451,898	$ 25,801,820	$ 1,476,898
Notes payable	87,767		12,555	75,212	-
Capital leases payable	4,766,593		99,566	4,667,027	112,854
Compensated absences	1,266,376	$ 913,694	899,365	1,280,705	859,609
Totals	$ 33,374,454	$ 913,694	$ 2,463,384	$ 31,824,764	$ 2,449,361

Arkansas State University Mid-South

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds payable	$ 18,985,745		$ 577,163	$ 18,408,582	$ 597,162
Notes payable	1,424,700		59,218	1,365,482	61,172
Compensated absences	592,515	$ 444,431	389,127	647,819	39,952
Totals	$ 21,002,960	$ 444,431	$ 1,025,508	$ 20,421,883	$ 698,286

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mountain Home

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds payable	$ 4,885,000		$ 370,000	$ 4,515,000	$ 375,000
Compensated absences	547,267	$ 253,925	281,835	519,357	15,581
Totals	$ 5,432,267	$ 253,925	$ 651,835	$ 5,034,357	$ 390,581

Arkansas State University Newport

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Bonds payable	$ 3,336,044		$ 328,884	$ 3,007,160	$ 323,884
Notes payable	1,707,113		163,906	1,543,207	168,578
Capital leases payable	2,974,362		180,981	2,793,381	67,548
Compensated absences	1,079,033	$ 518,448	601,724	995,757	533,260
Totals	$ 9,096,552	$ 518,448	$ 1,275,495	$ 8,339,505	$ 1,093,270

Arkansas State University Three Rivers

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Notes payable	$ 982,100		$ 176,642	$ 805,458	$ 180,574
Compensated absences	420,037	$ 224,383	208,463	435,957	36,220
Totals	$ 1,402,137	$ 224,383	$ 385,105	$ 1,241,415	$ 216,794

NOTE 5: Long-Term Liabilities (Continued)

Total long-term debt principal and interest payments for bonds and notes are as follows:

Arkansas State University Jonesboro

Year ended June 30,	Bonds payable Principal		Bonds payable Interest		Notes payable Principal	Notes payable Interest	
2022	$ 7,115,332	*	$ 4,218,074	**	$ 320,999	$ 726	**
2023	7,345,332		3,963,797		321,240	485	
2024	7,640,332		3,687,091		321,482	243	
2025	6,065,332		3,408,793		220,400		
2026	5,850,332		3,199,271		160,200		
2027 - 2031	31,954,220		12,680,171		200,000		
2032 - 2036	30,581,825		6,474,193				
2037 - 2041	13,961,204		1,941,114				
2042 - 2044	3,436,363		214,754				
Totals	$ 113,950,272	***	$ 39,787,258		$ 1,544,321	$ 1,454	

*Includes discount amortization of $895 and premium amortization of $226,226.
**Includes interest payable of $1,155,428 recorded as a current liability at June 30, 2021.
***Total principal of $113,950,272 includes discount amortization of $14,313 and premium amortization of $3,479,585.

Henderson State University

Year ended June 30,	Bonds payable Principal		Bonds payable Interest		Notes payable Principal		Notes payable Interest	
2022	$ 3,179,088	*	$ 1,547,540	**	$ 1,427,415	*	$ 1,097,032	**
2023	2,244,088		1,429,485		1,477,783		1,047,320	
2024	2,334,088		1,348,252		1,529,698		996,078	
2025	2,419,088		1,269,041		1,580,716		938,901	
2026	2,484,088		1,196,603		1,627,438		874,440	
2027 - 2031	12,520,149		4,760,269		13,450,307		3,391,552	
2032 - 2036	12,215,227		2,599,472		7,820,163		1,759,835	
2037 - 2040	7,835,676		631,825		4,442,941		407,120	
Totals	$ 45,231,492	***	$ 14,782,487		$ 33,356,461	***	$ 10,512,278	

*Includes discount amortization of $2,784 and premium amortization of $39,189.
**Includes interest payable of $913,794 recorded as a current liability at June 30, 2021.
***Total principal of $45,231,492 includes discount amortization of $38,238 and premium amortization of $564,730. Total principal of $33,356,461 includes premium amortization of $106,194.

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Beebe

Year ended June 30,	Bonds payable Principal		Bonds payable Interest		Notes payable Principal	Notes payable Interest
2022	$ 1,476,898	*	$ 882,485	**	$ -	$ -
2023	1,531,899		833,473		6,401	985
2024	1,576,899		782,444		6,485	901
2025	1,389,923		731,276		6,570	816
2026	1,434,923		679,782		6,656	730
2027 - 2031	7,984,615		2,609,630		34,612	2,321
2032 - 2036	9,102,357		1,120,694		14,488	285
2037 - 2039	1,304,306		96,969			
Totals	$ 25,801,820	***	$ 7,736,753		$ 75,212	$ 6,038

*Includes discount amortization of $3,996 and premium amortization of $20,896.
**Includes interest payable of $286,434 recorded as a current liability at June 30, 2021.
***Total principal of $25,801,820 includes discount amortization of $63,938 and premium amortization of $275,758.

Arkansas State University Mid-South

Year ended June 30,	Bonds payable Principal		Bonds payable Interest		Notes payable Principal	Notes payable Interest	
2022	$ 597,162	*	$ 710,721	**	$ 61,172	$ 45,061	**
2023	617,162		691,496		63,191	43,042	
2024	637,162		671,733		65,276	40,957	
2025	657,162		650,940		67,430	38,803	
2026	682,162		626,508		69,656	36,578	
2037 - 2031	3,800,810		2,744,618		384,313	146,853	
2032 - 2036	4,580,810		1,961,849		452,050	79,116	
2037 - 2041	5,577,400		969,150		202,394	10,073	
2042	1,258,752		50,200				
Totals	$ 18,408,582	***	$ 9,077,215		$ 1,365,482	$ 440,483	

*Includes discount amortization of $1,594 and premium amortization of $3,756.
**Includes interest payable of $306,088 recorded as a current liability at June 30, 2021.
***Total principal of $18,408,582 includes discount amortization of $30,301 and premium amortization of $78,883.

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mountain Home

Year ended June 30,	Bonds payable Principal	Bonds payable Interest	
2022	$ 375,000	$ 116,752	*
2023	385,000	108,608	
2024	390,000	99,972	
2025	405,000	89,963	
2026	415,000	78,684	
2027 - 2031	2,000,000	218,458	
2032 - 2033	545,000	17,076	
Totals	$ 4,515,000	$ 729,513	

*Includes interest payable of $9,723 recorded as a current liability at June 30, 2021.

Arkansas State University Newport

Year ended June 30,	Bonds payable Principal		Bonds payable Interest		Notes payable Principal	Notes payable Interest	
2022	$ 323,884	*	$ 99,403	**	$ 168,578	$ 36,518	**
2023	343,884		89,979		173,414	31,682	
2024	353,884		78,035		178,369	26,727	
2025	368,884		65,609		183,580	21,516	
2026	368,884		52,610		188,923	16,172	
2027 - 2031	1,015,534		101,623		505,466	27,732	
2032 - 2033	232,206		7,125		144,877	2,853	
Totals	$ 3,007,160	***	$ 494,384		$ 1,543,207	$ 163,200	

*Includes discount amortization of $1,116.
**Includes interest payable of $93,046 recorded as a current liability at June 30, 2021.
***Total principal of $3,007,160 includes discount amortization of $12,840.

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Three Rivers
Notes payable

Year ended June 30,	Principal	Interest	
2022	$ 180,574	$ 5,815	*
2023	105,046	1,699	
2024	105,347	1,398	
2025	105,650	1,095	
2026	105,954	791	
2027 - 2029	202,887	975	
Totals	$ 805,458	$ 11,773	

*Includes interest payable of $1,723 recorded as a current liability at June 30, 2021.

Refunding of Debt

On March 15, 2021, the University issued $11,670,000 in taxable refunding bonds for the Jonesboro campus with interest rates of 0.515 to 2.794 percent to refund $1,005,000 of outstanding bonds (Series 2012D), with an unamortized discount of $14,911, dated December 1, 2012 with interest rates of 1.375 to 3.5 percent and to advance refund $5,370,000 of outstanding bonds (Series 2012A) dated March 1, 2012 with interest rates of 0.9 to 5.2 percent and $5,520,000 of outstanding bonds (Series 2012B), with an unamortized premium of $11,979, dated March 1, 2012 with interest rates of 2 to 4 percent. Net proceeds of $11,472,240 after payment of $197,760 for bond issuance costs were remitted to an escrow agent to provide for all future payments of the defeased bonds. Additionally, $421,126 was transferred from the debt service reserve of the 2012A issue; $387,835 was transferred from the debt service reserve of the 2012B issue, and $69,606 was transferred from the debt service reserve of the 2012D issue. U.S. Treasury obligations of $11,472,240 purchased by the escrow agent, were pledged for the retirement of these bonds. As a result of this refunding, the 2012A, 2012B, and 2012D Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The 2012D bonds were called on March 15, 2021 and the 2012A and 2012B bonds will be called on March 1, 2022. The University refunded the bonds to reduce its total debt service payments by $3,312,476 over the next twenty-one (21) years and to obtain an economic gain of $1,711,636. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $245,676. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be amortized through the year 2042 using the straight-line method.

NOTE 6: Capital Leases

The net value of assets held under capital leases totaled $18,597,965 at June 30, 2021. The present value of the net minimum lease payments is as follows:

Type of Asset	Asset Amount	Accumulated Depreciation	Net Amount
Energy Performance Contract	$ 23,269,103	$ 4,671,138	$ 18,597,965

Fiscal Year Ending June 30,	Amount
2022	$ 1,384,436
2023	1,450,779
2024	1,517,362
2025	1,589,748
2026	1,662,653
2027 - 2031	8,609,153
2032 - 2036	10,314,812
2037 - 2038	1,460,602
Total Minimum Lease Payments	27,989,545
Less: Amount Representing Interest	6,415,176
Total Present Value of Net Minimum Lease Payments	$ 21,574,369

NOTE 7: Commitments

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

A. Construction Contracts

Project Title	Estimated Completion Date	Contract Balance
Jonesboro		
Student Union Cooling Tower	July 2021	$ 114,492
Residence Life-Blinds, Floors, and Mattresses	August 2021	289,148
Zone and MEP Maint. Repairs	August 2021	51,826
Nursing Elevator and Fire Alarm Controls	September 2021	249,534
Residence Life Village Apartments Exterior Repairs	September 2021	163,457
Lab Science West 4th Floor Biology Labs	November 2021	309,775
Collegiate Park Stairs Buildings 3 and 6	November 2021	85,859
Agri Meat Lab Upgrades	November 2021	162,697
Henderson State University		
ERP Implementation	June 2022	3,000,000
Beebe		
ERP Implementation	June 2022	1,108,032
Mid-South		
ERP Implementation	June 2022	716,825
Mountain Home		
Walking Trail	March 2022	772,598
ERP Implementation	June 2022	531,133
Newport		
ERP Implementation	June 2022	949,450
Three Rivers		
Ritz Theatre Renovation	December 2021	59,500
ERP Implementation	June 2022	256,813

NOTE 7: Commitments (Continued)

B. Operating Leases (Noncapital leases with initial or remaining noncancellable lease terms in excess of 1 year)

Various leases for land, office space, classroom/lab space, laundry services, cloud storage, farm equipment, aviation equipment, printers/copiers, computers, and other office equipment with terms ranging from 1 to 50 years.

(a) Future minimum rental payments (aggregate) at June 30, 2021: $4,695,662

(b) Future minimum rental payments for the five (5) succeeding fiscal years and thereafter:

Year Ended June 30,	Amount
2022	$ 1,468,538
2023	553,090
2024	402,490
2025	329,666
2026	230,361
2027 - 2031	743,306
2032 - 2036	115,823
2037 - 2041	117,798
2042 - 2046	119,832
2047 - 2051	121,927
2052 - 2056	124,085
2057 - 2061	126,307
2062 - 2066	128,597
2067 - 2071	93,455
2072 - 2075	20,387

Rental payments for the above operating leases, for the year ended June 30, 2021, were approximately $1,633,312.

NOTE 8: Retirement Plans

Defined Contribution Plans

Teachers Insurance and Annuity Association (TIAA)

Plan Description
The University participates in TIAA, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by TIAA. The plan offers fixed annuities, variable annuities, and mutual funds. Arkansas law authorizes participation in the plan.

Funding Policy
The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The Mid-South campus contributes 14% of earnings for employees hired prior to July 1, 2016. The Three Rivers campus contributes 14% of earnings for all eligible employees. Employees may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2021, $98,365 of forfeitures were applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2021 were $11,986,612 and $10,063,602 respectively.

NOTE 8: Retirement Plans (Continued)

Variable Annuity Life Insurance Company (VALIC)

Plan Description
The Jonesboro, Beebe, Mountain Home, Newport, and Three Rivers campuses participates in VALIC, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by VALIC. The plan also offers fixed annuities, variable annuities and mutual funds. Arkansas law authorizes participation in the plan.

Funding Policy
The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The Three Rivers campus contributes 14% of earnings for all eligible employees. Current participants may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2021, $3 of forfeitures were applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2021 were $1,296,597 and $996,539, respectively.

VOYA

Plan Description
The Mid-South campus participates in VOYA, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is through VOYA. The plan offers fixed and variable annuities. Arkansas law authorizes participation in the plan.

Funding Policy
The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The campus contributes 14% of earnings for employees hired prior to July 1, 2016. Employees may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2021, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2021 were $171,686 and $86,477, respectively.

Defined Benefit Pension Plans

The University's defined benefit pension plan information includes Arkansas Teacher Retirement System and Arkansas Public Employees Retirement System. Following are the details and summary of the plans.

Plan Descriptions

Arkansas Teacher Retirement System
The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. 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. Detailed information about ATRS's fiduciary net position is available in the separately issued ATRS Financial Report available at http://www.artrs.gov/publications.

NOTE 8: Retirement Plans (Continued)

Defined Benefit Pension Plans (Continued)

Arkansas Public Employees Retirement System
The University (other than the Mid-South campus) contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. 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. Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at http://www.apers.org/annualreports.

Benefits Provided

Arkansas Teacher Retirement System
Benefit provisions are set forth in Arkansas Code Annotated, Chapter 24 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) and (2) the number of years of service. For active members, as of June 30, 2018, a benchmark 3-year FAS was established as a minimum FAS.

Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity.

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. 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. The amount will be prorated for members who have both contributory and noncontributory service. Members with 15 or more years of contributory service will receive the full $10,000.

A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is calculated by multiplying 100% of the member's base retirement annuity by 3%.

NOTE 8: Retirement Plans (Continued)

<u>Benefits Provided</u> (Continued)

Arkansas Teacher Retirement System (Continued)

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credits. Act 1590 of 1999 allows for participation in the T-DROP after 28 years of credited service with a reduction of 6% for each year under 30 years. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees. Member election to enter T-DROP is irrevocable, and additional service credit cannot be accumulated. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits are the member's normal retirement benefit reduced by 1% for each year of service. For members who entered T-DROP prior to September 1, 2003, the reduction is 1/2 of 1% (.5%) for contributory service and 3/10 of 1% (.3%) for noncontributory service for each year above 30 years of service. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive the T-DROP distribution as a lump-sum cash payment or an annuity or may roll it over into another tax-deferred account. A member may also elect to defer all or part of the distribution into a T-DROP cash balance account held by ATRS.

The University no longer offers new employees the option of electing Arkansas Teacher Retirement System as a retirement plan. Employees who had already elected this option will continue to participate in the plan. This became effective on July 1, 2011 for the Jonesboro, Beebe, Mountain Home and Newport campuses and Henderson State University. This was effective for the Mid-South campus on June 8, 2015 and the Three Rivers campus on December 31, 2019.

The University reported payables to ATRS in the amount of $87,661 as of June 30, 2021. This amount has been reported on the Statement of Net Position as a current liability.

Arkansas Public Employees Retirement System
Benefit provisions are established by state law and may be amended only by the Arkansas General Assembly. Members are eligible for full benefits 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), or
- At age 55 with 35 years of credited service for elected or public safety officials.

The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average salary and years of service. A member may retire with a reduced benefit at age 55 with at least five years of actual service or at any age with 25 years of actual service. APERS also provides for disability and survivor benefits.

The University no longer offers new employees the option of electing Arkansas Public Employees Retirement System as a retirement plan. Employees who had already elected this option will continue to participate in the plan. This became effective on January 1, 2012 for the Jonesboro, Beebe, Mountain Home and Newport campuses. This was effective for Henderson State University on July 1, 2018 and the Three Rivers campus on December 31, 2019. The Mid-South campus did not participate in this plan.

The University reported payables to APERS in the amount of $90,636 as of June 30, 2021. This amount has been reported on the Statement of Net Position as a current liability.

NOTE 8: Retirement Plans (Continued)

Contributions

Arkansas Teacher Retirement System (Continued)
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.

ATRS's funding policy provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. The employer contribution rate was 14.50% for the fiscal year ending June 30, 2021. Contributory members are required to contribute 6.50% of gross wages to ATRS. Employee contributions are refundable if ATRS-covered employment terminates before a monthly benefit is payable. Employee contributions remaining on deposit with ATRS for a period of one or more years earn interest credits, which are included in the refund.

Arkansas Public Employees Retirement System
Contribution provisions applicable to the participating employers are established by the Board and based on the actuary's determination of the rate required to fund the plan. The additional cost of public safety service for public safety employees is determined by the actuary as well.

The System was established as a contributory plan. However, with the passage of Act 793 of 1977, existing members and previous members were offered the opportunity to choose to become non-contributory members. Anyone who joined the System subsequent to January 1, 1978 and had not previously been a member was automatically enrolled as a non-contributory member.

Act 2084, enacted by the 2005 General Assembly, directed APERS to establish a new contributory plan that became effective July 1, 2005. All covered employees first hired on or after July 1, 2005, contribute 5% of their salary into the plan. Employees hired before June 30, 2005 who were in the non-contributory plan were given the option to join the new contributory plan by December 31, 2005. Non-contributory members who did not join the new contributory plan by that deadline remain non-contributory members.

Members may have employee contributions in the System if (a) they were members of APERS on or before January 1, 1978, (b) they are members first hired after July 1, 2005, or (c) they have purchased service in the System.

Employee contributions are refundable if APERS-covered employment terminates before a monthly benefit is payable. Employee contributions remaining on deposit with APERS can earn interest (at the rate of 4% per year), which is included in the refund. Pursuant to the provisions of Act 625 of 1983 and Act 1097 of 1993, certain agencies employing individuals in public safety positions are required to remit additional contributions in amounts determined by an independent actuary.

Employee refunds do not include contributions made by the employers. Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2021.

NOTE 8: Retirement Plans (Continued)

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

The collective net pension liability of $8,524,466,425 ($5,660,881,938 related to ATRS and $2,863,584,487 related to APERS) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

At June 30, 2021, the University reported a liability of $27,317,990 ($14,459,284 related to ATRS and $12,858,706 related to APERS) for its proportionate share of the net pension liability. At June 30, 2020, the University's proportion of the collective net pension liability was .26% for ATRS and .45% for APERS.

For the year ended June 30, 2021, the University recognized total pension expense of $2,522,169. $922,783 of this amount was related to ATRS and $1,599,386 was related to APERS. At June 30, 2021, the University 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
ATRS		
Differences between expected and actual experience	$ 191,683	$ 116,619
Changes of assumptions	940,839	
Net difference between projected and actual earnings on pension plan investments	2,376,853	
Changes in proportion and differences between employer contributions and proportionate share of contributions	113,168	3,454,558
Contributions subsequent to the measurement date	1,100,000	
Totals	$ 4,722,543	$ 3,571,177
APERS		
Differences between expected and actual experience	$ 170,703	$ 8,515
Changes of assumptions	161,109	220,317
Net difference between projected and actual earnings on pension plan investments	1,360,616	
Changes in proportion and differences between employer contributions and proportionate share of contributions	262,727	1,406,454
Contributions subsequent to the measurement date	1,215,029	
Totals	$ 3,170,184	$ 1,635,286
Totals		
Differences between expected and actual experience	$ 362,386	$ 125,134
Changes of assumptions	1,101,948	220,317
Net difference between projected and actual earnings on pension plan investments	3,737,469	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	375,895	4,861,012
Contributions subsequent to the measurement date	2,315,029	
Totals	$ 7,892,727	$ 5,206,463

The above amount of $2,315,029 was reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 8: Retirement Plans (Continued)

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

Fiscal Year Ending June 30,	ATRS	APERS	Total
2022	$ (534,682)	$ (388,882)	$ (923,564)
2023	10,471	19,497	29,968
2024	294,883	298,040	592,923
2025	366,988	391,214	758,202
2026	(86,294)		(86,294)

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2020 for both ATRS and APERS. The significant assumptions used in the valuation and adopted by the ATRS Board of Trustees and the APERS Board of Trustees were as follows:

	ATRS	**APERS**
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Remaining amortization period	30 years	26 years closed
Asset valuation method	4-year smoothed market for funding purposes; 20% corridor	4-year smoothed market; 25% corridor
Discount rate	7.50%	7.15%
Wage inflation	2.75%	3.25%
Salary increases	2.75 – 7.75% including inflation	3.25 – 9.85%
Investment rate of return	7.50% compounded annually	7.15%*

* Net of investment and administrative expenses

Mortality rate table

ATRS

RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality headcount weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2017 from 2006.

	Scaling Factor	
Table	Males	Females
Healthy Annuitant	101%	91%
Disabled Annuitant	99%	107%
Employee Mortality	94%	84%

APERS

RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

NOTE 8: Retirement Plans (Continued)

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

The actuarial assumptions used in the June 30, 2020 valuation for ATRS were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

All other actuarial assumptions used in the June 30, 2020 valuation for APERS were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2017, and were applied to all prior periods included in the measurement.

Investment Rate of Return

The investment rate of return was developed for each plan as follows:

Arkansas Teacher Retirement System
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 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 that is included in the pension plan's target asset allocation as of June 30, 2020, these best estimates are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Total equity	53%	5.2%
Fixed income	15%	-0.1%
Alternatives	5%	3.5%
Real assets	15%	5.1%
Private equity	12%	7.2%
Cash equivalents	0%	-1.0%
Total	100%	

NOTE 8: Retirement Plans (Continued)

Investment Rate of Return (Continued)

Arkansas Public Employees Retirement System
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 current asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020 - 2029 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class included in the plan's current asset allocation as of June 30, 2020, these best estimates are summarized in the following table:

Asset Class	Target	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%	

Discount Rate

Arkansas Teacher Retirement System
A single discount rate of 7.50% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 6.25% and 14.25% 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.

Arkansas Public Employees Retirement System
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.

NOTE 8: Retirement Plans (Continued)

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

The following presents the proportionate share of the net pension liability using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Rate	1% Decrease	Rate	Current Discount Rate	Rate	1% Increase
University's proportionate share of the net pension liability						
ATRS	6.50%	$ 21,514,723	7.50%	$ 14,459,284	8.50%	$ 8,607,939
APERS	6.15%	$ 19,584,763	7.15%	$ 12,858,706	8.15%	$ 7,308,188

NOTE 9: Natural Classifications by Function

The University's operating expenses by function for the year ended June 30, 2021 were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Self-insurance	Depreciation	Other	Total
Instruction	$ 91,105,174	$ 2,364,761	$ 11,075,017				$ 104,544,952
Research	4,925,713	462,355	2,730,019				8,118,087
Public service	13,257,271	15,550	4,336,291				17,609,112
Academic support	21,207,412	39,580	6,874,984				28,121,976
Student services	17,733,961	119,924	5,848,950				23,702,835
Institutional support	26,504,974	8,750	11,926,161				38,439,885
Scholarships and fellowships		22,365,147 *					22,365,147
Operations and maintenance of plant	11,311,353		22,468,245				33,779,598
Auxiliary enterprises	10,727,773	6,070,362	17,326,958				34,125,093
Self-insurance				$ 21,534,101			21,534,101
Depreciation					$ 31,450,233		31,450,233
Other						$ 18,570	18,570
Totals	$ 196,773,631	$ 31,446,429	$ 82,586,625	$ 21,534,101	$ 31,450,233	$ 18,570	$ 363,809,589

*Includes $1,231,928 of HEERF-CARES direct payments to students and $9,799,866 of HEERF-CRRSAA direct payments to students due to COVID-19

NOTE 10: Receivable and Payable Balances

Accounts Receivables at June 30, 2021 as reported in the Statement of Net Position, were as follows:

	Jonesboro Current	Noncurrent	Total
Student receivables, net	$ 7,616,316		$ 7,616,316
Grants and contracts	15,706,046		15,706,046
Construction projects	341,905	$ 403,129	745,034
Travel advances/repayments	8,862		8,862
Auxiliary enterprises	2,318,212		2,318,212
Miscellaneous	4,895,558	56,016	4,951,574
Totals	$ 30,886,899	$ 459,145	$ 31,346,044

	Henderson State University Current	Noncurrent	Total
Student receivables, net	$ 3,207,324		$ 3,207,324
Grants and contracts	305,324		305,324
Sales and use tax	20,307		20,307
Construction projects	371,749		371,749
Travel advances/repayments	33,169		33,169
Auxiliary enterprises	28,422		28,422
Miscellaneous	118,791		118,791
Totals	$ 4,085,086	$ -	$ 4,085,086

	Beebe Current	Noncurrent	Total
Student receivables, net	$ 960,673		$ 960,673
Grants and contracts	435,774		435,774
Sales and use tax	222,576		222,576
Auxiliary enterprises	279,928		279,928
Totals	$ 1,898,951	$ -	$ 1,898,951

	Mid-South Current	Noncurrent	Total
Student receivables, net	$ 121,451		$ 121,451
Grants and contracts	2,124,788		2,124,788
Sales and use tax	7,402		7,402
Miscellaneous	76,596	$ 1,520,868	1,597,464
Totals	$ 2,330,237	$ 1,520,868	$ 3,851,105

NOTE 10: Receivable and Payable Balances (Continued)

	Mountain Home Current	Noncurrent	Total
Student receivables, net	$ 167,546		$ 167,546
Grants and contracts	150,729		150,729
Property tax accrual	903,088		903,088
Miscellaneous	301,995		301,995
Totals	$ 1,523,358	$ -	$ 1,523,358

	Newport Current	Noncurrent	Total
Student receivables, net	$ 1,402,836		$ 1,402,836
Grants and contracts	650,873		650,873
Sales and use tax	196,951		196,951
Direct lending	6,055		6,055
Miscellaneous	1,472		1,472
Totals	$ 2,258,187	$ -	$ 2,258,187

	Three Rivers Current	Noncurrent	Total
Student receivables, net	$ 333,160		$ 333,160
Grants and contracts	868,973		868,973
Auxiliary enterprises	1,356		1,356
Miscellaneous	291,952		291,952
Totals	$ 1,495,441	$ -	$ 1,495,441

	System Current	Noncurrent	Total
Student receivables, net	$ 13,809,306		$ 13,809,306
Grants and contracts	20,242,507		20,242,507
Sales and use tax	447,236		447,236
Construction projects	713,654	$ 403,129	1,116,783
Travel advances/repayments	42,031		42,031
Property tax accrual	903,088		903,088
Auxiliary enterprises	2,627,918		2,627,918
Direct lending	6,055		6,055
Miscellaneous	5,686,364	1,576,884	7,263,248
Totals	$ 44,478,159	$ 1,980,013	$ 46,458,172

Accounts receivable from students are reported net of allowances for doubtful accounts. This amount was $9,733,352 at June 30, 2021. Grants and contracts receivable are comprised of amounts due for sponsored research projects, scholarships and other restricted activities. Auxiliary enterprises receivables consist of amounts due at year for vending, bookstore and other types of auxiliaries. Direct lending receivables are federal loans that have been disbursed to students but the University has not yet received the cash.

NOTE 10: Receivable and Payable Balances (Continued)

Notes and Deposits Receivable at June 30, 2021 were as follows:

Jonesboro	Current	Noncurrent	Total
Notes receivable, net	$ 685,515	$ 2,377,661	$ 3,063,176
Deposits receivable	10	5,759	5,769
Totals	$ 685,525	$ 2,383,420	$ 3,068,945

Henderson State University	Current	Noncurrent	Total
Notes receivable, net	$ 114,604	$ 522,276	$ 636,880

System	Current	Noncurrent	Total
Notes receivable, net	$ 800,119	$ 2,899,937	$ 3,700,056
Deposits receivable	10	5,759	5,769
Totals	$ 800,129	$ 2,905,696	$ 3,705,825

Notes receivable pertains to loans awarded to students through the Federal Perkins Loan Program. Notes receivable at June 30, 2021 was reduced by an allowance for doubtful accounts of $117,509 for the current portion and $407,573 for the noncurrent portion.

Accounts Payable and Accrued Liabilities at June 30, 2021 are detailed below:

Jonesboro	Current	Noncurrent	Total
Vendors	$ 6,318,727		$ 6,318,727
Health claims	1,543,100		1,543,100
Salaries and other payroll related items	1,941,219		1,941,219
Sales tax and use tax	12,341		12,341
Direct lending	8,736,193		8,736,193
Miscellaneous	36,415		36,415
Totals	$ 18,587,995	$ -	$ 18,587,995

NOTE 10: Receivable and Payable Balances (Continued)

Henderson State University

	Current	Noncurrent	Total
Vendors	$ 4,858,603		$ 4,858,603
Salaries and other payroll related items	855,264	$ 13,238	868,502
Optional Voluntary Retirement Incentive Program	202,126		202,126
Miscellaneous	10,694		10,694
Totals	$ 5,926,687	$ 13,238	$ 5,939,925

Beebe

	Current	Noncurrent	Total
Vendors	$ 310,176		$ 310,176
Sales tax and use tax	7,844		7,844
Salaries and other payroll related items	23,911		23,911
Miscellaneous	2,272		2,272
Totals	$ 344,203	$ -	$ 344,203

Mid-South

	Current	Noncurrent	Total
Vendors	$ 553,092		$ 553,092
Sales tax and use tax	6,845		6,845
Arkansas Delta Training and Education Consortium	263,417		263,417
Salaries and other payroll related items	523,019		523,019
Miscellaneous	79,798		79,798
Totals	$ 1,426,171	$ -	$ 1,426,171

Mountain Home

	Current	Noncurrent	Total
Vendors	$ 44,400		$ 44,400
Salaries and other payroll related items	100,404		100,404
Totals	$ 144,804	$ -	$ 144,804

Newport

	Current	Noncurrent	Total
Vendors	$ 69,496		$ 69,496
Sales tax and use tax	5,398		5,398
Salaries and other payroll related items	58,496		58,496
Totals	$ 133,390	$ -	$ 133,390

NOTE 10: Receivable and Payable Balances (Continued)

Three Rivers

	Current	Noncurrent	Total
Vendors	$ 83,735		$ 83,735
Salaries and other payroll related items	231,588		231,588
Totals	$ 315,323	$ -	$ 315,323

System

	Current	Noncurrent	Total
Vendors	$ 12,238,229		$ 12,238,229
Sales tax and use tax	32,428		32,428
Health claims	1,543,100		1,543,100
Arkansas Delta Training and Education Consortium	263,417		263,417
Salaries and other payroll related items	3,733,901	$ 13,238	3,747,139
Direct lending	8,736,193		8,736,193
Optional Voluntary Retirement Incentive Program	202,126		202,126
Miscellaneous	129,179		129,179
Totals	$ 26,878,573	$ 13,238	$ 26,891,811

NOTE 11: Museum Collection

The financial statements do not include the University's museum collection, which consists of numerous historical relics, artifacts, displays and memorabilia. The total value of this collection has not been established.

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University)

Plan Description

The University's defined benefit OPEB plan, ASU System OPEB Plan (the Plan), provides postemployment benefits to all employees who officially retire from the University and meet certain age- and service-related requirements. The Plan is a single-employer defined benefit OPEB plan administered by the University. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

Benefits Provided

Employees shall become eligible for early retirement benefits in the calendar year in which the sum of their age (must be at least fifty-five (55)) and the number of years of continuous benefits eligible service to the University totals seventy (70). Certain employees who retiree under a voluntary retirement window approved by the Board of Trustees of Arkansas State University are also eligible for benefits.

Employees electing retirement will receive the following benefits:

- Medical benefits – Pre-Medicare benefits are available to retirees and their eligible dependents (if covered at the time the employee retires) under the Arkansas Blue Advantage Plan.
- Life insurance benefits – The beneficiary of a retiree who dies prior to age 65 receives an amount equal to 1.5 times the retiree's final salary immediately prior to retirement, rounded to the next highest multiple of $1,000. The maximum benefit is $50,000. Benefits are not payable to a beneficiary of a retiree who dies after attaining age 65. Certain retirees from the Mid-South campus are eligible for a life insurance benefit that continues beyond age 65 for the lifetime of the retiree. Dependents of retirees are eligible for a death benefit of $2,000. Benefits are not payable after the retiree attains age 65.

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University) (Continued)

Medical contributions are equal to one-half of the total combined employee and employer premium cost. When a retiree dies or becomes eligible for Medicare, spouses may continue coverage until they become eligible for Medicare by paying 100% of the employee plus employer premium cost.

No contributions are required for the life insurance benefit.

Employees hired on or after January 1, 2019 are not eligible to receive these postemployment benefits.

Employees Covered by Benefit Terms
At June 30, 2021, the following employees were covered by the benefit terms:

	Medical benefits	Life insurance benefits*
Active employees		
Fully eligible	470	
Not yet fully eligible	1,299	
	1,769	
Retired employees		
Retirees	90	124
Spouses	24	n/a
Surviving spouses	10	n/a
	124	124
Totals	1,893	124

*All active employees are assumed to be in the retiree life insurance program.

Total OPEB Liability
The University's total OPEB liability of $11,969,320 was measured as of June 30, 2021 and determined by an actuarial valuation dated January 1, 2021.

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University) (Continued)

Actuarial Assumptions and Other Inputs

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

Discount rate	2.44% for June 30, 2020 measurement date and fiscal 2021 OPEB expense development 2.09% for June 30, 2021 measurement date
Inflation rate	2.00%
Salary increases	1.00% through 2022; 2.50% thereafter
Mortality rate table	Pub-2010 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees. Mortality includes a generational projection for future mortality improvements using Scale MP-2020.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the following table:

Year	Medical	Pharmacy	Blended
2021	5.00%	7.50%	5.50%
2022	5.00%	6.90%	5.40%
2023 - 2024	5.00%	6.40%	5.30%
2025 - 2027	4.90%	6.30%	5.20%
2028 - 2030	4.80%	6.10%	5.10%
2031	4.80%	5.70%	5.00%
2032 - 2035	4.80%	5.20%	4.90%
2036 and beyond	4.80%	4.80%	4.80%

The discount rate is the average of the Bond Buyer 20-Bond GO Index, the S&P Municipal Bond 20 Year High Grade Rate Index, and the Fidelity GO AA – 20 Year Index as of the measurement date.

Mortality rates are based on recent research by the Society of Actuaries (SOA) since plan experience alone is not credible.

Healthcare trend rates are developed each year consistent with Lockton’s near-term expectations and the SOA Getzen Long-Term Healthcare Cost Trend model.

The salary scale was set based on plan sponsor expectations of future payroll increases.

The retirement rates, termination rates, spousal assumptions, participation rates, and plan selection were set based on a review of plan experience from 2019 to 2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study from January 1, 2021.

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 17,739,334
Changes for the year:	
Service cost	1,132,078
Interest	457,646
Changes of benefit terms	14,863
Differences between expected and actual experience	(1,755,623)
Changes in assumptions or other inputs*	(5,386,746)
Benefit payments	(232,232)
Net changes	(5,770,014)
Balance, June 30, 2021	$ 11,969,320

*The discount rate was updated from 2.44% as of June 30, 2020 to 2.09% as of June 30, 2021 to reflect recent high-quality municipal bond rates.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the University using the discount rate of 2.09%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.09%) or 1 percentage point higher (3.09%) than the current rate:

	1% Decrease (1.09%)	Current Discount Rate (2.09%)	1% Increase (3.09%)
Total OPEB Liability	$ 12,831,028	$ 11,969,320	$ 11,185,105

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the University using the healthcare (medical and pharmacy) cost trend rate of 5.50% decreasing to 4.80%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.50% decreasing to 3.80%) or 1 percentage point higher (6.50% decreasing to 5.80%) than the current rate:

	1% Decrease (4.50% decreasing to 3.80%)	Current Healthcare Cost Trend Rates (5.50% decreasing to 4.80%)	1% Increase (6.50% decreasing to 5.80%)
Total OPEB Liability	$ 11,045,877	$ 11,969,320	$ 13,031,318

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University) (Continued)

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

For the year ended June 30, 2021, the University recognized OPEB expense of ($897,209). At June 30, 2021, the University reported deferred inflows 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	$ 1,738,435	$ (8,553,834)
Changes of assumptions or other inputs	458,552	(4,629,383)
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date		
Totals	$ 2,196,987	$ (13,183,217)

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

Fiscal Year Ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 608,536	$ (3,110,332)
2023	608,536	(3,110,332)
2024	593,500	(3,110,332)
2025	386,415	(2,828,201)
2026	-	(1,024,020)
Totals	2,196,987	(13,183,217)

Henderson State University

Plan Description

The University's defined benefit OPEB plan, HSU OPEB Plan (the Plan), provides postemployment benefits to all employees who officially retire from the University and meet certain age- and service-related requirements. The Plan is a single-employer defined benefit OPEB plan administered by the University. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

Benefits Provided

Employees shall become eligible for early retirement benefits in the calendar year in which the sum of their age (must be at least fifty-five (55)) and the number of years of continuous benefits eligible service to the University totals seventy (70). Certain employees who retiree under a voluntary retirement window approved by the Board of Trustees of Arkansas State University are also eligible for benefits.

Employees electing retirement will receive the following benefits:

- Medical benefits – Pre-Medicare benefits are available to retirees and their eligible dependents (if covered at the time the employee retires) one of two fully insured plans offered. The two plan options include a traditional POS plan and a $2,000 deductible HDHP plan.
- Life insurance benefits – The beneficiary of a retiree who dies prior to age 65 receives up to a maximum of $20,000. The amount is determined by multiplying the salary upon retirement by 65% and rounding to the next nearest thousand. Benefits are not payable to a beneficiary of a retiree who dies after attaining age 65.

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University) (Continued)

Monthly medical contributions for retirees and spouses are shown below:

Plan	Retiree only contribution	Retiree plus spouse contribution
Traditional POS	$ 60.12	$ 492.45
HDHP $2,000	60.96	499.32

No contributions are required for the life insurance benefit.

Employees hired on or after July 1, 2015 are not eligible to receive these postemployment benefits.

Employees Covered by Benefit Terms

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

	Medical benefits
Active employees	
Fully eligible	90
Not yet fully eligible	125
	215
Retired employees	
Retirees	22
Spouses	5
Surviving spouses	-
	27
Totals	242

Total OPEB Liability

The University's total OPEB liability of $5,590,897 was measured as of June 30, 2021 and determined by an actuarial valuation dated January 1, 2020.

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University) (Continued)

Actuarial Assumptions and Other Inputs

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

Discount rate	2.21% for June 30, 2020 measurement date and fiscal 2021 OPEB expense development 2.16% for June 30, 2021 measurement date
Inflation rate	2.00%
Salary increases	1.00% through 2022; 2.50% thereafter
Mortality rate table	Pub-2010 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees. Mortality includes a generational projection for future mortality improvements using Scale MP-2020.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the following table:

Year	Rate
2020	27.70%
2021	5.50%
2022	5.40%
2023 - 2024	5.30%
2025 - 2027	5.20%
2028-2030	5.10%
2031	5.00%
2032 - 2035	4.90%
2036 and beyond	4.80%

The discount rate is based on the Bond Buyer 20-Bond GO Index as of the measurement date.

Mortality rates are based on recent research by the Society of Actuaries (SOA) since plan experience alone is not credible.

Healthcare trend rates are developed each year consistent with Lockton's near-term expectations and the SOA Getzen Long-Term Healthcare Cost Trend model.

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 4,427,225
Changes for the year:	
Service cost	267,688
Interest	101,637
Changes of benefit terms	22,202
Differences between expected and actual experience	932,539
Changes in assumptions or other inputs*	32,575
Benefit payments	(192,969)
Net changes	1,163,672
Balance, June 30, 2021	$ 5,590,897

*The discount rate was updated from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021 to reflect recent high-quality municipal bond rates.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the University using the discount rate of 2.16%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	$ 5,901,315	$ 5,590,897	$ 5,296,490

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the University using the healthcare (medical and pharmacy) cost trend rate of 5.50% decreasing to 4.80%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.50% decreasing to 3.80%) or 1 percentage point higher (6.50% decreasing to 5.80%) than the current rate:

	1% Decrease (4.50% decreasing to 3.80%)	Current Healthcare Cost Trend Rates (5.50% decreasing to 4.80%)	1% Increase (6.50% decreasing to 5.80%)
Total OPEB Liability	$ 5,121,160	$ 5,590,897	$ 6,129,924

NOTE 12: Other Postemployment Benefits (OPEB) (For campuses other than Henderson State University) (Continued)

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

For the year ended June 30, 2021, the University recognized OPEB expense of $385,881. At June 30, 2021, the University reported deferred inflows 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	$ 814,284	$ (659,989)
Changes of assumptions or other inputs	26,695	(154,064)
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date		
Totals	$ 840,979	$ (814,053)

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

Fiscal Year Ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 187,080	$ (192,726)
2023	187,080	(192,726)
2024	187,080	(192,726)
2025	185,665	(177,502)
2026	94,074	(58,373)
Totals	$ 840,979	$ (814,053)

NOTE 13: Self-insurance Program

Beginning July 1, 1994, Arkansas State University established a self-funded health benefit plan for employees and their eligible dependents. All campuses of the University, other than Henderson State University, participate in the program, which is administered by Arkansas Blue Advantage Administrators.

At June 30, 2021, approximately 4,208 active employees, their dependents, former employees and retirees were participating in the program. Effective January 1, 2020, the University offers three health plans: the Classic Plan which uses the Arkansas True-Blue network, the Premium Plan, and the Health Savings Plans which both use the Arkansas True-Blue network and the National Blue Care network. For those participating in single coverage, the University pays 84% of the total premium. The University pays 74% of the total premium for those participating in full family coverage, 70% for those participating in employee & spouse coverage, and 69% for those participating in employee and children coverage. Retirees, including early retirees, pay 50% of their coverage and the University covers the other 50%. The University does not offer insurance to retirees or their spouses who are eligible for Medicare. A retiree's spouse can continue coverage after the retiree becomes eligible for Medicare at a cost of 100% of the single coverage rate until they too are eligible for Medicare.

NOTE 13: Self-insurance Program (Continued)

The University estimates its unpaid health claims liability at June 30, 2021 to be $1,543,100 with Arkansas Blue Advantage Administrators. This liability is established for incurred but not reported medical claims and is based on the calculation prepared by Lockton. Details of this liability are shown below.

Unpaid Claims Liability

	FY 2021
Unpaid Claims, 7-1-20	$ 1,457,300
Incurred claims during current year	16,806,084
Current year claims paid	15,262,984
Prior year claims paid	1,457,300
Total payments	16,720,284
Unpaid Claims, 6-30-21	$ 1,543,100

The University purchases specific reinsurance to reduce its exposure to large claims. Anthem is the reinsurance carrier. Under the specific arrangement, the reinsurance carrier pays for claims for covered employees that exceed $300,000.

NOTE 14: Endowment Funds

Arkansas State University Jonesboro

The University has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships and other purposes. All endowment funds are maintained as cash or investments. Investments reported at fair value, include bonds/fixed income, mutual funds and other managed investments. The endowment net position at June 30, 2021 was $16,685,986. Of this amount, $15,436,976 was nonexpendable and the remaining $1,249,010 was expendable.

State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established.

For endowments held by the Arkansas State University Foundation, the University's policy is for annual expenses from the endowment funds not to exceed 4% of the five (5) year average market value as determined at December 31st of the previous year. In periods with no market value appreciation, the University limits the spending to actual income generated by the endowment fund assets.

Arkansas State University Beebe

The University has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships and other purposes. All endowment funds are maintained as investments. Investments reported at fair value, include bonds/fixed income, mutual funds and other managed investments. The endowment net assets at June 30, 2021 were $912,212. Of this amount, $887,212 was nonexpendable and the remaining $25,000 was expendable.

State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established.

The University's policy is for any interest earnings to be expensed from the endowment funds for scholarships.

NOTE 15: Pledged Revenues

The University's pledged revenues at June 30, 2021 are as follows:

Arkansas State University Jonesboro

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2021 Gross Revenue	Amount Issued	2021 Principal Paid	2021 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2005 Refunding	9/15/2005	4/1/2025	Refinance Student Union and Parking Garage	Student Union Fee/Parking Fees	$ 3,098,412	$ 19,230,000	$ 1,310,000	$ 301,750	$ 4,725,000	$ 519,750	52.02%
Series 2010B Refunding*	12/7/2010	12/1/2027	Refinance Series 2002-Property Purchases	Gross Tuition and Fees	see below	1,866,624	535,000	14,171	-	-	0.63%
Series 2012C Student Fee	3/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,186,278	3,425,000	110,000	102,731	2,540,000	884,931	17.93%
Series 2012D Student Fee	12/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,186,278	1,500,000	55,000	34,062	1,100,000	317,106	7.51%
Series 2012A Taxable Refunding	3/1/2012	3/1/2034	Refinance Series 2004 Student Fee-Property Purchases	Gross Tuition and Fees	see below	5,340,000	210,000	154,793	3,520,000	1,196,373	0.42%
Series 2012B Refunding	3/1/2012	3/1/2034	Refinance Series 2004 Student Fee-Refinance Library/Physical Plant, Demolition of Delta Hall, Chickasaw Building renovations and utility infrastructure improvements	Gross Tuition and Fees	see below	2,775,000	105,000	57,006	1,685,000	412,294	0.18%
Series 2013 Refunding	3/1/2013	3/1/2034	Refinance Series 2004 Housing-Construction of Northpark Quads residence hall and Construction of Family Housing Phase II	Housing Fees	4,268,322	28,895,000	1,190,000	807,200	20,235,000	5,740,625	46.79%

*The total amount issued on the Series 2010B Refunding was $3,435,000. The portion pledged with housing fees was $1,568,376 had a final maturity date of December 1, 2017. The bonds were paid off early during fiscal year 2021. Of the amounts above, $475,000 in principal and $4,388 in interest were due to the early payoff.

NOTE 15: Pledged Revenues (Continued)

Continued	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2021 Gross Revenue	Amount Issued	2021 Principal Paid	2021 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2013A Student Fee	12/1/2013	12/1/2038	Construction of Student Activities Center	Gross Tuition and Fees	see below	$ 11,130,000	$ 315,000	$ 494,529	$ 9,080,000	$ 5,309,722	0.92%
Series 2013B Student Fee	12/1/2013	12/1/2043	Construction of Humanities and Social Sciences builidng	Gross Tuition and Fees	see below	14,685,000	315,000	598,950	12,630,000	8,227,494	1.04%
Series 2016 Refunding	11/17/2016	3/1/2037	Refinance Series 2007 Student Fee-Construction of Recreation Center	Recreation Center Fee	1,484,201	13,870,000	510,000	438,756	11,465,000	3,712,356	63.92%
Series 2016 Housing Refunding	11/17/2016	3/1/2037	Refinance Series 2007 Housing-Construction of Honors Hall, Red Wolf Den apartments,refinance Collegiate Park	Housing Fees	3,075,306	23,150,000	1,250,000	714,713	17,305,000	5,501,925	63.89%
Series 2017 Housing Refunding	12/20/2017	3/1/2039	Refinance Series 2009 and Series 2010 Refunding-Construction of Living Learning Community, Red Wolf Den Commons, housing deferred maintenance and refinancing Family Housing Phase I (Series 2001)	Housing Fees	1,395,364	11,740,000	520,000	378,575	9,680,000	3,025,219	64.40%
Series 2019 Refunding	12/18/2019	3/1/2030	Refinance Series 2010A Refunding-Track Facility (Series 2001)	Gross Tuition and Fees	see below	1,640,000	145,000	39,244	1,350,000	160,906	0.21%
Series 2019 Taxable Housing Refunding	12/18/2019	3/1/2042	Refinance Series 2012C Taxable Housing-Construction of sorority housing	Housing Fees	860,634	3,750,000	120,000	115,878	3,500,000	1,467,945	27.41%
Series 2012A Taxable Housing	Refunded below		Construction of sorority housing	Housing Fees	860,634	6,510,000	155,000	264,066	-	-	48.69%
Series 2012B Housing	Refunded below		Construction of honors housing	Housing Fees	447,215	6,875,000	185,000	201,798	-	-	86.49%
Series 2012D Housing	Refunded below		Construction of honors housing	Housing Fees	447,215	1,255,000	35,000	32,375	-	-	15.07%
Series 2021 Taxable Housing Refunding	3/15/2021	3/1/2042	Refinance Series 2012A Taxable Housing-Construction of sorority housing and refinance Series 2012B and Series 2012D Housing-construction of honors housing	Housing Fees	1,307,849	11,670,000	-	-	11,670,000	3,310,612	0.00%

Note: Issues with Tuition and Fees pledged, 2021 Gross Revenue--$87,680,272

NOTE 15: Pledged Revenues (Continued)

Henderson State University

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2021 Gross Revenue	Amount Issued	2021 Principal Paid	2021 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2014 Auxiliary Refundin	11/1/2014	11/1/2039	Purchase of an existing apartment complex, construction of two new residence halls, renovation of the football stadium, baseball and softball fields, construction of an intramural field, renovation of residence halls, and construction of parking lots	Auxiliary Revenue	see below	$ 33,000,000	$ 970,000	$ 1,120,481	$ 28,195,000	$ 11,544,690	22.48%
Series 2015 Refunding	6/1/2015	6/1/2035	Renovation of Arkansas Hall, Mooney Hall, and Proctor Hall, property purchases, campus chiller replacements, campus lighting, and other capital improvements	Gross Tuition and Fees	see below	3,780,000	230,000	43,433	1,520,000	140,304	1.07%
Series 2016 Refunding	2/3/2016	1/1/2032	Refinance Series 2007-Construction of parking and the student recreation center	Gross Tuition and Fees	see below	6,465,000	405,000	136,733	5,080,000	885,612	2.12%
Series 2017A Auxiliary Refunding	8/15/2017	7/1/2036	Construction of two residence halls	Auxiliary Revenue	see below	7,005,000	325,000	180,568	6,050,000	1,474,715	5.44%
Series 2017B Auxiliary Refunding	8/31/2017	7/1/2036	Construction of a residence hall	Auxiliary Revenue	see below	3,315,000	155,000	84,375	2,860,000	694,075	2.57%
Auxiliary Enterprises Revenue Secured Bond	8/14/2018	8/14/2021	Renovation of Smith Hall residential facilities	Auxiliary Revenue	see below	$ 1,000,000	-	48,632	1,000,000	43,091	0.52%

Note: Issues with Tuition and Fees pledged, 2021 Gross Revenue--$25,602,436.
Issues with Auxiliary Revenue pledged, 2021 Revenue--$9,298,753.

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Beebe

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2021 Gross Revenue	Amount Issued	2021 Principal Paid	2021 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2012 Refunding	12/1/2012	12/1/2032	Refinance Series 2008 Student Fee-Renovation of main building at the Searcy campus	Gross Tuition and Fees	see below	$ 1,890,000	$ 90,000	$ 34,593	$ 1,235,000	$ 224,438	1.51%
Series 2015A Refunding	4/1/2015	12/1/2023	Refinance Series 2005 Refunding-Refinance Student Center	Gross Tuition and Fees	see below	1,895,000	215,000	23,625	680,000	30,900	2.89%
Series 2015 Refunding Auxiliary Enterprises	4/1/2015	4/1/2039	Refinance Series 2010 Auxiliary Enterprises-Construction of new residence halls	Housing Fees	$ 599,935	8,005,000	270,000	223,322	6,465,000	2,330,112	82.23%
Series 2015 Refunding	5/1/2015	12/1/2035	Refinance Series 2005B Student Fee-Construction of academic and administrative buildings at the Heber Springs campus	Gross Tuition and Fees	see below	12,930,000	505,000	369,231	10,110,000	2,876,578	10.59%
Series 2015B Refunding	6/1/2015	9/1/2035	Refinance Series 2006 Student Fee-Construction of math and science building	Gross Tuition and Fees	see below	9,185,000	355,000	274,254	7,100,000	2,274,725	7.63%

Note: Issues with Tuition and Fees pledged, 2021 Gross Revenue-$8,252,503.

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Mid-South

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2021 Gross Revenue	Amount Issued	2021 Principal Paid	2021 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2010 Construction	8/26/2010	2/1/2040	Construction of Facilities	Property Tax Millage	$ 3,087,368	$ 5,180,000	$ 115,000	$ 181,331	$ 3,975,000	$ 2,272,837	9.60%
Series 2012 Construction	8/1/2012	2/1/2042	Construction of Facilities and Refunding	Property Tax Millage	3,087,368	18,510,000	460,000	549,658	14,385,000	6,804,378	32.70%

Arkansas State University Mountain Home

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2021 Gross Revenue	Amount Issued	2021 Principal Paid	2021 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2019 Refunding	12/18/2019	12/1/2032	Refinance Series 2012 Refunding Student Fee-Construction of Community Development Center	Gross Tuition and Fees	$ 3,805,066	$ 4,885,000	$ 370,000	$ 124,404	$ 4,515,000	$ 729,513	12.99%

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Newport

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2021 Gross Revenue	Amount Issued	2021 Principal Paid	2021 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2012A Taxable Refunding	12/1/2012	5/1/2028	Refinance Series 2008 Building-Construction of Student Community Building	Gross Tuition and Fees	see below	$ 3,740,000	$ 240,000	$ 73,859	$ 1,790,000	$ 270,000	4.70%
Series 2012B Refunding	12/1/2012	12/1/2032	Refinance Series 2008 Building-Construction of Transportation Technology Center building	Gross Tuition and Fees	see below	1,875,000	90,000	34,488	1,230,000	224,384	1.86%

Note: Issues with Tuition and Fees pledged, 2021 Gross Revenue-$6,683,755

NOTE 16: Risk Management

The University is exposed to various risks of loss including, but not necessarily limited to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. In response to this diverse risk exposure, the University has established a comprehensive risk management approach including, where acceptable and prudent, retention of the associated risks to the extent that funds are available from general operations or reserves to cover losses. In those situations where risk retention has been deemed not acceptable or prudent, the University has practiced risk transfer through participation in the State of Arkansas's risk management programs or through the purchase of commercial insurance coverage.

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Government Bonding Board. The fund provides coverage of actual losses incurred as a result of fraudulent or dishonest acts committed by state officials or employees. Each loss is limited to $300,000 with a $2,500 deductible. Premiums for coverage are remitted by the Arkansas Department of Finance and Administration from funds deducted from the University's state treasury funds.

The University secures vehicle insurance coverage through participation in the Arkansas Multi-Agency Insurance Trust Fund administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow participating agencies an affordable means of insuring their vehicle fleets. The University pays an annual premium for this coverage. The fund provides a coverage pool, but, employs a reinsurance policy to reduce its exposure to large losses.

The University also participates in the Worker's Compensation Revolving Fund administered by the Arkansas Department of Finance and Administration. Premium assessments are determined annually by the Department of Finance and Administration and deducted on a quarterly basis from the University's state treasury funds.

Additional information relating to the state's insurance plans and funds is available in the State of Arkansas's Annual Comprehensive Financial Report.

The University also purchases commercial property insurance coverage to indemnify against unacceptable losses to buildings and business personal property through participation in the Arkansas Multi-Agency Insurance Trust Fund administered by the Risk Management Division of the Arkansas Insurance Department. Decisions concerning the appropriate retention levels and types of coverage are made by the campus administrators. During the past three fiscal years, no claims have exceeded the amount of coverage. There have been no significant reductions in insurance coverage from the prior year in the major categories of risk. The University pays an annual premium for this coverage. The fund provides a coverage pool, but, employs a reinsurance policy to reduce its exposure to large losses.

The University secures cyber data liability insurance coverage through participation in the Arkansas Multi-Agency Insurance Trust Fund administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow participating agencies an affordable means of insuring their cyber data liability exposure. The University pays an annual premium for this coverage and has a $25,000 per occurrence deductible applicable only to the hardware "bricking" coverage of the policy. The insurance plan provides a limited self-funded risk retention plan, but procures an excess liability policy to reduce its exposure to large losses.

Additional polices purchased by the University include a group accident policy that provides accidental death and dismemberment and accident medical expenses coverage for certain categories of participants in intercollegiate sport activities of the university; a business travel policy that provides accidental death and dismemberment, medical evacuation and repatriation coverage for individuals traveling on university business; a comprehensive K&R policy to cover costs and provide assistance in certain crisis events involving university directors, officers, employees, faculty and students; a foreign commercial package policy that provides coverage for foreign commercial general liability, auto liability/physical damage, voluntary compensation and employers liability, and foreign travel accident and sickness.

NOTE 17: Optional Voluntary Retirement Incentive Program

Henderson

During fiscal year 2021, the campus offered an optional voluntary retirement incentive program to certain employees. To be eligible, an employee must have been 55 years of age with 10 years of continuous full-time employment as of December 31, 2020. Employees will receive 25 percent of their salary plus one-half percent of their salary for each year employed. Employees chose to retire either on March 31, 2021 or June 30, 2021. Employees who chose to retire in March received their payment prior to June 30, 2021. Employees who chose to retire on June 30, 2021 will receive their payment in July. Of the eighteen (18) employees who elected to participate in this program; nine (9) employees retired on June 30, 2021. As of June 30, 2021, the liability totaling $202,126 has been recorded on the University's financial statements as a current liability.

NOTE 18: Lease Obligations with Red Wolves Foundation

Jonesboro

In January 2015, the University entered into an agreement with the Red Wolves Foundation. This lease agreement allowed the Red Wolves Foundation to obtain financing to complete the expansion of the football stadium and press box (Centennial Bank Stadium). The agreement allows the Red Wolves Foundation to utilize the space and complete construction of the facility which will ultimately belong to the University. The term of the lease is 10 years and the amount of the financing was $13 million. On August 27, 2015, the lease agreement with the Red Wolves Foundation was modified to secure additional financing for the Centennial Bank Stadium project. The amount was increased from $13 million to $17 million.

On November 20, 2017, the University entered into a ground lease agreement with the Red Wolves Foundation. The University leased approximately 1.92 acres of land for the construction of a portion of Centennial Bank Stadium consisting of premium stadium seating and a building containing an athletic training facility. The Red Wolves Foundation is responsible for the cost of the construction and leases the improvements to the University. The term of the lease is 20 years.

NOTE 19: Lease Agreements

Jonesboro

On July 21, 2016, the University entered into a public-private partnership with ZP NO. 315, LLC (Zimmer) to construct and operate undergraduate and graduate student housing facilities on approximately 13 acres of land owned by the University. Zimmer is responsible for all construction costs, maintenance costs and operational costs of the housing. The University began receiving rent annually for the use of the land beginning in fall 2017. The University receives $200,000 annually for the undergraduate housing and $105,000 for the graduate housing. The term of the lease is thirty-five years. The lease provides an option for the University, not an obligation, to acquire Zimmer’s interest in the property from and after the tenth anniversary of the rent commencement date.

On June 13, 2017, the University entered into a ground lease agreement and building lease agreement with Centennial Bank to facilitate the construction of a building on the campus to be used as a Campus Welcome Center. The building is approximately 3,833 square feet on 0.35 acres of land with 3,533 square feet used by the campus and 300 square feet used by Centennial to operate a bank branch. Centennial is responsible for all construction costs. The lease is for a term of twenty-five years with an option to renew for two periods of seven years each. Per the lease agreement, the University receives $100 per year for rent.

On September 15, 2017, The University entered into a long-term lease agreement with the City of Imboden to construct a facility for the Disaster Preparedness Training Program. The lease will have an initial term of fifty (50) years, and may be renewed, at the University’s option, for five (5) additional terms of five (5) years each. The premises, comprising of approximately 183 acres of undeveloped land, will be rent-free for the first five (5) years of the lease, and shall have an annual rent of $10,000 for every year thereafter. The University has the right to construct buildings and other improvements on the property at its sole discretion. Any improvements constructed on the premises shall be and shall remain the property of the University until disposed of by the University.

NOTE 19: Lease Agreements (Continued)

On September 15, 2017, The University entered into a long-term lease agreement with the City of Walnut Ridge, acting by and through the Walnut Ridge Airport Commission, to construct a facility for the Disaster Preparedness Training Program. The lease will have an initial term of fifty (50) years, and may be renewed, at the University's option, for two (2) additional terms of five (5) years each. The premises, comprising of 100 acres of undeveloped land at the Walnut Ridge Airport, will have an annual rent of $12,500, which shall be adjusted every five (5) years by the greater of (3%) or the cumulative average annual change in the Consumer Price Index. For the first two (2) years of the University's tenancy, the City of Walnut Ridge shall pay the annual rent on behalf of the University to the Walnut Ridge Airport Commission. The University has the right to construct buildings and other improvements on the property at its sole discretion. Any improvements constructed on the premises shall be and shall remain the property of the University until disposed of by the University.

NOTE 20: GASB 84 Restatement

The University has restated its fiscal year beginning net position and fiscal year beginning cash and cash equivalents in accordance with GASB no. 84, *Fiduciary Activities*. GASB no. 84 states if restatement of all prior periods presented is not practical, the cumulative effect of applying this statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. The University has chosen to restate the FY 21 beginning net position and cash and cash equivalents.

This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom fiduciary relationship exists.

The adoption of GASB no. 84 had the following impact on the financial statements for the year ended June 30, 2021:

FY 20 Ending Net Position (adjusted for the merger with Henderson State University)	$409,733,155
FY 21 Beginning Net Position	$409,807,223
FY 20 Ending Cash and Cash Equivalents (adjusted for the merger with Henderson State University)	$138,284,949
FY 21 Beginning Cash and Cash Equivalents	$136,931,023

NOTE 21: Merger with Henderson State University

On December 6, 2019, the Board of Trustees approved an agreement of merger and plan of transition between the ASU System and Henderson State University. In the merger agreement, Henderson State University became a member of the Arkansas State University System. The ASU System agreed to maintain and oversee operations of Henderson State University. The agreement was entered into so that both parties can provide for sound growth of and sustain Henderson State University as a first-class university according to a plan of transition calling for specific action by the ASU System and Henderson. This agreement was entered into so that Henderson was fully merged into the Arkansas State University System, which is the surviving legal institution and will continue to be governed by the laws of the State of Arkansas with the ASU System receiving and assuming, upon the date of transfer, the assets and liabilities of Henderson. The merger was effective on January 1, 2021.

The ASU System Board of Trustees recognized that the Board should be of an appropriate size and composition to ensure suitable representation of the member campuses. Upon Henderson becoming a member of the ASU System, the ASU System Board of Trustees agreed to expand the size of the Board of Trustees from five members to seven members.

The Henderson Board of Trustees voted to retain the name of Henderson State University. Where appropriate, the name will be followed by language indicating the University is a member of the ASU System.

NOTE 21: Merger with Henderson State University (Continued)

As of the last audit date of June 30, 2020, Henderson State University had the following assets, deferred outflows, liabilities, deferred inflows and net position.

Henderson State University
Statement of Net Position
June 30, 2020

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 5,854,272
Student accounts receivable	4,962,556
Inventories	15,927
Notes and student loans receivable	134,222
Other receivables	654,327
Deposits with trustee	1,428,015
Unamortized bond insurance	42,506
Total Current Assets	13,091,825
Noncurrent Assets:	
Cash and cash equivalents	22,653
Notes and student loans receivable	558,206
Other receivables	143,464
Deposits with trustee	1,756,654
Capital assets (net of accumulated depreciation of $91,855,082)	107,210,686
Total Noncurrent Assets	109,691,663
TOTAL ASSETS	**122,783,488**
DEFERRED OUTFLOWS OF RESOURCES	
Deferral of pension liability	1,529,524
Deferral of OPEB liability	62,945
Deferral of debt defeasance (net of accumulated amortization of $137,899)	318,114
TOTAL OUTFLOWS OF RESOURCES	**1,910,583**
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	5,986,200
Funds held in trust for others	1,285,413
Unearned revenue	776,234
Employee retirement	38,729
Other postemployment benefits	110,585
Compensated absences payable	155,914
Long-term debt	3,344,611
Discount on bonds	(2,784)
Deferral of bond premium	39,189
Total Current Liabilities	11,734,091
Noncurrent Liabilities:	
Refundable advance	814,876
Employee retirement	26,380
Other postemployment benefits	4,316,640
Compensated absences payable	1,063,656
Long-term debt	78,205,268
Pension liability	6,174,372
Discount on bonds (net of accumulated amortization of $8,682)	(38,238)
Bond and note payable premium-deferred, (net of accumulated amortization of $216,488)	670,925
Total Noncurrent Liabilities	91,233,879
TOTAL LIABILITIES	**102,967,970**
DEFERRED INFLOWS OF RESOURCES	
Deferral of pension liability	944,413
Deferral of OPEB liability	1,006,779
TOTAL DEFERRED INFLOWS OF RESOURCES	**1,951,192**
NET POSITION	
Invested in capital assets, net of related debt	34,372,244
Restricted for:	
Expendable:	
Capital projects	143,601
Grants and contracts	319,308
Loans	47,738
Debt Service	230,000
Unrestricted	(15,337,982)
TOTAL NET POSITION	**$ 19,774,909**

NOTE 22: Deficit Net Position

Henderson State University

The University's unrestricted net position at June 30, 2021, as stated on the Statement of Net Position is $141,923,286. All the campuses had a positive unrestricted net position with the exception of Henderson State University. Their unrestricted net position totaled ($10,338,339). Included in this deficit was the effect of the net pension liability and related inflows and outflows of $5,810,248 and the effect of the other postemployment benefits liability and related inflows and outflows of $5,563,971. Excluding the above liabilities and related inflows and outflows; the unrestricted net position was $1,035,880.

NOTE 23: Capital Asset Impairment

Henderson State University

On October 9, 2019, two labs in the Reynolds Science Center were significantly damaged by a chemical spill. The Reynolds Science Center building was constructed in 1971 at a cost of $1,806,686. There have been three additions to the Reynolds Science Center: in 1979 for $16,740, in 2001 for $7,214,410, and in 2017 for $18,699, which brings the total historical cost of the building to $9,056,535. The accumulated depreciation on the building is $6,539,084 and the carrying value is $2,517,451. Due to safety concerns the building was closed until the labs could be decontaminated. The labs are currently in use as storage space. The building was insured when the spill occurred, however, the insurance carrier has denied the claim using the policy's pollution exclusion. Other avenues for funds to replace the labs are being explored, however, the cost of replacement has not yet been determined. Due to the unknown amounts, an impairment loss or gain could not be determined for the fiscal year ending June 30, 2021.

Postemployment Benefits Other Than Pensions (OPEB) (For campuses other than Henderson State University)

Schedule of Changes in the University's Total OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB Liability*				
Service cost	$ 1,132,078	$ 1,426,881	$ 1,521,697	$ 1,433,006
Interest	457,646	839,994	743,196	671,522
Changes of benefit terms	14,863	999,479		
Differences between expected and actual experience	(1,755,623)	(10,257,463)	3,151,798	
Changes in assumptions or other inputs	(5,386,746)	(519,149)	594,755	324,555
Benefit payments	(232,232)	(148,694)	(766,360)	(948,092)
Net change in total OPEB liability	(5,770,014)	(7,658,952)	5,245,086	1,480,991
Total OPEB liability, beginning of year	17,739,334	25,398,286	20,153,200	18,672,209
Total OPEB liability, end of year	$ 11,969,320	$ 17,739,334	$ 25,398,286	$ 20,153,200
Covered-employee payroll	$ 125,853,377	$ 123,777,641	$ 115,592,428	$ 117,067,546
Total OPEB liability as a percentage of covered-employee payroll	9.51%	14.33%	21.97%	17.22%

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

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

Notes to Required Supplementary Information
Postemployment Benefits Other Than Pensions (OPEB)

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

A. Changes in benefit terms

- A $2,000 life insurance benefit for dependents of retirees was added to the valuation for the first time as of June 30, 2021. While this is not a change in the plan, the increase in the Total OPEB Liability due to the addition of this benefit was treated as a change in benefit terms to be reflected in the 2021 OPEB expense. This resulted in a one-time expense of $14,863.

B. Changes in assumptions

- The discount rate was updated to reflect the current economic environment.
- The mortality projection scales were updated based on recent research by the Society of Actuaries.
- Healthcare trend rates were updated to reflect anticipated future experience.
- Per capita claim costs and administrative expenses were updated to reflect recent plan experience.
- The medical plan participation assumption was updated from 80% to 75% to reflect recent plan experience.
- Retirement rates, termination rates, spousal assumptions, and the plan selection assumption were updated to reflect recent plan experience.

C. Method and assumptions used in calculations

Valuation date	January 1, 2021
Measurement date	June 30, 2021
Discount rate	2.44% for June 30, 2020 measurement date and fiscal 2021 OPEB expense development 2.09% for June 30, 2021 measurement date
Inflation rate	2.00%
Salary increases	1.00% through 2022; 2.50% thereafter
Mortality rate table	Pub-2010 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees. Mortality includes a generational projection for future mortality improvements using Scale MP-2020.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the following table:

Year	Medical	Pharmacy	Blended
2021	5.00%	7.50%	5.50%
2022	5.00%	6.90%	5.40%
2023 - 2024	5.00%	6.40%	5.30%
2025 - 2027	4.90%	6.30%	5.20%
2028 - 2030	4.80%	6.10%	5.10%
2031	4.80%	5.70%	5.00%
2032 - 2035	4.80%	5.20%	4.90%
2036 and beyond	4.80%	4.80%	4.80%

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2021

Postemployment Benefits Other Than Pensions (OPEB) (Henderson State University)

Schedule of Changes in the University's Total OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB Liability*				
Service cost	$ 267,688	$ 205,099	$ 408,676	$ 425,068
Interest	101,637	146,819	142,755	146,882
Changes of benefit terms	22,202		(322,074)	
Differences between expected and actual experience	932,539	75,817	(611,793)	(568,658)
Changes in assumptions or other inputs	32,575	(117,395)	(135,703)	(2,899)
Benefit payments	(192,969)	(154,573)	(144,314)	(149,314)
Net change in total OPEB liability	1,163,672	155,767	(662,453)	(148,921)
Total OPEB liability, beginning of year	4,427,225	4,271,458	4,933,911	5,082,832
Total OPEB liability, end of year	$ 5,590,897	$ 4,427,225	$ 4,271,458	$ 4,933,911
Covered-employee payroll	$ 13,483,283	$ 13,653,248	$ 13,712,574	$ 20,613,947
Total OPEB liability as a percentage of covered-employee payroll	41.47%	32.43%	31.15%	23.93%

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

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

Notes to Required Supplementary Information
Postemployment Benefits Other Than Pensions (OPEB)

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

A. Changes in benefit terms

- A medical plan option was removed as of January 1, 2021. Reflecting this change resulted in an increase in the Total OPEB Liability and was treated as a change in benefit terms to be reflected in the 2021 OPEB expense. This resulted in a one-time expense of $22,202.

B. Changes in assumptions

- The discount rate was updated to reflect the current economic environment.
- The mortality projection scales were updated based on recent research by the Society of Actuaries.
- Healthcare trend rates were updated to reflect anticipated future experience.
- The plan selection assumption was updated to reflect one of the medical plan options is no longer available.
- Assumptions related to the $3,000 deductible HDHP plan were removed.

C. Method and assumptions used in calculations

Valuation date	January 1, 2020
Measurement date	June 30, 2021
Discount rate	2.21% for June 30, 2020 measurement date and fiscal 2021 OPEB expense development 2.16% for June 30, 2021 measurement date
Inflation rate	2.00%
Salary increases	1.00% through 2022; 2.50% thereafter
Mortality rate table	Pub-2010 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees. Mortality includes a generational projection for future mortality improvements using Scale MP-2020.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the following table:

Year	Rate
2020	27.70%
2021	5.50%
2022	5.40%
2023 - 2024	5.30%
2025 - 2027	5.20%
2028 - 2030	5.10%
2031	5.00%
2032 - 2035	4.90%
2036 and beyond	4.80%

Pension Plans

Schedule of the University's Proportionate Share of the Net Pension Liability

Arkansas Teacher Retirement System

	2021*		**2020***		**2019***	**2018***	**2017***	**2016***		**2015***
Proportion of the net pension liability (asset)	0.26%		0.27%		0.25%	0.29%	0.32%	0.35%		0.36%
Proportionate share of the net pension liability (asset)	$ 14,459,284		$ 11,226,933		$ 9,255,617	$ 12,297,190	$ 14,053,207	$ 11,434,400		$ 9,331,442
Covered payroll	$ 7,646,671	****	$ 8,157,125	***	$ 7,547,210	$ 8,589,558	$ 9,199,761	$ 10,241,904	**	$ 10,114,727
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	189.09%		137.63%		122.64%	143.16%	152.76%	111.64%		92.26%
Plan fiduciary net position as a percentage of the total pension liability	74.91%		80.96%		82.78%	79.48%	76.75%	82.20%		84.98%

*The amounts presented were determined as of June 30th of the previous year.
**Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.
***College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.
****Henderson State University merged with the Arkansas State University System effective January 1, 2021.

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

Schedule of University Contributions

Arkansas Teacher Retirement System

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,100,000	$ 1,063,230	$ 955,533	$ 1,085,490	$ 1,211,404	$ 1,305,613	$ 1,320,906
Contributions in relation to the contractually required	$ (1,100,000)	$ (1,063,230)	$ (955,533)	$ (1,085,490)	$ (1,211,404)	$ (1,305,613)	$ (1,320,906)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 7,157,217	$ 7,028,649	$ 6,715,577	$ 7,547,210	$ 8,589,558	$ 9,199,761	$ 9,404,438
Contributions as a percentage of covered payroll	15.37%	15.13%	14.23%	14.38%	14.10%	14.19%	14.05%

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

Notes to Required Supplementary Information
Pension Plans
Arkansas Teacher Retirement System

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

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

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

C. Methods and assumptions used in calculations of actuarially determined contributions

Valuation date: June 30, 2018

The actuarially determined contribution rates are calculated as of June 30 in the year which is one year prior to the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule of contributions:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market for funding purposes; 20% corridor
Projected salary increases	2.75 – 7.75% including inflation
Investment rate of return	7.50% compounded annually
Mortality table	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality headcount weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2017 from 2006.

	Scaling Factor	
Table	Males	Females
Healthy Annuitant	101%	91%
Disabled Annuitant	99%	107%
Employee Mortality	94%	84%

Schedule of the University's Proportionate Share of the Net Pension Liability

Arkansas Public Employees Retirement System

	2021*		2020*		2019*	2018*	2017*	2016*	2015*
Proportion of the net pension liability (asset)	0.45%		0.28%		0.28%	0.33%	0.36%	0.39%	0.44%
Proportionate share of the net pension liability (asset)	$ 12,858,706	***	$ 6,750,262	**	$ 6,214,764	$ 8,480,922	$ 8,493,072	$ 7,228,228	$ 6,175,989
Covered payroll	$ 8,500,187		$ 5,391,683		$ 5,102,828	$ 5,769,334	$ 6,303,819	$ 6,903,139	$ 7,573,967
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	151.28%		125.20%		121.79%	147.00%	134.73%	104.71%	81.54%
Plan fiduciary net position as a percentage of the total pension liability	75.38%		78.55%		79.59%	75.65%	75.50%	80.39%	84.15%

*The amounts presented were determined as of June 30th of the previous year.
**College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.
***Henderson State University merged with the Arkansas State University System effective January 1, 2021.

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2021

Schedule of University Contributions

Arkansas Public Employees Retirement System

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,215,029	$ 778,595	$ 727,761	$ 771,954	$ 858,174	$ 928,244	$ 1,027,156
Contributions in relation to the contractually required	$ (1,215,029)	$ (778,595)	$ (727,761)	$ (771,954)	$ (858,174)	$ (928,244)	$ (1,027,156)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 7,886,602	$ 5,009,381	$ 4,797,303	$ 5,102,828	$ 5,769,334	$ 6,303,819	$ 6,903,139
Contributions as a percentage of covered payroll	15.41%	15.54%	15.17%	15.13%	14.87%	14.73%	14.88%

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

Notes to Required Supplementary Information
Pension Plans
Arkansas Public Employees Retirement System

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

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

B. Changes in assumptions

There were no changes in economic or non-economic assumptions.

C. Method and assumptions used in calculations of actuarially determined contributions

Valuation date:	June 30, 2018

The actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

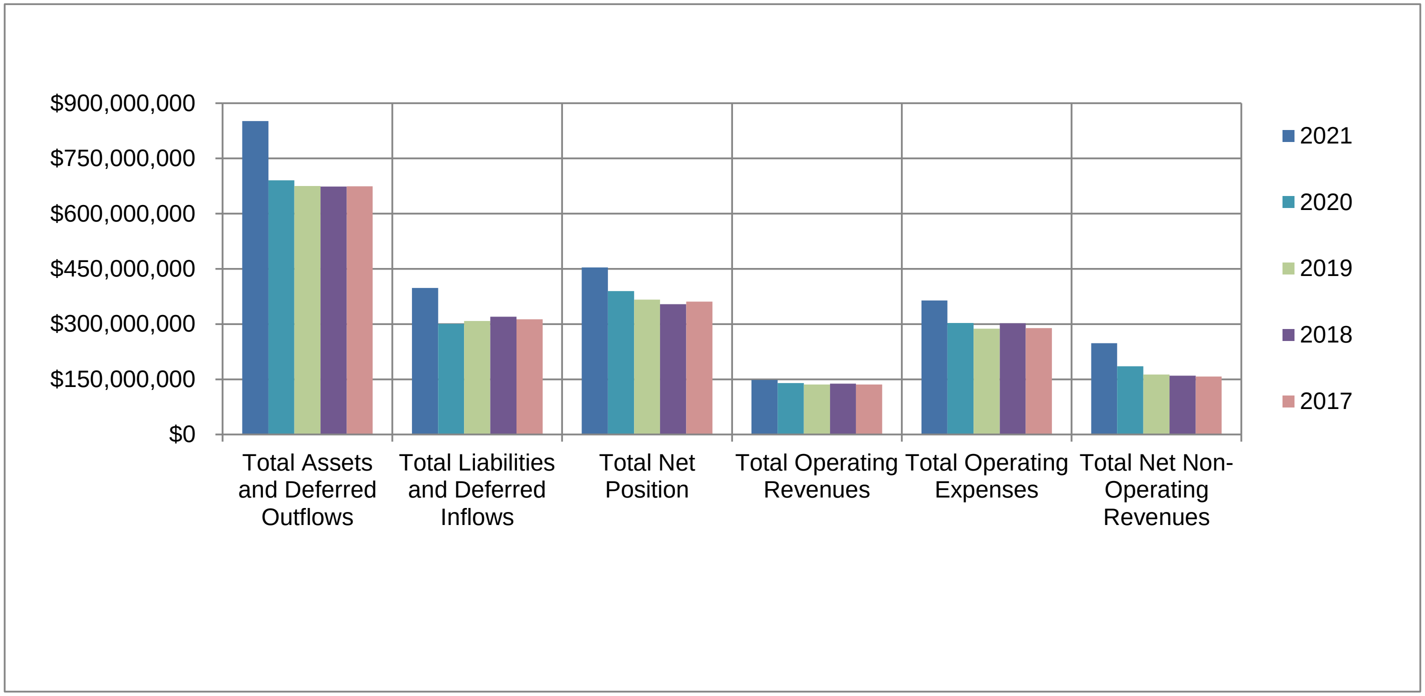
The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule of contributions:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	26 year closed
Asset valuation method	4 year smoothed market with 25% corridor
Investment rate of return	7.15%
Projected salary increases	3.25 – 9.85%
Inflation rate	3.25%
Mortality table	Based on RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

Schedule 1

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets and Deferred Outflows	$ 851,753,665	$ 690,233,726	$ 674,937,920	$ 673,645,848	$ 674,514,758
Total Liabilities and Deferred Inflows	398,066,174	300,275,480	308,619,927	319,567,427	313,211,581
Total Net Position	453,687,491	389,958,246	366,317,993	354,078,421	361,303,177
Total Operating Revenues	148,405,029	139,716,341	135,719,229	137,925,804	135,950,467
Total Operating Expenses	363,809,589	303,061,524	287,437,568	302,102,075	288,886,162
Total Net Non-Operating Revenues	248,086,762	185,256,880	163,170,941	159,618,107	157,704,639
Total Other Revenues, Expenses, Gains or Losses	11,198,066	236,094	786,970	1,950,563	1,737,966



ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION BY CAMPUS
JUNE 30, 2021

Schedule 2

	Jonesboro June 30, 2021	Henderson June 30, 2021	Beebe June 30, 2021	Mid-South June 30, 2021	Mountain Home June 30, 2021	Newport June 30, 2021	Three Rivers June 30, 2021	Total June 30, 2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Current Assets:								
Cash and cash equivalents	$ 40,534,702	$ 6,141,910	$ 18,887,092	$ 5,306,961	5,343,935	$ 6,346,400	$ 5,536,500	$ 88,097,500
Short-term investments	400,000		4,320,641	2,000,000		2,050,000		8,770,641
Accounts receivable (less allowances of $9,733,352)	30,886,899	4,085,086	1,898,951	2,330,237	1,523,358	2,258,187	1,495,441	44,478,159
Notes and deposits receivable (less allowances of $117,509)	685,525	114,604						800,129
Accrued interest and late charges	215,605		1,401	844	4,437	1,247		223,534
Inventories	1,293,547	13,453	151,825	21,509		493,681	32,181	2,006,196
Deposits with trustees	6,658	570,940	1,341	890,041		100		1,469,080
Unamortized bond insurance	67,629	40,308	9,240			24,577		141,754
Prepaid expenses	241,674		2,297	185,500	54,149	157,113	76,766	717,499
Total Current Assets	74,332,239	10,966,301	25,272,788	10,735,092	6,925,879	11,331,305	7,140,888	146,704,492
Noncurrent Assets:								
Cash and cash equivalents	79,748,645				2,866,290			82,614,935
Restricted cash and cash equivalents	3,141,594			7,174,106				10,315,700
Restricted investments						143,563		143,563
Endowment investments	17,838,008		912,212					18,750,220
Unrestricted investments						2,261,251		2,261,251
Other long-term investments	2,054,978			8,387,369	3,700,000			14,142,347
Irrevocable split-interest agreement	2,171,390							2,171,390
Accrued interest and late charges	701,709			44,691				746,400
Deposits with trustees	307,345	445,246		1,629,635	1			2,382,227
Accounts receivable	459,145			1,520,868				1,980,013
Notes and deposits receivable (less allowances of $407,573)	2,383,420	522,276						2,905,696
Capital assets (net of accumulated depreciation of $590,881,018)	318,041,418	107,865,796	46,965,084	39,401,048	11,191,734	21,931,778	6,126,317	551,523,175
Total Noncurrent Assets	426,847,652	108,833,318	47,877,296	58,157,717	17,758,025	24,336,592	6,126,317	689,936,917
TOTAL ASSETS	501,179,891	119,799,619	73,150,084	68,892,809	24,683,904	35,667,897	13,267,205	836,641,409
DEFERRED OUTFLOWS OF RESOURCES								
Excess of bond reacquisition costs over carrying value	3,078,837	293,482	657,915	52,752	59,389	39,188		4,181,563
Pensions	3,349,826	1,691,001	961,816	154,021	35,524	549,160	1,151,379	7,892,727
Other postemployment benefits (OPEB)	1,457,629	840,979	302,116	104,925	97,170	144,294	90,853	3,037,966
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	509,066,183	122,625,081	75,071,931	69,204,507	24,875,987	36,400,539	14,509,437	851,753,665

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION BY CAMPUS
JUNE 30, 2021

Schedule 2

	Jonesboro June 30, 2021	Henderson June 30, 2021	Beebe June 30, 2021	Mid-South June 30, 2021	Mountain Home June 30, 2021	Newport June 30, 2021	Three Rivers June 30, 2021	Total June 30, 2021
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES								
Current Liabilities:								
Accounts payable and accrued liabilities	18,587,995	5,926,687	344,203	1,426,171	144,804	133,390	315,323	26,878,573
Bonds, notes and leases payable	7,968,127	4,606,503	1,589,752	658,334	375,000	560,010	180,574	15,938,300
Compensated absences	4,260,835	186,954	859,609	39,952	15,581	533,260	36,220	5,932,411
Unearned revenue	11,431,106	529,972	43,376	296,093	172,114	98,749	205,380	12,776,790
Deposits	539,036		3,280	148		154,419		696,883
Interest payable	1,155,428	913,794	286,434	306,088	9,723	93,046	1,723	2,766,236
Other postemployment benefits (OPEB) liability	253,729	118,193	52,589	18,264	16,914	25,117	15,815	500,621
Total Current Liabilities	44,196,256	12,282,103	3,179,243	2,745,050	734,136	1,597,991	755,035	65,489,814
Noncurrent Liabilities:								
Accounts payable and accrued liabilities		13,238						13,238
Bonds, notes and leases payable	121,640,427	73,981,450	28,954,307	19,115,730	4,140,000	6,783,738	624,884	255,240,536
Compensated absences	3,146,896	789,338	421,096	607,867	503,776	462,497	399,737	6,331,207
Other postemployment benefits (OPEB) liability	7,687,521	5,472,704	1,593,358	553,376	512,475	761,006	479,156	17,059,596
Net pension liability	11,829,818	6,535,054	3,472,661	485,933	103,876	1,656,046	3,234,602	27,317,990
Deposits	241,036							241,036
Refundable federal advances	4,240,350	757,284						4,997,634
Total Noncurrent Liabilities	148,786,048	87,549,068	34,441,422	20,762,906	5,260,127	9,663,287	4,738,379	311,201,237
TOTAL LIABILITIES	192,982,304	99,831,171	37,620,665	23,507,956	5,994,263	11,261,278	5,493,414	376,691,051
DEFERRED INFLOWS OF RESOURCES								
Pensions	2,040,176	966,195	863,590	249,310	97,267	506,341	483,584	5,206,463
Other postemployment benefits (OPEB)	8,746,631	814,053	1,812,875	629,614	583,078	865,849	545,170	13,997,270
Irrevocable split-interest agreement	2,171,390							2,171,390
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	205,940,501	101,611,419	40,297,130	24,386,880	6,674,608	12,633,468	6,522,168	398,066,174

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION BY CAMPUS
JUNE 30, 2021

Schedule 2

	Jonesboro June 30, 2021	Henderson June 30, 2021	Beebe June 30, 2021	Mid-South June 30, 2021	Mountain Home June 30, 2021	Newport June 30, 2021	Three Rivers June 30, 2021	Total June 30, 2021
NET POSITION								
Net investment in capital assets	190,347,934	30,601,213	17,078,940	19,679,735	6,736,122	14,651,795	5,333,389	284,429,128
Restricted for:								
Nonexpendable:								
Scholarships and fellowships	6,209,225		887,212				38,803	7,135,240
Renewal and replacement				967,261				967,261
Loans	317,547		20,000				10,000	347,547
Other-College and Department Purposes	11,129,419							11,129,419
Expendable:								
Scholarships and fellowships	844,745		140,398	239,785				1,224,928
Research	1,608	473,411						475,019
Loans		37,377		10,000				47,377
Debt service		240,000		1,757,701				1,997,701
Renewal and replacement				582,651				582,651
Other	1,123,183		96,044	552,419	1,282,290	373,998		3,427,934
Unrestricted	93,152,021	(10,338,339)	16,552,207	21,028,075	10,182,967	8,741,278	2,605,077	141,923,286
TOTAL NET POSITION	$ 303,125,682	$ 21,013,662	$ 34,774,801	$ 44,817,627	$ 18,201,379	$ 23,767,071	$ 7,987,269	$ 453,687,491

Schedule 3

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2021

	Jonesboro 2021	Henderson 2021	Beebe 2021	Mid-South 2021	Mountain Home 2021	Newport 2021	Three Rivers 2021	Total 2021
OPERATING REVENUES								
Student tuition and fees (net of scholarship allowances of $66,901,570)	$ 50,106,463	$ 8,988,093	$ 3,520,968	$ 1,506,775	$ 1,354,905	$ 3,618,546	$ 1,359,656	$ 70,455,406
Grants and contracts	19,000,186	2,620,827	4,439,530	3,971,937	1,276,568	2,623,555	2,961,652	36,894,255
Sales and services	1,337,132	415,898	58,774		3,712			1,815,516
Auxiliary enterprises (net of scholarship allowances of $11,403,654)	20,703,001	6,857,966	1,014,399	69,834	106,082	420,776	195,285	29,367,343
Self-insurance	6,383,339							6,383,339
Other operating revenues	2,632,954	230,038	154,868	246,370	72,020	66,307	86,613	3,489,170
TOTAL OPERATING REVENUES	100,163,075	19,112,822	9,188,539	5,794,916	2,813,287	6,729,184	4,603,206	148,405,029
OPERATING EXPENSES								
Personal services	111,545,407	30,768,950	18,187,871	9,233,200	7,349,817	12,107,062	7,581,324	196,773,631
Scholarships and fellowships	16,108,630	3,271,786	4,442,861	2,188,640	1,882,823	2,815,612	736,077	31,446,429
Supplies and services	40,625,110	18,230,422	7,851,936	4,748,175	4,184,156	3,658,639	3,288,187	82,586,625
Self-insurance	21,534,101							21,534,101
Depreciation	16,411,541	4,270,481	3,923,661	1,838,068	1,808,366	2,312,079	886,037	31,450,233
Other	-	18,570						18,570
TOTAL OPERATING EXPENSES	206,224,789	56,560,209	34,406,329	18,008,083	15,225,162	20,893,392	12,491,625	363,809,589
OPERATING INCOME (LOSS)	(106,061,714)	(37,447,387)	(25,217,790)	(12,213,167)	(12,411,875)	(14,164,208)	(7,888,419)	(215,404,560)
NON-OPERATING REVENUES (EXPENSES)								
Federal appropriations	108,763							108,763
State appropriations	74,297,767	21,543,334	14,297,628	7,779,649	4,832,691	8,364,896	4,662,856	135,778,821
Grants and contracts	29,602,593	10,573,183	6,501,992	2,250,035	3,472,408	4,429,093	1,732,140	58,561,444
HEERF Grants-Related to COVID-19	28,900,999	6,481,028	5,181,628	1,257,389	1,594,369	3,486,456	1,659,572	48,561,441
Sales and use taxes			2,292,974			1,189,583		3,482,557
Property taxes				3,087,368	1,592,528			4,679,896
Gifts	2,490,027	247,393		236,653	208,586	4,000		3,186,659
Investment income	4,129,460	20,995	299,499	(49,318)	76,269	53,162	25,873	4,555,940
Interest on capital asset - related debt	(5,077,585)	(2,782,790)	(1,095,682)	(769,846)	(128,971)	(240,913)	(8,462)	(10,104,249)
Gain or loss on disposal of capital assets	267,645	10,844	(3,755)	284		21,860		296,878
Payment of student activity fee to fiduciary accounts	(278,160)							(278,160)
Refund to grantors	(36,824)		(10,568)	(84,412)	(24,625)	(27,890)	(24,225)	(208,544)
Other nonoperating revenues (expenses)	(555,717)	34,108	(6,500)	(4,075)	(1,500)	(1,000)		(534,684)
NET NON-OPERATING REVENUES (EXPENSES)	133,848,968	36,128,095	27,457,216	13,703,727	11,621,755	17,279,247	8,047,754	248,086,762
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	27,787,254	(1,319,292)	2,239,426	1,490,560	(790,120)	3,115,039	159,335	32,682,202
Capital appropriations	561,748						662,121	1,223,869
Capital grants and gifts	6,847,363	1,744,524	25,710	28,200	121,534		81,253	8,848,584
Additions to endowments			100					100
Adjustments to capital assets	320,455	758,762	(48,342)	94,638				1,125,513
INCREASE (DECREASE) IN NET POSITION	35,516,820	1,183,994	2,216,894	1,613,398	(668,586)	3,115,039	902,709	43,880,268
NET POSITION - BEGINNING OF YEAR	267,589,553		32,557,907	43,204,229	18,869,965	20,652,032	7,084,560	389,958,246
MERGER WITH HENDERSON STATE UNIVERSITY (NOTE 21)		19,774,909						19,774,909
RESTATEMENT FOR GASB 84 (NOTE 20)	19,309	54,759						74,068
NET POSITION - BEGINNING OF YEAR, AS RESTATED	267,608,862	19,829,668	32,557,907	43,204,229	18,869,965	20,652,032	7,084,560	409,807,223
NET POSITION - END OF YEAR	$ 303,125,682	$ 21,013,662	$ 34,774,801	$ 44,817,627	$ 18,201,379	$ 23,767,071	$ 7,987,269	$ 453,687,491

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOWS BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 4

	Jonesboro 2021	Henderson 2021	Beebe 2021	Mid-South 2021	Mountain Home 2021	Newport 2021	Three Rivers 2021	Total 2021
CASH FLOW FROM OPERATING ACTIVITIES								
Student tuition and fees	$ 51,000,940	$ 11,275,237	$ 3,621,709	$ 1,599,743	$ 1,448,112	$ 4,175,027	$ 1,282,966	$ 74,403,734
Grants and contracts	20,830,219	1,361,626	4,519,539	3,483,038	1,374,399	2,245,836	2,556,954	36,371,611
Auxiliary enterprises revenues	20,815,465	6,704,545	959,954	66,897	113,346	420,776	195,285	29,276,268
Sales and services	1,337,132	456,686	58,774		3,712			1,856,304
Self-insurance program receipts	6,696,011							6,696,011
Collection of principal and interest related to student loans	528,847	125,963						654,810
Other receipts	2,872,582	192,957	156,800	229,909	72,020	65,184	86,613	3,676,065
Payments to employees	(100,476,973)	(24,133,351)	(13,753,481)	(6,942,965)	(5,589,247)	(9,628,858)	(5,570,946)	(166,095,821)
Payments for employee benefits	(11,695,209)	(7,116,840)	(4,319,658)	(2,356,109)	(2,123,537)	(2,826,725)	(1,860,569)	(32,298,647)
Payments to suppliers	(39,248,850)	(16,837,414)	(7,845,234)	(4,902,206)	(4,301,501)	(3,711,962)	(3,312,561)	(80,159,728)
Scholarships and fellowships	(16,108,630)	(3,164,831)	(4,442,861)	(2,188,640)	(1,882,415)	(2,815,612)	(736,077)	(31,339,066)
Self-insurance program payments	(21,587,045)							(21,587,045)
Other payments	(804,382)							(804,382)
Net cash provided (used) by operating activities	(85,839,893)	(31,135,422)	(21,044,458)	(11,010,333)	(10,885,111)	(12,076,334)	(7,358,335)	(179,349,886)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Federal appropriations	136,013							136,013
State appropriations	70,412,101	21,543,334	14,297,628	6,252,649	4,832,691	8,359,915	4,662,856	130,361,174
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners				1,527,000				1,527,000
Grants and contracts	30,899,520	9,974,152	6,501,992	3,229,345	3,486,056	4,552,320	1,732,140	60,375,525
HEERF Grants-Related to COVID-19	18,684,555	6,481,028	5,181,628	1,221,318	2,255,099	3,822,691	1,659,572	39,305,891
Private gifts and grants	953,896	431,869		386,654	200,069	4,000		1,976,488
Payments to debt holders for loan principal		(170,326)						(170,326)
Payments to debt holders for loan interest		(40,295)						(40,295)
Sales and use taxes			2,224,991			1,190,965		3,415,956
Property taxes				3,039,218	1,566,647			4,605,865
Direct lending, PLUS and FFEL loan receipts	104,210,666	13,685,758	2,103,264		1,284,494	1,642,003	1,405,227	124,331,412
Direct lending, PLUS and FFEL loan payments	(85,593,713)	(13,685,758)	(2,104,184)		(1,284,494)	(1,648,058)	(1,405,227)	(105,721,434)
Payment of student activity fee to fiduciary accounts	(278,160)	(54,759)						(332,919)
Refunds to grantors	(60,308)		(18,542)	(84,414)	(76,877)	(5,701)	(24,225)	(270,067)
Net cash provided (used) by noncapital financing activities	139,364,570	38,165,003	28,186,777	15,571,770	12,263,685	17,918,135	8,030,343	259,500,283
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from capital debt	141,801							141,801
Capital appropriations	561,748						662,121	1,223,869
Capital gifts and grants	560,000	415,213			121,534		63,253	1,160,000
Proceeds from sale of capital assets	411,894	11,719		4,332		21,860		449,805
Purchases of capital assets	(8,392,816)	(778,551)	(1,128,680)	(876,727)	(196,880)	(1,619,470)	(748,224)	(13,741,348)
Payments to trustees for bond principal	(7,065,000)	(2,085,000)	(1,435,000)		(370,000)	(330,000)		(11,285,000)
Payments to trustees for bond interest and fees	(4,779,329)	(1,623,324)	(929,259)		(125,899)	(109,210)		(7,567,021)
Payments to debt holders for principal (other than bonds)	(4,540,464)	(1,089,280)	(112,121)	(59,218)		(344,887)	(176,642)	(6,322,612)
Payments to debt holders for interest and fees (other than bonds)	(525,530)	(1,235,450)	(147,122)	(47,015)		(127,921)	(9,746)	(2,092,784)
Property taxes remitted to bond trustees				(3,039,359)				(3,039,359)
Distribution of excess property taxes from bond trustees				1,671,552				1,671,552
Net cash provided (used) by capital and related financing activities	(23,627,696)	(6,384,673)	(3,752,182)	(2,346,435)	(571,245)	(2,509,628)	(209,238)	(39,401,097)

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOWS BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 4

	Jonesboro 2021	Henderson 2021	Beebe 2021	Mid-South 2021	Mountain Home 2021	Newport 2021	Three Rivers 2021	Total 2021
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from sales and maturities of investments	$ 1,309,043		$ 7,334,073	$ 1,400,000				$ 10,043,116
Interest on investments (net of fees)	517,578	37,098	123,459	155,809	76,309	61,200	25,873	997,326
Purchases of investments			(5,600,000)	(1,092,630)		(1,000,000)		(7,692,630)
Net cash provided (used) by investing activities	1,826,621	37,098	1,857,532	463,179	76,309	(938,800)	25,873	3,347,812
Net increase (decrease) in cash and cash equivalents	31,723,602	682,006	5,247,669	2,678,181	883,638	2,393,373	488,643	44,097,112
Cash and cash equivalents - beginning of year	92,417,327		13,699,128	9,837,100	7,360,173	3,982,913	5,111,383	132,408,024
Merger with Henderson State University (Note 21)		5,876,925						5,876,925
Restatement for GASB 84 (Note 20)	(715,988)	(417,021)	(59,705)	(34,214)	(33,586)	(29,886)	(63,526)	(1,353,926)
Cash and cash equivalents - beginning of year, restated	91,701,339	5,459,904	13,639,423	9,802,886	7,326,587	3,953,027	5,047,857	136,931,023
Cash and cash equivalents - end of year	$ 123,424,941	$ 6,141,910	$ 18,887,092	$ 12,481,067	$ 8,210,225	$ 6,346,400	$ 5,536,500	$ 181,028,135

	Jonesboro 2021	Henderson 2021	Beebe 2021	Mid-South 2021	Mountain Home 2021	Newport 2021	Three Rivers 2021	Total 2021
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:								
Operating income (loss)	$ (106,061,714)	$ (37,447,387)	$ (25,217,790)	$ (12,213,167)	$ (12,411,875)	$ (14,164,208)	$ (7,888,419)	$ (215,404,560)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:								
Depreciation expense	16,411,541	4,270,481	3,923,661	1,838,068	1,808,366	2,312,079	886,037	31,450,233
Change in assets and liabilities:								
Receivables, net	782,664	1,253,740	88,084	(713,083)	88,980	112,713	(678,289)	934,809
Inventories	308,455	2,474	66,595	(6,066)		30,179	(5,610)	396,027
Prepaid expenses	4,811		14,505	(27,493)	(17,462)	(95,274)	68,809	(52,104)
Accounts and salaries payable	1,175,702	918,503	(27,203)	(87,909)	(190,243)	(227)	(87,573)	1,701,050
Other postemployment benefits (OPEB)	(765,480)	192,912	149,102	(9,839)	(161,708)	(221,718)	(120,198)	(936,929)
Pension obligations	(24,772)	220,987	(79,244)	(70,981)	(57,922)	(35,015)	254,087	207,140
Unearned revenue	2,263,087	(246,262)	23,003	226,770	84,663	8,753	196,901	2,556,915
Deposits	74,385		500	(1,937)		59,660		132,608
Refundable federal advances	307,628	(57,592)						250,036
Compensated absences	(316,200)	(243,278)	14,329	55,304	(27,910)	(83,276)	15,920	(585,111)
Net cash provided (used) by operating activities	$ (85,839,893)	$ (31,135,422)	$ (21,044,458)	$ (11,010,333)	$ (10,885,111)	$ (12,076,334)	$ (7,358,335)	$ (179,349,886)
Reconciliation of Cash and Cash Equivalents								
Current Assets:								
Cash and Cash Equivalents	40,534,702	6,141,910	18,887,092	5,306,961	5,343,935	6,346,400	5,536,500	88,097,500
Noncurrent Assets:								
Cash and Cash Equivalents	79,748,645				2,866,290			82,614,935
Restricted Cash and Cash Equivalents	3,141,594			7,174,106				10,315,700
Total cash and cash equivalents	$ 123,424,941	$ 6,141,910	$ 18,887,092	$ 12,481,067	$ 8,210,225	$ 6,346,400	$ 5,536,500	$ 181,028,135

NONCASH TRANSACTIONS

JONESBORO

The University issued refunding bonds of $11,670,000. The proceeds of this issue were utilized as follows: $11,472,240 was remitted to an escrow agent and $197,760 was used to pay the bond issuance costs.

Building-capital gift of $6,656,055

Equipment-capital gift of $6,841

Value of equipment received from vendor discounts-$100,602

Interest earned on reserve accounts held by trustee-$591

Interest paid from accounts held by trustee-$12,068

Amount earned on investments-$3,647,734

Amount of PPE received from the state through CARES funds-$738,402

HENDERSON

Building improvement-capital gift of $1,372,775

Construction expenses paid by trustee-$1,865,354

Principal payment on loan withheld from state appropriations-$250,000

Amount of PPE received from the state through CARES funds-$213,798

BEEBE

Equipment-capital gift of $25,710

Interest earned on reserve accounts held by trustee-$21

Interest paid from accounts held by trustee-$516

Amount of PPE received from the state through CARES funds-$51,119

NONCASH TRANSACTIONS

MID-SOUTH

Equipment-capital gift of $28,200

Interest earned on reserve accounts held by trustee-$142

Trustee payments for retirement of bond principal-$575,000

Trustee payment for bond interest-$730,989

Trustee payment for bond fees-$4,075

Unrealized loss on investments-$171,732

Amount of PPE received from the state through CARES funds-$46,323

Amount of interest earned on CD's reinvested with CD's-$2,746

MOUNTAIN HOME

Interest earned on reserve accounts held by trustee-$6

Interest paid from accounts held by trustee-$5

Amount of PPE received from the state through CARES funds-$14,535

NEWPORT

Interest earned on reserve accounts held by trustee-$128

Interest paid from accounts held by trustee-$137

Amount of interest earned on CD's reinvested with CD's-$1,357

Amount of PPE received from the state through CARES funds-$96,716

THREE RIVERS

Equipment-capital gift of $18,000

Amount of PPE received from the state through CARES funds-$28,134

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF FIDUCIARY NET POSITION BY CAMPUS
JUNE 30, 2021

Schedule 5

	Jonesboro June 30, 2021	Henderson June 30, 2021	Beebe June 30, 2021	Mid-South June 30, 2021	Mountain Home June 30, 2021	Newport June 30, 2021	Three Rivers June 30, 2021	Total June 30, 2021
ASSETS								
Cash and cash equivalents	$ 729,766	$ 721,763	$ 57,287	$ 45,299	$ 36,645	$ 51,998	$ 68,037	$ 1,710,795
Accounts receivable					$ 311			311
TOTAL ASSETS	729,766	721,763	57,287	45,299	36,956	51,998	68,037	1,711,106
LIABILITIES								
Accounts payable	1,160				25			1,185
TOTAL LIABILITIES	1,160				25			1,185
NET POSITION								
Restricted for:								
Individuals and organizations	728,606	721,763	57,287	45,299	36,931	51,998	68,037	1,709,921
TOTAL NET POSITION	$ 728,606	$ 721,763	$ 57,287	$ 45,299	$ 36,931	$ 51,998	$ 68,037	$ 1,709,921

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY CAMPUS
JUNE 30, 2021

Schedule 6

	Jonesboro June 30, 2021	Henderson June 30, 2021	Beebe June 30, 2021	Mid-South June 30, 2021	Mountain Home June 30, 2021	Newport June 30, 2021	Three Rivers June 30, 2021	Total June 30, 2021
ADDITIONS								
Gifts	$ 4,823	$ 21,388	$ 19,202	$ 20,741	$ 6,505	$ 32,243	$ 14,313	$ 119,215
Contributions	1,960,469	20,000		3,417		405,870		2,389,756
Transfer from Student Activity Fee	278,160	54,759						332,919
TOTAL ADDITIONS	2,243,452	96,147	19,202	24,158	6,505	438,113	14,313	2,841,890
DEDUCTIONS								
Supplies	$ 382,385	$ 265,430	$ 21,620	$ 6,046	$ 3,160	$ 3,470	$ 9,802	$ 691,913
Travel	338			543				881
Scholarships	1,840,567			2,600		412,531		2,255,698
Transfer to Mid-South Community College Foundation				3,884				3,884
TOTAL DEDUCTIONS	2,223,290	265,430	21,620	13,073	3,160	416,001	9,802	2,952,376
INCREASE (DECREASE) IN FIDUCIARY NET POSITION	20,162	(169,283)	(2,418)	11,085	3,345	22,112	4,511	(110,486)
NET POSITION-BEGINNING OF YEAR								
RESTATMENT FOR GASB 84 (NOTE 20)	$ 708,444	$ 891,046	$ 59,705	$ 34,214	$ 33,586	$ 29,886	$ 63,526	$ 1,820,407
NET POSITION-BEGINNING OF YEAR, RESTATED	708,444	891,046	59,705	34,214	33,586	29,886	63,526	1,820,407
NET POSITION- END OF YEAR	$ 728,606	$ 721,763	$ 57,287	$ 45,299	$ 36,931	$ 51,998	$ 68,037	$ 1,709,921