This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 14, 2024

NEW ISSUE
BOOK-ENTRY ONLY

RATING: Moody's: A1 (stable outlook)

*In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Series 2024B Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2024B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2024B Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations, (iii) interest on the Series 2024A Bonds and the Series 2024B Bonds is exempt from State of Arkansas income tax, and (iv) the Series 2024A Bonds and the Series 2024B Bonds are not subject to property taxes in the State of Arkansas. Bond Counsel is also of the opinion that interest on the Series 2024A Bonds is not excludable from gross income for federal income tax purposes. (In this regard, see **TAX MATTERS**.)*

$30,375,000*
BOARD OF TRUSTEES OF THE ARKANSAS STATE UNIVERSITY SYSTEM STUDENT FEE REVENUE BONDS (JONESBORO CAMPUS) TAXABLE SERIES 2024A

$10,385,000*
BOARD OF TRUSTEES OF THE ARKANSAS STATE UNIVERSITY SYSTEM STUDENT FEE REVENUE REFUNDING BONDS (JONESBORO CAMPUS) SERIES 2024B

Dated: Date of Delivery

Due: December 1, as shown on the inside front cover

The Series 2024A Bonds and the Series 2024B Bonds (collectively, the "Series 2024 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 2024 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 2024 Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2025. 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 2024 Bonds will be issued as fully registered bonds, without coupons, in the denomination of $5,000 each or any integral multiple thereof. The Series 2024 Bonds will be initially issued as a single registered bond for each maturity and series registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Series 2024 Bonds will be available for purchase in book-entry form only. Except in limited circumstances described herein, purchasers of the Series 2024 Bonds will not receive physical delivery of Series 2024 Bonds. Payments of the principal of, premium, if any, and interest on the Series 2024 Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2024 Bonds, to be subsequently disbursed to DTC participants and thereafter to the beneficial owners of the Series 2024 Bonds, all as further described herein.

The Series 2024 Bonds mature, bear interest and are priced to yield as shown on the inside front cover. The Series 2024 Bonds are subject to redemption prior to maturity as described herein.

The Series 2024 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 2024 Bonds are expected to be issued on or about December 12, 2024, through the offices of DTC in New York, New York.

Stephens Inc.

This Official Statement is dated _____, 2024.

* Preliminary; subject to change.

$30,375,000*
BOARD OF TRUSTEES OF THE
ARKANSAS STATE UNIVERSITY SYSTEM
STUDENT FEE REVENUE BONDS
(JONESBORO CAMPUS)
TAXABLE SERIES 2024A

MATURITY SCHEDULE*

$9,260,000 Serial Bonds

Year (December 1)	Principal Amount	Interest Rate(%)	Yield(%)	Year (December 1)	Principal Amount	Interest Rate(%)	Yield(%)
2025	$425,000			2033	$630,000		
2026	445,000			2034	665,000		
2027	465,000			2035	700,000		
2028	490,000			2036	740,000		
2029	515,000			2037	780,000		
2030	540,000			2038	825,000		
2031	570,000			2039	870,000		
2032	600,000						

$5,165,000 _____% Term Bonds due December 1, 2044 to Yield _____%
$6,840,000 _____% Term Bonds due December 1, 2049 to Yield _____%
$9,110,000 _____% Term Bonds due December 1, 2054 to Yield _____%

$10,385,000*
BOARD OF TRUSTEES OF THE
ARKANSAS STATE UNIVERSITY SYSTEM
STUDENT FEE REVENUE REFUNDING BONDS
(JONESBORO CAMPUS)
SERIES 2024B

MATURITY SCHEDULE*

Year (December 1)	Principal Amount	Interest Rate(%)	Yield(%)	Year (December 1)	Principal Amount	Interest Rate(%)	Yield(%)
2025	$340,000			2035	$555,000		
2026	360,000			2036	585,000		
2027	375,000			2037	610,000		
2028	395,000			2038	640,000		
2029	415,000			2039	675,000		
2030	435,000			2040	705,000		
2031	455,000			2041	740,000		
2032	480,000			2042	775,000		
2033	505,000			2043	815,000		
2034	525,000						

* Preliminary; subject to change.

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 2024 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, 2023

EXHIBIT B: Unaudited Financial Statements of the Arkansas State University System for the Fiscal Year Ended June 30, 2024

OFFICIAL STATEMENT

**$30,375,000*
BOARD OF TRUSTEES OF THE
ARKANSAS STATE UNIVERSITY SYSTEM
STUDENT FEE REVENUE BONDS
(JONESBORO CAMPUS)
TAXABLE SERIES 2024A**

**$10,385,000*
BOARD OF TRUSTEES OF THE
ARKANSAS STATE UNIVERSITY SYSTEM
STUDENT FEE REVENUE REFUNDING BONDS
(JONESBORO CAMPUS)
SERIES 2024B**

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 exhibits, is furnished with respect to the sale by the Board of its $30,375,000* Student Fee Revenue Bonds (Jonesboro Campus), Taxable Series 2024A (the "Series 2024A Bonds") and its $10,385,000* Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2024B (the "Series 2024B Bonds").

There follows in this Official Statement a description of the Series 2024A Bonds and the Series 2024B Bonds (collectively, the "Series 2024 Bonds"), the revenues providing the security for the Series 2024 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 2024 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 November 14, 2024.

The Series 2024 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, a Sixth Supplemental Trust Indenture dated as of April 28, 2022 and a Seventh Supplemental Trust Indenture dated as of December 12, 2024 (collectively, the "Indenture"), between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Series 2024 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 2024 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 2024 Bonds. The Indenture establishes the terms and conditions upon which the Series 2024 Bonds are issued. Specific covenants concerning the maintenance of the Pledged Student Fee Revenues are described under **THE INDENTURE** herein.

* Preliminary; subject to change.

Descriptions of the Board, the System, the University, the Series 2024 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 100, 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 2024 BONDS

Generally. The Series 2024 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 June 1, 2025, 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 2024 Bonds are issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. Principal of the Series 2024 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 2024 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 2024 Bonds occurs.

Authority and Security. The Series 2024 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 November 14, 2024.

The Series 2024 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 2024 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 (being located in Jonesboro, Arkansas).

The pledge of Pledged Student Fee Revenues in favor of the Series 2024 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 Refunding Bonds (Jonesboro Campus), Series 2016; Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2019 and Board of Trustees of the

Arkansas State University System Student Fee Revenue Refunding Bonds (Jonesboro Campus), Taxable Series 2022.

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 2024 Bonds, the Parity Student Fee Bonds and any Additional Student Fee Bonds.

The Series 2024 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, a Sixth Supplemental Trust Indenture dated as of April 28, 2022 and a Seventh Supplemental Trust Indenture dated as of December 12, 2024 (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 2024 Bonds.

Redemption. (1) Optional Redemption. (a) The Series 2024A 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 December 1, 2034 (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 2024B 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 December 1, 2034 (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.

(2) Mandatory Sinking Fund Redemption.* (a) The Series 2024A Bonds maturing on December 1 in the years 2044, 2049 and 2054 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 2024A Bonds Maturing December 1, 2044

Year	Principal Amount
2040	$ 920,000
2041	975,000
2042	1,030,000
2043	1,090,000
2044 (maturity)	1,150,000

* Preliminary; subject to change.

Series 2024A Bonds Maturing December 1, 2049

Year	Principal Amount
2045	$1,215,000
2046	1,290,000
2047	1,365,000
2048	1,445,000
2049 (maturity)	1,525,000

Series 2024A Bonds Maturing December 1, 2054

Year	Principal Amount
2050	$1,615,000
2051	1,715,000
2052	1,815,000
2053	1,925,000
2054 (maturity)	2,040,000

(b) The Series 2024B Bonds are not subject to mandatory sinking fund redemption prior to maturity.

So long as the Series 2024 Bonds are issued in book-entry-only form, if fewer than all the Series 2024 Bonds of a particular maturity and series are called for redemption, the particular Series 2024 Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Series 2024 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 2024 Bonds.**

Purpose. Proceeds of the Series 2024A Bonds will be used to finance a portion of the costs of acquiring, constructing, furnishing and equipping facilities for the College of Veterinary Medicine (the "Project") and to pay costs of issuing the Series 2024A Bonds. The remaining costs of the Project (approximately $3,000,000) will be paid with other available funds of the Board.

Proceeds of the Series 2024B Bonds will be used to currently refund the Board of Trustees of Arkansas State University Student Fee Revenue Bonds (Jonesboro Campus), Series 2013B (the "Bonds Refunded") and to pay costs of issuing the Series 2024B Bonds. A portion of the proceeds of the Series 2024B Bonds will be held by the trustee for the owners of the Bonds Refunded 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 fully redeem the Bonds on January 13, 2025 at par.

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

Sources:*	Series 2024A	Series 2024B	Total
Par Amount of Series 2024 Bonds	$30,375,000	$10,385,000	$40,760,000
Original Issue Premium	--	1,008,635	1,008,635
Total	$30,375,000	$11,393,635	$41,768,635
Uses:*			
Project Costs	$30,000,000	--	$30,000,000
Refunding Costs	--	$11,266,456	11,266,456
Costs of Issuance and Underwriters' Discount	375,000	127,179	502,179
Total	$30,375,000	$11,393,635	$41,768,635

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	$335	$335
Non Resident	603	603
Graduate		
Resident	$404	$404
Non Resident	721	721

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

	2023-24 (Unaudited)	2022-23 (Audited)	2021-22 (Audited)	2020-21 (Audited)	2019-20 (Audited)
Gross Student Fees	$95,179,899	$87,588,643	$84,808,885	$87,680,272	$92,369,705

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Series 2024 Bonds. The Series 2024 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 and series of the Series 2024 Bonds will be issued in the principal amount of the maturity and will be deposited with DTC.

* Preliminary; subject to change.

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 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 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 2024 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 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 2024 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 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Series 2024 Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Series 2024 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 2024 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 2024 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Series 2024 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. The University is preparing to launch the State's first public College of Veterinary Medicine in Fall 2026.

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 2024 enrollment was 961 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 2024 semester is 27,248. Enrollment at the System institutions (based on the fall semester) for each of the previous five years was as follows:

	2020	2021	2022	2023	2024
Arkansas State University	13,843	13,752	14,107	14,903	15,726
ASU-Beebe	2,988	2,776	2,928	3,010	3,277
ASU-Mountain Home	1,276	1,246	1,246	1,247	1,315
ASU-Newport	1,942	1,829	1,592	1,732	1,869
ASU Mid-South	1,203	1,077	979	1,021	1,023
ASU Three Rivers*	1,254	1,597	1,832	2,028	1,983
Henderson State University**	3,163	2,919	2,519	2,136	2,055
System Totals	25,669	25,196	25,204	26,114	27,248

*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
2019-20	8,429	6,107	2,909
2020-21*	12,468	10,360	3,888
2021-22*	11,374	8,203	3,965
2022-23*	13,365	9,984	3,581
2023-24*	17,779	15,075	4,161

	New Undergraduate Transfers		
Fiscal Year	Applied	Admitted	Enrolled
2019-20	3,715	2,039	1,235
2020-21*	4,097	2,943	1,510
2021-22*	4,121	2,572	1,249
2022-23*	4,188	2,593	1,446
2023-24*	4,723	3,236	1,812

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

Faculty. As of the Fall 2024 semester, the System employed 851 faculty members: 503 at Arkansas State University; 103 at ASU-Beebe; 34 at ASU-Mountain Home; 58 at ASU-Newport; 33 at ASU Mid-South; 43 at ASU Three Rivers; and 77 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 Association of Colleges for Teacher Education (AACTE), American Board of Funeral Service Education (ABFSE), American Chemical Society (ACS), American Diabetes Association (ADA), American Society of Health-System Pharmacists (ASHP), American Veterinary Medical Association Committee on Veterinary Technician Education and Activities (CVTEA), Arkansas Department of Health Section of EMS and Trauma, Arkansas State Approving Agency for Veterans Training, Arkansas State Board of Nursing, 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 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 the Accreditation of Educator Preparation (CAEP), Council for the Accreditation of Emergency Management and Homeland Security Education (CAEMHSE), 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 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 Board of Surgical Technology and Surgical Assisting (NBSTSA), National Center for Construction Education and Research (NCCER), and National Institute for Metalworking Skills (NIMS).

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 Trustees 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	2025
Steve Eddington, Vice Chair	Vice President of Public Relations, Arkansas Farm Bureau Federation	2026
Robert G. Rudolph, Jr., Secretary	Pastor	2027
Paul Rowton	Executive Vice President, GES, Inc.	2028
Price Gardner*	Attorney	2029
Gary Harpole	Real Estate Developer, Halsey Thrasher Harpole Group	2030
Jerry Morgan	Regional President, First National Bank	2031

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

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System Administration. The current officers are:

Name	Office
Dr. Brendan Kelly	President
Julie Bates	Executive Vice President and CFO
Jeff Hankins	Vice President for Strategic Communications
Brad Phelps	General Counsel
Shane Broadway	Vice President for University Relations
Eric Atchison	Vice President for Strategic Research

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

Dr. Brendan Kelly became the third President of the System on September 23, 2024. He joined the System after serving as president of the University of West Georgia ("UWG") in Carrollton since 2020. He joined UWG at one of the most extraordinary periods for higher education due to the COVID-19 pandemic and repositioned the institution for a successful future rooted in optimism and innovation in a rapidly changing higher education landscape. While leading and implementing the "Becoming UWG" Institutional Strategic Plan, Dr. Kelly led UWG to record-breaking fund-raising efforts, including the largest gift in institutional history, and oversaw an enrollment resurgence. Its spring enrollment was 11.4% higher than last year, while its graduate enrollment surged 41%.

Prior to joining UWG, Dr. Kelly was chancellor at the University of South Carolina Upstate in Spartanburg and Greenville from 2017-2020 and was appointed as interim president of the University of South Carolina in 2019. He was vice president of university advancement and president of the UWF Foundation, Inc., at the University of West Florida in Pensacola from 2013-2017, where he led a successful $50 million capital campaign. His professorial career spanned 13 years in Florida and Michigan in communication arts.

Dr. Kelly is a member of the American Association of State Colleges and Universities board of directors. He received a Bachelor of Science degree in public relations and a Master of Arts degree in communication at Eastern Michigan University and his Doctor of Philosophy in communication at Wayne State University.

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

Name	Office
Dr. Todd Shields	Chancellor, Arkansas State University
Dr. Jennifer Methvin	Chancellor, Arkansas State University-Beebe
Dr. Bentley Wallace	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. Trey Berry	Chancellor, Henderson State University

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, 2023. Attached hereto as Exhibit B is a copy of the unaudited financial statements of the System for the fiscal year ended June 30, 2024. Financial information regarding the University is included in Exhibit A and Exhibit B. 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 76,000 in northeastern Arkansas. The population of the Jonesboro Metropolitan Statistical Area is over 130,000 and Jonesboro is the regional hub of northeast Arkansas for healthcare, entertainment, business and industry. The campus encompasses approximately 1,376 acres with 145 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 44 degrees, advanced certificates and graduate certificates that include four associate degrees in 13 fields of study, 15 bachelor's degrees in 83 fields of study, two graduate certificates in 26 fields of study, 16 master's degrees in 55 fields of study, two specialist degrees in six fields of study and five doctoral degrees in eight fields of study.

The University offers programs at the doctoral, specialist, master's, bachelor's and associate degree levels through the colleges of Agriculture, Neil Griffin College of Business, Engineering and Computer Science, Education and Behavioral Science, Liberal Arts and Communication, Nursing and Health Professions, Beck College of 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 5,523 degrees and certificates during the 2023-24 academic year. The number of 2023-24 degrees conferred included: 103 certificates of proficiency; 1,099 associate degrees; 1,752 bachelor's degrees; 135 graduate certificates; 1,681 master's degrees; 536 specialist degrees and 217 doctoral degrees.

Chancellor. Dr. Todd Shields became Chancellor of the University on August 15, 2022. He had previously served as the Dean of Fulbright College at the University of Arkansas. He holds a doctoral degree in political science from the University of Kentucky, a bachelor's degree in political science and psychology from Miami University in Oxford Ohio.

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DEBT SERVICE REQUIREMENTS

Principal and interest on the Prior Student Fee Bonds, the Parity Student Fee Bonds and the Series 2024 Bonds are payable as follows:

Fiscal Year Ended June 30	Prior Student Fee Bonds[1]	Parity Student Fee Bonds[2]	Series 2024 Bonds[3]	Total[3]
2025	$420,000	$2,712,780	$1,035,095	$4,167,875
2026	--	2,712,143	2,951,257	5,663,399
2027	--	2,674,651	2,952,809	5,627,460
2028	--	2,679,623	2,947,379	5,627,002
2029	--	2,672,825	2,949,925	5,622,750
2030	--	2,682,626	2,950,099	5,632,725
2031	--	2,519,158	2,947,607	5,466,764
2032	--	2,521,343	2,947,287	5,468,629
2033	--	2,531,598	2,948,873	5,480,471
2034	--	2,517,808	2,947,203	5,465,010
2035	--	2,010,895	2,942,390	4,953,285
2036	--	2,016,745	2,944,145	4,960,890
2037	--	2,010,051	2,947,048	4,957,099
2038	--	755,650	2,941,052	3,696,702
2039	--	760,459	2,940,979	3,701,438
2040	--	--	2,941,402	2,941,402
2041	--	--	2,937,147	2,937,147
2042	--	--	2,938,133	2,938,133
2043	--	--	2,934,298	2,934,298
2044	--	--	2,935,379	2,935,379
2045	--	--	2,097,486	2,097,486
2046	--	--	2,095,871	2,095,871
2047	--	--	2,099,704	2,099,704
2048	--	--	2,099,275	2,099,275
2049	--	--	2,099,443	2,099,443
2050	--	--	2,095,065	2,095,065
2051	--	--	2,095,051	2,095,051
2052	--	--	2,098,780	2,098,780
2053	--	--	2,096,728	2,096,728
2054	--	--	2,098,605	2,098,605
2055	--	--	2,098,976	2,098,976
TOTAL:	$420,000	$33,778,353	$80,054,486	$114,252,839

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

[2] 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 Refunding Bonds (Jonesboro Campus), Series 2016; Board of Trustees of Arkansas State University Student Fee Revenue Refunding Bonds (Jonesboro Campus), Series 2019 and Board of Trustees of the Arkansas State University System Student Fee Revenue Refunding Bonds (Jonesboro Campus), Taxable Series 2022.

[3] Preliminary; subject to change.

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DEBT SERVICE COVERAGE

Pledged Student Fee Revenues for the fiscal years ended June 30, 2023 (audited) and June 30, 2024 (unaudited) are expected to provide coverage of maximum annual debt service on the Student Fee Bonds and the Prior Student Fee Bonds as follows:

	Fiscal Year Ended June 30, 2023 (Audited)	Fiscal Year Ended June 30, 2024 (Unaudited)
Pledged Student Fee Revenues (A)	$87,588,643[1]	$95,179,899[2]
Maximum Annual Debt Service on the Student Fee Bonds and the Prior Student Fee Bonds (B)[3]	5,663,399	5,663,399
Debt Service Coverage (A/B)	15.47x	16.81x

(1) Including scholarship allowances of $36,947,668.
(2) Including scholarship allowances of $43,054,870.
(3) Based on a fiscal year ending June 30. Assuming an average coupon rate of 5.66% on the Series 2024A Bonds and 5.00% on the Series 2024B Bonds.

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, capital leases, installment contracts payable and subscription based information technology agreements ("SBITAs") which are currently outstanding. As of June 30, 2024, these additional debt obligations of the University totaled $64,279,926 in principal amount. See Notes 5, 6 and 15 in Exhibit A and Notes 5, 6 and 15 in Exhibit B 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 2024 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 budget or funding decreases related to an emergency will not be necessary in the future.

State fiscal year 2022 revenues were up 9.2% over fiscal year 2021, resulting in a revenue surplus of approximately $1.628 billion. Individual income tax collections were 5.1% above collections in fiscal year 2021. In a special session of the Arkansas General Assembly held in late 2021, legislation was adopted reducing the top income tax rates for individuals from 5.9% to 4.9% incrementally over the next four years. For the tax year beginning January 1, 2022, the top rate was reduced to 5.5%. In light of the fiscal year 2022 budget surplus, in August 2022 the State legislature passed additional tax relief designed to accelerate corporate and individual income tax cuts, to change State depreciation requirements to match federal requirements, and to provide a tax credit for lower income individuals. In April 2023 and again in June 2024, the State legislature passed further reductions in individual income tax rates and corporate income tax rates. Despite these developments, there can be no assurance that budget or funding decreases related to an emergency 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 2024 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 2024 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 2024 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 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.

A notice concerning the merger of Henderson State University 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 audited financial statements for the fiscal year ended June 30, 2023 were filed late for two series of bonds (Crittenden County Community College District Limited Tax General Obligation Bonds, Series 2010 and Crittenden County Community College District Limited Tax General Obligation Refunding and Improvement Bonds, Series 2012). The annual reports for the bonds listed in the preceding sentence did not contain all required information to be filed by the date due (October 1).

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 two paragraphs, while not exhaustive, summarize the results of the Board's review of compliance with prior continuing disclosure obligations of Henderson State University over the past five years.

Neither Henderson State University's 2019 audit nor 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. The financial statements of Henderson State University are now included in the financial statements of the System. The audited financial statements of the System for the fiscal year ended June 30, 2021 were timely filed in connection with one of Henderson State University's bond issues and were not filed in connection with Henderson State University's remaining bond issues. The financial statements for the fiscal year ended June 30, 2022 were timely filed in connection with Henderson State University's bond issues. The financial statements for the fiscal year ended June 30, 2023 were not filed in connection with two of Henderson State University's bond issues but were timely filed in connection with Henderson State University's remaining bond issues.

The annual reports for Henderson State University for the fiscal years ended June 30, 2019 and 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. The annual report for Henderson State University for the fiscal year ended June 30, 2022 was timely filed but did not contain all of the required information. The annual report for Henderson State University for the fiscal year ended June 30, 2023 was not filed in connection with two of Henderson State University's bond issues but was timely filed in connection with Henderson State University's remaining bond issues. However, the filed annual report 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 2024 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 2024 Bonds (including persons holding Series 2024 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2024 Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the 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 2024 Bonds required to comply with the Rule in connection with the offering of the Series 2024 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, 2025), 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 2024 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 2024 Bond calls, if material.

(ix) Defeasances and tender offers.

(x) Release, substitution, or sale of property securing repayment of the Series 2024 Bonds, if material.

(xi) Rating changes.

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

(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 Board, 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 2024 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 2024 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 2024 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 2024 Bondholders or the Beneficial Owners of the Series 2024 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 2024 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 certain 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 2024 Bonds in accordance with the terms of the Indenture. Rights of the Registered Owners of the Series 2024 Bonds and the enforceability of the remedies available under the Indenture may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Indenture resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

TAX MATTERS

Series 2024A Bonds. In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel ("Bond Counsel"), interest on the Series 2024A 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 2024A 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 2024A Bonds.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2024A 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 2024A 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 2024A 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 2024A 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 2024A 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 2024A Bonds, Bond Counsel has advised that the Series 2024A 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 2024A 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 2024A Bonds are issued by the Board, interest on the Series 2024A 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 2024A Bonds will be fully subject to federal income taxation. Thus, owners of the Series 2024A Bonds generally must include interest (including original issue discount and market discount) on the Series 2024A Bonds in gross income for federal income tax purposes.

In general, interest paid on the Series 2024A Bonds, original issue discount and market discount, if any, will be treated as ordinary income to the owners of the Series 2024A 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 2024A Bond for a price less than the adjusted issue price of such Series 2024A Bond (or an investor who purchases a Series 2024A 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 2024A Bond originally issued at a discount, the amount by which the issue price of such Series 2024A 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 2024A Bond not originally issued at a discount, the amount by which the stated redemption price of such Series 2024A Bond at maturity exceeds the initial tax basis of the owner therein. Under

Section 1276 of the Code, the owner of such a Series 2024A 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 2024A 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 2024A Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2024A Bond who acquired a Series 2024A Bond at a market discount also may be required to defer, until the maturity date of such Series 2024A 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 2024A 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 2024A 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 2024A Bond for the days during the taxable year on which the owner held the Series 2024A 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 2024A 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 2024A 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 2024A Bond. The adjusted basis of a Series 2024A 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 2024A Bond and reduced by any amortized bond premium under Section 171 of the Code and by the payments on the Series 2024A 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 2024A Bond to which it is attributable is held as a "capital asset."

Gain on the sale or other disposition of a Series 2024A 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 2024A 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 2024A Bonds to call all or a portion of the Series 2024A Bonds prior to maturity, then gain on the sale or other disposition of a Series 2024A

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 2024A Bonds, as well as payments of proceeds from the sale of the Series 2024A 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 2024A 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 2024A 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 2024A Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2024A 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 2024A Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2024A 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 2024A 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 2024A 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 2024A 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 2024A 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 2024A 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 2024A Bonds.

Series 2024B Bonds. In the opinion of Bond Counsel, interest on the Series 2024B Bonds under existing law (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2024B Bonds may be taken into account for the purposes of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in clause (a) above is subject to the condition that the Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024B Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2024B Bonds to be so includable in gross income retroactive to the date of issuance of the Series 2024B Bonds. The Board has covenanted to comply with all such requirements.

Prospective purchasers of the Series 2024B Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2024B Bonds, (ii) interest on the Series 2024B Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Series 2024B Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2024B Bonds.

Prospective purchasers of the Series 2024B Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2024B Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2024B Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code).

As shown on the inside front cover page of this Official Statement, certain of the Series 2024B Bonds are being sold at a premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

As shown on the inside front cover page of this Official Statement, certain of the Series 2024B Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth on the inside front cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2024B Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2024B Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any other legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Series 2024B Bonds. Prospective purchasers of the Series 2024B Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2024B Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

State Taxation. In the further opinion of Bond Counsel, under existing laws, interest on the Series 2024 Bonds is exempt from all Arkansas state, county and municipal taxation.

LEGAL

Issuance of the Series 2024 Bonds is subject to the approving opinion of Bond Counsel to the effect that the Series 2024 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 2024 Bonds or materially affect the security for the Series 2024 Bonds.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "A1" (stable outlook) to the Series 2024 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 2024 Bonds. The Underwriters and the Board have undertaken no responsibility after issuance of the Series 2024 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 2024 Bonds.

UNDERWRITING

The Underwriters listed on the cover page of this Official Statement (the "Underwriters") are purchasing the Series 2024A Bonds at a price equal to $_____ (principal amount _____ net original issue _____ of $_____ less Underwriters' discount of $_____).

The Underwriters are purchasing the Series 2024B Bonds at a price equal to $_____ (principal amount _____ net original issue _____ of $_____ less Underwriters' discount of $_____).

The Underwriters are offering the Series 2024 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 2024 Bonds to the public. The Underwriters may offer and sell Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds into investment trusts) at prices lower than the public offering price.

FINANCIAL ADVISOR

PFM Financial Advisors LLC ("PFM") is employed by the System and by the University to perform professional services in the capacity of financial advisor. In its role as financial advisor to the System and the University, PFM has provided advice on the plan of financing and structure of the Series 2024 Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. PFM has not independently verified the factual information contained in this Official Statement, but relied on the information supplied by the University, the System, and other sources and the Board's certification as to the Official Statement.

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 2024 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 _____
President

EXHIBIT A

Audited Financial Statements of the Arkansas State University System
for the Fiscal Year Ended June 30, 2023

ARKANSAS STATE UNIVERSITY SYSTEM



Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Included in the Higher Education Fund, an Enterprise Fund of the State of Arkansas



Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Included in the Higher Education Fund, an Enterprise Fund of the State of Arkansas

Prepared by:

Arkansas State University Jonesboro
Office of Finance and Administration
Controller's Office
Myra Goodwin, Controller
Gretchen Burns, Senior Associate Controller
P. O. Box 2100
State University, AR 72467

(870) 972-2024

www.astate.edu

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Introductory Section (Unaudited)

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ARKANSAS STATE UNIVERSITY
SYSTEM

OFFICE OF THE PRESIDENT
501 Woodlane, Suite 600 | Little Rock, AR 72201 | o: 501-660-1000 | f: 501-660-1010

MESSAGE FROM THE PRESIDENT

December 1, 2023

Fiscal year 2023 was another successful year for the Arkansas State University System. The annual consolidated financial report that follows presents the results of our accomplishments.

Enrollment during Fall 2022 was 25,204 compared to 25,196 for Fall 2021. During fiscal year 2023, 9,629 certificates and degrees were awarded to our students compared to 10,156 during fiscal year 2022.

The Arkansas State University System and our campuses are committed to growing and building a better future for all stakeholders, including faculty, staff, students, and the communities we serve. The Jonesboro campus opened the Judd Hill Farmer's Market facility modeled after the existing pavilion. Henderson State University held a ribbon-cutting ceremony for the reopening of the Captain Henderson House as an inn and event venue. ASU Mid-South constructed a new truck driving range to be used for their transportation programs. ASU Beebe held a dedication ceremony to honor donors of their butterfly garden. New athletics programs were announced at the Mountain Home, Newport, and Three Rivers campuses.

State appropriation revenues for fiscal year 2024 are expected to increase slightly from fiscal year 2023 levels. The levels vary annually due to the performance-based funding model. We remain confident that we will be able to maintain our current funding levels, contain costs, and continue to provide an excellent education.

Economic indicators at the national level continue to point to a stronger economy that will provide greater opportunities to strengthen our campuses. We will remain focused on seeking innovative strategies that allow us to provide a valued educational experience for our students and to serve our state and local communities.

Sincerely,

Dr. Charles L. Welch
President

Vision, Mission, and Goals

Vision Statement

The Arkansas State University System will create better educated citizens prepared for a global and technological society by providing quality undergraduate and graduate education, useful research, and dedicated public service.

Mission Statement

The mission of the Arkansas State University System is to contribute to the educational, cultural, and economic advancement of Arkansas by providing quality general undergraduate education and specialized programs leading to certificate, associate, baccalaureate, masters, professional, and doctoral degrees; by encouraging the pursuit of research, scholarly inquiry, and creative activity; and by bringing these intellectual resources together to develop the economy of the state and the education of its citizens throughout their lives.

Each component of the Arkansas State University System will be characterized by:

- A supportive learning environment; personal development, leadership, and service opportunities; and facilities, technologies and support necessary to meet the needs of students, faculty, and staff;
- Racial, ethnic, gender and cultural diversity in the faculty, staff, and student body, supported by practices and programs that embody the ideals of an open, democratic, and global society;
- Instructional technologies, student support services, and on-line and distance education to advance the purposes of teaching and learning;
- A commitment to sharing human, physical, information, and other resources among system components, and with state agencies, schools and higher education institutions, to expand and enhance programs and services available to the citizens of Arkansas.

Goals Statement

The Arkansas State University System will ensure access to academic excellence and educational opportunities for Arkansans and all students who enroll in its component institutions by:

- Expanding participation through increasing access, enhancing diversity, improving service to non-traditional students, expanding use of distance education, and describing the advantages of continuing education.
- Increasing academic productivity through improved recruitment, increased retention, accelerated graduation, expanded continuing education opportunities, and advanced technologies.
- Producing graduates who are intellectually and ethically informed individuals with skills and knowledge to be capable of leadership, creative thinking, and being contributing citizens.
- Creating and disseminating new knowledge through research and investigation.
- Emphasizing the recruitment, hiring, and retention of the best possible faculty, staff, and administration.
- Expanding Arkansas's economic development by providing needed graduates, offering appropriate academic programs, marketing the system and its components as economic assets of the state, supporting research, and commercializing ideas and discoveries.
- Increasing, diversifying, and strategically allocating resources.

In meeting these goals, the Arkansas State University System will hold itself accountable to the citizens of Arkansas for the effective and efficient use of every available human and material resource on behalf of the state and its people.

ARKANSAS STATE UNIVERSITY
SYSTEM

OFFICE OF THE PRESIDENT
501 Woodlane, Suite 600 | Little Rock, AR 72201 | o: 501-660-1000 | f: 501-660-1010

LETTER OF TRANSMITTAL

December 1, 2023

To: President Welch,
Members of the Board of Trustees,
Residents of the State of Arkansas

I am pleased to present the Annual Comprehensive Financial Report of the Arkansas State University System for the fiscal year ended June 30, 2023. This report is presented on a consolidated basis and reflects the consolidation of the assets, liabilities, deferred inflows, deferred outflows, net position, and financial activities of the campuses of the University; Jonesboro, Henderson State University, Beebe, Mid-South, Mountain Home, Newport, and Three Rivers. Combining exhibits are presented as supplementary information.

The responsibility for the accuracy and reliability of the information contained in this report lies with management. The financial statements are presented in accordance with generally accepted accounting principles. The University's accounts are maintained using the principles of accounting applicable to public colleges and universities as established by the Governmental Accounting Standards Board. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of material misstatements. Arkansas Legislative Audit has conducted an independent, external audit of the financial statements, management's discussion and analysis, and accompanying footnotes and its unmodified opinion is included herein.

Management's discussion and analysis (MD&A) is included in this report preceding the basic financial statements. This section of the Annual Comprehensive Financial Report is intended to assist readers in gaining an understanding of the University's financial activities and position for the fiscal year ended June 30, 2023.

University Profile
Arkansas State University began in Jonesboro in 1909 as a state agricultural school. Arkansas State University Jonesboro was granted university status by the Arkansas General Assembly in 1967.

Arkansas State University Beebe began in 1927 as Junior Agricultural School of Central Arkansas. In 1967, the campus became Arkansas State University Beebe.

Transmittal Letter (Continued)

Effective July 1, 1995, Arkansas State University began administrative operations at the Mountain Home campus.

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.

Arkansas State University Mid-South began as a technical school in 1979, converted to a technical college in 1991, and became a community college in 1992. In 2015 the college became a part of the Arkansas State University System.

Arkansas State Three Rivers began as a vocational technical school in 1972. In 2020, the college became a part of the Arkansas State University System.

Henderson State University began in 1890 as Arkadelphia Methodist College. In 2021, the university merged with the Arkansas State University System.

In 1998, the Arkansas State University System was created to restructure the individual campuses as a system.

The governing body of the University is its Board of Trustees which is comprised of seven members appointed by the Governor of Arkansas.

Arkansas State University follows Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. Based on the criteria of this standard, the University has determined the ASU Foundation, Inc., the ASU Red Wolves Foundation, Inc., and the Henderson State University Foundation, Inc. are component units of the Arkansas State University System. The financial statements of each of these foundations have been discretely presented in this report.

The Arkansas State University System serves to advance the educational and economic growth of Arkansas by supporting the Board of Trustees and providing administrative support to all of the ASU campuses and entities. In addition to the various academic programs leading to degrees, the ASU System supports significant programs for the State and region including economic development initiatives, leadership in the Arkansas Biosciences Institute, and Arkansas Heritage Sites.

While each campus functions autonomously in its day-to-day operations, system administration coordinates various operations that are more efficiently carried out on a system-wide basis. In addition to the President's Office, administrative functions of system administration include legal services, governmental relations, university advancement, internal audit, benefits and risk management, fiscal management, strategic communications, and economic development.

Transmittal Letter (Continued)

ASU offers programs at the doctoral, specialist, master's, bachelor's, associate's, and certificate levels. During the academic year ended June 30, 2023, the ASU System conferred 2,769 graduate degrees, 2,242 bachelor's degrees, 1,799 associate's degrees, and 2,819 certificates. Enrollment across the ASU System for the Fall 2023 semester totals over 25,000.

Highlights, Progress, and Initiatives

- ASU Jonesboro remodeled their former campus bookstore into a Student Learning Commons that is open 24 hours a day, 7 days a week. The space provides rooms and seating areas for both individual and larger study groups.

- Henderson State University received additional grant funds from the Arkansas Natural and Cultural Resources Council for the preservation of the historic Caddo Center as a One-Stop Shop for students.

- ASU Mountain Home constructed an amphitheater funded by private donations which will accommodate approximately 10,000 people for concerts and events.

- ASU Newport opened a new Call Center that will provide better customer service by more efficiently connecting callers to their area of need. It will also monitor call activity and response time.

- ASU Mid-South is participating in Complete College America's Policy, Equity, and Practice (PEP) Initiative which seeks to increase college completion rates for students of color and from low income households.

- The U.S. Department of Education funded ASU Beebe's Title III grant proposal "Connected from the Start". The project goals are to expand course delivery options, improve overall retention rates, and create a Student One-Stop Shop.

- ASU Three Rivers received a pledge from West Fraser, Inc to renovate the El Parian building which will become the new home for their Adult Education program.

- ASU Mountain Home was awarded a Regional Workforce Grant to create a Commercial Truck Driving Training Program. It will be a four week program consisting of seven credit hours.

- ASU Newport is a new member of the National Junior College Athletic Association (NJCAA) and will compete in NJCAA Region II, Division II, against teams in Arkansas and Oklahoma.

- The League of American Bicyclists renewed ASU Jonesboro's status as a Bicycle Friendly University through 2026.
- ASU Mid-South partnered with the Arkansas Center for Data Sciences (ACDS) to launch a Logistics Apprenticeship for Latrobe LLC, a local industrial manufacturing services company.
- ASU Newport hosted its first Diversity, Equity, and Inclusion Lunch and Learn series for employee success.
- ASU Beebe received donations and pledges to fund the replacement and rebranding of the Owen Center gymnasium.
- ASU Mid-South initiated a campus-wide, community outreach effort to collect and deliver relief supplies to victims impacted by the Wynne tornado.
- ASU Jonesboro continues taking steps to launch a College of Veterinary Medicine. The campus has developed a curriculum, named a founding dean, and obtained state board approval.
- A cross-functional team of students, faculty, and staff at Henderson State University began a process to map the student experience which will focus on four objectives; identify core values, map the overall workflow process, align resources to improve outcomes, and develop new data visualization tools.
- ASU Mountain Home held its first annual Trailblazer Auction; an online fundraising event to assist their athletics department.
- ASU Newport hosted the Aviator Athletics Premier "Let the Games Begin"; its kickoff event and first major fundraiser for athletics.
- ASU Three Rivers announced plans to debut an athletic program that will include men's baseball and women's softball.
- ASU Jonesboro continues to provide assistance to Henderson State University's finance staff through shared service agreements.
- A contract was executed with Ferrilli for consulting services to support all campuses after the implementation of the Banner ERP system.

Financial Award and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the

Transmittal Letter (Continued)

Arkansas State University System for its annual comprehensive financial report for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report (ACFR), whose contents conform to program standards. Such an ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. The Arkansas State University System has received the Certificate of Achievement annually since the fiscal year ended June 30, 2012. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of the Annual Comprehensive Financial Report in a timely manner would not have been possible without the coordinated efforts of the Controller's Office at the Jonesboro campus and other University financial staff. Each member has our sincere appreciation for their contributions in the preparation of the report.

Economic Indicators

Gross general revenues for the state increased 5.3% for fiscal year 2023. This was a result of growth in individual and corporate income tax collections and lower than expected deductions from gross revenue. The state's unemployment rate as of June 2023 was 2.6%, a decrease from 3.2% in June 2022. This rate remained below the national rate of 3.6% in June 2023. Arkansas continues to remain below the national rate, which continues to increase strength in the state economy.

Financial Highlights

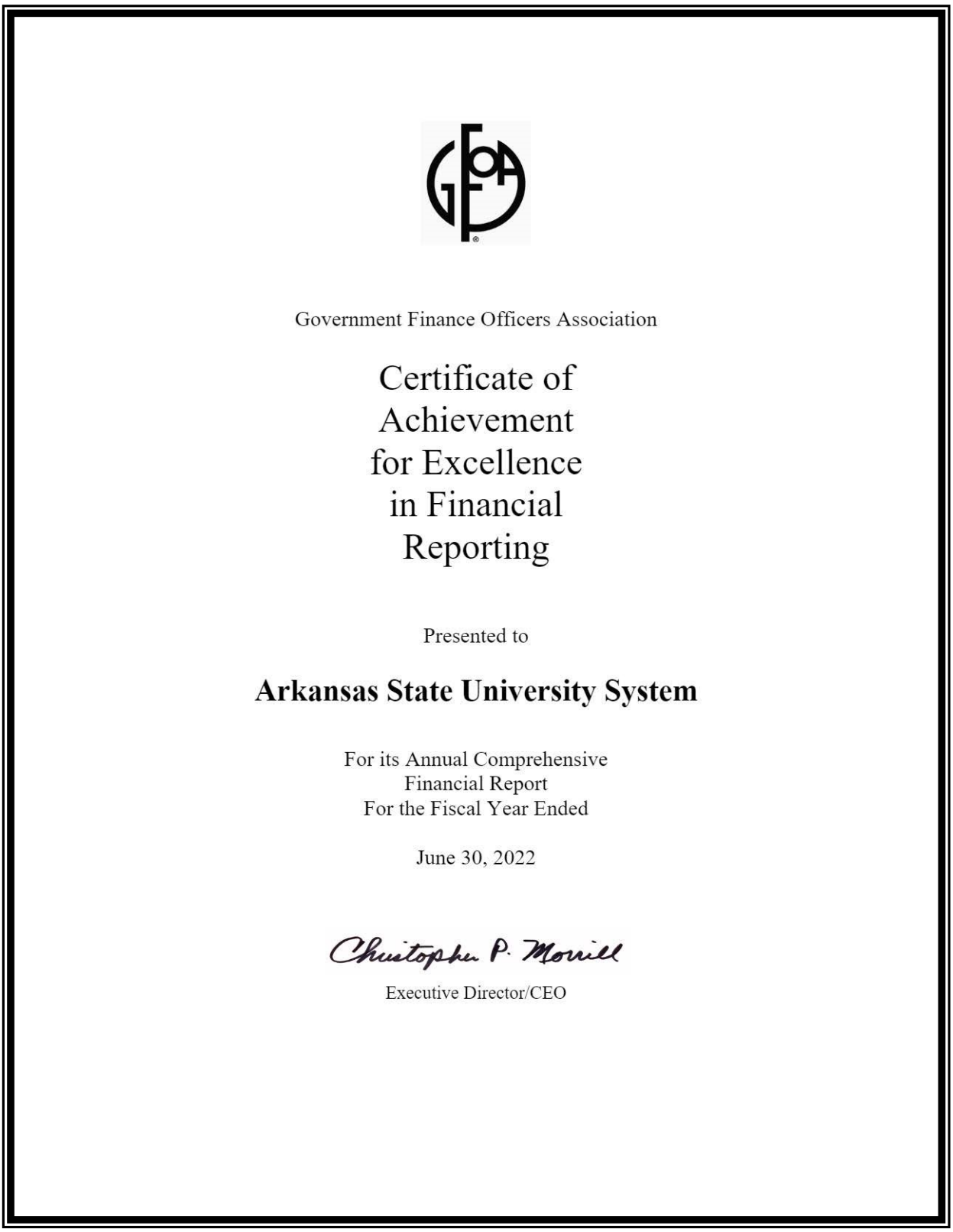
The ASU system continues to seek ways to expand revenues and contain costs while maintaining an excellent educational experience for students. Total revenues for fiscal year 2023 decreased by 5.2%. Total assets and deferred outflows decreased by 2.78%, while liabilities and deferred inflows decreased by 7.7%. Additional information about these percentages and the overall financial health of the University may be found in management's discussion and analysis contained in this report.

Fiscal year 2023 presented the University with many opportunities as well as challenges, such as overall stagnant enrollment and staffing shortages. The University met these challenges and ended with a productive year for the A-State system. As the University continues to face obstacles of lower enrollment and minimum increases of state appropriations; A-State will work attentively to continue to create opportunities for the students and the communities the University serves.

Respectfully submitted,

Ms. Julie Bates
Executive Vice President and CFO

GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Arkansas State University System

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

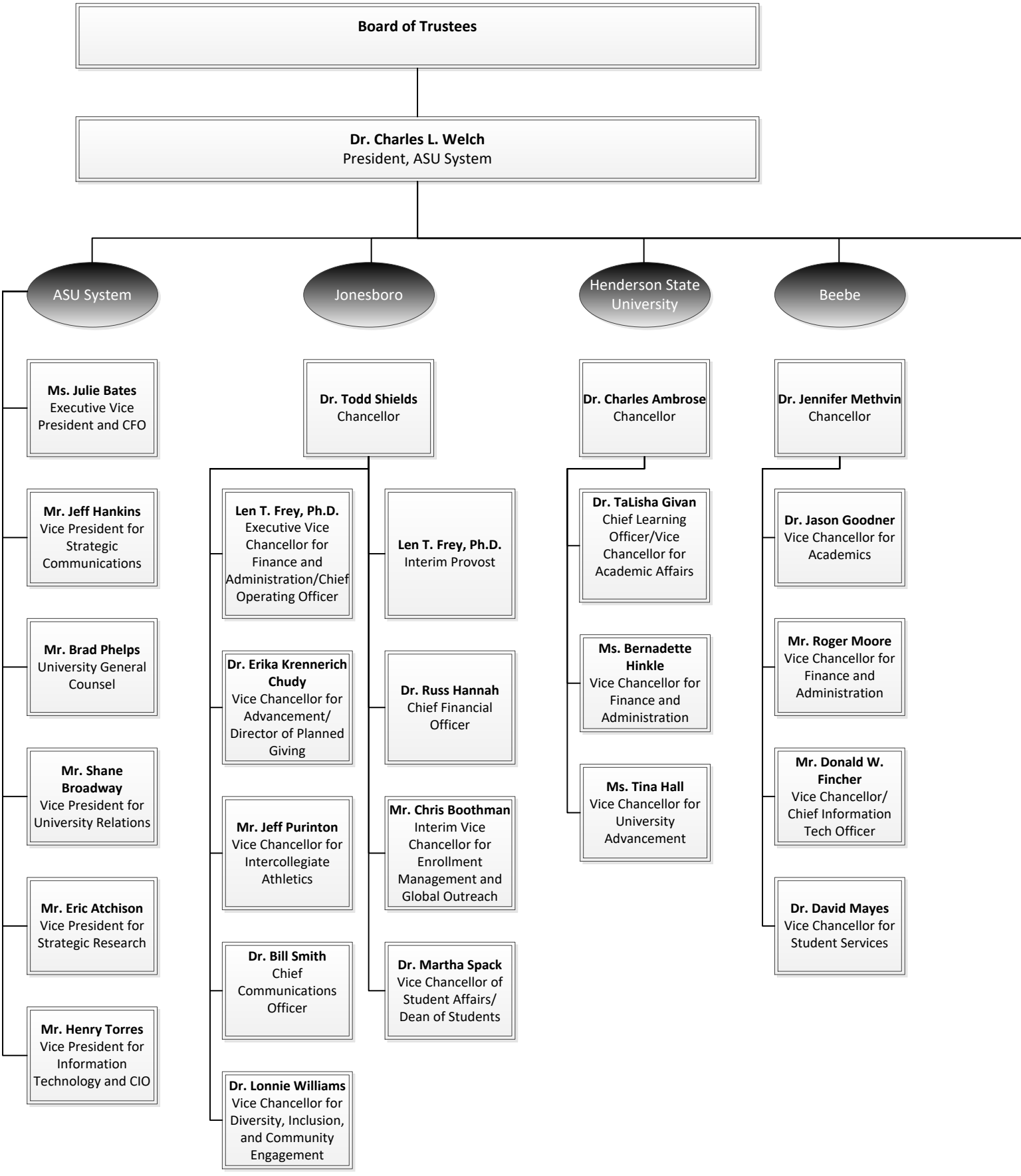
Governor of the State of Arkansas
Sarah Huckabee Sanders

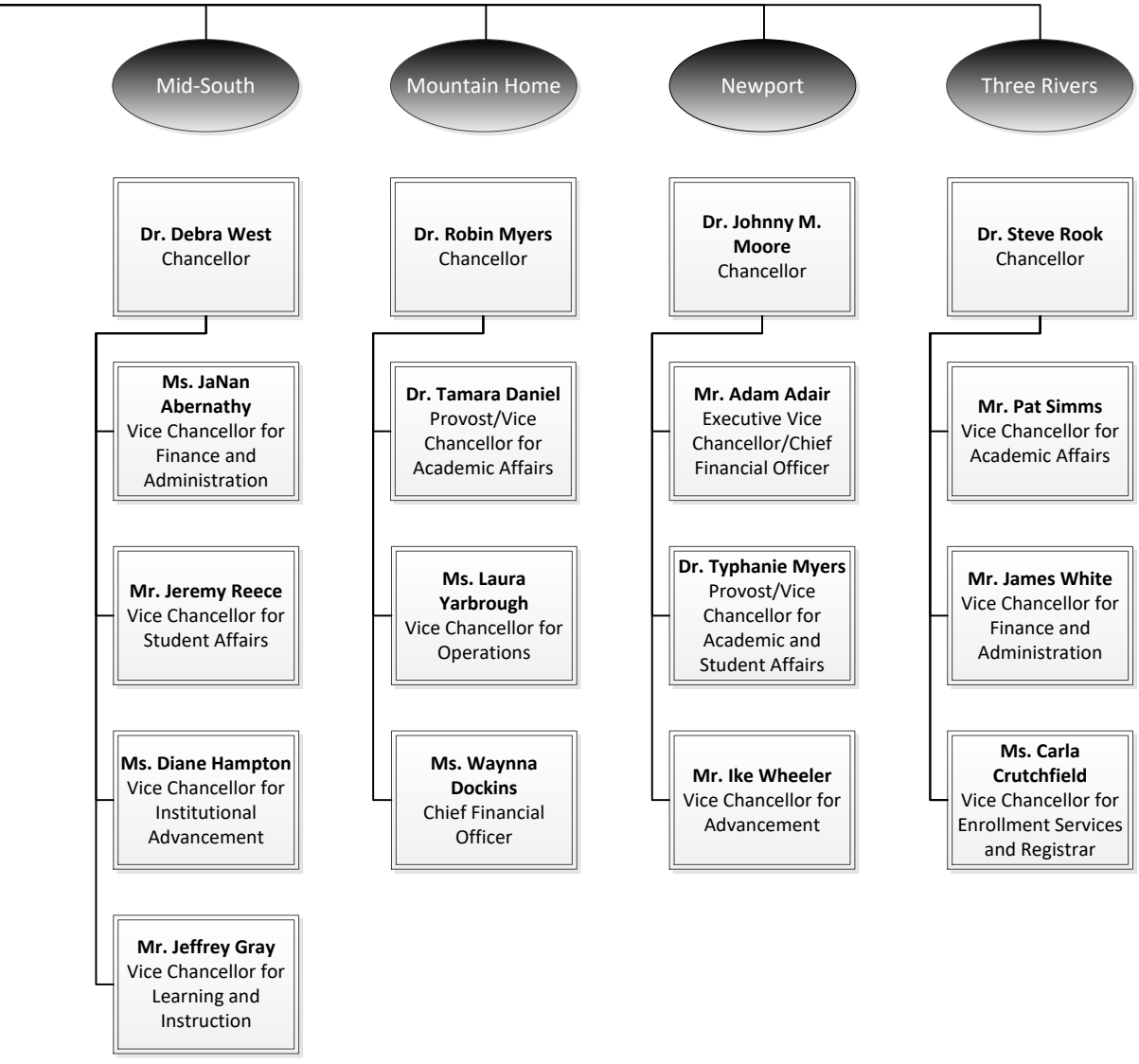
Board of Trustees
As of June 30, 2023

Mr. Jerry Morgan, Chair ..... Jonesboro, Arkansas
Mr. Steve Eddington, Vice Chair..... Benton, Arkansas
Bishop Robert G. Rudolph Jr., Secretary.....Bryant, Arkansas
Mrs. Christy Clark, Member..... Little Rock, Arkansas
Mr. Paul Rowton, Member ..... Harrisburg, Arkansas
Mr. Price Gardner, Member..... Little Rock, Arkansas
Mr. Gary Harpole, Member ..... Jonesboro, Arkansas



ARKANSAS STATE UNIVERSITY SYSTEM
ORGANIZATION CHART
AS OF JUNE 30, 2023




Mid-South
Mountain Home
Newport
Three Rivers
Dr. Debra West
Chancellor
Ms. JaNan Abernathy
Vice Chancellor for Finance and Administration
Mr. Jeremy Reece
Vice Chancellor for Student Affairs
Ms. Diane Hampton
Vice Chancellor for Institutional Advancement
Mr. Jeffrey Gray
Vice Chancellor for Learning and Instruction
Dr. Robin Myers
Chancellor
Dr. Tamara Daniel
Provost/Vice Chancellor for Academic Affairs
Ms. Laura Yarbrough
Vice Chancellor for Operations
Ms. Waynna Dockins
Chief Financial Officer
Dr. Johnny M. Moore
Chancellor
Mr. Adam Adair
Executive Vice Chancellor/Chief Financial Officer
Dr. Typhanie Myers
Provost/Vice Chancellor for Academic and Student Affairs
Mr. Ike Wheeler
Vice Chancellor for Advancement
Dr. Steve Rook
Chancellor
Mr. Pat Simms
Vice Chancellor for Academic Affairs
Mr. James White
Vice Chancellor for Finance and Administration
Ms. Carla Crutchfield
Vice Chancellor for Enrollment Services and Registrar

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Financial Section

Independent Auditor's Report

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Arkansas State University System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 7-32, 126-127, and 128-133 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Statement of Net Position by Campus (Schedule 2), the Statement of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), the Statement of Cash Flows 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, and the Statement of Cash Flows 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.

Independent Auditor's Report (Continued)

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
November 13, 2023
EDHE12523

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, 2023. 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, 2022 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 a fiduciary relationship exists.

In June 2017, the GASB issued Statement no. 87, *Leases.* This statement improves accounting and financial reporting for leases.

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.

The University's financial statements for the year ended June 30, 2023 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, 2023 and 2022 where appropriate.

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, 2023, 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 below.

Readers of the Statement of Net Position can determine answers to the following key questions as of June 30, 2023:

- 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

	2023	2022	Increase/ (Decrease)	Percent Change
Assets and Deferred Outflows:				
Current Assets	$ 134,518,021	$ 145,644,155	$ (11,126,134)	(7.64%)
Capital Assets, net	550,765,518	551,826,565	(1,061,047)	(0.19%)
Other Noncurrent Assets	131,154,667	143,418,536	(12,263,869)	(8.55%)
Total Assets	816,438,206	840,889,256	(24,451,050)	(2.91%)
Deferred Outflows	11,963,468	11,232,832	730,636	6.50%
Total Assets and Deferred Outflows	$ 828,401,674	$ 852,122,088	$ (23,720,414)	(2.78%)
Liabilities and Deferred Inflows:				
Current Liabilities	$ 49,959,962	$ 53,689,961	$ (3,729,999)	(6.95%)
Noncurrent Liabilities	265,118,855	273,871,141	(8,752,286)	(3.20%)
Total Liabilities	315,078,817	327,561,102	(12,482,285)	(3.81%)
Deferred Inflows	27,528,902	43,624,670	(16,095,768)	(36.90%)
Total Liabilities and Deferred Inflows	342,607,719	371,185,772	(28,578,053)	(7.70%)
Net Position:				
Net Investment in Capital Assets	316,976,307	303,804,842	13,171,465	4.34%
Restricted, Nonexpendable	16,427,009	16,810,155	(383,146)	(2.28%)
Restricted, Expendable	10,394,467	11,024,084	(629,617)	(5.71%)
Unrestricted	141,996,172	149,297,235	(7,301,063)	(4.89%)
Total Net Position	485,793,955	480,936,316	4,857,639	1.01%
Total Liabilities and Net Position	$ 828,401,674	$ 852,122,088	$ (23,720,414)	(2.78%)

Assets and Deferred Outflows
Total assets and deferred outflows decreased by $23.7 million.

Current Assets
Current assets decreased by $11.1 million.

Cash and Cash Equivalents
Cash and cash equivalents decreased by $15.5 million. Henderson State University had a substantial decrease of $10 million, primarily due to a reclassification of HEERF institutional funds from restricted current assets to undesignated reserve plant funds. From 2022 to 2023, the Jonesboro campus saw increased salary and fringe expenses for their A-State Online program which contributed to a decrease of $3.7 million. Since interest rates were higher, Mountain Home used cash to purchase additional certificate of deposits, resulting in a decrease of about $2.3 million. Three Rivers' decrease of $632,000 was mostly attributable to outstanding

reimbursements from insurance claims to cover water damage that occurred during the winter from frozen pipes and from Saline County for classroom supplies. Much of Newport's $439,000 decrease was due to increased personnel costs. Beebe and Mid-South were the only campuses that experienced increases in the amounts of $1.5 million and $73,000, respectively. Beebe converted certificate of deposits to cash.

Short-term Investments

Short-term investments increased by $5.2 million; although only two campuses experienced increases. Mountain Home and Mid-South had increases of $7 million and $11,000, respectively. Due to the rise in interest rates, Mountain Home invested in additional certificate of deposits with terms of twelve months or less. The Jonesboro campus reclassified certificate of deposits held by the Arkansas State University Foundation for license plate scholarships to restricted investments, resulting in a $400,000 decrease. Newport had a decrease of $800,000 from two certificate of deposits with maturity dates of less than 90 days shown as cash equivalents. Beebe did not invest in any certificate of deposits during fiscal year 2023 which caused a decrease of roughly $605,000. The other campuses did not have short term investments.

Accounts Receivable

Accounts receivable decreased by approximately $800,000. Gross receivables decreased by $1.5 million. Jonesboro, Henderson State University, Beebe and Three Rivers had decreases while the other campuses showed increases. Beebe had the largest decrease of $1.2 million and was a result of recording HEERF III funds during fiscal year 2022. Jonesboro had a decline of approximately $734,000. This was caused from a large decrease in accounts receivable from students. For the summer term, there was a higher percentage attributed to the second part of the term which in turn increased unearned revenue for the year. Three Rivers' decrease of $450,000 was due to a decrease in Pell and direct lending receivables at the end of the year. Henderson State University experienced a decrease of about $449,000. Their decline was due to receivables from students. From fiscal year 2022 to fiscal year 2023, the University experienced an enrollment decline of 11.4%. Of the remaining campuses which had increases, Newport had the largest increase of about $1.5 million. This was largely due to an increase in their receivables from students. Over the past two years, the campus applied HEERF funds to their student accounts which caused lower receivables at the end of the year. Additionally, the campus is continuing to receive institutional HEERF funds and had an increase of about $500,000 in these receivables when compared to fiscal year 2022. Both the Mid-South and Mountain Home campuses had increases of around $300,000 each. Mid-South's increase was due to writing off small balances of accounts receivables related to students. Mountain Home's increase was in part due to an increase in grants receivable related to their regional workforce grants from the Arkansas Department of Higher Education, as well as an increase in property tax receivables. 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 decreased by about $700,000. Three campuses had decreases, three campuses had increases, and one campus (Mountain Home), had no change. Jonesboro had the largest decrease of about $461,000. This was due to a change in accounting for online courses. The amounts for accounts receivable, the allowance, and unearned revenues are now a better reflection of year end activity. Henderson State University had a decrease of approximately $331,000 due to the lower student enrollment as previously mentioned. Of the remaining campuses, the combined increase of $48,000 was minimal.

Inventories

Inventories decreased slightly by $22,000. Jonesboro was the only campus with a significant decrease of $76,000, primarily due to the closure of the campus IT Store and a reduction in Information and Technology Services project supplies inventory. Beebe's decrease was trivial. All other campuses experienced increased inventories. The $28,000 increase at the Three Rivers campus was attributable to their bookstore purchasing athletics apparel in preparation of new baseball and softball programs beginning in the Fall 2023 semester. Newport's food service, bookstore, and central stores inventory increased by $12,500. Henderson State University's inventory for their aviation program rose by roughly $6,000; while Mid-South's central stores inventory increased by about $5,000. Mountain Home began operating their own food service program which led to an increase of almost $2,000.

Leases Receivable

During fiscal year 2022, the University implemented GASB Statement no. 87, Leases. The Jonesboro campus and Henderson State University are the only campuses with leases receivable. The Jonesboro campus has three lease agreements leasing ground owned by the campus. Henderson State University leases a building and then subleases two different spaces in the building. Additional information about these leases may be found in Note 6. The current portion of leases receivable declined from $641,050 to $403,984 due to receiving fiscal year 2023 payments.

Deposits with Trustees

Deposits with trustees increased minimally by $36,000. Of the five campuses having deposits with trustees, four had increases. The largest increase was $78,000 at Henderson State University due to receiving an IRS subsidy payment of $102,000 into one of their accounts. The remaining increases totaled around $15,000 and was the result of higher interest rates. The only decrease was $56,000 at Jonesboro. This was due to a refunding issue from fiscal year 2022. All of the issuance costs had not been paid by the trustee at the end of the year but were paid in fiscal year 2023. Three Rivers does not have bonds issued and had no deposits with trustees.

Prepaid Expenses
Prepaid expenses increased slightly by $10,000. All campuses experienced increases, except for Newport and Three Rivers. The largest increase was at Henderson State University in the amount of $33,000 for aviation insurance and two other professional liability insurance policies. Jonesboro and Beebe had increases of $13,000 and $17,000, respectively, due to larger postage balances at the end of the fiscal year. Mid-South's increase of $16,000 was mainly attributable to the purchase of Element 451 software which helps schools manage engagement, enrollment, marketing, and student success. The Newport campus engaged in long term contracts that were previously recorded as prepaid expenses, but these contracts ended during fiscal year 2023. This resulted in a decrease of $66,000. Mountain Home had a minor increase of $4,000; while Three Rivers had a minor decrease of $6,000.

Capital Assets, net
Capital assets, net decreased by about $1.1 million. Accumulated depreciation/amortization increased from $622,310,364 in 2022 to $651,138,240 in 2023. This increase, of approximately $28.8 million, is due to the recording of one additional year of depreciation/amortization 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 2022 and began depreciating in 2023. The increase in accumulated depreciation was offset by the addition of $39 million in capital assets and the retirement of $11.2 million in capital assets with accumulated depreciation of $3.9 million. Of the $39 million added to capital assets, $15.5 million was construction in progress, $10.8 million was buildings, $3.3 million was improvements and infrastructure, $7.5 million was equipment, and $1.2 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 decreased by $12.3 million.

Noncurrent Cash
Noncurrent cash decreased by $15.9 million and restricted cash decreased by approximately $2.5 million. Only four campuses have a noncurrent cash balance; Jonesboro, Mid-South, Mountain Home, and Henderson State University. The largest decrease was at the Jonesboro campus in the amount of $24.6 million. The campus spent more on capital projects during 2023 and made a payment to the Red Wolves Foundation which was used to purchase 37.37% of the North End Zone located at the football stadium. In addition to this, $10 million was used to purchase investments. Mid-South also paid for several capital projects throughout the fiscal year with excess millage, including renovations to the FedEx Aviation Technology building, which led to their decrease of $1.2 million. Mountain Home had a decrease of $686,000 due to purchasing additional certificate of deposits. Henderson State University was the only campus with an increase of $10.5 million, primarily due to a reclassification of HEERF institutional funds from restricted current assets to undesignated reserve plant funds. Additionally, they received a revolving loan fund totaling $996,450 which was classified as undesignated reserves.



Endowment Investments
Endowment investments increased by approximately $860,000. Jonesboro and Beebe were the only campuses with endowment investments and both experienced increases of $808,000 and $52,000, respectively. This was due to higher interest earnings.

Leases Receivable
During fiscal year 2022, the University implemented GASB Statement no. 87, Leases. The Jonesboro campuses and Henderson State University are the only campuses with leases receivable. The Jonesboro campus has three lease agreements leasing ground owned by the campus. Henderson State University leases a building and then subleases two different spaces in the building. Additional information about these leases may be found in Note 6. The noncurrent portion of leases receivable declined from $11,846,079 to $11,713,986 due to receiving fiscal year 2023 payments.

Other Long-term Investments
Other long-term investments increased by $4.6 million. Jonesboro purchased $10 million of investments towards the end of the fiscal year, resulting in an $8.3 million increase from the previous year. Mountain Home's decrease of $3.7 million is a result of moving certificate of deposits from long-term to short-term investments. The other campuses did not have long-term investments.

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 $67,000 during fiscal year 2023 as the trustee re-appraised the value of the asset.
Deposits with Trustees
Deposits with trustees increased by $462,000. Of the four campuses having deposits with trustees; three of them had increases and one (Henderson State University) was unchanged. The Mid-South campus had the majority of the increase with $458,000. This was due to the timing of the January 2023 property tax payment that was not sent to the trustee in time for the excess millage distribution which was done in February. Additionally, the excess millage distribution was $208,000 lower in fiscal year 2023 which increased the amount of the deposit with trustee. Both Jonesboro and Mountain Home had minimal increases. Additional information on the bond refunding may be found in Note 5.

Deferred Outflows
Deferred outflows increased by approximately $731,000. Roughly $2 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 2023 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) decreased by about $975,000. All of the campuses recorded decreases for the year. 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 $333,000. All the campuses had decreases due to the amortization of these amounts. None of the campuses issued refunding bonds during fiscal year 2023.

Liabilities and Deferred Inflows
Total liabilities and deferred inflows decreased by $28.6 million.

Current Liabilities
Current liabilities decreased by $3.7 million.

Accounts Payable and Accrued Liabilities
Accounts payable and accrued liabilities decreased by roughly $2.1 million; although Jonesboro and Mid-South were the only campuses with decreases. Prior to fiscal year 2023, Jonesboro made manual entries to accounts payable based on the ending balance in the Academic Partnership fund which accumulated a large balance based on amounts that would not be paid, such as silver scholars. This process was changed which contributed to the substantial decrease of $2.8 million. Mid-South's decrease of $304,000 was mostly due to outstanding invoices for computers and equipment that was purchased at the end of the prior fiscal year that did not occur again in 2023. Mountain Home and Three Rivers experienced increases of $290,000 and $213,000, respectively, mostly from payroll related liabilities. The Beebe campus ordered robotics equipment for their Office of Skills Development grant towards the end of the year, resulting in an increase of $250,000. Newport had an increase of $196,000 due to outstanding invoices to contractors. Henderson State University had a small increase of $97,000.

Bonds, Notes, Leases, and Installment Contracts Payable
Bonds, notes, leases, and installment contracts payable increased slightly by $666,000. There was a mix of increases and decreases among the campuses. The only additional debt recorded during the fiscal year was leases payable for Jonesboro, Henderson State University, and Mid-South. Jonesboro recorded a lease for office space and one for equipment. The lease for office space is for space that was leased previously and the debt matured during fiscal year 2023; therefore a new lease was recorded. Additionally, Jonesboro had another lease for office space that matured on June 30th. Henderson recorded one for office space and one for the lease of the airport. Mid-South recorded a new printer lease. Additionally, two leases were terminated early. Jonesboro terminated a lease for land and Mid-South terminated their lease for printers. Additional information on the terms of each lease may be found in Note 5 and Note 6. Additional details on bonds, notes, and installment contracts may be found in Note 5.



Unearned Revenues
Unearned revenues decreased by $3 million. Jonesboro had the largest decrease of about $2.9 million, primarily due to changing the process for the Academic Partnership fund discussed above. Academic Partnership is now accounted for with a 50% entry to accounts payable and a 50% entry to revenue. In previous years, the entry was to fund balance adjustments and manual entries were made at year end to move to accounts payable and unearned revenue. This change greatly affected the calculation for unearned revenue and changed how unearned revenue is recorded. Henderson State University's unearned revenue mostly consists of summer II revenue. There was a decline in enrollment for summer II compared to the previous year which contributed to a decrease of $322,000. The Mountain Home and Newport campuses saw minor decreases of approximately $30,000 and $27,000, respectively. Due to the implementation of the Banner ERP (Enterprise Resource Planning) system, Mountain Home no longer collects Fall tuition before July 1st. Newport's prior year unearned revenues was unusually high because HEERF funded financial aid had been available for students to prepay summer and fall semesters. Beebe changed their calculation method, resulting in an increase of $140,000. Mid-South saw an increase of $53,000 related to their Ascendium and Ready for Life grants. Three Rivers did not have any unearned revenues.

Deposits
Deposits decreased by $46,000. There was a decline in enrollment for Henderson State University's aviation program, resulting in a decrease of $62,000 for deposits of flight hours. Newport had a decrease of about $12,000 because there was less HEERF funded financial aid available to students which led to fewer prepayments. Jonesboro saw a minimal increase of $27,000. Mid-South had a trivial increase; while Beebe's deposits remained unchanged. Mountain Home and Three Rivers did not have any deposits.

Other Postemployment Benefits (OPEB) Liability
The current portion of this liability, a very slight increase of about $2,000, 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 2024. Additional information about OPEB may be found in Note 12 and the Required Supplementary Information.

Noncurrent Liabilities
Noncurrent liabilities decreased by $8.8 million.

Bonds, Notes, Leases, and Installment Contracts Payable
Bonds, notes, leases, and installment contracts payable decreased by $16.6 million. All campuses had decreases when compared to 2022. The decrease is a reflection of the reduction of principal amounts owed by all the campuses for bonds, notes, leases, and installment contacts payable. As previously mentioned, the only new debt recorded was two leases for Jonesboro, two leases for Henderson State University, and one lease for Mid-South. Additionally, Jonesboro and Mid-South both terminated leases early during the fiscal year. Jonesboro was the only campus to have debt with a final payment in 2023. There were two leases payable that reached maturity during the fiscal year.

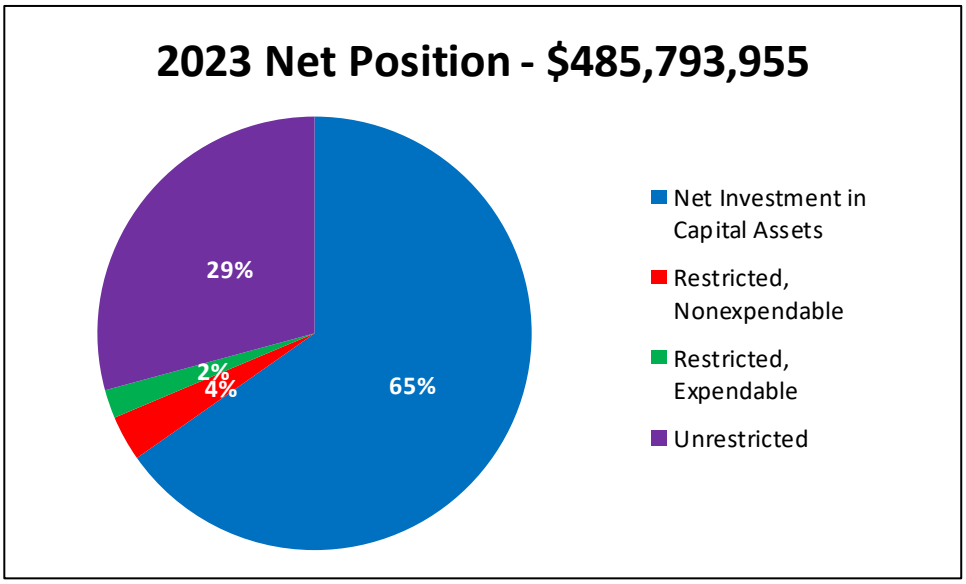
Other Postemployment Benefits (OPEB) Liability
The noncurrent portion of this liability decreased by about $688,000 and was recorded during the year in accordance with GASB no. 75. Additional information about OPEB may be found below in the deferred inflows section, in Note 12, and the Required Supplementary Information.

Net Pension Liability
The University's portion of the net pension liability increased by around $9.6 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 decreased by $16.1 million. About two-thirds of this decrease, $10.4 million, was the amount related to the recording of pensions which was recognized in fiscal year 2023 in accordance with GASB no. 68. The deferred inflows are recorded in conjunction with the deferred outflows and net pension liability discussed previously. There was also a sizable decrease of $5.5 million related to other postemployment benefits. This amount is recorded in accordance with GASB no. 75 and as mentioned previously, the campuses recorded small changes in the deferred outflows, current liability, and noncurrent liability related to OPEB. The overall effect of recording the OPEB amounts showed a decrease of about $5.2 million. The change in deferred inflows related to leases was around $192,000. As previously mentioned, Jonesboro and Henderson State University are the only campuses to record an amount related to leases receivable and there is also a deferred inflow amount related to those leases. Additional information on the leases may be found in Note 6. The remaining minimal increase of $67,000 was recorded as part of the irrevocable split-interest agreement at the Jonesboro campus as previously mentioned in the Noncurrent Asset section.

Net Position

Total net position increased by $4.9 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 $13.2 million. This increase was mainly attributable to a reduction of long-term debt associated with capital projects. There was about $16.4 million of debt paid during the year. In comparison, only $500,000 in new debt was added. Additionally, the amount of capital asset additions exceeded the amount of depreciation and amortization. In previous years, the amount of depreciation/amortization has been greater than the amount of capital assets added. For 2023, there was $39 million in capital assets additions compared to $32.7 million of depreciation and amortization expense. The campuses have several ongoing construction projects. Details of several of the projects may be found in Note 7.

Restricted, Nonexpendable

Restricted, nonexpendable net position decreased by $383,000.

- *Scholarships and Fellowships*—Restricted, nonexpendable net position for scholarships and fellowships increased by $230,000. This was due to the Jonesboro campus's increase and the Beebe campus's slight decrease in the fair value of endowment investments held by the Arkansas State University 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 decreased in the amount of $83,000. This change was related to the Federal Perkins Loan activity at the Jonesboro campus and Henderson State University. This amount will continue to decrease as the Federal Perkins Loan Program expired on September 30, 2017.

- *Other*—Restricted, nonexpendable net position for other purposes than those mentioned above decreased by $530,000 This was due to a decrease in investment earnings during the year on endowments for purposes other than scholarships.

Restricted, Expendable

Restricted, expendable net position decreased by roughly $630,000.

- *Scholarships and Fellowships*—Restricted, expendable net position for scholarships and fellowships increased slightly by $74,000. Jonesboro and Beebe had increases of $8,000 and $63,000, respectively. This was due to increases in the fair value of endowment investments held by the Arkansas State University Foundation for scholarship purposes. Three Rivers had an increase of about $39,000 due to a classification change from nonexpendable to expendable. Henderson State University had a decrease of $32,000; while Mid-South had a minor decrease of $4,000.

- *Capital Projects*—The restricted, expendable net position for other purposes than those listed above decreased by $1.1 million to

$0. Last year, both Jonesboro and Henderson State University had state treasury funds for capital projects. The funds for those projects were spent in 2023.

- *Debt Service*—The restricted, expendable net position for other purposes than those listed above decreased slightly by $12,500. Mid-South is the only campus 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 an increase of about $91,000 due to the bond requirements of these funds.

- *Other*—The restricted, expendable net position for other purposes than those listed above increased by roughly $341,000. The Jonesboro campus had higher balances in endowment funds classified as other due to improved interest rates, resulting in an increase of $343,000. Beebe's increase of $235,000 is from including accrued interest on bonds as part of net investment in capital assets instead of as other. This was the first fiscal year since the COVID pandemic that Mountain Home's Performing Arts was able to have a show season, and they received more gifts from the Arkansas State University Foundation; both of which contributed to their increase of $151,000. Henderson State University's decrease of $341,000 is attributable to a reduction in restricted grant balances. Mid-South and Newport had minor decreases of $18,000 and $30,000, respectively. Three Rivers does not have a balance for this.

Unrestricted

Unrestricted net position decreased by $7.3 million. The Jonesboro campus saw the largest decrease of roughly $10 million, primarily due to a payment to the Red Wolves Foundation which was used to purchase 37.37% of the North End Zone located at the football stadium. The unrestricted balance at Three Rivers included HEERF institutional expenses, but all related HEERF revenue was recognized during the previous year, resulting in a decrease of $841,000. Newport also had a decrease of $626,000 due to a rise in operating expenses, most notably in personnel and supplies. Henderson State University's increase of $2.5 million is mainly attributable to expense minimizing efforts that began in fiscal year 2022 after the campus entered financial exigency. Mid-South reclassified accrued interest from unrestricted to net investment in capital assets, and they had a large receivable for an insurance claim for flood damages to two buildings during the Christmas break. This led to an increase of $690,000. Mountain Home's increase of $559,000 was due to increases in property tax, investment income, and gifts. Beebe had an increase of $401,000 related to a rise in sales and use tax.





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, 2023.

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 2023 compared to fiscal year 2022 is shown below.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2023	2022	Increase/ (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees, Net	$ 71,516,564	$ 71,463,532	$ 53,032	0.07%
Grants and Contracts	42,946,287	38,524,894	4,421,393	11.48%
Auxiliary Enterprises, Net	33,316,595	34,380,782	(1,064,187)	(3.10%)
Other	12,997,426	12,037,535	959,891	7.97%
Total Operating Revenues	160,776,872	156,406,743	4,370,129	2.79%
Operating Expenses	377,483,705	386,473,481	(8,989,776)	(2.33%)
Nonoperating Revenues (Expenses)				
State Appropriations	136,939,791	135,413,506	1,526,285	1.13%
Grants and Contracts	54,229,798	54,020,204	209,594	0.39%
Interest on Capital Asset - Related Debt	(8,703,617)	(9,143,386)	439,769	(4.81%)
Other	35,323,579	60,205,033	(24,881,454)	(41.33%)
Total Nonoperating Revenues (Expenses)	217,789,551	240,495,357	(22,705,806)	(9.44%)
Income Before Other Revenues, Expenses, Gains or Losses	1,082,718	10,428,619	(9,345,901)	(89.62%)
Capital Appropriations	1,545,590	1,201,455	344,135	28.64%
Capital Grants and Gifts	7,085,837	1,639,612	5,446,225	332.17%
Right to use assets		13,880,104	(13,880,104)	(100.00%)
Removal of right to use assets	(4,545,369)		(4,545,369)	100.00%
Other	(311,137)	(165,169)	(145,968)	88.37%
Total	3,774,921	16,556,002	(12,781,081)	
Increase (Decrease) in Net Position	$ 4,857,639	$ 26,984,621	$ (22,126,982)	(82.00%)
Net Position, Beginning of Year	$ 480,936,316	$ 453,687,491	$ 27,248,825	6.01%
Restatement for GASB 87		$ 264,204		
Net Position, End of Year	$ 485,793,955	$ 480,936,316	$ 4,857,639	1.01%

Revenues
Total revenues decreased by approximately $21.3 million.

Operating Revenues
Total operating revenues increased by $4.4 million.

Tuition and Fees, net
Net tuition and fees increased slightly by $53,000. Gross tuition and fee revenue decreased by $237,000. The Jonesboro campus saw the largest increase in the amount of $1.6 million. Beginning in fall 2022, there was a 4.6% increase in the amount charged for tuition and fees. Additionally, fall enrollment was the highest it had been since 2018. Mountain Home showed an overall increase in student semester credit hours, as well as a renewed focus on continuing education. Their rise in out-of-state tuition was a direct correlation to their recent addition of athletic programs. This all contributed to their increase of $890,000. Three Rivers had an increase of $455,000, primarily from their workforce training fee revenue. Henderson State University and Beebe began calculating scholarship allowances differently after transitioning to the Banner student module. This, along with a decline in enrollment at Henderson State University, led to their decreases of $1.8 million and $561,000, respectively. Mid-South's decrease of $275,000 and Newport's decrease of $216,000 was also due to lower enrollment. Declines in student enrollment at some of the campuses led to an overall decrease in scholarship allowances. Scholarship allowances decreased by $290,000.

Grants and Contracts
Operating grants and contracts increased by $4.4 million. All campuses experienced increases, except for Henderson State University. The Arkansas Small Business Development Center was discontinued at Henderson State University, resulting in their decrease of approximately $286,000. Three Rivers and Beebe received new grants from Regional Workforce and the Office of Skills Development which contributed to their increases of $1.4 million and $1.1 million, respectively. Three Rivers also saw increased revenue from the Saline County Career Technical Center. At the Mountain Home campus, Regional Workforce, Office of Skills Development, and Delta Regional Authority grants covered salaries and supplies to set up new programs in both commercial truck driving and marine manufacturing. It was also their first full year of the Title III grant, and they received additional funding for Career Pathways and the Secondary Career Center; all resulting in an increase of $945,000. Newport had an increase of nearly $600,000 from new grants, such as Temporary Assistance for Needy Families (TANF) and Arkansas Workforce Challenge, and from additional funding available for previous grants, such as Career Pathways Initiative and Carl Perkins. Jonesboro and Mid-South also had increases of $567,000 and $105,000, respectively, due to higher balances at the end of the year. Overall, the change across the campuses was an increase of 11.48%. There will continue to be fluctuations in the amount of operating grants and contracts revenue as more colleges and universities compete for these dollars. Additionally, timing issues of receipts and expenses also plays a role in the ending balances for grants and contracts.

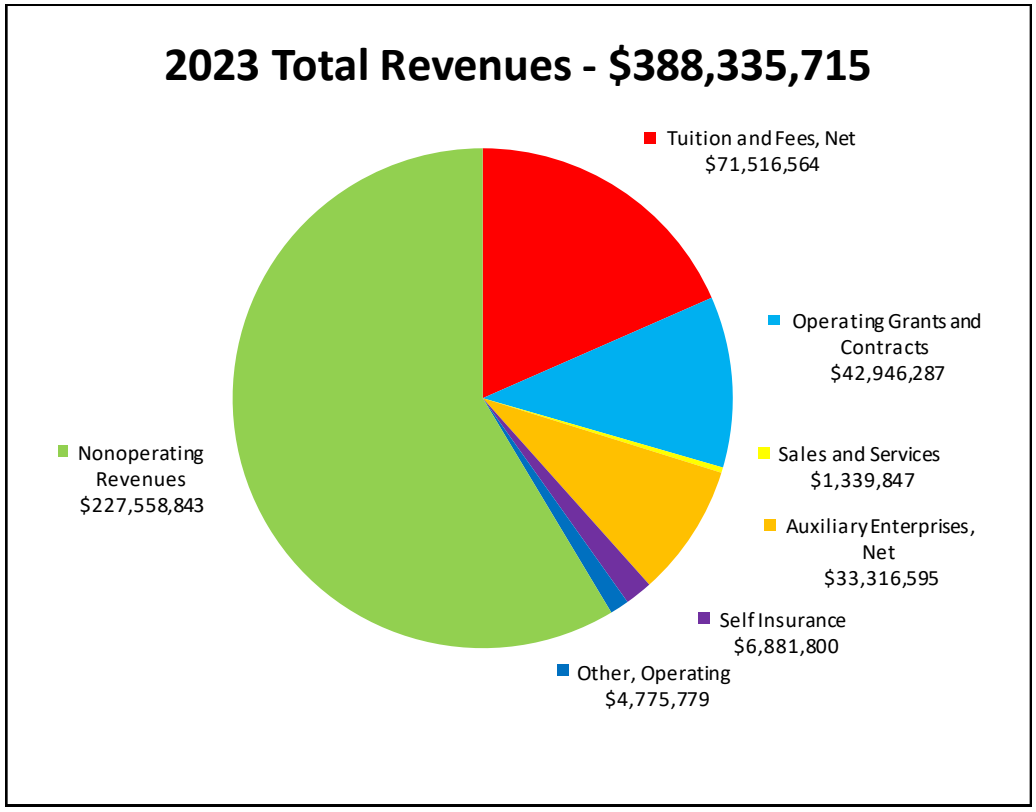
Sales and Services
Sales and services decreased by approximately $260,000. Of the four campuses that show sales and services revenue, two had increases and two had decreases. Henderson State University's decrease of $341,000 was primarily due to reclassifying certain types of receipts to nonoperating revenues and other operating revenues during the fiscal year. The decrease of $4,000 at the Beebe campus was due to lower revenues from livestock sales. This was the first fiscal year since the COVID pandemic that Mountain Home's Performing Arts was able to have a show season which contributed to their increase of $55,000. Jonesboro had a minor increase of roughly $30,000.

Auxiliary Enterprises, net
Auxiliary enterprises, net decreased by approximately $1.1 million. Henderson State University experienced a decline in enrollment which directly affected many auxiliary services; such as housing occupancy, meal plans, athletic fees, and student recreation center fees. This led to a decrease of about $1.7 million. Newport's decrease of $33,000 was the result of a higher volume of financial aid applications which increased the scholarship allowance applied to auxiliary revenue. The Mid-South and Three Rivers campuses had minor decreases of $7,000 and $9,000, respectively. Beebe and Mountain Home changed their method of calculating scholarship allowance after transitioning to the Banner student module, resulting in increases of $395,000 and $82,000, respectively. Jonesboro had a minimal increase of $182,000. In addition to the decreased revenues, scholarship allowances related to auxiliaries decreased by almost $1 million.

Self –Insurance
Self-insurance revenues increased slightly by $138,000. During fiscal year 2023, there were no increases in premiums for the employee withholding amount. The increase was a result more retirees paying for health insurance.

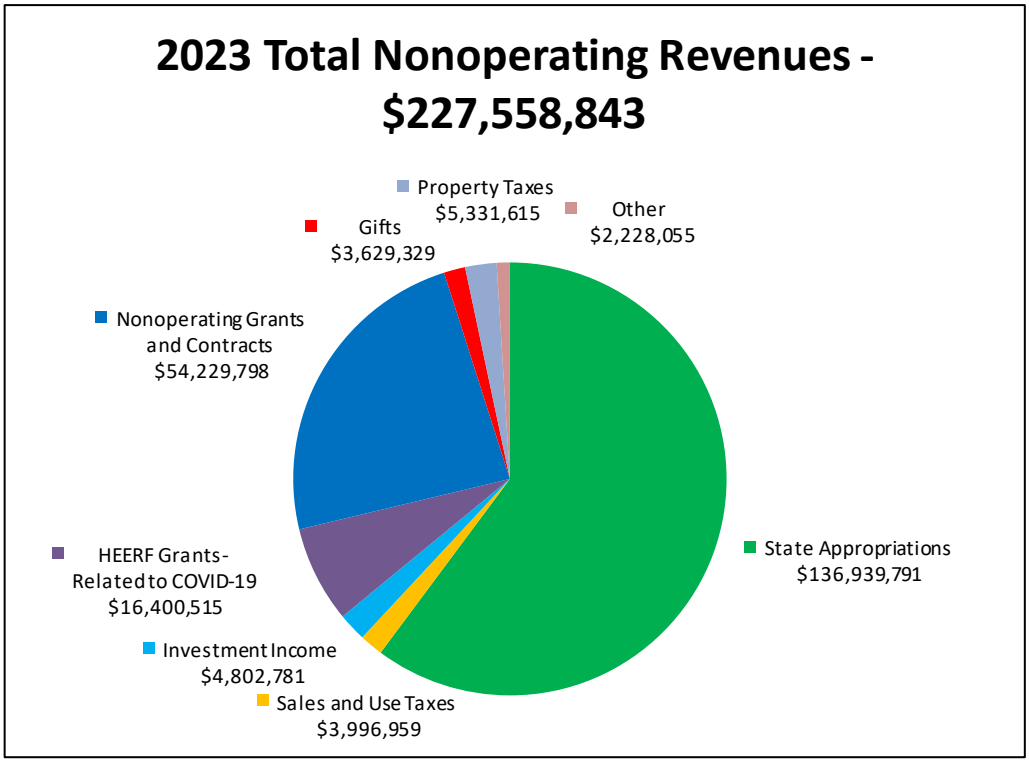
Other
Other operating revenues increased by about $1.1 million. The largest increase was at the Jonesboro campus in the amount of $597,000, primarily due to funds received from Arkansas State University campus Querétaro and for the Women's Leadership Academy. Mid-South and Three Rivers recorded receivables for insurance claims for water damage that occurred during the winter, resulting in their increases of $264,000 and $169,000, respectively. Henderson State University's increase of $130,000 is mostly attributable to reclassifying certain types of receipts that were previously recorded as sales and services. Mountain Home received fewer host fees from the Jonesboro campus and fewer funds from the Department of Finance and Administration Marketing and Redistribution Center, resulting in a decrease of $45,000. Beebe also had a decrease of $27,000 from not receiving any host fees from

the Jonesboro campus during the fiscal year. Newport had a minor decrease of $6,000.



Nonoperating Revenues

Total nonoperating revenues decreased by $25.6 million.



Federal Appropriations
Federal appropriations decreased slightly by $30,000. In previous fiscal years, the Jonesboro campus received several federal awards related to grants and contracts. As available grant resources decline, these funds have continued to fall and none were received during this fiscal year. The emphasis is shifting more towards other types of grant funding.

State Appropriations
State appropriations increased by $1.5 million overall; although only three campuses experienced increases. The Jonesboro campus had the largest increase of $1.5 million; while Newport had the largest decrease of about $148,000. The increases and decreases at the campuses were due to variances in general appropriation funding and miscellaneous appropriations that are received in one year, but not another. 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 increased by approximately $210,000. Jonesboro saw an increase of $1 million, primarily due to increased Pell from higher enrollment. The Beebe campus saw additional funds from Pell and Workforce Challenge grants which led to their increase of $677,000. The Mid-South and Three Rivers campuses had minor increases of $73,000 and $30,000, respectively. The decreases at the other campuses was mainly attributable to declines in student enrollment. Henderson State University received fewer funds from Pell grants and Arkansas Academic Challenge scholarships, resulting in a decrease of $1.2 million. Newport's decrease of $219,000 was due to less Pell grants, Arkansas ACT 456 Concurrent scholarships, and Federal Supplemental Educational Opportunity Grant (FSEOG) funding. Mountain Home also had a decrease of $183,000.

HEERF Grants-Related to COVID-19
The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27, 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.

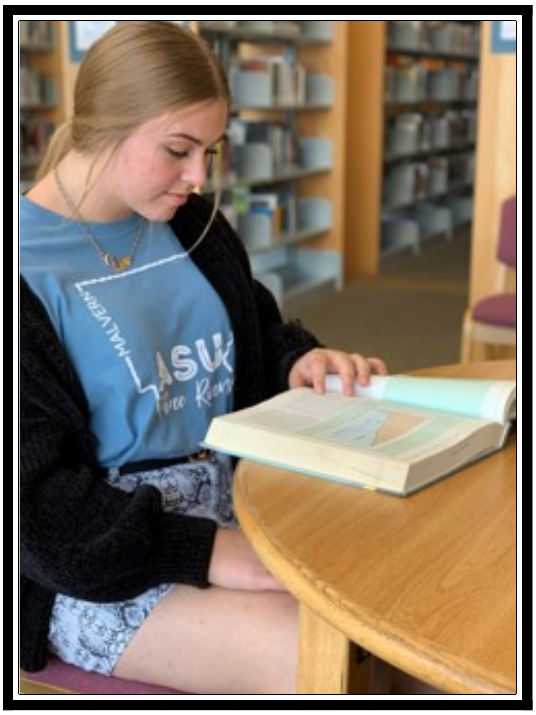
In addition to HEERF I, the Higher Education Emergency Relief Fund II (HEERF II) was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and was signed into law on December 27, 2020. In total, the CRRSAA authorized $81.88 billion in support 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 2022, there were $306,000 in direct payments to students from HEERF II funds and about $29 million in direct payments to students from HEERF III funds. All of the direct payments to student were made in fiscal years 2020, 2021, and 2022.

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 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 institutions 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.

During 2023, there was a decline of about $34.1 million in HEERF funds across the campuses. This is due to receiving all of the student funds in the previous three fiscal years. The funds that were received in 2023 were either the small remaining amounts of the institutional portion of HEERF III or grants received through various agencies with HEERF funding. For example, Jonesboro received a three year $25 million project from the Division of Elementary and Secondary Education to oversee the ARP ESSER III subawards for afterschool, summer, and extended year learning programs to support student learning and social emotional development.



Sales and Use Taxes
Sales and use taxes increased by $411,000. Both Beebe and Newport saw increases of $219,000 and $192,000, respectively, due to a rise in tourism and local consumer spending.

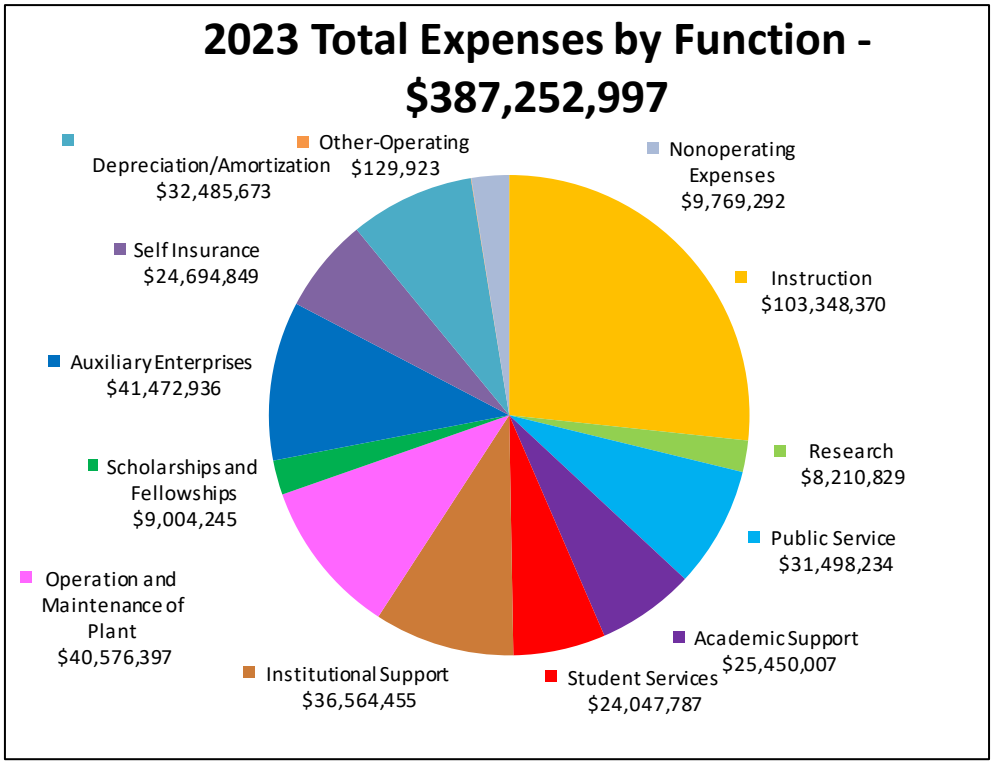
Property Taxes
Property tax revenues increased by $655,000. Mid-South had an increase of $468,000, and Mountain Home had an increase of $187,000.

Gifts
Revenues from gifts increased by approximately $149,000. The Jonesboro and Mountain Home campuses saw a rise in funds received from the Arkansas State University Foundation, resulting in increases of $206,000 and $222,000, respectively. The Newport campus received an $8,000 one-time gift from a local industry to present a lecture and concert series. Mid-South had a decrease of $284,000 due to one-time gifts received in the prior fiscal year for their hospitality and automotive programs. Henderson State University had a trivial decrease of $3,500; while Beebe and Three Rivers did not receive any gifts.

Investment Income
Investment income increased by $6.7 million. All campuses benefitted from increased interest rates throughout the year, resulting in higher investment income when compared to 2022. Jonesboro had the largest increase of $5.3 million.

Gain or Loss on Disposal of Capital Assets
During the fiscal year, the University had a gain of $1.5 million on capital assets compared to a loss of $88,000 in fiscal year 2022. Both Jonesboro and Henderson State University showed gains for the year. The Jonesboro campus had a gain of about $3.7 million during the year. This gain was mainly a result of the sale of the remaining land where the Arkansas Services Center was located. Henderson State University had a small gain of about $21,000. This was a result of selling land to the city of Arkadelphia for a dog park. Beebe had a loss of nearly $1.2 million and Newport had a loss of about $1 million. Both of these amounts resulted from the campuses disposing of their prior ERP (Enterprise Resource Planning) systems since all modules of their new ERP system are fully functioning and have been capitalized.

Expenses
Total expenses decreased by $11.9 million.



Operating Expenses

Total operating expenses increased by $9 million.

Additional information on operating expenses can be found in the tables and charts that follow.

Personal Services

Personal services increased by approximately $1.5 million. There were five campuses with increases during the year. Jonesboro had an increase of about $2.5 million. Although the campus eliminated eleven faculty positions and created a $1 million permanent reduction in salaries; Jonesboro also provided faculty promotions, market salary adjustments for university police officers, a 2% merit raise for faculty, non-classified employees and graduate assistants, and a 2% cost of living adjustment for classified employees. Newport had an increase of $1 million. This increase was a result of a 2% cost of living adjustment and newly added positions. Beebe and Three Rivers each had about a $500,000 increase. Beebe provided a 2% cost of living adjustment for employees. Three Rivers had an increase due to increased instructional staff at the Saline County Career Technical Center. Fiscal year 2023 was the second year of operations for the Saline County Career Technical Center which provides career technical classes to high school students. Mountain Home also had a slight increase of $271,000. This was related to an increase of grant positions on the campus. Of the two campuses with decreases; Henderson State University had the largest at nearly $3 million. This change from the prior year was a result of the campus declaring financial exigency in February 2022. Due to this, the campus has gone through a massive academic restructuring and consolidation. Because of this, personal services have decreased in both 2022 and 2023 as planned. The Mid-South campus had a slight decrease of about $308,000. Although overall expenses related to personal services increased, the campuses continue to have difficulty in filling positions. Positions are becoming increasingly harder to fill as more employees focus on remote work, higher pay, and other options not always available to colleges and universities. Another factor in the amount of personal expenses for the year is OPEB and pension expenses. Overall, both of these decreased when compared to 2022. All of the campuses had lower expenses in both of these categories when compared to fiscal year 2022. The entries related to the pension liability decreased by $2.9 million. More information on this may be found in Note 8. Entries related to OPEB decreased by about $5.2 million. More information on this may be found in Note 12.

Scholarships and Fellowships

Scholarships and fellowships decreased by $32.6 million. Gross scholarships and fellowships decreased by $33.9 million. All campuses showed sizable decreases in scholarships and fellowships due to HEERF funds that were disbursed directly to students as financial aid during the prior fiscal year. Jonesboro had the largest decrease of $16.5 million. 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 increased by $19.4 million. All campuses saw increases when compared to the prior year. Although the campuses do practice cost containment and other prudent measures, such as budget cuts, inflation played a large role in the increased amount. The majority of the increase was at the Jonesboro campus. Their increase was $14.9 million. As previously mentioned, the campus received a $25 million project from the Division of Elementary and Secondary Education to oversee the ARP ESSER III subawards for afterschool, summer, and extended year learning programs to support student learning and social emotional development. The supplies and services related to this have increased about $7.4 million when compared to 2022. Although this sizable increase occurred, it should also be noted that there were grants and contracts revenue received to offset this increase. The campus also saw an overall increase in costs with comparisons of 2022 costs. For example, the cost of electricity rose by $1.3 million in 2023. Additionally as travel resumes to pre-COVID levels, travel related expenses increased across the campus by around $2.5 million. Henderson State University experienced a $1.9 million increase. As previously discussed, the campus declared financial exigency in February 2022. While this led to a reduction in staff; the campus has a shared services agreement with the Jonesboro campus to provide certain functions for a set amount. Fiscal year 2023 was the first full year of this agreement. Additionally, the campus has a new ERP (Enterprise Resource Planning) system and paid for consulting and additional training after the implementation and go-live. Newport's increase of around $1.1 million was due to expenses related to non-capitalized improvements and repairs. Also, the campus saw an increase in non-capital equipment purchases during the year. The Three Rivers campus increased by about $450,000. This was a result of increased costs related to the Saline County Career Technical Center and costs related to the campus's truck driving academy. The other three campuses had a combined minimal increase of about $1 million.

Self-Insurance

Self-insurance expenses increased by $1.1 million. Although, there was a decrease of $400,000 in the unpaid claims liability recorded at year end; overall costs related to self-insurance increased. Medical and pharmaceutical claims, as well as administration fees related to self-insurance, rose during 2023.

Depreciation and Amortization

Depreciation and amortization expenses increased by $1.4 million. All of the campuses, other than Newport, experienced increases when compared to 2022. The largest increase was Jonesboro in the amount of $1 million due to the addition of assets in fiscal year 2022 that began depreciating in fiscal year 2023. Additionally, the amortization on right to use assets and leases payable has now been added to this line on the Statement of Revenues, Expenses, and Changes in Net Position. For 2023, this total was $706,000. Henderson State University's increase was $421,000. During 2023, the campus reclassified their building improvements from buildings to improvements. Prior to this, these assets were deprecating over 50 years and have been updated to 30 years. Additionally,

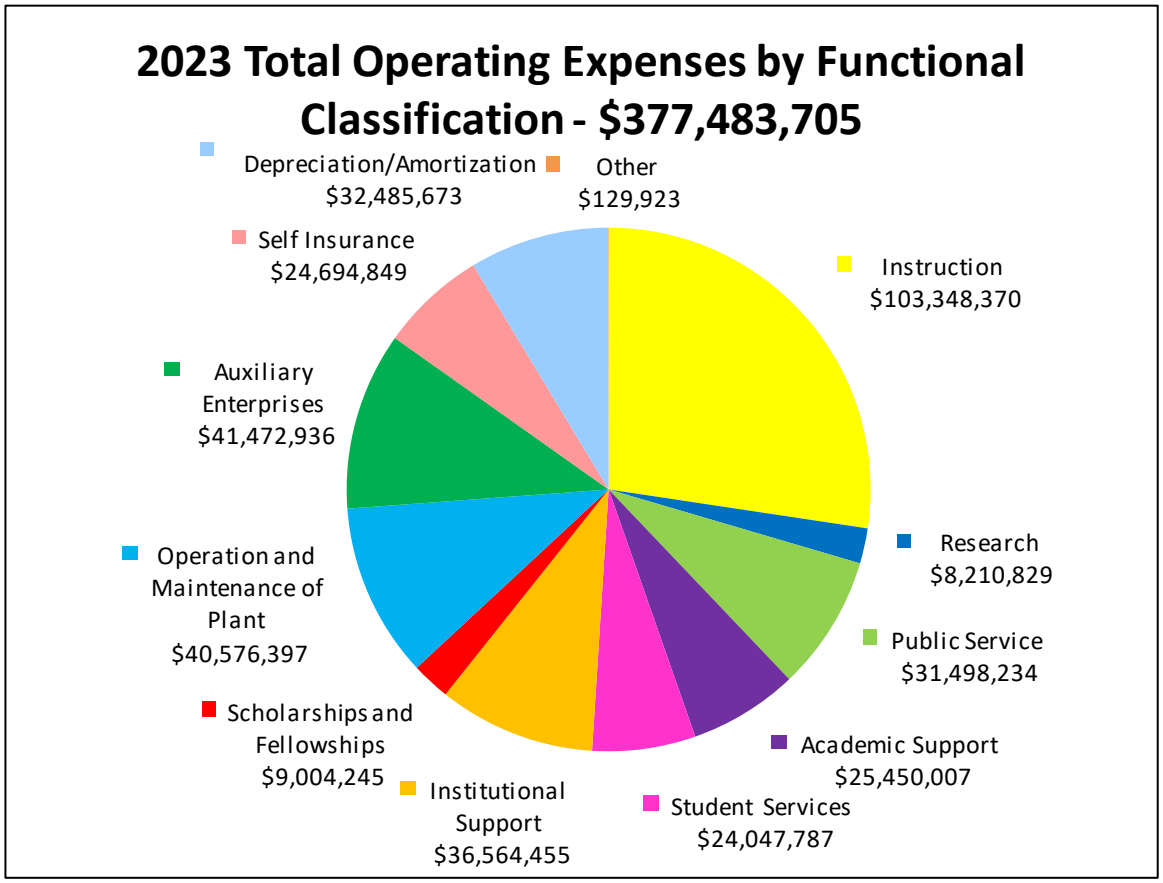
the campus updated their useful lives on improvements and infrastructure from 20 years to 30 years. Henderson State University also had amortization for leases payable that is now included on this line. The total for the year was $192,000. The remaining campuses had a minimum net effect of a $10,500 decrease. Additionally, as new projects were completed in 2023, depreciation expense will increase next year as a result of these. The amount of completed projects was $33.5 million when compared to the $12.2 million in 2022; depreciation expense will continue to increase each year as new buildings and renovations are completed and begin depreciating.

Other
Other operating expenses increased by about $42,000. These expenses are related to the Federal Perkins Loan program on the Jonesboro campus and Henderson State University.

Operating Expenses by Function

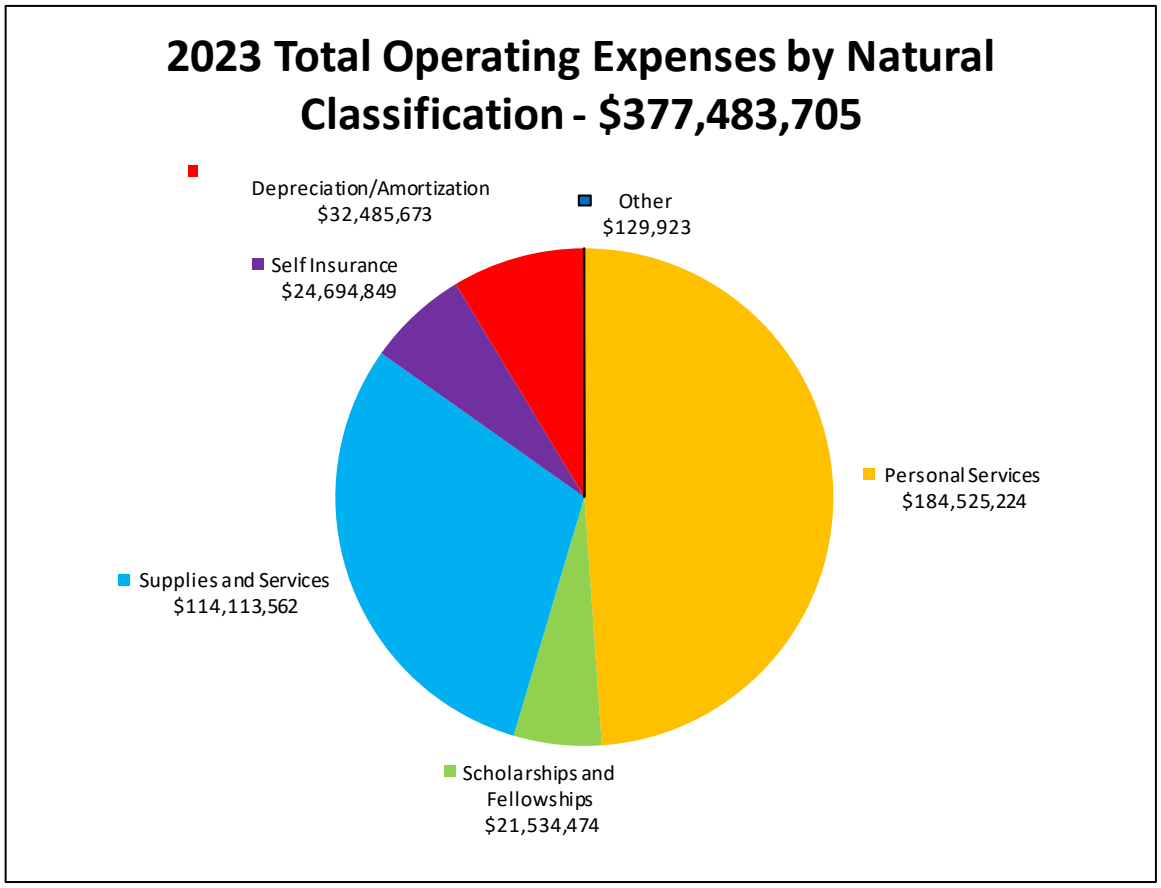
	2023	2022	Increase/ (Decrease)	Percent Change
Instruction	$ 103,348,370	$ 104,119,726	$ (771,356)	(0.74%)
Research	8,210,829	8,816,562	(605,733)	(6.87%)
Public Service	31,498,234	20,158,306	11,339,928	56.25%
Academic Support	25,450,007	23,279,994	2,170,013	9.32%
Student Services	24,047,787	23,402,443	645,344	2.76%
Institutional Support	36,564,455	40,383,964	(3,819,509)	(9.46%)
Scholarships and Fellowships	9,004,245	42,672,022	(33,667,777)	(78.90%)
Operation and Maintenance of Plant	40,576,397	31,603,723	8,972,674	28.39%
Auxiliary Enterprises	41,472,936	37,332,411	4,140,525	11.09%
Self Insurance	24,694,849	23,546,876	1,147,973	4.88%
Depreciation/Amortization	32,485,673	31,069,319	1,416,354	4.56%
Other	129,923	88,135	41,788	47.41%
Total Operating Expenses	$ 377,483,705	$ 386,473,481	$ (8,989,776)	(2.33%)





Operating Expenses by Natural Classifications

	2023	2022	Increase/ (Decrease)	Percent Change
Personal Services	$ 184,525,224	$ 182,978,436	$ 1,546,788	0.85%
Scholarships and Fellowships	21,534,474	54,137,972	(32,603,498)	(60.22%)
Supplies and Services	114,113,562	94,652,743	19,460,819	20.56%
Self Insurance	24,694,849	23,546,876	1,147,973	4.88%
Depreciation/Amortization	32,485,673	31,069,319	1,416,354	4.56%
Other	129,923	88,135	41,788	47.41%
Total Operating Expenses	$ 377,483,705	$ 386,473,481	$ (8,989,776)	(2.33%)



Nonoperating Expenses
Total nonoperating expenses decreased by $2.9 million.

Interest
Interest expense decreased minimally by nearly $440,000. All the campuses showed decreases. Jonesboro experienced the largest decrease of $169,000 due to savings from bond refundings that have been done recently. As previously mentioned, the only new debt during fiscal year 2023 was for leases. The added interest expense for these leases is minimal. The lower interest expense for the year is expected due to minimum 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.





Other Changes
Other revenues, expenses, gains and losses totaled $3.8 million. This amount decreased by $12.8 million.

Capital Appropriations
Capital appropriations increased by $344,000. Henderson State University and Three Rivers were the only campuses with capital appropriations in 2023. Henderson State University received around $987,000 for their Caddo Center Renovation, the University's front door and welcome center. Three Rivers received about $558,000 for the Ritz Theatre renovation. The campuses also received amounts for these projects in 2022. In fiscal year 2022, Three Rivers received about $774,000 and Henderson State University received $418,000. Jonesboro was the only other campus with an amount in 2022. For 2022, the amount received was $9,094. This amount was related to the Lakeport Plantation; part of the campus's Delta Heritage Office.

Capital Grants and Gifts
Capital grants and gifts increased by $5.4 million. The Jonesboro campus accounted for about half of this increase. During 2023, about $2.3 million was received through the Arkansas State University Foundation, Inc. for capital projects. The majority of the funds received was for the new building at the Judd Hill Farmers' Market. The new building adds indoor spaces, classroom facilities, and other amenities to significantly expand the operations of the Judd Hill Farmers' Market. In addition to this, the campus also recorded $1.5 million for a portion of the North End Zone located at the football stadium, Centennial Bank Stadium. The campus purchased a percentage of the North End Zone from the Red Wolves Foundation, Inc. More information on this may be found in the section below and in Note 18. Mountain Home had an increase of $1.3 million as a result of two new grants. The first grant provides for equipment to be used in the new commercial truck driving program. This includes two over-the-road semi-trucks, one semi-trailer, and a truck simulator. The second grant was utilized to purchase equipment for the new marine manufacturing program and provide funding for the Technical Center expansion. Mid-South's increase of $857,000 was due to a grant received to build a truck driving range and buy trucks and trailers for the new commercial truck driving program. Newport had an increase of $660,000. This increase was due to new grant funds to purchase equipment and provide improvements in the transportation area. Additionally, the campus received funds to construct a memorial trail on campus. Henderson State University and Beebe both had declines from the previous year. Both of these campuses received capital gifts in 2022 but did not in 2023.

Right to use Assets/Removal of right to use assets
During fiscal year 2022, the Jonesboro campus recorded two right to use assets. The campus has agreements to use two buildings on campus built on University property owned by outside parties. In 2023, Jonesboro purchased an ownership of the North End Zone located at the University's football stadium. Additionally, an amount of this property was given to the University by the Red Wolves Foundation, Inc. The campus's ownership in the North End Zone is 37.37%. With this ownership, a corresponding percentage of the right to use asset was removed during fiscal year 2023. Additional information on the right to use assets may be found in Note 18.

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, 2023 and June 30, 2022 were as follows:

Capital Assets (net of accumulated depreciation and amortization)

	2023	2022	Increase/ (Decrease)	Percent Change
Land and land improvements	$ 22,677,931	$ 22,702,110	$ (24,179)	(0.11%)
Construction in progress	20,642,658	11,296,744	9,345,914	82.73%
Livestock	225,817	210,867	14,950	7.09%
Intangibles-Software in development	-	3,940,588	(3,940,588)	(100.00%)
Intangibles-Easements	2,675,000	2,675,000	-	0.00%
Intangibles-Software	6,962,996	3,188,007	3,774,989	118.41%
Buildings	287,512,322	329,409,483	(41,897,161)	(12.72%)
Improvements and infrastructure	177,570,107	143,667,261	33,902,846	23.60%
Equipment	18,942,223	15,404,443	3,537,780	22.97%
Library/audiovisual holdings	4,176,147	4,775,154	(599,007)	(12.54%)
Right to use assets-Buildings	7,977,482	13,054,853	(5,077,371)	(38.89%)
Leases-Office space	1,275,532	1,225,352	50,180	4.10%
Leases-Airport	9,453	-	9,453	100.00%
Leases-Land	-	208,428	(208,428)	(100.00%)
Leases-Equipment	117,850	68,275	49,575	72.61%
Total	$ 550,765,518	$ 551,826,565	$ (1,061,047)	(0.19%)

Land
The University had no additions of land and land improvements during the year. Both Jonesboro and Henderson State University sold land in 2023. Jonesboro reduced their land by $21,417 for the sale of the remaining property where the Arkansas Services Center was located. Henderson State University sold land recorded for $2,762. This was land located at Mill Creek. The property was sold to the city of Arkadelphia for use as a dog park.

Construction in progress
Construction in progress increased by 82.73%. All campuses, with the exception of Newport, showed increases during the year. Jonesboro had an increase of $7 million for a number of projects. Some of these projects included the upgrades to the lighting on campus, an additional building at the Judd Hill Farmers' Market, upgrades to elevators, renovations to on-campus housing facilities, improvements to heat and air systems, and parking lot improvements. Henderson State University's increase was due to renovations at the Caddo Center and Wells Hall. Beebe started work on their One Stop Project for student services. Mid-South had two renovation projects. Renovations are being made to their FedEx Aviation Technology building to accommodate program expansion. Also, the Reynolds Center/University Center chiller replacement has been started. Mountain Home was approved to expand their Technical Center to support boat, injection molding, and extrusion manufacturers. The boat manufacturing expansion includes a 3,150 square foot area on the front of the building which will provide the space to house a new gel coat booth. The injection and extrusion expansion will also include 3,150 square feet. Newport had several construction projects throughout the year. These include renovations to their Jonesboro campus, an access control project, signage improvements, IT infrastructure, White River Hall renovations, renovations of the nursing building at the Marked Tree campus, and a memorial trail. Three River's increase was due to renovations of their Ritz Theatre.

Livestock
The change of 7.09% is attributable to a decrease of the Jonesboro campus livestock herds of $3,573 and an increase of the Beebe campus's herds in the amount of $18,523.

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, 2022 but the transition to the new ERP was completed in December 2022. The University's threshold for capitalizing software is $1 million and each campus met this threshold with the exception of Mountain Home and Three Rivers. An amount of $423,167 was recorded in 2023 by Henderson State University. The campuses transferred their balances of software in development to software in 2023. This amount totaled $4,363,755, leaving the current balance of software in development at $0.

Intangibles-Easements
The University had no additions or disposals of easements during fiscal year 2023.

Intangibles-Software
The University's had both additions and disposals of software during fiscal year 2023. Additionally, $5,201,867 was transferred from software in development. Beebe, Mid-South, and Newport added $793,931 for the new ERP (Enterprise Resource Planning) system. Both Beebe and Newport had a prior ERP system and removed those systems during fiscal year 2023. The net effect of these disposals was a decrease of software in the amount of $2,131,441. In addition, $89,368 was depreciated for software during the fiscal year. Mid-South was the only campus to begin depreciating their new ERP system based on their depreciation setup. The remaining campuses will begin depreciating their system in fiscal year 2024.

Buildings
The University experienced a decrease of $41.9 million in the total value of buildings. This is a result of depreciation expense exceeding the amount of building additions during the year, as well as some classification adjustments during the year. Prior to 2023, Henderson State University was classifying building improvements as part of buildings. About $71 million with $31 million of accumulated depreciation was transferred from buildings to improvements. This accounted for nearly $40 million of the change in buildings. Additionally, Jonesboro purchased part of the North End Zone and two other properties which added about $10.7 million in buildings. Newport was the only other campus which added a building in 2023. They purchased a small building to be used in their new athletic program. Jonesboro and Henderson State University were the only two campuses with building retirements. Jonesboro demolished the Art Annex on campus and also disposed of the pavilion on the leased land at Imboden. Additional information on Imboden follows in the section discussing Leases-Land. Henderson State University's retirement was related to a portion of their Reynolds Science Center. This was an impairment loss to the campus. Additional information on the Reynolds Science Center may be found in Note 4 and Note 20. There was a decrease from 2022 to 2023 in depreciation expense related to buildings. In 2022, the total was about $14.3 million. In 2023, this total decreased to $12.8 million. The majority of this decrease was due to the change in classification at Henderson State University.

Improvements and infrastructure
The 23.60%, or $33,902,846, increase in improvements and infrastructure is mainly attributable to classification changes. As mentioned in the Buildings section above, Henderson State University made classification changes to move building improvements from buildings to improvements. This had a net effect of about $40 million. Henderson State University also had a capital asset impairment for a portion of the Reynolds Science Center. Additional information may be found in Note 4 and Note 20. In addition to this, in 2022, there were completed projects totaling approximately $5.7 million. These 2022 projects at Jonesboro, Beebe, and Henderson State University included renovations to the Armory, roof replacements, parking lot improvements, residence hall upgrades, and energy improvements. In fiscal year 2023, there were $8.4 million in additions. All campuses, other than Beebe, had additions during the year. The projects completed during the year at Jonesboro included residence hall renovations, lab upgrades, parking lot improvements, a football practice field, parking and lighting enhancements, and phase II of the walking/biking trail. The improvements at Henderson consisted of a roof replacement. Mid-South completed a driving range and a new fire alarm system. Completed projects at Mountain Home were a walking/biking trail, new statue and fountain, and amphitheater. Newport's projects included an access control panel, fiber optic cable networking, and enhanced wayfaring signage. Three Rivers completed a truck driving pad to be used for the campus's truck driving academy. The amount of depreciation increased compared to 2022 as a result of the changes made at Henderson State University. Fiscal year 2022 depreciation was about $11.1 million compared to $14.1 million in 2023. Also, Jonesboro and Henderson State University were the only campuses with retirements during the year. The net effect of these retirements was a reduction of $207,000.

Equipment
Equipment increased by 22.97%, or $3,537,780, during the year. Equipment additions increased from $5,281,186 in 2022 to $7,536,906 in 2023; an increase of about $2.3 million. Of the additions for fiscal year 2023, $74,262 were capital gifts received by the campuses and noted on the Cash Flow Statement as a noncash transaction. A large portion of the increase in equipment purchases is a result of the campuses receiving capital grants to purchase equipment as previously discussed. Beebe had purchases in IT and OSD Robotics from grant funds. Mid-South, Mountain Home, Newport, and Three Rivers all had grant funds to purchase equipment related to their truck driving programs. This totaled to nearly $1.2 million. Mid-South also had funds of $136,000 to buy equipment to expand their automotive program. Mountain Home had purchases of $192,000 related to their new marine manufacturing and boat manufacturing programs. They also updated the technology on campus using HEERF funds of around $233,000. Newport purchased about $132,000 of welding equipment for their welding program. Three Rivers purchased about $411,000 of equipment with grant funds for workforce training. Depreciation expense increased from $3,974,099 in 2022 to $4,103,795 in 2023. The campuses disposed of equipment during the year with a net value of $49,636.

Library/Audiovisual Holdings
The University's decrease of $599,007, or 12.54%, is due to the amount of depreciation exceeding the amount of purchases during the year. Total purchases continue to decrease each year as online formats become in greater demand. During the fiscal year, there were $66,770 in purchases compared to $353,962 in 2022. Depreciation expense decreased from $761,268 in 2022 to $665,777 in 2023. Library holdings that were removed during the year were fully depreciated.

Right to use assets-Buildings
There was a decrease of almost $5.1 million when compared to last year. In 2022, Jonesboro recorded two right to use assets. These included the Welcome Center and the North End Zone which is part of the football stadium. During 2023, the campus purchased a 37.37% ownership in the North End Zone which removed a portion of the right to use asset. The amount removed was $5.1 million with $586,000 in amortization. Additionally in 2023, $532,000 was recorded in amortization for the Welcome Center and the remaining 62.63% of the North End Zone. More information may be found on these right to use assets in Note 18.

Leases-Office space
There was a slight increase of about $50,000 or 4.10% when compared to 2022. Both Jonesboro and Henderson State University lease portions of buildings used for office space. The Jonesboro campus recorded one new lease for space; the prior lease ended as of October 31, 2022. Henderson State University also recorded a lease for office space. Additional information on these leases may be found in Note 4, Note 5, and Note 6.

Leases-Airport
Henderson State University leases space at an airport as part of their aviation program. The amount of the lease is about $38,000 and about $28,000 has been amortized for the lease.

Leases-Land
The Jonesboro campus had recorded a lease for land. This lease was with the City of Imboden and was used to construct a facility for the disaster preparedness training program. The lease for the land started in October 2017 and went through September 2092. During 2023, the campus decided to terminate this lease.

Leases-Equipment
Jonesboro and Mid-South have leases for equipment. In 2023, both of the campuses added a lease for equipment. There was an increase of about $50,000 from 2022. As previously mentioned, Mid-South terminated their lease for printers and began a new lease. Jonesboro added a new lease for a painting robot. In addition to these leases, Jonesboro has a lease for farm equipment and Mid-South has a lease for copiers.

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 $186,184,973 in bonds payable, $35,048,970 in notes/bonds from direct placement payable, $1,500,596 in leases payable, and $20,060,159 in installment contracts payable at June 30, 2023.

The University did not issue any bonds during 2023.

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.

The $35,048,970 in notes/bonds from direct placement 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. At June 30, 2023, the outstanding amounts for these notes were $151,000, $150,000, $101,082, and $499,774 respectively. Henderson State University has $31,203,104 in notes payable outstanding at June 30, 2023. These eight 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, $3,623,489 for energy savings, $6,513,437 for energy savings, a 2019 $6,000,000 loan from the state of Arkansas used to assist with cash shortfalls for that year, $15,996,406 for property renovations, and $996,450 for renovations. At June 30, 2023, the outstanding amounts for these notes were $2,023,671, $781,404, $436,708, $473,591, $6,513,437, $5,750,000, $14,377,843, and $846,450 respectively. During fiscal year 2023, the terms of the loan from the state of Arkansas were changed. More information on the change in terms may be found in Note 5. Additionally, Henderson State University has a bond from direct placement. The current outstanding amount is $331,525 and the funds were used to renovate the Smith Dorm. 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 2023 are $68,811, $1,241,119, and $688,108, respectively. The notes payable for the Three Rivers campus include $565,000 for the remodel and expansion of a cosmetology building and $1,000,000 for the purchase and renovation of the Applied Science Technology building. Both 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 $115,518 and $404,320 respectively.

The campuses recorded leases payable in accordance with GASB statement no. 87 during fiscal year 2022. Three campuses have leases payable at June 30, 2023. The Jonesboro campus has four leases payable for office space and equipment. The outstanding amount of these leases is $459,672. During the year, the campus added two new leases. One lease is for equipment and the second lease is for office space. The lease for office space replaces a lease that had ended during the year. Additionally, the campus terminated a lease for land in 2023. Henderson State University has three leases in total. These leases are for office space and space at airport for their aviation program and have an outstanding amount of $993,400. The campus added the lease for the airport space and a lease for office space during the fiscal year. The Mid-South campus has two leases for copiers and printers with a total outstanding amount of $47,524. The campus terminated their lease for printers and replaced the lease in 2023. Additional information on the types and terms of each lease may be found in Note 5 and Note 6.



The Jonesboro campus issued an installment contract payable 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 $12,985,805. The Beebe and Newport campuses added installment contracts 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 $4,425,511 and $2,648,843, respectively at June 30, 2023.

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

The economic outlook of the University remains sound.

The Congressional Budget Office predicted that over the 2023-2025 period, U.S. economic growth will slow down and then pick back up. The growth of real gross domestic product (GDP) will slow to 0.4% during the second half of 2023. After 2023, growth will accelerate as monetary policy eases; with real GDP increasing by 1.5% in 2024 and by 2.4% in 2025. Inflation rates and price hikes due to supply-chain shortages caused by the COVID pandemic began to fall during 2023. The Federal Open Market Committee's (FOMC) preferred inflation measure is the personal consumption expenditures price index (PCE inflation). PCE inflation is projected to continue declining from 4.1% in 2023 to 3.5% in 2024, to 3.0% in 2025, and to 2.0% in the longer run.

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.

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

Four-Year Institutions

Arkansas State University
Jonesboro, Queretaro MX

Henderson State University
Arkadelphia, Hot Springs

Two-Year Institutions

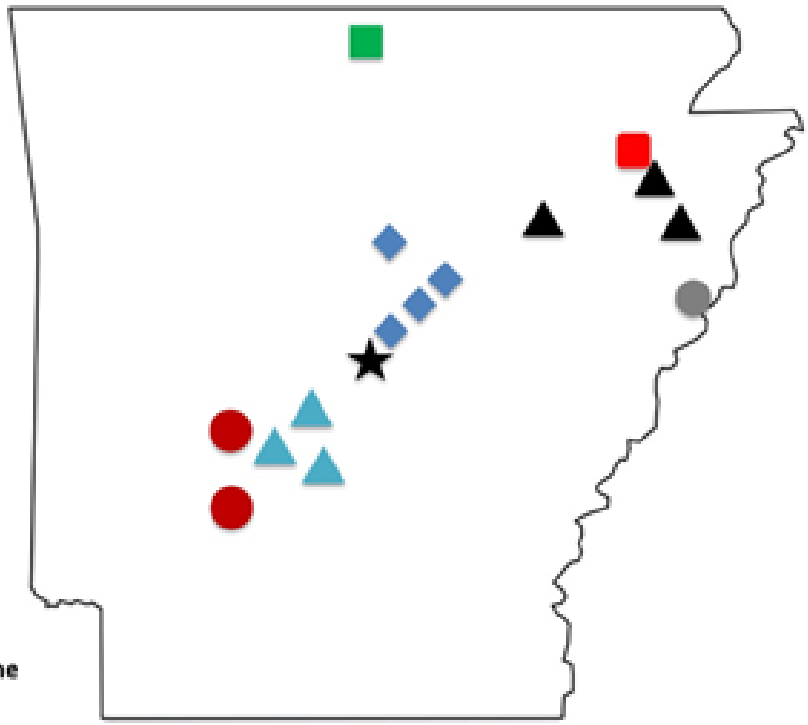
Arkansas State University-Beebe
Beebe, Heber Springs, Searcy, LRAFB

Arkansas State University-Mountain Home

Arkansas State University-Newport
Newport, Marked Tree, Jonesboro

Arkansas State University Mid-South
West Memphis

Arkansas State University Three Rivers
Malvern, Sheridan, Benton



★ **ASU System Office in Little Rock**

- **Second-largest higher education system in Arkansas**
- **Largest online education program in state**





ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	$ 86,491,612
Short-term investments	10,272,116
Accounts receivable (less allowances of $2,629,648)	32,875,161
Leases receivable	403,984
Notes and deposits receivable (less allowances of $96,989)	603,290
Accrued interest and late charges	312,083
Inventories	1,479,451
Deposits with trustees	1,519,371
Deposit with paying agent	87,985
Unamortized bond insurance	92,990
Prepaid expenses	379,978
Total Current Assets	134,518,021
Noncurrent Assets:	
Cash and cash equivalents	70,686,457
Restricted cash and cash equivalents	1,877,880
Unrestricted investments	5,831,622
Restricted investments	5,518,956
Endowment investments	16,522,708
Other long-term investments	9,162,625
Irrevocable split-interest agreement	2,231,636
Accrued interest and late charges	763,373
Deposits with trustees	2,920,039
Accounts receivable	1,990,139
Leases receivable	11,713,986
Notes and deposits receivable (less allowances of $190,441)	1,935,246
Capital assets (net of accumulated depreciation and amortization of $651,138,240)	550,765,518
Total Noncurrent Assets	681,920,185
TOTAL ASSETS	816,438,206
DEFERRED OUTFLOWS OF RESOURCES	
Excess of bond reacquisition costs over carrying value	4,228,009
Pensions	6,467,948
Other postemployment benefits (OPEB)	1,267,511
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	828,401,674
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current Liabilities:	
Accounts payable and accrued liabilities	12,459,618
Bonds, notes, leases, and installment contracts payable	16,771,380
Compensated absences	6,973,106
Unearned revenue	9,625,764
Deposits	1,356,204
Interest payable	2,397,628
Other postemployment benefits (OPEB) liability	376,262
Total Current Liabilities	49,959,962

This statement is continued on the next page.

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

STATEMENT OF NET POSITION (CONTINUED)

Noncurrent Liabilities:	
Bonds, notes, leases, and installment contracts payable	$ 226,023,318
Compensated absences	5,696,998
Other postemployment benefits (OPEB) liability	10,594,362
Net pension liability	18,877,651
Deposits	217,400
Refundable federal advances	3,709,126
Total Noncurrent Liabilities	265,118,855
TOTAL LIABILITIES	315,078,817
DEFERRED INFLOWS OF RESOURCES	
Pensions	5,279,996
Other postemployment benefits (OPEB)	8,155,530
Irrevocable split-interest agreement	2,231,636
Leases	11,861,740
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	342,607,719
NET POSITION	
Net investment in capital assets	316,976,307
Restricted for nonexpendable purposes:	
Scholarships and fellowships	6,196,073
Renewal and replacement	967,261
Loans	127,373
Other-College and Department Purposes	9,136,302
Restricted for expendable purposes:	
Scholarships and fellowships	1,075,573
Loans	10,000
Debt service	1,738,436
Renewal and replacement	1,734,914
Other	5,835,544
Unrestricted	141,996,172
TOTAL NET POSITION	$ 485,793,955

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of $60,378,388)	$ 71,516,564
Grants and contracts	42,946,287
Sales and services	1,339,847
Auxiliary enterprises (net of scholarship allowances of $9,073,661)	33,316,595
Self-insurance	6,881,800
Other operating revenues	4,775,779
TOTAL OPERATING REVENUES	160,776,872
OPERATING EXPENSES	
Personal services	184,525,224
Scholarships and fellowships	21,534,474
Supplies and services	114,113,562
Self-insurance	24,694,849
Depreciation and amortization	32,485,673
Other	129,923
TOTAL OPERATING EXPENSES	377,483,705
OPERATING INCOME (LOSS)	(216,706,833)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	136,939,791
Grants and contracts	54,229,798
HEERF grants-related to COVID-19	16,400,515
Sales and use taxes	3,996,959
Property taxes	5,331,615
Gifts	3,629,329
Investment income	4,802,781
Interest on capital asset - related debt	(8,703,617)
Gain or loss on disposal of capital assets	1,454,751
Payment of student activity fee/other amounts to fiduciary accounts	(810,865)
Refunds to grantors	(254,810)
Amortization of leases receivable	382,679
Interest earned on leases	246,417
Other nonoperating revenues (expenses)	144,208
NET NONOPERATING REVENUES (EXPENSES)	217,789,551
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	1,082,718
Capital appropriations	1,545,590
Capital grants and gifts	7,085,837
Adjustments to capital assets	(289,602)
Removal of right to use assets	(4,545,369)
Capitalization of library holdings at rate per volume	5,025
Livestock additions	18,523
Extraordinary item - impairment loss	(45,083)
INCREASE (DECREASE) IN NET POSITION	4,857,639
NET POSITION - BEGINNING OF YEAR	480,936,316
NET POSITION - END OF YEAR	$ 485,793,955

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 72,334,472
Grants and contracts	43,290,419
Auxiliary enterprises revenues	32,670,711
Sales and services	1,351,209
Self-insurance program receipts	6,936,344
Collection of principal and interest related to student loans	247,468
Other receipts	4,860,881
Payments to employees	(162,717,451)
Payments for employee benefits	(29,454,344)
Payments to suppliers	(118,530,624)
Scholarships and fellowships	(21,534,474)
Self-insurance program payments	(24,768,904)
Other payments	(427,964)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(195,742,257)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	135,412,791
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners	1,527,000
Grants and contracts	54,091,901
HEERF Grants-Related to COVID-19	15,587,084
Private gifts and grants	3,872,764
Sales and use taxes	3,979,021
Property taxes	4,952,679
Direct lending, PLUS and FFEL loan receipts	103,301,979
Direct lending, PLUS and FFEL loan payments	(103,074,761)
Payment of student activity fee/other amounts to fiduciary accounts	(810,865)
Refunds to grantors	(166,864)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	218,672,729
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	261,972
Proceeds from lease arrangements	888,249
Capital appropriations	1,719,011
Capital gift and grants	4,703,183
Proceeds from sale of capital assets	4,033,869
Purchases of capital assets	(36,010,826)
Payments to trustees for bond principal	(11,425,004)
Payments to trustees for bond interest and fees	(6,225,975)
Payments to trustees/paying agent for next fiscal year	(360,865)
Payments to debt holders for principal (other than bonds)	(3,582,332)
Payments to debt holders for interest and fees (other than bonds)	(1,862,214)
Property taxes remitted to bond trustees	(3,404,172)
Distribution of excess property taxes from bond trustees	1,622,665
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTVITIES	(49,642,439)
CASH FLOWS FROM INVESTING ACTIVITES	
Proceeds from sales and maturities of investments	8,937,535
Interest on investments (net of fees)	3,426,162
Purchases of investments	(19,549,943)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(7,186,246)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,898,213)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	192,954,162
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 159,055,949

This statement is continued on the next page.

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

STATEMENT OF CASH FLOWS (CONTINUED)

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	$ (216,706,833)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	32,485,673
Change in assets and liabilities:	
Receivables, net	1,831,238
Inventories	22,410
Prepaid expenses	(10,187)
Accounts and salaries payable	(2,542,025)
Other postemployment benefits (OPEB)	(5,244,182)
Pension obligations	(2,887,585)
Unearned revenue	(2,563,484)
Deposits	(159,724)
Refundable federal advances	(634,150)
Compensated absences	666,592
Net cash provided (used) by operating activities	$ (195,742,257)

RECONCILIATION OF CASH AND CASH EQUIVALENTS	
Current Assets:	
Cash and cash equivalents	$ 86,491,612
Noncurrent Assets:	
Cash and cash equivalents	70,686,457
Restricted cash and cash equivalents	1,877,880
Total cash and cash equivalents	$ 159,055,949

This statement is continued on the next page.

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

STATEMENT OF CASH FLOWS (CONTINUED)

NONCASH TRANSACTIONS

JONESBORO

Equipment-capital gift of $19,948

Portion of building received as a capital gift-$1,500,000

Portion of recreational improvements received as a capital gift-$277,945

Value of equipment received from vendor discounts-$29,030

Interest earned on reserve accounts held by trustee-$22,018

Interest paid from accounts held by trustee-$48,129

Interest earned on investments-$1,353,444

New lease for equipment-$74,684

New lease for office space-$319,746

Removal of right to use asset (less amortization)-$4,545,369

HENDERSON STATE UNIVERSITY

Amount received from motor vehicle acquisition revolving fund used to purchase vehicle-$29,575

Interest earned on reserve accounts held by trustee-$22,969

Principal paid from accounts held by trustee-$44,547

Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-$240,000

Interest paid from accounts held by trustee-$1,960

Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-$81,018

Fees paid from accounts held by trustee-$440

Added lease for airport-$37,696

Added lease for office space-$37,812

BEEBE

Interest earned on reserve accounts held by trustee-$7,157

Interest paid from accounts held by trustee-$4,459

MID-SOUTH

Interest earned on reserve accounts held by trustee-$70,594

Trustee payments for retirement of bond principal-$615,000

Trustee payment for bond interest-$691,496

Trustee payment for bond fees-$4,890

Amount of interest earned on CD's reinvested with CD's-$36,695

New lease for printers-$50,666

MOUNTAIN HOME

Interest earned on reserve accounts held by trustee-$1,102

Interest paid from accounts held by trustee-$964

NEWPORT

Equipment-capital gift of $54,314

Interest earned on reserve accounts held by trustee-$159

Amount of interest earned on CD's reinvested with CD's-$121

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

ASSETS	
Cash and cash equivalents	$ 2,201,179
Accounts receivable	3,600
TOTAL ASSETS	2,204,779
LIABILITIES	
Accounts Payable	8,868
TOTAL LIABILITIES	8,868
NET POSITION	
Restricted for:	
Individuals and organizations	2,195,911
TOTAL NET POSITION	2,195,911

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

ADDITIONS	
Gifts	$ 381,394
Contributions	4,350,597
Transfer from Student Activity Fee	491,150
Prior year correction	378,157
TOTAL ADDITIONS	5,601,298
DEDUCTIONS	
Supplies	294,676
Travel	28,341
Scholarships	4,265,194
TOTAL DEDUCTIONS	4,588,211
INCREASE (DECREASE) IN FIDUCIARY NET POSITION	1,013,087
NET POSITION - BEGINNING OF YEAR	1,182,824
NET POSITION - END OF YEAR	$ 2,195,911

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

ARKANSAS STATE UNIVERSITY FOUNDATION, INC.
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
Cash and cash equivalents	$ 13,375,731
Certificates of deposit	3,556,725
Prepaid expenses	43,288
Contributions receivable, net	873,512
Grant receivable	28,537
Investments, at fair value	109,875,334
Property and equipment, net	4,871,980
Other assets	121,730
TOTAL ASSETS	$ 132,746,837
LIABILITIES	
Accounts payable	$ 48,891
Annuity obligations	9,000
Refundable advance	94,465
Due to Arkansas State University campuses	96,278
Amounts held on behalf of Arkansas State University related entities	14,723,183
TOTAL LIABILITIES	14,971,817
NET ASSETS	
Without donor restrictions	
Undesignated	1,406,206
Board designated	7,039,774
Total without donor restrictions	8,445,980
With donor restrictions	
Restricted as to purposes	15,656,172
Restricted in perpetuity	93,672,868
Total with donor restrictions	109,329,040
TOTAL NET ASSETS	117,775,020
TOTAL LIABILITIES AND NET ASSETS	$ 132,746,837

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF ACTIVITES

FOR THE YEAR ENDED JUNE 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT			
Contributions	$ 41,191	$ 6,507,081	$ 6,548,272
Contributions of nonfinancial assets	276,096	1,995,503	2,271,599
Investment return, net	759,679	7,900,596	8,660,275
Other income	211,677	390,613	602,290
Net assets released from restrictions	7,937,298	(7,937,298)	-
TOTAL REVENUE AND OTHER SUPPORT	9,225,941	8,856,495	18,082,436
EXPENSES			
Program services	8,376,202		8,376,202
Management and general supporting services	214,689		214,689
Change in split-interest agreements		9,000	9,000
TOTAL EXPENSES	8,590,891	9,000	8,599,891
(DECREASE) INCREASE IN NET ASSETS	635,050	8,847,495	9,482,545
NET ASSETS AT BEGINNING OF YEAR	7,810,930	100,481,545	108,292,475
NET ASSETS AT END OF YEAR	$ 8,445,980	$ 109,329,040	$ 117,775,020

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Academic activities	$ 850,554		$ 850,554
Administrative support	288,946		288,946
Student activities	23,484		23,484
Transfers - ASU	3,035,056		3,035,056
Transfers - scholarships	1,732,286		1,732,286
Transfers - supplies and services	964,181		964,181
Transfers - payroll	515,887		515,887
Transfers - fixed assets	2,500		2,500
Transfers - other	104,554		104,554
Salaries and benefits	390,060	$ 97,515	487,575
Depreciation	86,207	21,552	107,759
Other	382,487	95,622	478,109
TOTAL EXPENSES	$ 8,376,202	$ 214,689	$ 8,590,891

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
Current Assets	
Cash	$ 87,204
Cash - restricted	470,219
Cash - board restricted	2,666,752
Investment securities - board restricted	2,289,589
Receivables, current portion	3,825,495
Related party prepaid lease, current portion	1,700,000
	11,039,259
Property and Equipment	
Buildings	18,730,414
Furniture and equipment	666,450
Parking lot	57,005
	19,453,869
Less accumulated depreciation	(1,777,555)
	17,676,314
Other Assets	
Receivables, net of current portion and amortization	16,098,003
Related party prepaid lease, net of current portion	991,667
Real estate	206,100
Construction in process	107,935
	17,403,705
Endowment Investments, at fair value	1,968,295
Total Assets	$ 48,087,573
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	$ 1,723,388
Accrued interest payable	24,575
Current portion long-term debt	1,233,470
Current portion deferred revenue	3,285,191
	6,266,624
Long-Term Liabilities	
Long-Term debt, net of current portion	17,723,597
Deferred revenue, net of current portion	18,546,504
	36,270,101
Total Liabilities	42,536,725
Net Assets	
Without donor restrictions	
Undesignated	(332,876)
Designated as board restricted	3,444,941
With donor restrictions	2,438,783
	5,550,848
Total Liabilities and Net Assets	$ 48,087,573

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF ACTIVITES

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Support			
Contributions	$ 3,442,980	$ 492,004	$ 3,934,984
In-kind contributions	159,570		159,570
Special events/fundraising	543,612		543,612
Other income	2,656,026	112,164	2,768,190
Investment income	136,929	193,931	330,860
Loss on sale of asset	(1,226,426)		(1,226,426)
Net assets released from restrictions	652,401	(652,401)	-
	6,365,092	145,698	6,510,790
Expenses			
General and administrative	491,439		491,439
Athletic program services	7,181,722		7,181,722
Special events/fundraising	55,483		55,483
	7,728,644		7,728,644
Transfers			
ASU athletic programs		60,309	60,309
ASU other	1,970,170		1,970,170
	1,970,170	60,309	2,030,479
Increase (decrease) in net assets	(3,333,722)	85,389	(3,248,333)
Beginning Net Assets	6,445,787	2,353,394	8,799,181
Ending Net Assets	$ 3,112,065	$ 2,438,783	$ 5,550,848

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	General and Administrative	Athletic Program Services	Special Events Fundraising	Total
Advertising	$ 31,678		$ 16,299	$ 47,977
Bank charges	46,937	$ 43		46,980
Computer software	4,312	1,539		5,851
Conference meetings		492		492
Contract labor	5,500	19,987		25,487
Contract services	93,476	2,099,231		2,192,707
Depreciation	74	872,620		872,694
Dues and subscriptions	320	100	8,851	9,271
Employee benefits	173,294	3,600		176,894
In-kind contributions		159,570		159,570
Insurance	4,729	25,377		30,106
Interest expense		1,548,725		1,548,725
Meals and entertainment	55,809	284,404	14,848	355,061
Miscellaneous	144	20,291	2,805	23,240
Postage and shipping	11,828	342		12,170
Printing and publication	454	14,820		15,274
Professional fees	50,250	83,036		133,286
Rent expense	800	1,700,000		1,700,800
Rentals and maintenance	812	72,307		73,119
Supplies	2,455	42,923	12,680	58,058
Telephone	471			471
Travel	8,096	232,315		240,411
Total Expenses	$ 491,439	$ 7,181,722	$ 55,483	$ 7,728,644

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
Cash and cash equivalents	$ 1,280,752
Investments	24,821,713
Contributions receivable, net	249,228
TOTAL ASSETS	$ 26,351,693
LIABILITIES AND NET ASSETS	
Liabilities	
Note payable	$ 226,210
TOTAL LIABILITIES	226,210
NET ASSETS	
Without donor restrictions	394,376
With donor restrictions	25,731,107
TOTAL NET ASSETS	26,125,483
TOTAL LIABILITIES AND NET ASSETS	$ 26,351,693

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITES
FOR THE YEAR ENDED JUNE 30, 2023

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Support and Revenue Without Donor Restrictions	
Investment return, net	$ 828
Net assets released from restrictions	1,806,512
TOTAL SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS	1,807,340
Expenses	
Program services	1,552,594
General and administrative supporting services	195,529
TOTAL EXPENSES	1,748,123
Increase (Decrease) in Net Assets Without Donor Restricitons	59,217
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions of cash and other financial assets	1,377,817
Contributions of nonfinancial assets	33,894
Impairment loss on assets	(480,778)
Investment return, net	2,271,802
Net assets released from restrictions	(1,806,512)
Increase (Decrease) in Net Assets With Donor Restricitons	1,396,223
INCREASE (DECREASE) IN TOTAL NET ASSETS	1,455,440
NET ASSETS, BEGINNING OF YEAR	24,670,043
NET ASSETS, END OF YEAR	$ 26,125,483

HENDERSON STATE UNIVERSITY FOUNDATION, INC.

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL
Scholarship awards	$ 583,105		$ 583,105
Athletics	413,602		413,602
Awards and gifts	340,324		340,324
Individual college expenses	183,005		183,005
Salaries and benefits	19,000	$ 43,607	62,607
Contributed salaries and benefits	13,558	20,336	33,894
Professional fees		41,000	41,000
Software license		58,803	58,803
Rents		3,514	3,514
Other		28,269	28,269
TOTAL EXPENSES	$ 1,552,594	$ 195,529	$ 1,748,123

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 State University

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.

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 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, 2023, the ASU Foundation transferred property, equipment and funds of $6,354,464 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.

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, 2023, the RW Foundation transferred property, equipment and funds of $2,030,479 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, 2023, the HSU Foundation transferred property, equipment and funds of $1,552,594 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.

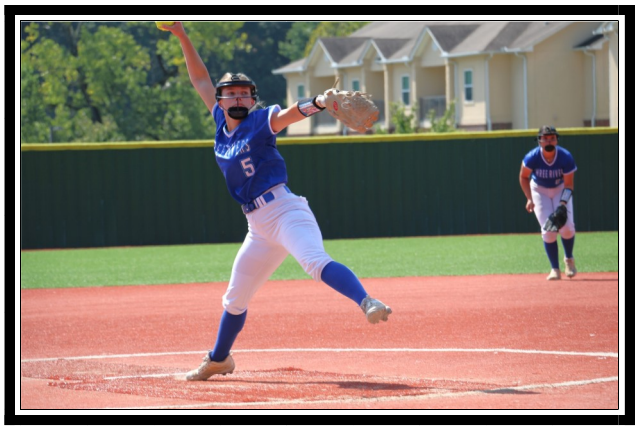
The HSU Foundation reports under the requirements of the Not-for Profit Organizations Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria 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.

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 a fiduciary relationship exists.

In June 2017, the GASB issued Statement no. 87, *Leases*. This statement improves accounting and financial reporting for leases.

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.

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, 30 years for improvements and infrastructure, 10 years for library and audiovisual holdings, and 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 Beebe campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 30 years for buildings, 30 years for residence halls, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 15 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 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, 20 years for leasehold improvements, and 5 to 10 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 Mountain Home campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 15 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. Depreciation is taken the year of disposal.

At the Newport campus, 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 15 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. 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, 15 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.

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.

Right to Use Assets
The University has accounted for the authority to use these assets as on the Statement of Net Position and amortizes them over the term of the contract. These include the Welcome Center and the North End Zone of the Football Stadium.

Leases Payable
The University has leases including those for land, office space, and equipment. The leased asset is recorded on the Statement of Net Position and amortized over the term of the contract. The amount payable over the contract is recorded as a lease payable on the Statement of Net Position.

Detailed information on leases payable can be found in Note 4 and Note 6.

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, 2023. 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.

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.



Leases Receivable
The University has certain contractual agreements with outside parties to receive an amount regularly over the term of a contract. These agreements are recorded on the Statement of Net Position as a lease receivable and a deferred inflow.

Detailed information on leases receivable can be found in Note 6.

Inventories
Inventories are valued at cost. The Jonesboro, Beebe, Mountain Home, Newport, and Three Rivers campuses use a first-in, first-out basis. Henderson State University uses a last-in, first-out basis and the Mid-South campus uses an average cost 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, 2023 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.

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, lease obligations with contractual maturities greater than one year, and installment contracts payable; (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) other post employment benefits; (4) net pension liability; (5) estimated amounts for deposits held that will not be paid within the next fiscal year; 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.

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)	$ 3,924,388	$ 3,958,804
Collateralized:		
Collateral held by the pledging bank or pledging bank's trust department in the University's name	170,200,312	174,304,468
Total Deposits	$ 174,124,700	$ 178,263,272

The above deposits does not include cash on hand maintained by the University in the amount of $59,120 at June 30, 2023. Also, the above amount does not include $85,280 in cash and cash equivalents and $400,000 in certificates of deposits held by the ASU Foundation for license plate scholarships classified as restricted investments and $442,096 of money market funds classified as cash and cash equivalents. The above total deposits include certificates of deposits of $13,454,068 reported as investments and classified as nonnegotiable certificates of deposit. Additionally, the deposits do not include money market checking accounts of $346,036 reported as deposits with trustees. The above total deposits include cash held for fiduciary activities of $2,201,179 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 States 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 $178,263,272 was fully collateralized at June 30, 2023.



Deposits with Trustees
At June 30, 2023, the University's deposits with trustees totaled $4,439,410. Other than the money market checking accounts of $346,036, the details of the deposits with trustee by campus are below.

Jonesboro
At June 30, 2023, the University's deposits with trustee of $325,310 were primarily invested in the Federated Hermes Treasury Obligations Fund, the Federated Hermes U.S. Treasury Cash Reserves, and Goldman Sachs Financial Square Government, all 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 8 days. The Federated U.S. Treasury Cash Reserves consisted of short-term U.S. Treasury securities and had a weighted average maturity of 34 days. The Goldman Sachs Financial Square Government primarily consisted of short-term U.S. Treasury securities and had a weighted average maturity of 35 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, 2023 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
$ 325,310	$ -	$ -	$ 325,310

Henderson State University

At June 30, 2023, the University's deposits with trustee of $710,318 were primarily invested in the Federated Hermes Treasury Obligations Fund, a money market treasury fund and the Federated Hermes Government Obligations Fund, both 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 8 days. The Federated Hermes Government Obligations Fund consisted of short-term U.S. Treasury securities and had a weighted average maturity of 27 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, 2023 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
$ 710,318	$ -	$ -	$ 710,318

Mid-South

At June 30, 2023, the University's deposits with trustee of $3,057,589 were invested by US Bank. The fund invests solely in First American Government Obligations, a money market treasury fund. This fund was rated Aaa-mf by Moody's Investors Service. The effective average maturity was approximately 22 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, 2023 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
$ 3,057,589	$ -	$ -	$ 3,057,589

Mountain Home
At June 30, 2023, the University's deposits with trustee of $157 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, 2023 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
$ 157	$ -	$ -	$ 157

University Investments (Excluding Endowment Funds)

At June 30, 2023, the University's investments, excluding endowment funds, consisted of corporate bonds of $1,964,564, U.S. agencies of $8,788,085, and U.S. Treasury notes of $6,178,602. Details of the investments by campus are below.

Jonesboro
At June 30, 2023, the University's investments, excluding endowment funds, consisted of corporate bonds of $565,735, U.S. agencies of $8,596,890, and U.S. Treasury notes of $1,482,165.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ 147,504	$ 418,231	$ -	$ -	$ 565,735

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
$ -	$ 8,384,468	$ -	$ 212,422	$ 8,596,890

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
$ 1,482,165	$ -	$ -	$ -	$ 1,482,165

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
$ -	$ 468,773	$ 96,962	$ -	$ -	$ 565,735

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

Aaa	Aa	A	Baa	Not Rated	Total
$ -	$ 8,384,468	$ 212,422	$ -	$ -	$ 8,596,890

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 1.720 years at June 30, 2023. The U.S. agencies had an estimated weighted average maturity of 2.501 years at June 30, 2023. The U.S. Treasury notes had an estimated weighted average maturity of 0.234 years at June 30, 2023. 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.

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, 2023, none of the University's investments 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, 2023 are 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
$ -	$ 565,735	$ -	$ 565,735

The fair value of the U.S. agencies at June 30, 2023 are 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
$ 8,596,890	$ -	$ -	$ 8,596,890

The fair value of the U.S. agencies at June 30, 2023 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
$ 1,482,165	$ -	$ -	$ 1,482,165

Mid-South
At June 30, 2023, the University's investments consisted of corporate bonds of $1,398,829, U.S. agencies of $191,195, and U.S. Treasury notes of $4,696,437.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ 197,624	$ 896,515	$ 304,690	$ -	$ 1,398,829

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
$ -	$ 191,195	$ -	$ -	$ 191,195

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
$ 1,044,151	$ 2,417,852	$ 1,234,434	$ -	$ 4,696,437

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
$ 139,726	$ 234,601	$ 1,024,502	$ -	$ -	$ 1,398,829

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

Aaa	Aa	A	Baa	Not Rated	Total
$ 191,195	$ -	$ -	$ -	$ -	$ 191,195

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 3.560 years at June 30, 2023. The U.S. agencies had an estimated weighted average maturity of 1.880 years at June 30, 2023. The U.S. Treasury notes had an estimated weighted average maturity of 3.950 years at June 30, 2023. 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, 2023 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
$ -	$ 1,398,829	$ -	$ 1,398,829

The fair value of the U.S. agencies at June 30, 2023 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
$ 191,195	$ -	$ -	$ 191,195

The fair value of the U.S. Treasury notes at June 30, 2023 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
$ 4,696,437	$ -	$ -	$ 4,696,437

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 $5,002,237 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 9.74% or $10,694,840 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	$ 2,746,942
Cash/Cash Equivalents	346,962
Domestic Equity Mutual Funds	1,906,657
Domestic Equities	1,500,560
Global Equity Funds	676,128
Hedge Fund	506,136
International Equities	520,853
International Equity Mutual Funds	1,634,599
Real Estate	109,881
Real Estate Funds	158,489
Venture Capital and Partnerships	587,633
Total	$ 10,694,840

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, 2023 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
$ 7,469,776	$ 2,021,413	$ 1,203,651	$ 10,694,840





The Beebe campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 0.75% or $825,631 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	$ 212,446
Cash/Cash Equivalents	26,279
Domestic Equity Mutual Funds	147,459
Domestic Equities	116,052
Global Equity Funds	52,291
Hedge Fund	39,144
International Equities	40,282
International Equity Mutual Funds	126,418
Real Estate	8,498
Real Estate Funds	12,257
Venture Capital and Partnerships	44,505
Total	$ 825,631

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, 2023 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
$ 577,151	$ 156,334	$ 92,146	$ 825,631

R.E. Lee Wilson, Sr. Trust Investments
The R.E. Lee Wilson, Sr. Trust of $3,411,716 consisted of the following types of investments held in trust by a third party for the Jonesboro campus:

Type	Amount
Bond Funds	$ 230,077
Corporate Bonds	383,608
Cash Equivalents	71,469
U.S. Agencies	474,428
Equities	2,252,134
Total	$ 3,411,716

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	$ 26,453	$ 212,186	$ 94,800	$ 50,169	$ 383,608
U.S. Agencies	-	102,970	52,386	319,072	474,428
Total	$ 26,453	$ 315,156	$ 147,186	$ 369,241	$ 858,036

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	$ -	$ 43,130	$ 238,364	$ 93,612	$ 8,502	$ 383,608
U.S. Agencies	215,546	-	-	-	258,882	474,428
Total	$ 215,546	$ 43,130	$ 238,364	$ 93,612	$ 267,384	$ 858,036

Interest rate risk – The trust portfolio consists of corporate bonds and U.S. agencies had an estimated weighted average maturity of 5.864 and 18.326 years, respectively, at June 30, 2023.

The fair value of the investments at June 30, 2023 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
$ 3,028,108	$ 383,608	$ -	$ 3,411,716

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

The V.C. and Bertie H. Kays Educational Trust of $1,590,521 consisted of the following types of investments held in trust by a third party:

Type	Amount
Bond Funds	$ 121,602
Corporate Bonds	176,966
Cash Equivalents	44,692
U.S. Agencies	211,845
Equities	1,030,316
Other	5,100
Total	$ 1,590,521

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	$ 11,757	$ 96,264	$ 44,329	$ 24,616	$ 176,966
U.S. Agencies	-	48,107	29,023	134,715	211,845
Total	$ 11,757	$ 144,371	$ 73,352	$ 159,331	$ 388,811

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	$ -	$ 20,654	$ 109,899	$ 42,634	$ 3,779	$ 176,966
U.S. Agencies	100,108	-	-	-	111,737	211,845
Total	$ 100,108	$ 20,654	$ 109,899	$ 42,634	$ 115,516	$ 388,811

Interest rate risk – The trust portfolio consists of corporate bonds and U.S. agencies had an estimated weighted average maturity of 6.057 and 17.757 years, respectively, at June 30, 2023.

The fair value of the investments at June 30, 2023 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
$ 1,413,555	$ 176,966	$ -	$ 1,590,521

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, 2023:

Arkansas State University Jonesboro

	Balance July 1, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Nondepreciable capital assets:					
Land and improvements	$ 8,288,041			$ (21,417)	$ 8,266,624
Livestock for educational purposes	143,361			(3,573)	139,788
Construction-in-progress	7,377,022	$ 11,528,315	$ (4,472,596)	(13,000)	14,419,741
Intangibles-easements	2,675,000				2,675,000
Total nondepreciable capital assets	$ 18,483,424	$ 11,528,315	$ (4,472,596)	$ (37,990)	$ 25,501,153
Other capital assets:					
Improvements and infrastructure	$ 184,810,725	$ 1,294,513	$ 4,472,596	$ (295,913)	$ 190,281,921
Buildings	373,712,125	10,746,000		(326,298)	384,131,827
Equipment	51,146,912	1,937,039		(368,783)	52,715,168
Library/audiovisual holdings	11,979,542			(250,800)	11,728,742
Intangibles-software	6,960,645				6,960,645
Right to use assets-buildings	14,745,887 *			(5,131,868)	9,614,019
Leases-office space	938,552 *	319,746		(374,743)	883,555
Leases-land	222,521 *			(222,521)	-
Leases-equipment	43,428 *	74,684			118,112
Total other capital assets	644,560,337	14,371,982	4,472,596	(6,970,926)	656,433,989
Less accumulated depreciation/amortization:					
Improvements and infrastructure	69,658,421	8,643,981		(150,915)	78,151,487
Buildings	206,938,165	5,781,455		(209,671)	212,509,949
Equipment	42,883,704	2,213,361		(319,147)	44,777,918
Library/audiovisual holdings	11,516,986	39,041		(250,800)	11,305,227
Intangibles-software	5,904,079	75,469			5,979,548
Right to use assets-buildings	1,691,034 *	532,002		(586,499)	1,636,537
Leases-office space	752,868 *	150,454		(381,450)	521,872
Leases-land	14,093 *	2,967		(17,060)	-
Leases-equipment	20,203 *	20,193			40,396
Total accumulated depreciation/amortization	339,379,553	17,458,923	-	(1,915,542)	354,922,934
Other capital assets, net	$ 305,180,784	$ (3,086,941)	$ 4,472,596	$ (5,055,384)	$ 301,511,055
Capital Asset Summary:					
Nondepreciable capital assets	$ 18,483,424	$ 11,528,315	$ (4,472,596)	$ (37,990)	$ 25,501,153
Other capital assets, at cost	644,560,337	14,371,982	4,472,596	(6,970,926)	656,433,989
Total cost of capital assets	663,043,761	25,900,297	-	(7,008,916)	681,935,142
Less accumulated depreciation/amortization	339,379,553	17,458,923	-	(1,915,542)	354,922,934
Capital Assets, net	$ 323,664,208	$ 8,441,374	$ -	$ (5,093,374)	$ 327,012,208

*Right to use assets and leases were not included in fiscal year 2022 balances. Additional information on right to use assets may be found in Note 18. Additional information on leases may be found in Note 5 and Note 6.

Henderson State University

	Balance July 1, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Nondepreciable capital assets:					
Land and improvements	$ 1,975,554			$ (2,762)	$ 1,972,792
Construction-in-progress	613,367	$ 1,013,130	$ (481,495)	(695)	1,144,307
Intangibles-software in development	1,802,629	423,167	(2,225,796)		-
Total nondepreciable capital assets	$ 4,391,550	$ 1,436,297	$ (2,707,291)	$ (3,457)	$ 3,117,099
Other capital assets:					
Improvements and infrastructure	$ 24,351,406		$ 71,734,515 ***	$ (137,747) *****	$ 95,948,174
Buildings	155,896,011		(71,253,020) ***	(34,327) *****	84,608,664
Equipment	6,230,635	$ 29,575		(141,217)	6,118,993
Library/audiovisual holdings	15,200,659	5,025			15,205,684
Intangibles-software			2,225,796		2,225,796
Leases-office space	1,299,585 *	37,696 **			1,337,281
Leases-airport		37,812 **			37,812
Total other capital assets	202,978,296	110,108	2,707,291	(313,291)	205,482,404
Less accumulated depreciation/amortization:					
Improvements and infrastructure	10,367,673	3,252,646 ****	31,481,201 ***	(75,924) *****	45,025,596
Buildings	72,570,549	1,412,838	(31,481,201) ***	(34,327) *****	42,467,859
Equipment	5,562,235	146,646		(141,217)	5,567,664
Library/audiovisual holdings	11,567,195	500,663			12,067,858
Leases-office space	259,917 *	163,515 **			423,432
Leases-airport		28,359 **			28,359
Total accumulated depreciation/amortization	100,327,569	5,504,667	-	(251,468)	105,580,768
Other capital assets, net	$ 102,650,727	$ (5,394,559)	$ 2,707,291	$ (61,823)	$ 99,901,636
Capital Asset Summary:					
Nondepreciable capital assets	$ 4,391,550	$ 1,436,297	$ (2,707,291)	$ (3,457)	$ 3,117,099
Other capital assets, at cost	202,978,296	110,108	2,707,291	(313,291)	205,482,404
Total cost of capital assets	207,369,846	1,546,405	-	(316,748)	208,599,503
Less accumulated depreciation/amortization	100,327,569	5,504,667	-	(251,468)	105,580,768
Capital Assets, net	$ 107,042,277	$ (3,958,262)	$ -	$ (65,280)	$ 103,018,735

*Leases were not included in fiscal year 2022 balances. Additional information on leases may be found in Note 5 and Note 6.
**Includes $56,947 for prior year additions for intangibles, $37,696 for prior year additions for lease-office space, $37,812 for prior year additions for lease-airport, $14,137 for prior year depreciation expense for lease-office space, and $9,453 for prior year depreciation expense for lease-airport.
***Building improvements were split from buildings during fiscal year 2023. This amount was $71,253,020 from buildings to building improvements and $31,481,201 in related depreciation from buildings to building improvements.
****In fiscal year 2023, the University had a change in estimate for depreciation. This change is: Improvements and infrastructure from 20 years to 30 years. Includes $172,377 for prior year depreciation expense for building improvements.
*****Includes capital asset impairment loss. $34,327 was removed from buildings and $34,327 was removed from accumulated depreciation related to buildings. $137,747 was removed from building improvements and $75,924 was removed from accumulated depreciation related to building improvements. Additional information on this capital asset impairment may be found in Note 20.

Arkansas State University Beebe

	Balance July 1, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Nondepreciable capital assets:					
Land and improvements	$ 3,370,634				$ 3,370,634
Livestock for educational purposes	67,506	$ 18,523			86,029
Construction-in-progress		203,695			203,695
Intangibles-software in development	781,306		$ (781,306)		-
Total nondepreciable capital assets	$ 4,219,446	$ 222,218	$ (781,306)	$ -	$ 3,660,358
Other capital assets:					
Improvements and infrastructure	$ 21,917,589				$ 21,917,589
Buildings	67,022,124				67,022,124
Equipment	6,464,279	$ 1,660,137 *		$ (56,454)	8,067,962
Library/audiovisual holdings	2,791,363	38,650		(26,135)	2,803,878
Intangibles-Software	1,935,886	387,524	781,306	(1,935,886)	1,168,830
Total other capital assets	100,131,241	2,086,311	781,306	(2,018,475)	100,980,383
Less accumulated depreciation:					
Improvements and infrastructure	14,063,306	1,276,973			15,340,279
Buildings	37,941,245	1,969,021			39,910,266
Equipment	4,977,100	299,619		(56,454)	5,220,265
Library/audiovisual holdings	2,367,827	86,467		(26,135)	2,428,159
Intangibles-Software	774,355			(774,355)	-
Total accumulated depreciation	60,123,833	3,632,080	-	(856,944)	62,898,969
Other capital assets, net	$ 40,007,408	$ (1,545,769)	$ 781,306	$ (1,161,531)	$ 38,081,414
Capital Asset Summary:					
Nondepreciable capital assets	$ 4,219,446	$ 222,218	$ (781,306)	$ -	$ 3,660,358
Other capital assets, at cost	100,131,241	2,086,311	781,306	(2,018,475)	100,980,383
Total cost of capital assets	104,350,687	2,308,529	-	(2,018,475)	104,640,741
Less accumulated depreciation	60,123,833	3,632,080	-	(856,944)	62,898,969
Capital Assets, net	$ 44,226,854	$ (1,323,551)	$ -	$ (1,161,531)	$ 41,741,772

*Includes $44,891 for prior year additions for equipment.

Arkansas State University Mid-South

	Balance July 1, 2022		Additions	Transfers	Retirements	Balance June 30, 2023
Nondepreciable capital assets:						
Land and improvements	$ 3,898,076					$ 3,898,076
Construction-in-progress			$ 1,444,088			1,444,088
Intangibles-software in development	852,558			$ (852,558)		-
Total nondepreciable capital assets	$ 4,750,634		$ 1,444,088	$ (852,558)	$ -	$ 5,342,164
Other capital assets:						
Improvements and infrastructure	$ 7,538,828		$ 858,479			$ 8,397,307
Buildings	58,672,548					58,672,548
Equipment	11,058,140		508,610			11,566,750
Library/audiovisual holdings	953,129		18,519			971,648
Intangibles-software			314,867	$ 852,558		1,167,425
Leases-equipment	154,457	*	50,666		$ (69,460)	135,663
Total other capital assets	78,377,102		1,751,141	852,558	(69,460)	80,911,341
Less accumulated depreciation/amortization:						
Improvements and infrastructure	5,344,186		210,031			5,554,217
Buildings	28,433,197		1,169,303			29,602,500
Equipment	9,797,078		318,227			10,115,305
Library/audiovisual holdings	880,571		10,611			891,182
Intangibles-software			13,899			13,899
Leases-equipment	109,407	*	35,323		(49,201)	95,529
Total accumulated depreciation/amortization	44,564,439		1,757,394	-	(49,201)	46,272,632
Other capital assets, net	$ 33,812,663		$ (6,253)	$ 852,558	$ (20,259)	$ 34,638,709
Capital Asset Summary:						
Nondepreciable capital assets	$ 4,750,634		$ 1,444,088	$ (852,558)	$ -	$ 5,342,164
Other capital assets, at cost	78,377,102		1,751,141	852,558	(69,460)	80,911,341
Total cost of capital assets	83,127,736		3,195,229	-	(69,460)	86,253,505
Less accumulated depreciation/amortization	44,564,439		1,757,394	-	(49,201)	46,272,632
Capital Assets, net	$ 38,563,297		$ 1,437,835	$ -	$ (20,259)	$ 39,980,873

*Leases were not included in fiscal year 2022 balances. Additional information on leases may be found in Note 5 and Note 6.

Arkansas State University Mountain Home

	Balance July 1, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Nondepreciable capital assets:					
Land and improvements	$ 2,934,808				$ 2,934,808
Construction-in-progress	614,147	$ 239,418			853,565
Total nondepreciable capital assets	$ 3,548,955	$ 239,418	$ -	$ -	$ 3,788,373
Other capital assets:					
Improvements and infrastructure	$ 2,313,346	$ 818,194			$ 3,131,540
Buildings	38,285,223				38,285,223
Equipment	2,865,074	879,151			3,744,225
Library/audiovisual holdings	924,788			$ (40,675)	884,113
Total other capital assets	44,388,431	1,697,345	-	(40,675)	46,045,101
Less accumulated depreciation:					
Improvements and infrastructure	2,247,975	17,232			2,265,207
Buildings	32,388,538	1,583,225			33,971,763
Equipment	2,319,764	156,017			2,475,781
Library/audiovisual holdings	837,505	18,928		(40,675)	815,758
Total accumulated depreciation	37,793,782	1,775,402	-	(40,675)	39,528,509
Other capital assets, net	$ 6,594,649	$ (78,057)	$ -	$ -	$ 6,516,592
Capital Asset Summary:					
Nondepreciable capital assets	$ 3,548,955	$ 239,418	$ -	$ -	$ 3,788,373
Other capital assets, at cost	44,388,431	1,697,345	-	(40,675)	46,045,101
Total cost of capital assets	47,937,386	1,936,763	-	(40,675)	49,833,474
Less accumulated depreciation	37,793,782	1,775,402	-	(40,675)	39,528,509
Capital Assets, net	$ 10,143,604	$ 161,361	$ -	$ -	$ 10,304,965

Arkansas State University Newport

	Balance July 1, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Nondepreciable capital assets:					
Land and improvements	$ 1,444,735				$ 1,444,735
Construction-in-progress	1,193,811	$ 492,186	$ (1,119,406)	$ (74,405)	492,186
Intangibles-software in development	504,095		(504,095)		-
Total nondepreciable capital assets	$ 3,142,641	$ 492,186	$ (1,623,501)	$ (74,405)	$ 1,936,921
Other capital assets:					
Improvements and infrastructure	$ 7,651,852	$ 187,783	$ 126,989		$ 7,966,624
Buildings	31,645,961	58,659			31,704,620
Equipment	7,259,303	1,539,292	154,305		8,952,900
Library/audiovisual holdings	502,890	523			503,413
Intangibles-software	1,709,844	91,540	1,342,207	$(1,709,844)	1,433,747
Total other capital assets	48,769,850	1,877,797	1,623,501	(1,709,844)	50,561,304
Less accumulated depreciation/amortization:					
Improvements and infrastructure	3,280,635	668,805			3,949,440
Buildings	21,194,604	798,581			21,993,185
Equipment	4,985,188	650,937			5,636,125
Library/audiovisual holdings	441,768	3,393			445,161
Intangibles-software	739,934			(739,934)	-
Total accumulated depreciation/amortization	30,642,129	2,121,716	-	(739,934)	32,023,911
Other capital assets, net	$ 18,127,721	$ (243,919)	$ 1,623,501	$ (969,910)	$ 18,537,393
Capital Asset Summary:					
Nondepreciable capital assets	$ 3,142,641	$ 492,186	$ (1,623,501)	$ (74,405)	$ 1,936,921
Other capital assets, at cost	48,769,850	1,877,797	1,623,501	(1,709,844)	50,561,304
Total cost of capital assets	51,912,491	2,369,983	-	(1,784,249)	52,498,225
Less accumulated depreciation/amortization	30,642,129	2,121,716	-	(739,934)	32,023,911
Capital Assets, net	$ 21,270,362	$ 248,267	$ -	$(1,044,315)	$ 20,474,314

Arkansas State University Three Rivers

	Balance July 1, 2022	Additions	Transfers	Retirements	Balance June 30, 2023
Nondepreciable capital assets:					
Land and improvements	$ 790,262				$ 790,262
Construction-in-progress	1,498,397	$ 586,679			2,085,076
Total nondepreciable capital assets	$ 2,288,659	$ 586,679	$ -	$ -	$ 2,875,338
Other capital assets:					
Improvements and infrastructure	$ 339,912	$ 174,312			$ 514,224
Buildings	9,775,751				9,775,751
Equipment	3,473,478	983,102			4,456,580
Library/audiovisual holdings	517,222	4,053			521,275
Total other capital assets	14,106,363	1,161,467	-	-	15,267,830
Less accumulated depreciation/amortization:					
Improvements and infrastructure	294,201	6,845			301,046
Buildings	6,133,962	98,951			6,232,913
Equipment	2,568,309	318,988			2,887,297
Library/audiovisual holdings	482,587	6,674			489,261
Total accumulated depreciation/amortization	9,479,059	431,458	-	-	9,910,517
Other capital assets, net	$ 4,627,304	$ 730,009	$ -	$ -	$ 5,357,313
Capital Asset Summary:					
Nondepreciable capital assets	$ 2,288,659	$ 586,679	$ -	$ -	$ 2,875,338
Other capital assets, at cost	14,106,363	1,161,467	-	-	15,267,830
Total cost of capital assets	16,395,022	1,748,146	-	-	18,143,168
Less accumulated depreciation/amortization	9,479,059	431,458	-	-	9,910,517
Capital Assets, net	$ 6,915,963	$ 1,316,688	$ -	$ -	$ 8,232,651

NOTE 5.
LONG-TERM LIABILITIES

The 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, 2023	Maturities To June 30, 2023
9/15/2005	4/1/2025	3 - 5%	$ 19,230,000	$ 1,915,000	$ 17,315,000
3/1/2012	3/1/2034	2 - 3.6%	2,775,000	1,465,000	1,310,000
3/1/2012	3/1/2037	2 - 4%	3,425,000	2,305,000	1,120,000
12/1/2012	3/1/2037	1.375 - 3.375%	1,500,000	990,000	510,000
3/1/2013	3/1/2034	1 - 5%	28,895,000	17,710,000	11,185,000
8/1/2013	8/1/2023	0.24%	1,000,000	101,082	898,918
12/1/2013	12/1/2043	2 - 5%	14,685,000	11,965,000	2,720,000
12/1/2014	11/30/2024	3.25%	563,810	96,631	467,179
11/1/2015	11/1/2025	0.00%	600,000	150,000	450,000
11/1/2015	11/1/2025	0.00%	604,000	151,000	453,000
12/17/2015	12/1/2035	3.21%	15,226,080	12,985,805	2,240,275
11/17/2016	3/1/2037	3 - 4%	13,870,000	10,380,000	3,490,000
11/17/2016	3/1/2037	2 - 4%	23,150,000	14,655,000	8,495,000
12/20/2017	3/1/2039	3 - 4%	11,740,000	8,585,000	3,155,000
7/25/2018	5/25/2028	0.00%	1,000,000	499,774	500,226
12/18/2019	3/1/2030	2 - 3%	1,640,000	1,040,000	600,000
12/18/2019	3/1/2042	2.004 - 3.651%	3,750,000	3,250,000	500,000
8/20/2020	8/20/2024	3.25%	43,428	17,636	25,792
3/15/2021	3/1/2042	0.515 - 2.794%	11,670,000	10,710,000	960,000
4/28/2022	12/1/2038	2.25 - 4.15%	13,015,000	12,375,000	640,000
9/29/2022	9/29/2028	6.25%	74,684	62,758	11,926
11/1/2022	10/31/2027	6.25%	319,746	282,647	37,099
Unamortized discount			(90,264)	(77,149)	(13,115)
Unamortized premium			4,750,343	3,027,132	1,723,211
Totals			$ 173,436,827	$ 114,642,316	$ 58,794,511



Henderson State University

	Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2023	Maturities To June 30, 2023
	8/31/2011	8/30/2036	5.74%	$ 2,750,000	$ 2,023,671	$ 726,329
	7/23/2012	7/23/2026	3.08%	2,366,268	781,404	1,584,864
	2/14/2014	2/14/2028	4.98%	1,100,000	436,708	663,292
	11/1/2014	11/1/2039	2 - 5%	33,000,000	26,130,000	6,870,000
	6/1/2015	7/1/2026	1 - 3.2%	3,780,000	1,040,000	2,740,000
	6/30/2015	6/1/2024	4.12%	3,623,489	473,591	3,149,898
	6/30/2015	6/1/2035	4.12%	6,513,437	6,513,437	-
	2/3/2016	1/1/2032	2 - 3%	6,465,000	4,255,000	2,210,000
	9/19/2017	7/15/2035	2 - 3.25%	7,005,000	5,380,000	1,625,000
	10/3/2017	9/1/2035	1.25 - 3.25%	3,315,000	2,535,000	780,000
	8/14/2018	9/27/2023	3.75%	1,000,000	331,525	668,475
*	7/1/2019	12/1/2029	0.00%	6,000,000	5,750,000	250,000
	8/20/2019	11/1/2039	3.73%	15,996,406	14,377,843	1,618,563
	7/1/2020	3/31/2030	4.00%	1,299,585	968,390	331,195
	1/1/2021	12/1/2024	3.25%	37,696	15,352	22,344
	7/1/2021	7/1/2031	0.00%	996,450	846,450	150,000
	1/1/2022	12/1/2023	3.25%	37,812	9,658	28,154
	Unamortized discount			(49,704)	(32,800)	(16,904)
	Unamortized premium-bonds			783,471	501,117	282,354
	Unamortized premium-note			115,848	94,609	21,239
	Totals			$ 96,135,758	$ 72,430,955	$ 23,704,803

*The terms of this note payable were amended on July 1, 2022; the maturity date from 6-30-2028 to 12-1-2029.

Arkansas State University Beebe

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2023	Maturities To June 30, 2023
12/1/2012	12/1/2032	1 - 3%	$ 1,890,000	$ 1,055,000	$ 835,000
4/1/2015	12/1/2023	1 - 3%	1,895,000	230,000	1,665,000
4/1/2015	4/1/2039	1 - 3.625%	8,005,000	5,915,001	2,089,999
5/1/2015	12/1/2035	2 - 4%	12,930,000	9,045,000	3,885,000
6/1/2015	9/1/2035	2 - 4%	9,185,000	6,370,000	2,815,000
8/8/2017	7/1/2032	1.31%	100,000	68,811	31,189
10/18/2017	10/1/2037	3.04%	4,930,498	4,425,511	504,987
Unamortized discount			(91,432)	(55,946)	(35,486)
Unamortized premium			404,190	233,966	170,224
Totals			$ 39,248,256	$ 27,287,343	$ 11,960,913

Arkansas State University Mid-South

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2023	Maturities To June 30, 2023
8/26/2010	2/1/2040	2 - 4.7%	$ 5,180,000	$ 3,730,000	$ 1,450,000
8/1/2012	2/1/2042	1 - 4%	18,510,000	13,420,000	5,090,000
3/15/2018	3/15/2038	3.30%	1,537,658	1,241,119	296,539
9/1/2019	8/31/2023	2.99%	84,997	6,240	78,757
9/1/2022	8/31/2025	2.99%	50,666	41,284	9,382
Unamortized discount			(47,842)	(27,113)	(20,729)
Unamortized premium			112,689	71,371	41,318
Totals			$ 25,428,168	$ 18,482,901	$ 6,945,267

Arkansas State University Mountain Home

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2023	Maturities To June 30, 2023
12/18/2019	12/1/2032	2.004 - 3.119%	$ 4,885,000	$ 3,755,000	$ 1,130,000
Totals			$ 4,885,000	$ 3,755,000	$ 1,130,000

Arkansas State University Newport

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2023	Maturities To June 30, 2023
12/1/2012	5/1/2028	0.666 - 3.82%	$ 3,740,000	$ 1,295,000	$ 2,445,000
12/1/2012	12/1/2032	1 - 3%	1,875,000	1,054,998	820,002
8/8/2017	7/1/2032	1.31%	1,000,000	688,108	311,892
10/18/2017	10/1/2037	3.04%	2,951,079	2,648,843	302,236
Unamortized discount			(22,328)	(10,604)	(11,724)
Totals			$ 9,543,751	$ 5,676,345	$ 3,867,406

Arkansas State University Three Rivers

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2023	Maturities To June 30, 2023
2/28/2011	3/1/2026	0.37%	$ 565,000	$ 115,518	$ 449,482
4/25/2014	5/1/2029	0.24%	1,000,000	404,320	595,680
Totals			$ 1,565,000	$ 519,838	$ 1,045,162

The changes in long-term liabilities are as follows:

Arkansas State University Jonesboro

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable	$ 107,721,146		$ 7,426,163	$ 100,294,983	$ 7,756,162
Notes payable	1,223,096		321,240	901,856	321,482
Leases payable	451,511	$ 401,138	392,977 *	459,672	142,273
Installment contracts payable	13,582,165		596,360	12,985,805	665,319
Compensated absences	7,172,751	5,317,383	5,161,362	7,328,772	4,812,873
Totals	$ 130,150,669	$ 5,718,521	$ 13,898,102	$ 121,971,088	$ 13,698,109

*Includes early termination of a lease for land in the amount of $215,021.

Henderson State University

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable	$ 42,052,405		$ 2,244,088	$ 39,808,317	$ 2,334,089
Notes payable and bonds from direct placement	33,538,547		1,909,309	31,629,238	1,961,223
Leases payable	1,083,644	53,244	143,488	993,400	141,744
Compensated absences	1,147,112	694,052	396,974	1,444,190	474,455
Totals	$ 77,821,708	$ 747,296	$ 4,693,859	$ 73,875,145	$4,911,511

Arkansas State University Beebe

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable	$ 24,324,920		$ 1,531,899	$ 22,793,021	$ 1,575,747
Notes payable	75,212		6,401	68,811	6,485
Installment contracts payable	4,554,173		128,662	4,425,511	143,688
Compensated absences	1,189,227	$ 1,002,943	979,898	1,212,272	980,000
Totals	$ 30,143,532	$ 1,002,943	$ 2,646,860	$ 28,499,615	$2,705,920

Arkansas State University Mid-South

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable	$ 17,811,420		$ 617,162	$ 17,194,258	$ 637,163
Notes payable	1,304,310		63,191	1,241,119	65,276
Leases payable	66,971	$ 50,666	70,113 *	47,524	20,644
Compensated absences	674,609	120,164	80,226	714,547	47,513
Totals	$ 19,857,310	$ 170,830	$ 830,692	$ 19,197,448	$ 770,596

*Includes early termination of a lease for equipment in the amount of $30,117.

Arkansas State University Mountain Home

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable	$ 4,140,000		$ 385,000	$ 3,755,000	$ 390,000
Compensated absences	514,032	$ 258,081	257,562	514,551	5,195
Totals	$ 4,654,032	$ 258,081	$ 642,562	$ 4,269,551	$ 395,195

Arkansas State University Newport

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable	$ 2,683,280		$ 343,886	$ 2,339,394	$ 353,884
Notes payable	752,121		64,013	688,108	64,851
Installment contracts payable	2,725,853		77,010	2,648,843	86,003
Compensated absences	919,827	$ 524,950	366,568	1,078,209	625,361
Totals	$ 7,081,081	$ 524,950	$ 851,477	$ 6,754,554	$ 1,130,099

Arkansas State University Three Rivers

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Notes payable	$ 624,883		$ 105,045	$ 519,838	$ 105,347
Compensated absences	385,954	$ 221,208	229,599	377,563	27,709
Totals	$ 1,010,837	$ 221,208	$ 334,644	$ 897,401	$ 133,056



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

Arkansas State University Jonesboro

Year ended June 30,	Bonds Payable		Notes Payable		Leases Payable*		Installment Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 7,756,162 **	$ 3,520,653 ***	$ 321,482	$ 243 ***	$ 142,273	$ 22,868	$ 665,319	$ 407,292 ***
2025	6,171,162	3,248,115	220,400		115,853	16,155	738,928	384,867
2026	5,951,162	3,045,263	160,200		78,910	10,716	817,457	360,008
2027	6,071,162	2,827,687	100,000		83,963	5,663	835,512	332,815
2028	6,281,162	2,632,171	99,774		38,673	1,203	787,155	307,389
2029 - 2033	33,673,496	9,687,667					5,287,983	1,082,669
2034 - 2038	24,900,784	4,060,798					3,853,451	170,225
2039 - 2043	8,612,619	994,841						
2044	877,274	21,328						
Totals	$ 100,294,983 ****	$ 30,038,523	$ 901,856	$ 243	$ 459,672	$ 56,605	$ 12,985,805	$ 3,045,265

*Additional information on leases payable can be found in Note 4 and Note 6.

**Includes discount amortization of $5,064 and premium amortization of $226,226.

***Includes interest payable of $955,432 recorded as a current liability at June 30, 2023.

****Total principal of $100,294,983 Includes discount amortization of $77,149 and premium amortization of $3,027,132.

Henderson State Univeristy

Year ended June 30,	Bonds Payable		Notes Payable/Bonds from Direct Placement Payable		Leases Payable*	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 2,334,089 **	$ 1,348,253 ***	$ 1,961,223 **	$ 1,008,683 ***	$ 141,744	$ 36,957
2025	2,419,088	1,269,041	2,639,049	938,901	134,099	31,581
2026	2,484,088	1,196,603	2,685,772	874,440	136,186	26,224
2027	2,558,030	1,119,866	2,734,209	808,052	143,781	20,658
2028	2,373,030	1,037,205	2,573,554	740,918	151,726	14,742
2029 - 2033	12,544,328	3,895,308	10,003,167	2,751,379	285,864	10,650
2034 - 2038	11,035,392	1,776,788	6,833,432	1,134,816		
2039 - 2040	4,060,272	162,400	2,198,832	123,341		
Totals	$ 39,808,317 ****	$ 11,805,464	$ 31,629,238 *****	$ 8,380,530	$ 993,400	$ 140,812

*Additional information on leases payable can be found in Note 4 and Note 6.

**Includes discount amortization of $2,719 and premium amortization of $37,599.

***Includes interest payable of $801,771 recorded as a current liability at June 30, 2023.

****Total principal of $39,808,317 includes discount amortization of $32,800 and premium amortization of $501,117.

*****Total principal of $31,629,238 includes premium amortization of $94,609.

Arkansas State University Beebe

Year ended June 30,	Bonds Payable		Notes Payable		Installment Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 1,575,747 *	$ 782,444 **	$ 6,485	$ 901	$ 143,688	$ 134,535 **
2025	1,389,923	731,276	6,570	816	161,320	130,167
2026	1,434,923	679,782	6,656	730	178,257	125,263
2027	1,489,922	628,225	6,743	643	197,894	119,844
2028	1,539,923	577,136	6,832	555	216,934	113,828
2029 - 2033	8,540,174	2,046,404	35,525	1,408	1,368,551	460,117
2034 - 2038	6,384,567	559,576			2,158,867	197,993
2039	437,842	15,950				
Totals	$ 22,793,021 ***	$ 6,020,793	$ 68,811	$ 5,053	$ 4,425,511	$ 1,281,747

*Includes discount amortization of $3,996 and premium amortization of $19,743.

**Includes interest payable of $263,246 recorded as a current liability at June 30, 2023.

***Total principal of $22,793,021 includes discount amortization of $55,946 and premium amortization of $233,966.

Arkansas State University Mid-South

Year ended June 30,	Bonds Payable				Notes Payable			Leases Payable*	
	Principal		Interest		Principal	Interest		Principal	Interest
2024	$ 637,163	**	$ 671,733	***	$ 65,276	$ 40,957	***	$ 20,644	$ 12,876
2025	657,162		650,940		67,430	38,803		20,514	6,486
2026	682,162		626,507		69,656	36,578		6,366	384
2027	707,162		604,033		71,954	34,279			
2028	732,162		576,912		74,329	31,904			
2029 - 2033	4,090,810		2,452,904		410,096	121,070			
2034 - 2038	4,945,810		1,595,482		482,378	48,788			
2039 - 2042	4,741,827		496,485						
Totals	$ 17,194,258	****	$ 7,674,996		$ 1,241,119	$ 352,379		$ 47,524	$ 19,746

*Additional information on leases payable can be found in Note 4 and Note 6.

**Includes discount amortization of $1,594 and premium amortization of $3,756.

***Includes interest payable of $288,493 recorded as a current liability at June 30, 2023.

****Total principal of $17,194,258 includes discount amortization of $27,113 and premium amortization of $71,371.

Arkansas State University Mountain Home

Year ended June 30,	Bonds Payable		
	Principal	Interest	
2024	$ 390,000	$ 99,972	*
2025	405,000	89,963	
2026	415,000	78,684	
2027	420,000	67,198	
2028	430,000	55,507	
2029 - 2033	1,695,000	112,829	
Totals	$ 3,755,000	$ 504,153	

*Includes interest payable of $8,411 recorded as a current liability at June 30, 2023.

Arkansas State University Newport

Year ended June 30,	Bonds Payable		Notes Payable		Installment Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 353,884 *	$ 78,035 **	$ 64,851	$ 9,014 **	$ 86,003	$ 80,525 **
2025	368,884	65,609	65,701	8,165	96,557	77,910
2026	368,884	52,610	66,561	7,304	106,694	74,975
2027	388,884	39,546	67,433	6,432	118,448	71,731
2028	298,884	25,777	68,317	5,549	129,844	68,131
2029 - 2033	559,974	43,425	355,245	14,082	819,135	275,399
2034 - 2038					1,292,162	118,508
Totals	$ 2,339,394 ***	$ 305,002	$ 688,108	$ 50,546	$ 2,648,843	$ 767,179

*Includes discount amortization of $1,116.

**Includes interest payable of $79,971 recorded as a current liability at June 30, 2023.

***Total principal of $2,339,394 includes discount amortization of $10,604.

Arkansas State University Three Rivers

Year ended June 30,	Notes Payable	
	Principal	Interest
2024	$ 105,347	$ 1,398 *
2025	105,650	1,095
2026	105,954	791
2027	67,467	487
2028	67,629	325
2029	67,791	163
Totals	$ 519,838	$ 4,259

*Includes interest payable of $304 recorded as a current liability at June 30, 2023.

Refunding of Debt

Arkansas State University Jonesboro

On April 28, 2022, the University issued $13,015,000 in taxable refunding bonds for the Jonesboro campus with interest rates of 2.25 to 4.15 percent to refund $3,305,000 of outstanding bonds (Series 2012A) dated March 1, 2012 with interest rates of 0.7 to 4.8 percent and to advance refund $8,755,000 of outstanding bonds (Series 2013A) dated December 1, 2013 with interest rates of 0.864 to 5.779 percent. Net proceeds of $12,735,486 after payment of $210,720 for bond issuance costs and a discount of $68,794 were remitted to an escrow agent to provide for all future payments of the defeased bonds. Additionally, $2 was transferred from the bond fund of the 2012A issue and $1 was transferred from the bond fund of the 2013A issue. U.S. Treasury obligations of $12,735,486 purchased by the escrow agent, were pledged for the retirement of these bonds. As a result of this refunding, the 2012A and 2013A Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The 2012A bonds were called on May 16, 2022 and the 2013A bonds will be called on December 1, 2023. As of June 30, 2023, the outstanding amount of the 2013A bonds was $8,529,000 and the amount in the escrow account was $8,511,800.

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NOTE 6.
LEASES

A. Leases Payable

The net value of assets held under leases totaled $1,402,835 at June 30, 2023. Leases are amortized using the straight-line method. The details of the leases are as follows:

Arkansas State University Jonesboro

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Office space	12/1/2014	11/30/2024	3.25%	$ 563,810	$ 479,238	$ 84,572
Farm equipment	8/20/2020	8/20/2024	3.25%	43,428	31,060	12,368
Equipment	9/29/2022	9/29/2028	6.25%	74,684	9,336	65,348
Office space	11/1/2022	10/31/2027	6.25%	319,745	42,634	277,111
Total				$ 1,001,667	$ 562,268	$ 439,399

Henderson State University

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Office space	7/1/2020	3/31/2030	4.00%	$ 1,299,585	$ 399,872	$ 899,713
Office space	1/1/2021	12/1/2024	3.25%	37,696	23,560	14,136
Airport	1/1/2022	12/1/2023	3.25%	37,812	28,359	9,453
Total				$ 1,375,093	$ 451,791	$ 923,302

Arkansas State University Mid-South

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Copiers	9/1/2019	8/31/2023	2.99%	$ 84,997	$ 81,455	$ 3,542
Printers	9/1/2022	8/31/2025	2.99%	50,666	14,074	36,592
Total				$ 135,663	$ 95,529	$ 40,134

B. Leases Receivable

Arkansas State University Jonesboro

The University has three ground leases with outside parties. The deferred inflow for the leases are amortized using the straight-line method. Below are the details of each lease and a summary of the amounts:

On February 26, 2016, the University entered into a ground lease agreement with Hotel Partners, LLC to construct and operate a hotel, convention center, and restaurant on approximately 11 acres of land owned by the University. Hotel Partners, LLC is responsible for all construction costs, maintenance costs and operational costs of the project. The University began receiving rent annually for the use of the land beginning in fall 2022. The University will receive $416,650 annually for two years and then will receive $250,000 for each of the following years. The term of the lease is fifty years plus four (4) options for an additional ten (10 years) each.

On July 21, 2016, the University entered into an agreement 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 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 the fifth (5th) anniversary of the rent commencement date and every five years thereafter, base rent shall be increased on a percentage basis equal to the lesser of five percent or the average percentage increase of rents payable by tenants across all on-campus apartment housing. In fiscal year 2023, the amount received annually for the undergraduate housing increased from $200,004 to $210,000. In fiscal year 2023, the amount received annually for the graduate housing increased from $105,000 to $110,256.

The amount of principal and interest and amortization of deferred inflow for the next five years and in five year increments are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2024	$ 282,049	$ 454,857	$ 249,120
2025	127,387	442,869	249,120
2026	131,978	438,278	249,120
2027	136,735	433,521	249,120
2028	141,665	428,591	249,120
2029 - 2033	788,750	2,062,530	1,245,600
2034 - 2038	941,712	1,909,568	1,245,600
2039 - 2043	1,124,501	1,726,779	1,245,600
2044 - 2048	1,342,961	1,508,319	1,245,601
2049 - 2053	1,278,676	1,252,351	1,063,196
2054 - 2058	107,075	1,142,925	333,545
2059 - 2063	135,036	1,114,964	333,545
2064 - 2068	170,303	1,079,697	333,545
2069 - 2073	214,779	1,035,221	333,545
2074 - 2078	270,870	979,130	333,547
2079 - 2083	341,612	908,388	333,550
2084 - 2088	430,826	819,174	333,550
2089 - 2093	543,339	706,661	333,550
2094 - 2098	685,239	564,761	333,550
2099 - 2103	864,197	385,803	333,550
2104 - 2108	1,089,890	160,110	333,550
Totals	$ 11,149,580	$ 19,554,497	$ 10,960,224

Henderson State University

The University has two building subleases with outside parties. The deferred inflow for the leases are amortized using the straight-line method. Below are the details of each lease and a summary of the amounts:

On July 1, 2020, the University entered into a building sublease agreement with the Arkansas Department of Commerce-Division of Workforce Services-Rehabilitation Services to sublease 5,462 square feet of a building that Henderson State University leases. The University will receive $857,370 over the term of the lease. The lease ends on March 31, 2030.

On September 1, 2020, the University entered into a building sublease agreement with the Arkansas Department of Commerce-Division of Workforce Services to sublease 4,501 square feet of a building that Henderson State University leases. The University will receive $703,731 over the term of the lease. The lease ends on March 31, 2030.

The amount of principal and interest and amortization of deferred inflow for the next five years and in five year increments are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2024	$ 121,935	$ 36,516	$ 133,558
2025	128,898	31,532	133,558
2026	136,186	26,224	133,558
2027	143,781	20,658	133,558
2028	151,725	14,742	133,558
2029 - 2030	285,865	10,650	233,726
Totals	$ 968,390	$ 140,322	$ 901,516





NOTE 7.
COMMITMENTS

The University was contractually obligated for the following at June 30, 2023:

Project Title	Estimated Completion Date	Contract Balance
Arkansas State University Jonesboro		
Collegiate Park Stairwell	August 2023	$ 76,468
Kays Hall Shower Valves	August 2023	258,819
Northpark Quads Parking Lot	August 2023	437,855
Farmers Market	September 2023	437,664
College of Business Variable Air Unit Replacement	October 2023	96,737
First National Bank Arena Retaining Wall	October 2023	65,789
Math and Statistics Offices	October 2023	154,874
ABI Boiler Replacement	December 2023	61,763
Repairs due to December 2022 Ice Storm	December 2023	750,592
Dean Street Lighting and Cameras	December 2023	96,819
First National Bank Arena Air Handler Unit Phase I	December 2023	53,559
Lab Science West Fire Alarm Replacement	December 2023	77,160
Student Union Elevator	December 2023	99,128
Student Union Roof Phase I	December 2023	128,031
ABI First Floor Exhaust Upgrades	March 2024	252,461
Campus Lighting Phase III	March 2024	103,000
Kays Hall Structural Inspection	March 2024	83,700
Security Cameras for Entrances	March 2024	70,439
Demolition of Buildings	May 2024	3,320,000
Library Security Access	June 2024	187,777
Quapaw Road Closure and Lighting	August 2024	85,979
ABI Cage Washer	November 2024	413,356
Student Union Security Access	December 2024	209,887
Windgate Hall	December 2025	57,060
Village Apartments Exterior Repairs	December 2026	376,521
Henderson State University		
Caddo Center	April 2024	3,862,889
Barkman House	April 2024	850,000

Continued

Project Title	Estimated Completion Date	Contract Balance
Arkansas State University Beebe		
One-Stop Project	September 2023	$ 622,900
Arkansas State University Mid-South		
FedEx Renovations	August 2023	349,847
Reynolds/University Center Chillers	March 2024	420,875
Arkansas State University Mountain Home		
Tech Center Addition and Renovation	December 2023	827,900
Arkansas State University Newport		
Commercial Driver Track Repairs	August 2023	360,564
Arkansas State University Three Rivers		
New Nursing Building	August 2025	500,000

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 2023, $132,035 of forfeitures were applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2023 were $12,197,306 and $10,383,913 respectively.

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 2023, there were no forfeitures applied to employer contributions. The University’s and participants' contributions for the year ended June 30, 2023 were $1,060,156 and $798,549, 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 2023, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2023 were $151,959 and $76,873, 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.

Arkansas Public Employees Retirement System
The University (other than the Mid-South and Mountain Home campuses) 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 and reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual and 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.

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%.

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credit. 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 contributions and accumulation of service credit will cease once a member enters T-DROP. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits will be calculated beginning with the member's plan benefit reduced by 1% for each year of credited service. The Board of Trustees may authorize early participation in T-DROP for members with at least 28 years but less than 30 years of credited service. The plan deposit for early participation will be calculated the same as the regular T-DROP deposit with a further reduction of at least .5% but not more than 1% for each month of credited service under 30 years. 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, roll it into another tax-deferred account, or defer the distribution into a T-DROP cash balance account held by ATRS.

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 or more of actual service. The minimum benefit amount is $6,667 and an additional amount is provided based on the member's retirement date and years of contributory service up to a $10,000 maximum.

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 $91,594 as of June 30, 2023. 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 any age with 28 years of credited service,
- At age 65 with 5 years of actual service except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly, or
- At age 55 with 35 years of credited service as an elected or public safety member.

The normal retirement benefit, paid monthly, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. The plan 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 $27,063 as of June 30, 2023. This amount has been reported on the Statement of Net Position as a current liability.

Contributions

Arkansas Teacher Retirement System
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 907 of 1999, effective July 1, 1999, requires all new under contract for 181 or more days to be contributory. Act 443 of 2021, effective July 1, 2021, increased the required number of contract days to 185 or more days. Act 385 of 2005 allows noncontributory members to make and 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 15% for the fiscal year ending June 30, 2023. Contributory members are required to contribute 7% 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 APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan.

The public employees retirement plan was established as contributory. Act 793 of 1977 allowed existing and previous members to become noncontributory members. Anyone joining after January 1, 1978 was automatically enrolled as a noncontributory member. Act 2084 of 2005 established a new contributory requirement for all covered employees first hired on or after July 1, 2005. Employees hired prior to this date that are noncontributory have the option to become a contributory member at any time.

Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2023.



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

The collective net pension liability of $7,974,814,421 ($5,278,430,954 related to ATRS and $2,696,383,467 related to APERS) was measured as of June 30, 2022, 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, 2023, the University reported a liability of $18,877,651 ($10,280,864 related to ATRS and $8,596,787 related to APERS) for its proportionate share of the net pension liability. At June 30, 2022, the University's proportion of the collective net pension liability was 0.19% for ATRS and 0.32% for APERS.

For the year ended June 30, 2023, the University recognized total pension expense of ($1,219,542). ($898,364) of this amount was related to ATRS and ($321,178) was related to APERS. At June 30, 2023, 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	$ 198,160	$ 22,130
Changes of assumptions	1,066,743	
Net difference between projected and actual earnings on pension plan investments	1,504,737	
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,602	2,989,430
Contributions subsequent to the measurement date	886,189	
Totals	$ 3,658,431	$ 3,011,560
APERS		
Differences between expected and actual experience	$ 206,352	$ 103,793
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	1,813,505	
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,806	2,164,643
Contributions subsequent to the measurement date	781,854	
Totals	$ 2,809,517	$ 2,268,436
COMBINED		
Differences between expected and actual experience	$ 404,512	$ 125,923
Changes of assumptions	1,066,743	
Net difference between projected and actual earnings on pension plan investments	3,318,242	
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,408	5,154,073
Contributions subsequent to the measurement date	1,668,043	
Totals	$ 6,467,948	$ 5,279,996

The above amount of $1,668,043 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	ATRS	APERS	Total
2024	$ (409,724)	$ (664,175)	$(1,073,899)
2025	(282,442)	(513,848)	(796,290)
2026	(554,145)	(327,468)	(881,613)
2027	1,006,993	1,264,718	2,271,711

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2022 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; funding to retirement	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Remaining amortization period	30 years	25 years closed
Asset valuation method	4-year smoothed market for funding purposes; 20% corridor	4-year smoothed market; 25% corridor
Discount rate	7.25%	7.15%
Wage inflation	2.75%	3.25%
Salary increases	2.75 – 7.75%	3.25 – 9.85%
Investment rate of return	7.25%	7.15%* *Net of investment and administrative expenses

Mortality rate table

ATRS

Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

	Scaling Factor	
Table	Males	Females
Healthy Retirees	105%	105%
Disabled Retirees	104%	104%
Active Members	100%	100%

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.

The actuarial assumptions used in the June 30, 2022 valuation for ATRS were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

All other actuarial assumptions used in the June 30, 2022 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, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53%	5.3%
Fixed income	15%	1.3%
Alternatives	5%	4.8%
Real assets	15%	4.0%
Private equity	12%	7.6%
Cash equivalents	0%	0.5%
Total	100%	

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, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37%	6.22%
International equity	24%	6.69%
Real assets	16%	4.81%
Absolute return	5%	3.05%
Domestic fixed	18%	0.57%
Total	100%	

Discount Rate

Arkansas Teacher Retirement System
A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates as of June 30, 2023 were 7% and 15% of active member payroll, 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.

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:

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Amount	Rate	Amount	Rate	Amount
University's proportionate share of the net pension liability						
ATRS	6.25%	$ 16,343,255	7.25%	$ 10,280,864	8.25%	$ 5,251,283
APERS	6.15%	$ 13,667,320	7.15%	$ 8,596,787	8.15%	$ 4,410,607

NOTE 9.
NATURAL CLASSIFICATIONS BY FUNCTION

The University's operating expenses by function for the year ended June 30, 2023 were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Self-Insurance	Depreciation and Amortization	Other	Total
Instruction	$ 86,290,572	$ 2,355,851	$ 14,701,947				$ 103,348,370
Research	5,296,648	449,192	2,464,989				8,210,829
Public service	14,175,057	710,296	16,612,881				31,498,234
Academic support	16,149,273	107,442	9,193,292				25,450,007
Student services	17,930,683	727,212	5,389,892				24,047,787
Institutional support	23,487,293	10,853	13,066,309				36,564,455
Scholarships and fellowships		9,004,245					9,004,245
Operation and maintenance of plant	11,070,607		29,505,790				40,576,397
Auxiliary enterprises	10,125,091	8,169,383	23,178,462				41,472,936
Self-insurance				$24,694,849			24,694,849
Depreciation and amortization					$ 32,485,673		32,485,673
Other						$129,923	129,923
Total	$184,525,224	$ 21,534,474	$114,113,562	$24,694,849	$ 32,485,673	$129,923	$ 377,483,705

NOTE 10.
RECEIVABLE AND PAYABLE BALANCES

Accounts receivables at June 30, 2023 as reported in the Statement of Net Position, were as follows:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Student receivables, net	$ 3,610,423		$ 3,610,423
Grants and contracts	5,942,129		5,942,129
Construction projects	130,341	$ 135,716	266,057
Travel advances/repayments	21,172		21,172
Auxiliary enterprises	1,816,477		1,816,477
Direct lending	2,819		2,819
Miscellaneous	4,366,796	3,812	4,370,608
Totals	$ 15,890,157	$ 139,528	$ 16,029,685

Henderson State University

	Current	Noncurrent	Total
Student receivables, net	$ 2,874,583		$ 2,874,583
Grants and contracts	1,000,598		1,000,598
Auxiliary enterprises	96,851		96,851
Direct lending	3,464		3,464
Miscellaneous	206,573	$ 108,849	315,422
Totals	$ 4,182,069	$ 108,849	$ 4,290,918

Arkansas State University Beebe

	Current	Noncurrent	Total
Student receivables, net	$ 870,776		$ 870,776
Grants and contracts	722,799		722,799
Sales tax/use tax	217,353		217,353
Miscellaneous	18,157		18,157
Totals	$ 1,829,085	$ -	$ 1,829,085

Arkansas State University Mid-South

	Current	Noncurrent	Total
Student receivables, net	$ 114,544		$ 114,544
Grants and contracts	2,486,908		2,486,908
Construction projects	263,778		263,778
Travel advances/repayments	365		365
Property tax accrual		$ 1,741,762	1,741,762
Auxiliary enterprises	3,218		3,218
Miscellaneous	329,772		329,772
Totals	$ 3,198,585	$ 1,741,762	$ 4,940,347

Arkansas State University Mountain Home

	Current	Noncurrent	Total
Student receivables, net	$ 183,744		$ 183,744
Grants and contracts	939,379		939,379
Property tax accrual	977,034		977,034
Auxiliary enterprises	3,332		3,332
Direct lending	1,312		1,312
Sales tax rebates	27,078		27,078
Miscellaneous	272,125		272,125
Totals	$ 2,404,004	$ -	$ 2,404,004

Arkansas State University Newport

	Current	Noncurrent	Total
Student receivables, net	$ 2,815,454		$ 2,815,454
Grants and contracts	1,044,804		1,044,804
Sales tax/use tax	121,624		121,624
Construction projects	100,229		100,229
Direct lending	14,252		14,252
Miscellaneous	12,558		12,558
Totals	$ 4,108,921	$ -	$ 4,108,921

Arkansas State University Three Rivers

	Current	Noncurrent	Total
Student receivables, net	$ 334,195		$ 334,195
Grants and contracts	643,119		643,119
Miscellaneous	285,026		285,026
Totals	$ 1,262,340	$ -	$ 1,262,340

Arkansas State University System

	Current	Noncurrent	Total
Student receivables, net	$ 10,803,719		$ 10,803,719
Grants and contracts	12,779,736		12,779,736
Sales tax/use tax	338,977		338,977
Construction projects	494,348	$ 135,716	630,064
Travel advances/repayments	21,537		21,537
Property tax accrual	977,034	1,741,762	2,718,796
Auxiliary enterprises	1,919,878		1,919,878
Direct lending	21,847		21,847
Sales tax rebates	27,078		27,078
Miscellaneous	5,491,007	112,661	5,603,668
Totals	$ 32,875,161	$ 1,990,139	$ 34,865,300

Accounts receivable from students are reported net of allowances for doubtful accounts. This amount was $2,629,648 at June 30, 2023. 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.

Notes and Deposits Receivable at June 30, 2023 were as follows:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Notes receivable, net	$ 471,937	$ 1,413,243	$ 1,885,180
Deposits receivable	2,346	5,759	8,105
Totals	$ 474,283	$ 1,419,002	$ 1,893,285

Henderson State University

	Current	Noncurrent	Total
Notes receivable, net	$ 113,281	$ 516,244	$ 629,525
Deposits receivable	15,726		15,726
Totals	$ 129,007	$ 516,244	$ 645,251

Arkansas State University System

	Current	Noncurrent	Total
Notes receivable, net	$ 585,218	$ 1,929,487	$ 2,514,705
Deposits receivable	18,072	5,759	23,831
Totals	$ 603,290	$ 1,935,246	$ 2,538,536

Notes receivable pertains to loans awarded to students through the Federal Perkins Loan Program. Notes receivable at June 30, 2023 was reduced by an allowance for doubtful accounts of $96,989 for the current portion and $190,441 for the noncurrent portion.

Accounts Payable and Accrued Liabilities at June 30, 2023 are detailed below:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Vendors	$ 3,878,485		$ 3,878,485
Health claims	1,650,500		1,650,500
Salaries and other payroll related items	1,807,302		1,807,302
Miscellaneous	59,860		59,860
Totals	$ 7,396,147	$ -	$ 7,396,147

Henderson State University

	Current	Noncurrent	Total
Vendors	$ 910,241		$ 910,241
Sales tax/use tax	7,244		7,244
Salaries and other payroll related items	253,488		253,488
Miscellaneous	309,645		309,645
Totals	$ 1,480,618	$ -	$ 1,480,618

Arkansas State University Beebe

	Current	Noncurrent	Total
Vendors	$ 216,067		$ 216,067
Sales tax/use tax	47		47
Salaries and other payroll related items	330,800		330,800
Miscellaneous	111,271		111,271
Totals	$ 658,185	$ -	$ 658,185

Arkansas State University-Mid-South

	Current	Noncurrent	Total
Vendors	$ 1,030,143		$ 1,030,143
Students	1,500		1,500
Sales tax/use tax	29		29
Arkansas Delta Training and Education Consortium	261,661		261,661
Salaries and other payroll related items	420,742		420,742
Miscellaneous	33,461		33,461
Totals	$ 1,747,536	$ -	$ 1,747,536

Arkansas State University Mountain Home

	Current	Noncurrent	Total
Vendors	$ 213,712		$ 213,712
Students	742		742
Salaries and other payroll related items	203,551		203,551
Totals	$ 418,005	$ -	$ 418,005

Arkansas State University Newport

	Current	Noncurrent	Total
Vendors	$ 220,156		$ 220,156
Students	9,114		9,114
Sales tax/use tax	2,367		2,367
Salaries and other payroll related items	144,452		144,452
Totals	$ 376,089	$ -	$ 376,089

Arkansas State University Three Rivers

	Current	Noncurrent	Total
Vendors	$ 142,207		$ 142,207
Salaries and other payroll related items	213,423		213,423
Miscellaneous	27,408		27,408
Totals	$ 383,038	$ -	$ 383,038

Arkansas State University-System			
	Current	Noncurrent	Total
Vendors	$ 6,611,011		$ 6,611,011
Students	11,356		11,356
Sales tax/use tax	9,687		9,687
Health claims	1,650,500		1,650,500
Arkansas Delta Training and Education Consortium	261,661		261,661
Salaries and other payroll related items	3,373,758		3,373,758
Miscellaneous	541,645		541,645
Totals	$ 12,459,618	$ -	$ 12,459,618

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)

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
For campuses other than Henderson State University, employees shall become eligible for early retirement benefits at the earlier of (1) age sixty (60) with ten (10) years of continuous service or (2) age fifty-five (55) and at least seventy (70) age plus continuous service points. For Henderson State University, employees shall become eligible for early retirement benefits at age fifty-five (55) and at least seventy (70) age plus continuous service points. 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. For Henderson State University employees retiring prior to January 1, 2022, the beneficiary of a retiree who dies prior to age 65 receives $20,000. After age 65 but before age 70, retirees can elect to pay the full cost of life insurance benefits. Dependents of retirees are eligible for a death benefit of $2,000. Benefits are not payable after the retiree attains age 65.





Medical contributions are set based on campus and retirement date as shown below. For Henderson State employees retiring prior to July 1, 2022, benefits end for both the retiree and spouse when the retiree reaches Medicare eligibility. For all others, spouses may continue coverage beyond the retiree's Medicare eligibility until the spouse becomes Medicare-eligible by paying 100% of the employee plus employer cost for Employee Only coverage. The 2023 monthly retiree contributions by plan are shown below.

Plan	Retiree only	Retiree plus spouse	Spouse only
Non-Henderson State Retirees			
Classic Plan	$ 314	$ 621	$ 628
Premier Plan	$ 324	$ 639	$ 648
HSA Plan	$ 284	$ 562	$ 568
Henderson State employees retiring prior to July 1, 2022			
Classic Plan	$ 106	$ 385	n/a
Premier Plan	$ 126	$ 422	n/a
HSA Plan	$ 46	$ 268	n/a
Henderson State employees retiring on or after July 1, 2022			
Classic Plan	$ 628	$ 1,241	$ 628
Premier Plan	$ 648	$ 1,278	$ 648
HSA Plan	$ 568	$ 1,124	$ 568

No contributions are required for the life insurance benefit.

For campuses other than Henderson State University and Three Rivers, employees hired on or after January 1, 2019 are not eligible to receive these postemployment benefits. For Henderson State University, employees hired after July 1, 2015 are not eligible to receive these postemployment benefits. For Three Rivers, employees hired after January 1, 2020 are not eligible to receive these postemployment benefits.

Employees Covered by Benefit Terms
At June 30, 2023, the following employees were covered by the benefit terms:

	Medical benefits	Life insurance benefits*
Active employees		
Fully eligible	507	
Not yet fully eligible	913	
	1,420	
Retired employees		
Retirees	106	149
Spouses	27	85
Surviving spouses	7	n/a
	140	234
Totals	1,560	234

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

Total OPEB Liability
The University's total OPEB liability of $10,970,624 was measured as of June 30, 2023 and determined by an actuarial valuation dated January 1, 2023.

Actuarial Assumptions and Other Inputs
The total OPEB liability for June 30, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.09% for June 30, 2022 measurement date and fiscal 2023 expense development 4.13% for June 30, 2023 measurement date
Inflation rate	2.00%
Salary increases	3.00% per year
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-2021
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the rates shown below.

Year	Medical	Rx	Blended
2023	5.50%	7.50%	6.00%
2024	6.70%	7.90%	7.00%
2025	6.50%	6.50%	6.50%
2026	6.30%	6.30%	6.30%
2027	6.00%	6.00%	6.00%
2028	5.80%	5.80%	5.80%
2029	5.60%	5.60%	5.60%
2030	5.30%	5.30%	5.30%
2031 - 2032	5.10%	5.10%	5.10%
2033	5.00%	5.00%	5.00%
2034 - 2037	4.90%	4.90%	4.90%
2038 - 2044	4.80%	4.80%	4.80%
2045 and beyond	4.70%	4.70%	4.70%

The discount rate is based on the S & P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Mortality rates were selected 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 a combination of plan sponsor expectations of future payroll increases and historical pay increases for the employees covered by the plan.

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.

Aging factors were set based on a combination of Lockton proprietary data and SOA research "Health Care Costs – From Birth to Death".

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study from January 1, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 10,392,160
Changes for the year:	
Service cost	377,137
Interest	428,262
Differences between expected and actual experience	339,216
Changes in assumptions or other inputs*	36,599
Benefit payments	(602,750)
Net changes	578,464
Balance, June 30, 2023	$ 10,970,624

*The discount rate was updated from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023 to reflect the current economic environment, and is based solely on the S & P Municipal Bond Index rather than an average of three indices.

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 4.13%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	$ 11,627,451	$ 10,970,624	$ 10,364,090

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 6.00% decreasing to 4.70%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.00% decreasing to 3.70%) or 1 percentage point higher (7.00% decreasing to 5.70%) than the current rate:

	1% Decrease (5.00% decreasing to 3.70%)	Current Healthcre Cost Trend Rates (6.00% decreasing to 4.70%)	1% Increase (7.00% decreasing to 5.70%)
Total OPEB Liability	$ 10,245,254	$ 10,970,624	$ 11,788,704

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

For the year ended June 30, 2023, the University recognized OPEB expense of ($2,072,371). At June 30, 2023, 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	$ 1,055,781	$ (4,938,520)
Changes of assumptions or other inputs	211,730	(3,217,010)
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date		
Totals	$ 1,267,511	$ (8,155,530)

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,	Amount
2024	$ (2,892,806)
2025	(2,817,760)
2026	(1,200,392)
2027	22,939
Total	(6,888,019)





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 participate in the program, which is administered by Arkansas Blue Advantage Administrators.

At June 30, 2023, approximately 4,336 active employees, their dependents, former employees and retirees were participating in the program. The University offers three health plans: the Classic Plan which uses the Arkansas True-Blue network, the Premium Plan, and the Health Savings Plan 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 (for campuses other than Henderson State University), including early retirees, pay 50% of their coverage and the University covers the other 50%. Henderson State University retirees pay the same rates as active employees. 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.

The University estimates its unpaid health claims liability at June 30, 2023 to be $1,650,500 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 2023	FY 2022
Unpaid claims and claims adjustment expenses at beginning of year	$ 1,791,700	$ 1,543,100
Incurred claims during current year:		
Provision for insured events of the current year	18,530,463	16,906,615
Adjustment in provision for insured events of prior years		
Total incurred claims and claim adjustment expenses	$ 20,322,163	18,449,715
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	16,879,963	15,114,915
Claims and claim adjustment expenses attributable to insured events of prior years	1,791,700	1,543,100
Total paymanets	18,671,663	16,658,015
Total unpaid claims and claim adjustment expenses at end of year	$ 1,650,500	$ 1,791,700

The University purchases specific reinsurance to reduce its exposure to large claims. Wellpoint 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 securities, mutual funds and other managed investments. The endowment net position at June 30, 2023 was $14,724,045. Of this amount, $13,601,434 was nonexpendable and the remaining $1,122,611 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, 2023 were $825,631. Of this amount, $752,720 was nonexpendable and the remaining $72,911 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, 2023 are as follows:

Arkansas State University Jonesboro

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2023 Gross Revenue	Amount Issued	2023 Principal Paid	2023 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	$ 3,115,522	$ 19,230,000	$ 1,439,999	$ 167,750	$ 1,915,000	$ 115,750	51.60%
Series 2012C Student Fee	3/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,315,845	3,425,000	120,000	92,606	2,305,000	694,544	16.16%
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	110,000	50,556	1,465,000	307,881	0.18%
Series 2012D Student Fee	12/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,315,845	1,500,000	55,000	31,725	990,000	252,488	6.59%
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	4,326,931	28,895,000	1,285,000	710,000	17,710,000	4,271,025	46.11%
Series 2013B Student Fee	12/1/2013	12/1/2043	Construction of Humanities and Social Sciences building	Gross Tuition and Fees	see below	14,685,000	340,000	574,550	11,965,000	7,066,794	1.04%
Series 2016 Refunding	11/17/2016	3/1/2037	Refinance Series 2007 Student Fee-Construction of Recreation Center	Recreation Center Fee	1,368,926	13,870,000	550,000	396,956	10,380,000	2,897,044	69.18%
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	3,005,456	23,150,000	1,350,000	612,713	14,655,000	4,224,500	65.30%

Arkansas State University Jonesboro (continued)

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2023 Gross Revenue	Amount Issued	2023 Principal Paid	2023 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
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	$ 1,866,328	$ 11,740,000	$ 555,000	$ 336,175	$ 8,585,000	$ 2,331,269	47.75%
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	160,000	30,394	1,040,000	95,619	0.22%
Series 2019 Taxable Housing Refunding	12/18/2019	3/1/2042	Refinance Series 2012C Taxable Housing-Construction of sorority housing	Housing Fees	853,310	3,750,000	125,000	110,627	3,250,000	1,243,963	27.61%
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	1,176,542	11,670,000	475,000	237,651	10,710,000	2,842,149	60.57%
Series 2022 Taxable Student Fee Refunding	4/28/2022	12/1/2038	Refinance Series 2004 Student Fee-Property Purchases and Refinance Series 2013A Student Fee-Construction of Student Activities Center	Gross Tuition and Fees	see below	13,015,000	640,000	481,592	12,375,000	3,695,497	1.28%

Note: Issues with Tuition and Fees pledged, 2023 Gross Revenue--$87,588,643

Henderson State University

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2023 Gross Revenue	Amount Issued	2023 Principal Paid	2023 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2014 Auxiliary Refunding	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	$1,055,000	$1,034,306	$26,130,000	$ 9,429,503	21.49%
Series 2015 Refunding	6/1/2015	7/1/2026	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	240,000	34,402	1,040,000	65,409	1.38%
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	415,000	124,482	4,255,000	628,447	2.71%
Series 2017A Auxiliary Refunding	9/19/2017	7/15/2035	Construction of two residence halls	Auxiliary Revenue	see below	7,005,000	340,000	160,694	5,380,000	1,143,278	5.15%
Series 2017B Auxiliary Refunding	10/3/2017	9/1/2035	Construction of a residence hall	Auxiliary Revenue	see below	3,315,000	165,000	75,600	2,535,000	538,825	2.47%
Auxiliary Enterprises Revenue Secured Bond	8/14/2018	9/27/2023	Renovation of Smith Hall residential facilities	Auxiliary Revenue	see below	1,000,000	331,525	25,106	331,525	12,605	3.67%

Note: Issues with Tuition and Fees pledged, 2023 Gross Revenue--$19,910,359
Issues with Auxiliary Revenue pledged, 2023 Revenue--$9,722,330

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Arkansas State University Beebe

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2023 Gross Revenue	Amount Issued	2023 Principal Paid	2023 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	$ 30,769	$ 1,055,000	$ 160,987	1.57%
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	230,000	10,350	230,000	3,450	3.12%
Series 2015 Refunding Auxiliary Enterprises	4/1/2015	4/1/2039	Refinance Series 2010 Auxiliary Enterprises-Construction of new residence halls	Housing Fees	$ 591,509	8,005,000	279,999	209,823	5,915,001	1,902,366	82.81%
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	545,000	329,956	9,045,000	2,195,366	11.35%
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	370,000	252,575	6,370,000	1,758,624	8.07%

Note: Issues with Tuition and Fees pledged, 2023 Gross Revenue-$7,712,216

Arkansas State University Mid-South

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2023 Gross Revenue	Amount Issued	2023 Principal Paid	2023 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	$ 3,615,269	$ 5,180,000	$ 125,000	$ 172,813	$ 3,730,000	$ 1,922,860	8.24%
Series 2012 Construction	8/1/2012	2/1/2042	Construction of Facilities and Refunding	Property Tax Millage	3,615,269	18,510,000	490,000	518,683	13,420,000	5,752,136	27.90%

Arkansas State University Mountain Home

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2023 Gross Revenue	Amount Issued	2023 Principal Paid	2023 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	$ 4,097,873	$ 4,885,000	$ 385,000	$ 108,608	$ 3,755,000	$ 504,153	12.05%

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Arkansas State University Newport

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2023 Gross Revenue	Amount Issued	2023 Principal Paid	2023 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	$ 255,004	$ 30,769	$ 1,295,000	$ 144,014	4.02%
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	90,002	59,210	1,054,998	160,988	2.10%

Note: Issues with Tuition and Fees pledged, 2023 Gross Revenue-$7,103,907

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.
LEASE OBLIGATIONS WITH RED WOLVES FOUNDATION

Arkansas State University 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 a loan 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. During fiscal year 2023, the loan was paid in full.

NOTE 18.
RIGHT TO USE ASSETS

Arkansas State University Jonesboro

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.

The University has recorded the transaction as a right to use asset over the life of the agreement in the amount of $1,013,300. This amount is amortized annually using the straight-line method. Accumulated amortization as of June 30, 2023 is $162,128.

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.

The University has recorded the transaction as a right to use asset over the life of the agreement in the amount of $13,732,587. This amount is amortized annually using the straight-line method. During fiscal year 2023, the University paid the Red Wolves Foundation $9.1 million for 37.37% ownership of the building. The University's portion for the value of the building was determined to be $10.6 million. The University has recorded a gift from the Red Wolves Foundation for the difference between the purchase price and the value ($1.5 million). Additionally, 37.37% of the right to use asset and proportionate amortization was removed during the fiscal year. Accumulated amortization as of June 30, 2023 is $1,474,409.

NOTE 19.
DEFICIT NET POSITION

Henderson State University

The University's unrestricted net position at June 30, 2023, as stated on the Statement of Net Position is $141,996,172. All the campuses had a positive unrestricted net position with the exception of Henderson State University. Their unrestricted net position totaled ($5,979,811). Included in this deficit was the effect of the net pension liability and related inflows and outflows of $4,294,120 and the effect of the other postemployment benefits liability and related inflows and outflows of $1,674,664. Excluding the above liabilities and related inflows and outflows; the unrestricted net position was ($11,027).

NOTE 20.
CAPITAL ASSET IMPAIRMENT

Henderson State University

In October 2019, two labs in the Reynolds Science Center were damaged by a chemical spill. Due to safety concerns, the building was closed until the labs were decontaminated. The building partially reopened for classes later that month with substantial reoccupation of the building occurring the spring semester of 2020. 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.

The Reynolds Science Center building was constructed in 1971 with additions/renovations in 1979, 2001, and 2017 bringing the historical cost of the building to $9,056,535. The labs represent 1.9% of the total square footage of the building. During fiscal year 2023, the University removed 1.9% of the value of the building and related depreciation according to GASB statement no. 42, Accounting and Financial Reporting for Impairment of Capital Asset and for Insurance Recoveries. The accumulated depreciation of the building prior to this was $6,683,747 and the carrying

value was $2,372,788. $34,327 was removed from buildings and $34,327 was removed from accumulated depreciation related to buildings. $137,747 was removed from building improvements and $75,924 was removed from accumulated depreciation related to building improvements. As of June 30, 2023 the current historical cost of the building is $8,884,461. The accumulated depreciation of the building is $6,846,404 and the carrying value is $2,038,057.



NOTE 21.
SUBSEQUENT EVENTS

Henderson State University

On July 31, 2023, Dr. Charles Ambrose announced his resignation as chancellor effective September 15, 2023. Dr. Ambrose joined Henderson State University as chancellor in November 2021.

On August 16, 2023, Dr. Bob Fisher was appointed as interim chancellor. Dr. Fisher, a native of Arkadelphia, spent 21 years as president of Belmont University. He is also an alumnus, former Student Government Association president, and former dean of the School of Business at Henderson State University.

On November 1, 2023, Dr. Trey Berry was announced as the next chancellor effective January 1, 2024. Dr. Berry, a native of Arkadelphia, has served as president of Southern Arkansas University in Magnolia since 2015. He previously served various roles at Ouachita Baptist University, the University of Arkansas at Little Rock, and the University of Arkansas at Monticello.

Arkansas State University Mid-South

In August 2023, the campus entered into a construction contract to replace and upgrade the chilled water system for the Reynolds Center and the University Center. Construction is scheduled to begin in late fall 2023 with a completion date of spring 2024. The cost of the project is estimated to be $1,500,000 and will be funded with $1,000,000 in private monies and $500,000 of institutional reserves.

In September 2023, the campus entered into a new five year lease for copiers. Total payments over the term of the lease will be $194,392.

Arkansas State University Mountain Home

On March 14, 2023, Dr. Robin Myers announced his resignation as chancellor effective July 31, 2023, after completing eleven years of service to ASU Mountain Home. On June 20, 2023, Dr. Bentley Wallace was appointed as the next chancellor. Since 2020, Dr. Wallace has been the president of South Arkansas College. He officially began as chancellor on August 1, 2023.

ASU Mountain Home is the recipient of an Arkansas Department of Transportation TAP (Transportation Alternative Program) grant to fund $323,000 of lighting and landscaping for the walking/biking trail on campus. The grant will fund 80% of the project and plant fund reserves will be used for the 20% matching portion. The project is expected to be completed by spring 2024.

Arkansas State University Three Rivers

ASU Three Rivers will be receiving $8,000,000 in federal grant funds for the construction of a new 20,000 square foot nursing building. The new building will accommodate an increase in Practical Nursing and Registered Nursing slots, as well as new programs for Certified Nursing Assistants and Emergency Medical Technicians. The project is expected to be completed by December 2024.

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Other Postemployment Benefits (OPEB)

Schedule of Changes in the University's Total Postemployment Benefits Other Than Pensions (OPEB) Liability and Related Ratios

Total OPEB Liability*	2023	2022	2021	2020	2019	2018
Service cost	$ 377,137	$ 578,805	$ 1,132,078	$ 1,426,881	$ 1,521,697	$ 1,433,006
Interest	428,262	259,201	457,646	839,994	743,196	671,522
Changes of benefit terms			14,863	999,479		
Differences between expected and actual experience	339,216 **	(371,524)	(1,755,623)	(10,257,463)	3,151,798	
Changes in assumptions or other inputs	36,599	(1,749,839)	(5,386,746)	(519,149)	594,755	324,555
Benefit payments	(602,750)	(293,803)	(232,232)	(148,694)	(766,360)	(948,092)
Net change in total OPEB liability	578,464	(1,577,160)	(5,770,014)	(7,658,952)	5,245,086	1,480,991
Total OPEB liability, beginning of year	10,392,160	11,969,320	17,739,334	25,398,286	20,153,200	18,672,209
Total OPEB liability, end of year	$ 10,970,624	$ 10,392,160	$ 11,969,320	$ 17,739,334	$ 25,398,286	$ 20,153,200
Covered - employee payroll	$ 98,300,197	$ 97,905,505	$ 125,853,377	$ 123,777,641	$ 115,592,428	$ 117,067,546
Total OPEB liability as a percentage of covered - employee payroll	11.16%	10.61%	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.

**Henderson State University campus was added to the June 30, 2023 valuation with a Total OPEB Liability of $1,028,752 as of June 30, 2023. However, the plan experienced demographic gains during fiscal year 2023, which resulted in the net differences between expected and actual experience of $339,216.

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

- There were no significant changes in benefit terms for the year ended June 30, 2023.

B. Changes in assumptions

- The discount rate was updated to reflect the current economic environment.
- Healthcare trend rates were updated to reflect anticipated future experience.
- The salary scale was updated based on recent experience.
- Healthcare trend rates were updated to reflect anticipated future experience.
- Per capita claim costs and administrative expenses were updated to reflect recent plan experience.
- Participation and marital assumptions were added for Henderson State University employees.

C. Method and assumptions used in calculations

Valuation date	January 1, 2023
Measurement date	June 30, 2023
Discount rate	4.09% for June 30, 2022 measurement date and fiscal 2023 expense development 4.13% for June 30, 2023 measurement date
Inflation rate	2.00%
Salary increases	3.00% per year
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-2021.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the following table:

Year	Medical	Rx	Blended
2023	5.50%	7.50%	6.00%
2024	6.70%	7.90%	7.00%
2025	6.50%	6.50%	6.50%
2026	6.30%	6.30%	6.30%
2027	6.00%	6.00%	6.00%
2028	5.80%	5.80%	5.80%
2029	5.60%	5.60%	5.60%
2030	5.30%	5.30%	5.30%
2031 - 2032	5.10%	5.10%	5.10%
2033	5.00%	5.00%	5.00%
2034 - 2037	4.90%	4.90%	4.90%
2038 - 2044	4.80%	4.80%	4.80%
2045 and beyond	4.70%	4.70%	4.70%

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Pension Plans

Schedule of the University's Proportionate Share of the Net Pension Liability

Arkansas Teacher Retirement System

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Proportion of the net pension liability (asset)	0.19%	0.23%	0.26%	0.27%	0.25%	0.29%	0.32%	0.35%	0.36%
Proportionate share of the net pension liability (asset)	$10,280,864	$ 6,256,752	$14,459,284	$11,226,933	$ 9,255,617	$12,297,190	$14,053,207	$11,434,400	$ 9,331,442
Covered payroll	$ 6,360,511	$ 7,157,217	$ 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	161.64%	87.42%	189.09%	137.63%	122.64%	143.16%	152.76%	111.64%	92.26%
Plan fidicuary net position as a percentage of the total pension liability	78.85%	88.58%	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.

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Pension Plans

Schedule of the University's Contributions

Arkansas Teacher Retirement System

	2033	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 886,189	$ 1,022,726	$ 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 contribution	$ (886,189)	$(1,022,726)	$(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	$ 5,791,273	$ 6,360,511	$ 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	15.30%	16.08%	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—Pensions

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, 2022.

B. Changes in assumptions

- There were no significant changes in assumptions for the year ended June 30, 2022.

C. Method and assumptions used in calculations of actuarially determined contributions

Valuation date	June 30, 2020

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; funding to retirement
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%
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.

ARKANSAS STATE UNIVERSITY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Schedule of the University's Proportionate Share of the Net Pension Liability

Arkansas Public Employees Retirement System

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Proportion of the net pension liability (asset)	0.32%	0.39%	0.45%	0.28%	0.28%	0.33%	0.36%	0.39%	0.44%
Proportionate share of the net pension liability (asset)	$ 8,596,787	$ 3,032,949	$12,858,706 ***	$ 6,750,262 **	$ 6,214,764	$ 8,480,922	$ 8,493,072	$ 7,228,228	$ 6,175,989
Covered payroll	$ 5,656,833	$ 7,886,602	$ 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	151.97%	38.46%	151.28%	125.20%	121.79%	147.00%	134.73%	104.71%	81.54%
Plan fidicuary net position as a percentage of the total pension liability	78.31%	93.57%	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
JUNE 30, 2023

Schedule of the University's Contributions

Arkansas Public Employees Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 781,854	$ 1,021,161	$ 1,215,029	$ 778,595	$ 727,761	$ 771,954	$ 858,174	$ 928,244	$ 1,027,156
Contributions in relation to the contractually required contribution	$ (781,854)	$ (1,021,161)	$ (1,215,029)	$ (778,595)	$ (727,761)	$ (771,954)	$ (858,174)	$ (928,244)	$ (1,027,156)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 5,259,716	$ 5,656,833	$ 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	14.86%	18.05%	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—Pensions

Arkansas Public Employees Retirement System

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

A. Changes in benefit terms

- Beginning July 1, 2022, all contributory plan member rates will increase by 0.25% for the next eight fiscal years until it reaches a maximum of 7%. For members first hired on or after July 1, 2022, the final average compensation period will increase from three years to five years, and the cost of living adjustment on benefit payments will be the lesser of 3.0% of the increase in the Consumer Price Index.

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, 2019

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 percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	4 year smoothed market with 25% corridor
Investment rate of return	7.15%
Salary increases	3.25—9.85%
Inflation rate	3.25% wage inflation, 2.50% price inflation
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.

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Supplemental Information (Unaudited)

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF NET POSITION BY CAMPUS
JUNE 30, 2023

	Jonesboro	Henderson State University	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Current Assets:								
Cash and cash equivalents	$ 46,161,108	$ (3,808,268)	$ 25,212,257	$ 5,236,114	$ 2,484,998	$ 6,704,870	$ 4,500,533	$ 86,491,612
Short-term investments				2,022,116	7,000,000	1,250,000		10,272,116
Accounts receivable (less allowances of $2,629,648)	15,890,157	4,182,069	1,829,085	3,198,585	2,404,004	4,108,921	1,262,340	32,875,161
Leases receivable	282,049	121,935						403,984
Notes and deposits receivable (less allowances of $96,989)	474,283	129,007						603,290
Accrued interest and late charges	215,062			11,793	18,320	66,908		312,083
Inventories	983,260	19,574	46,345	20,850	1,726	356,892	50,804	1,479,451
Deposits with trustees	14,504	589,876	4,113	910,719		159		1,519,371
Deposit with paying agent	87,985							87,985
Unamortized bond insurance	30,863	35,910	7,633			18,584		92,990
Prepaid expenses	19,036	33,007	18,772	130,359	31,294	103,545	43,965	379,978
Total Current Assets	64,158,307	1,303,110	27,118,205	11,530,536	11,940,342	12,609,879	5,857,642	134,518,021
Noncurrent Assets:								
Cash and cash equivalents	51,132,831	11,061,297		6,449,392	2,042,937			70,686,457
Restricted cash and cash equivalents	1,392,986	124,656		360,238				1,877,880
Unrestricted investments	1,482,165			3,349,457		1,000,000		5,831,622
Restricted investments	400,000			4,974,553		144,403		5,518,956
Endowment investments	15,697,077		825,631					16,522,708
Other long-term investments	9,162,625							9,162,625
Irrevocable split-interest agreement	2,231,636							2,231,636
Accrued interest and late charges	718,351			45,022				763,373
Deposits with trustees	310,806	462,206		2,146,870	157			2,920,039
Accounts receivable	139,528	108,849		1,741,762				1,990,139
Leases receivable	10,867,531	846,455						11,713,986
Notes and deposits receivable (less allowances of $190,441)	1,419,002	516,244						1,935,246
Capital assets (net of accumulated depreciation and amortization of $651,138,240)	327,012,208	103,018,735	41,741,772	39,980,873	10,304,965	20,474,314	8,232,651	550,765,518
Total Noncurrent Assets	421,966,746	116,138,442	42,567,403	59,048,167	12,348,059	21,618,717	8,232,651	681,920,185
TOTAL ASSETS	486,125,053	117,441,552	69,685,608	70,578,703	24,288,401	34,228,596	14,090,293	816,438,206
DEFERRED OUTFLOWS OF RESOURCES								
Excess of bond reacquisition costs over carrying value	3,296,269	244,219	562,922	46,892	49,060	28,647		4,228,009
Pensions	3,116,190	1,275,233	700,066	136,690	37,838	363,335	838,596	6,467,948
Other postemployment benefits (OPEB)	761,684	118,859	164,789	45,734	55,826	69,643	50,976	1,267,511
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	493,299,196	119,079,863	71,113,385	70,808,019	24,431,125	34,690,221	14,979,865	828,401,674
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES								
Current Liabilities:								
Accounts payable and accrued liabilities	7,396,147	1,480,618	658,185	1,747,536	418,005	376,089	383,038	12,459,618
Bonds, notes, leases, and installment contracts payable	8,885,236	4,437,056	1,725,920	723,083	390,000	504,738	105,347	16,771,380
Compensated absences	4,812,873	474,455	980,000	47,513	5,195	625,361	27,709	6,973,106
Unearned revenue	8,586,210	574,958	140,469	192,114	100,676	31,337		9,625,764
Deposits	1,150,337	161,037	3,290	130		41,410		1,356,204

Interest payable	955,432	801,771	263,246	288,493	8,411	79,971	304	2,397,628
Other postemployment benefits (OPEB) liability	226,107	35,283	48,918	13,576	16,572	20,674	15,132	376,262
Total Current Liabilities	32,012,342	7,965,178	3,820,028	3,012,445	938,859	1,679,580	531,530	49,959,962
Noncurrent Liabilities:								
Bonds, notes, leases, and installment contracts payable	105,757,080	67,993,899	25,561,423	17,759,818	3,365,000	5,171,607	414,491	226,023,318
Compensated absences	2,515,899	969,735	232,272	667,034	509,356	452,848	349,854	5,696,998
Other postemployment benefits (OPEB) liability	6,366,461	993,469	1,377,374	382,264	466,613	582,107	426,074	10,594,362
Net pension liability	8,838,890	4,221,024	1,969,102	380,349	98,002	1,025,511	2,344,773	18,877,651
Deposits	217,400							217,400
Refundable federal advances	2,951,842	757,284						3,709,126
Total Noncurrent Liabilities	126,647,572	74,935,411	29,140,171	19,189,465	4,438,971	7,232,073	3,535,192	265,118,855
TOTAL LIABILITIES	158,659,914	82,900,589	32,960,199	22,201,910	5,377,830	8,911,653	4,066,722	315,078,817
DEFERRED INFLOWS OF RESOURCES								
Pensions	1,851,517	1,348,329	911,275	124,446	25,144	482,572	536,713	5,279,996
Other postemployment benefits (OPEB)	4,900,896	764,771	1,060,302	294,266	359,198	448,106	327,991	8,155,530
Irrevocable split-interest agreement	2,231,636							2,231,636
Leases	10,960,224	901,516						11,861,740
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	178,604,187	85,915,205	34,931,776	22,620,622	5,762,172	9,842,331	4,931,426	342,607,719
NET POSITION								
Net investment in capital assets	215,002,804	36,882,770	14,765,851	21,256,371	6,590,614	14,765,388	7,712,509	316,976,307
Restricted for nonexpendable purposes:								
Scholarships and fellowships	5,443,353		752,720					6,196,073
Renewal and replacement				967,261				967,261
Loans	109,647	(2,274)	20,000					127,373
Other - College and Department Purposes	9,136,302							9,136,302
Restricted for expendable purposes:								
Scholarships and fellowships	740,822	553	72,911	222,484			38,803	1,075,573
Loans							10,000	10,000
Debt service				1,738,436				1,738,436
Renewal and replacement				1,734,914				1,734,914
Other	1,003,993	2,263,420	508,024	323,818	1,465,789	270,500		5,835,544
Unrestricted	83,258,088	(5,979,811)	20,062,103	21,944,113	10,612,550	9,812,002	2,287,127	141,996,172
TOTAL NET POSITION	$ 314,695,009	$ 33,164,658	$ 36,181,609	$ 48,187,397	$ 18,668,953	$ 24,847,890	$ 10,048,439	$ 485,793,955

ARKANSAS STATE UNIVERSITY SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY CAMPUS

FOR THE YEAR ENDED JUNE 30, 2023

	Jonesboro	Henderson State University	Beebe	Mid-South
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowances of $60,378,388)	$ 50,640,975	$ 7,546,748	$ 4,048,081	$ 1,129,750
Grants and contracts	20,076,811	2,270,822	5,315,433	4,212,441
Sales and services	1,149,323	83,620	51,867	
Auxiliary enterprises (net of scholarship allowances of $9,073,661)	23,788,492	7,576,707	804,148	86,926
Self-insurance	6,881,800			
Other operating revenues	3,054,552	670,100	136,736	487,847
TOTAL OPERATING REVENUES	105,591,953	18,147,997	10,356,265	5,916,964
OPERATING EXPENSES				
Personal services	108,484,967	20,521,390	17,235,619	8,857,748
Scholarships and fellowships	8,926,255	2,561,001	4,342,226	1,758,176
Supplies and services	64,696,927	19,308,091	7,926,086	6,356,819
Self-insurance	24,694,849			
Depreciation and amortization	17,458,923	5,308,700	3,632,080	1,757,394
Other	129,923			
TOTAL OPERATING EXPENSES	224,391,844	47,699,182	33,136,011	18,730,137
OPERATING INCOME (LOSS)	(118,799,891)	(29,551,185)	(22,779,746)	(12,813,173)
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	74,948,560	22,494,046	14,345,981	7,771,685
Grants and contracts	28,874,825	7,535,236	6,417,556	2,117,255
HEERF Grants-Related to COVID-19	10,059,521	2,156,235	742,344	1,559,764
Sales and use taxes			2,623,540	
Property taxes				3,615,269
Gifts	2,844,009	173,235		109,309
Investment income	3,709,642	227,981	365,637	119,402
Interest on capital asset - related debt	(4,182,181)	(2,479,816)	(993,021)	(745,937)
Gain or loss on disposal of capital assets	3,661,032	20,655	(1,180,054)	
Payment of student activity fee/other amounts to fiduciary accounts	(264,140)	(472,973)		
Refund to grantors	(31,068)		(37,829)	(37,249)
Amortization of leases receivable	249,121	133,558		
Interest earned on leases	206,186	40,231		
Other nonoperating revenues (expenses)	(88,550)	237,040	(6,750)	4,968
NET NON-OPERATING REVENUES (EXPENSES)	119,986,957	30,065,428	22,277,404	14,514,466
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	1,187,066	514,243	(502,342)	1,701,293
Capital appropriations		987,462		
Capital grants and gifts	4,113,353			870,696
Adjustments to capital assets	(16,573)	(243,515)	44,891	
Removal of right to use assets	(4,545,369)			
Capitalization of library holdings at rate per volume		5,025		
Livestock additions			18,523	
Extraordinary item - impairment loss		(45,083)		
INCREASE (DECREASE) IN NET POSITION	738,477	1,218,132	(438,928)	2,571,989
NET POSITION - BEGINNING OF YEAR	313,956,532	31,946,526	36,620,537	45,615,408
NET POSITION - END OF YEAR	$ 314,695,009	$ 33,164,658	$ 36,181,609	$ 48,187,397

Mountain Home	Newport	Three Rivers	Total
$ 2,221,741	$ 3,929,982	$ 1,999,287	$ 71,516,564
2,202,220	2,964,701	5,903,859	42,946,287
55,037			1,339,847
318,630	562,442	179,250	33,316,595
			6,881,800
15,060	115,402	296,082	4,775,779
4,812,688	7,572,527	8,378,478	160,776,872
7,896,454	13,071,526	8,457,520	184,525,224
2,030,679	1,407,870	508,267	21,534,474
4,722,676	6,112,103	4,990,860	114,113,562
			24,694,849
1,775,402	2,121,716	431,458	32,485,673
			129,923
16,425,211	22,713,215	14,388,105	377,483,705
(11,612,523)	(15,140,688)	(6,009,627)	(216,706,833)
4,686,814	8,185,421	4,507,284	136,939,791
3,295,682	4,377,069	1,612,175	54,229,798
1,228,571	654,080		16,400,515
	1,373,419		3,996,959
1,716,346			5,331,615
494,776	8,000		3,629,329
206,273	137,071	36,775	4,802,781
(113,096)	(187,940)	(1,626)	(8,703,617)
	(1,046,882)		1,454,751
		(73,752)	(810,865)
(99,679)		(48,985)	(254,810)
			382,679
			246,417
(1,500)	(1,000)		144,208
11,414,187	13,499,238	6,031,871	217,789,551
(198,336)	(1,641,450)	22,244	1,082,718
		558,128	1,545,590
1,441,367	660,421		7,085,837
	(74,405)		(289,602)
			(4,545,369)
			5,025
			18,523
			(45,083)
1,243,031	(1,055,434)	580,372	4,857,639
17,425,922	25,903,324	9,468,067	480,936,316
$ 18,668,953	$ 24,847,890	$ 10,048,439	$ 485,793,955

ARKANSAS STATE UNIVERSITY SYSTEM

STATEMENT OF CASH FLOWS BY CAMPUS

FOR THE YEAR ENDED JUNE 30, 2023

	Jonesboro	Henderson State University	Beebe	Mid-South
CASH FLOW FROM OPERATING ACTIVITIES				
Student tuition and fees	$ 51,633,689	$ 8,274,687	$ 4,232,524	$ 1,178,951
Grants and contracts	20,821,948	2,229,065	5,327,899	4,222,073
Auxiliary enterprises revenues	23,341,148	7,282,042	811,107	109,185
Sales and services	1,160,685	83,620	51,867	
Self-insurance program receipts	6,936,344			
Collection of principal and interest related to student loans	237,759	9,709		
Other receipts	3,610,774	620,761	133,618	228,633
Payments to employees	(102,116,652)	(16,864,621)	(13,250,089)	(7,042,193)
Payments for employee benefits	(10,548,177)	(5,067,684)	(4,800,408)	(2,150,870)
Payments to suppliers	(69,021,359)	(19,348,918)	(7,898,532)	(6,695,793)
Scholarships and fellowships	(8,926,255)	(2,561,001)	(4,342,226)	(1,758,176)
Self-insurance program payments	(24,768,904)			
Other payments	(427,964)			
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(108,066,964)	(25,342,340)	(19,734,240)	(11,908,190)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	74,948,560	22,494,046	14,345,981	6,244,685
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners				1,527,000
Grants and contracts	28,896,747	7,400,967	6,165,056	2,109,965
HEERF Grants-Related to COVID-19	7,512,233	1,664,127	2,203,377	2,213,582
Private gifts and grants	3,006,267	173,235		190,486
Sales and use taxes			2,620,866	
Property taxes				3,333,577
Direct lending, PLUS and FFEL loan receipts	83,072,341	11,002,331	2,951,637	
Direct lending, PLUS and FFEL loan payments	(83,053,538)	(10,942,046)	(2,953,601)	
Payment of student activity fee to fiduciary accounts	(264,140)	(472,973)		
Refunds to grantors	(31,068)		(29,377)	(37,249)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	114,087,402	31,319,687	25,303,939	15,582,046
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt		261,972		
Proceeds from lease arrangements	734,364	153,885		
Capital appropriations	(29,978)	1,190,861		
Capital gifts and grants	2,757,408			
Proceeds from sale of capital assets	3,993,711	40,158		
Purchases of capital assets	(23,352,777)	(1,327,026)	(2,328,830)	(3,014,770)
Payments to trustees for bond principal	(7,204,999)	(1,975,000)	(1,514,999)	
Payments to trustees for bond interest and fees	(3,821,867)	(1,368,221)	(835,764)	
Payments to trustees/paying agent for next fiscal year	(87,985)	(272,880)		
Payments to debt holders for principal (other than bonds)	(1,095,556)	(2,002,458)	(135,063)	(103,187)
Payments to debt holders for interest and fees (other than bonds)	(450,935)	(1,115,009)	(139,432)	(62,419)
Property taxes remitted to bond trustees				(3,404,172)
Distribution of excess property taxes from bond trustees				1,622,665
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTVITIES	(28,558,614)	(6,413,718)	(4,954,088)	(4,961,883)

This statement is continued on the next pages.

Mountain Home	Newport	Three Rivers	Total
$ 2,192,176	$ 2,626,890	$ 2,195,555	$ 72,334,472
1,401,347	2,964,662	6,323,425	43,290,419
315,507	632,472	179,250	32,670,711
55,037			1,351,209
			6,936,344
			247,468
21,136	115,402	130,557	4,860,881
(6,198,878)	(10,565,148)	(6,679,870)	(162,717,451)
(1,793,122)	(2,884,623)	(2,209,460)	(29,454,344)
(4,714,078)	(6,052,182)	(4,799,762)	(118,530,624)
(2,030,679)	(1,407,870)	(508,267)	(21,534,474)
			(24,768,904)
			(427,964)
(10,751,554)	(14,570,397)	(5,368,572)	(195,742,257)
4,686,814	8,185,421	4,507,284	135,412,791
			1,527,000
3,295,432	4,611,559	1,612,175	54,091,901
1,849,948	143,817		15,587,084
494,776	8,000		3,872,764
	1,358,155		3,979,021
1,619,102			4,952,679
1,996,226	2,080,684	2,198,760	103,301,979
(1,997,538)	(1,929,278)	(2,198,760)	(103,074,761)
		(73,752)	(810,865)
(20,185)		(48,985)	(166,864)
11,924,575	14,458,358	5,996,722	218,672,729
			261,972
			888,249
		558,128	1,719,011
1,441,367	504,408		4,703,183
			4,033,869
(1,948,665)	(2,290,612)	(1,748,146)	(36,010,826)
(385,000)	(345,006)		(11,425,004)
(109,144)	(90,979)		(6,225,975)
			(360,865)
	(141,023)	(105,045)	(3,582,332)
	(92,719)	(1,700)	(1,862,214)
			(3,404,172)
			1,622,665
(1,001,442)	(2,455,931)	(1,296,763)	(49,642,439)

	Jonesboro	Henderson State University	Beebe	Mid-South
CASH FLOWS FROM INVESTING ACTIVITES				
Proceeds from sales and maturities of investments	70,000		605,418	2,110,086
Interest on investments (net of fees)	2,424,036	205,012	292,725	205,189
Purchases of investments	(10,003,481)			(2,152,059)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(7,509,445)	205,012	898,143	163,216
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,047,621)	(231,359)	1,513,754	(1,124,811)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	128,734,546	7,609,044	23,698,503	13,170,555
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 98,686,925	$ 7,377,685	$ 25,212,257	$ 12,045,744
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (118,799,891)	$ (29,551,185)	$ (22,779,746)	$ (12,813,173)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	17,458,923	5,308,700	3,632,080	1,757,394
Change in assets and liabilities:				
Receivables, net	3,023,021	505,433	44,727	(169,505)
Inventories	75,627	(6,121)	269	(5,151)
Prepaid expenses	(12,674)	(33,007)	(16,901)	(15,847)
Accounts and salaries payable	(2,944,137)	35,003	282,432	(409,797)
Other postemployment benefits payable	(2,791,738)	(894,397)	(558,720)	(254,899)
Pension obligations	(1,194,782)	(559,019)	(501,895)	(89,775)
Unearned revenue	(2,317,010)	(382,929)	140,469	52,618
Deposits	(86,174)	(61,896)		7
Refundable federal advances	(634,150)			
Compensated absences	156,021	297,078	23,045	39,938
Net cash provided (used) by operating activities	$ (108,066,964)	$ (25,342,340)	$ (19,734,240)	$ (11,908,190)
Reconciliation of Cash and Cash Equivalents				
Current Assets:				
Cash and Cash Equivalents	$ 46,161,108	$ (3,808,268)	$ 25,212,257	$ 5,236,114
Noncurrent Assets:				
Cash and Cash Equivalents	51,132,831	11,061,297		6,449,392
Restricted Cash and Cash Equivalents	1,392,986	124,656		360,238
Total	$ 98,686,925	$ 7,377,685	$ 25,212,257	$ 12,045,744

Mountain Home	Newport	Three Rivers	Total
1,700,000	4,452,031		8,937,535
191,460	70,965	36,775	3,426,162
(5,000,000)	(2,394,403)		(19,549,943)
(3,108,540)	2,128,593	36,775	(7,186,246)
(2,936,961)	(439,377)	(631,838)	(33,898,213)
7,464,896	7,144,247	5,132,371	192,954,162
$ 4,527,935	$ 6,704,870	$ 4,500,533	$ 159,055,949
$ (11,612,523)	$ (15,140,688)	$ (6,009,627)	$ (216,706,833)
1,775,402	2,121,716	431,458	32,485,673
(833,242)	(1,189,505)	450,309	1,831,238
(1,726)	(12,547)	(27,941)	22,410
(4,133)	66,376	5,999	(10,187)
210,889	70,545	213,040	(2,542,025)
(220,456)	(373,321)	(150,651)	(5,244,182)
(36,310)	(233,036)	(272,768)	(2,887,585)
(29,974)	(26,658)		(2,563,484)
	(11,661)		(159,724)
			(634,150)
519	158,382	(8,391)	666,592
$ (10,751,554)	$ (14,570,397)	$ (5,368,572)	$ (195,742,257)
$ 2,484,998	$ 6,704,870	$ 4,500,533	$ 86,491,612
2,042,937			70,686,457
			1,877,880
$ 4,527,935	$ 6,704,870	$ 4,500,533	$ 159,055,949

ARKANSAS STATE UNIVERSITY SYSTEM

STATEMENT OF FIDUCIARY NET POSITION BY CAMPUS

JUNE 30, 2023

	Jonesboro	Henderson State University	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
ASSETS								
Cash and cash equivalents	$ 1,000,374	$ 749,359	$ 80,907	$ 28,470	$ 47,419	$ 183,287	$ 111,363	$ 2,201,179
Accounts receivable				$ 3,600				3,600
TOTAL ASSETS	1,000,374	749,359	80,907	32,070	47,419	183,287	111,363	2,204,779
LIABILITIES								
Accounts payable	1,926	4,500	899		1,005		538	8,868
TOTAL LIABILITIES	1,926	4,500	899		1,005		538	8,868
NET POSITION								
Restricted for:								
Individuals and organizations	998,448	744,859	80,008	32,070	46,414	183,287	110,825	2,195,911
TOTAL NET POSITION	$ 998,448	$ 744,859	$ 80,008	$ 32,070	$ 46,414	$ 183,287	$ 110,825	$ 2,195,911

ARKANSAS STATE UNIVERSITY SYSTEM

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION BY CAMPUS

FOR THE YEAR ENDED JUNE 30, 2023

	Jonesboro	Henderson State University	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
ADDITIONS								
Gifts		$ 6,843		$ 3,600	$ 8,000	$ 297,724	$ 65,227	$ 381,394
Contributions	$ 2,067,331	1,831,191	32,256	24,576	273,176	122,067		4,350,597
Transfer from Student Activity Fee	264,140	153,258					73,752	491,150
Prior year correction		375,954			2,203			378,157
TOTAL ADDITIONS	2,331,471	2,367,246	32,256	28,176	283,379	419,791	138,979	5,601,298
DEDUCTIONS								
Supplies	(28,564)	188,238	14,402	36,174	1,070	3,037	80,319	294,676
Travel	17,653	115					10,573	28,341
Scholarships	1,900,110	1,744,430		3,600	264,103	352,951		4,265,194
TOTAL DEDUCTIONS	1,889,199	1,932,783	14,402	39,774	265,173	355,988	90,892	4,588,211
INCREASE (DECREASE) IN FIDUCIARY NET POSITION	442,272	434,463	17,854	(11,598)	18,206	63,803	48,087	1,013,087
NET POSITION-BEGINNING OF YEAR	556,176	310,396	62,154	43,668	28,208	119,484	62,738	1,182,824
NET POSITION-END OF YEAR	$ 998,448	$ 744,859	$ 80,008	$ 32,070	$ 46,414	$ 183,287	$ 110,825	$ 2,195,911

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Statistical Section
(Unaudited)

Statistical Section
(Unaudited)

This section of the report provides information for understanding the financial statements and notes as well as the overall health of the University and the state of Arkansas.

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Financial Trends **147**

These schedules present information to understand how the University's financial activities and performance have changed over time.

Debt Capacity **151**

These schedules contain information to assess the University's current debt levels as well as the ability to issue debt in the future.

Operating Information **154**

These schedules present capital asset data to understand how the University's financial report relates to the services provided and activities performed.

Demographic and Economic Information **157**

These schedules provide demographic and economic indicators to better understand the environment in which the University's and the State of Arkansas's financial activities occur.

Schedule of Changes in Net Position

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Operating Revenues										
Tuition and fees, net	$ 71,516,564	$ 71,463,532	$ 70,455,406	$ 66,221,819	$ 65,397,629	$ 65,415,289	$ 62,980,619	$ 61,466,443	$ 56,312,892	$ 54,202,184
Grants and contracts	42,946,287	38,524,894	36,894,255	35,934,215	31,844,781	34,547,837	34,328,583	33,294,306	23,825,840	23,149,541
Sales and services	1,339,847	1,599,588	1,815,516	1,357,006	2,018,646	2,022,718	2,097,800	2,112,343	1,838,753	1,924,664
Auxiliary enterprises, net	33,316,595	34,380,782	29,367,343	25,807,261	28,382,096	28,748,193	29,731,551	29,135,663	27,081,631	25,985,508
Self-insurance	6,881,800	6,743,358	6,383,339	6,066,003	5,257,173	4,481,976	4,193,379	4,104,547	4,078,504	3,898,570
Other	4,775,779	3,694,589	3,489,170	4,330,037	2,818,904	2,709,791	2,618,535	1,603,847	2,304,618	2,190,622
Total Operating Revenues	**160,776,872**	**156,406,743**	**148,405,029**	**139,716,341**	**135,719,229**	**137,925,804**	**135,950,467**	**131,717,149**	**115,442,238**	**111,351,089**
Expenses										
Operating Expenses										
Personal services	184,525,224	182,978,436	196,773,631	163,050,514	157,396,528	158,803,195	158,310,684	156,378,870	145,366,071	146,974,378
Scholarships and fellowships	21,534,474	54,137,972	31,446,429	19,071,674	18,940,798	19,504,606	17,021,407	17,809,431	16,339,675	17,274,330
Supplies and services	114,113,562	94,652,743	82,586,625	73,756,354	66,001,724	69,578,951	66,170,938	73,841,581	61,361,424	61,025,501
Self-insurance	24,694,849	23,546,876	21,534,101	20,043,070	20,926,524	20,722,131	18,176,043	15,570,817	15,612,804	16,082,687
Depreciation	32,485,673	31,069,319	31,450,233	27,088,390	24,116,637	33,465,428	29,125,582	29,385,729	24,953,628	23,824,951
Other	129,923	88,135	18,570	51,522	55,357	27,764	81,508	106,217	67,139	67,148
Total Operating Expenses	**377,483,705**	**386,473,481**	**363,809,589**	**303,061,524**	**287,437,568**	**302,102,075**	**288,886,162**	**293,092,645**	**263,700,741**	**265,248,995**
Operating Loss	**(216,706,833)**	**(230,066,738)**	**(215,404,560)**	**(163,345,183)**	**(151,718,339)**	**(164,176,271)**	**(152,935,695)**	**(161,375,496)**	**(148,258,503)**	**(153,897,906)**
Nonoperating Revenues (Expenses)										
Federal appropriations	-	29,616	108,763	186,847	263,475	273,222	356,521	541,230	594,401	1,175,443
State appropriations	136,939,791	135,413,506	135,778,821	110,028,373	105,602,258	103,393,175	102,826,511	102,455,543	94,945,462	94,956,873
Stimulus funds (ARRA)	-	-	-	-	-	-	-	24,848	88,000	59,738
Grants and contracts	54,229,798	54,020,204	58,561,444	51,532,603	51,356,793	52,218,395	51,427,501	53,440,251	51,753,608	53,132,794
HEERF grants-related to COVID-19	16,400,515	50,556,671	48,561,441	15,090,160	-	-	-	-	-	-
Sales and use taxes	3,996,959	3,585,494	3,482,557	2,969,188	2,852,118	2,865,169	2,676,486	2,690,627	2,751,115	2,760,987
Property taxes	5,331,615	4,676,764	4,679,896	4,533,364	4,390,058	4,327,844	3,933,057	4,175,364	1,316,279	1,333,345
Gifts	3,629,329	3,480,778	3,186,659	3,239,847	3,441,493	3,547,432	2,970,520	1,897,107	2,132,117	1,709,564
Investment income	4,802,781	(1,900,450)	4,555,940	3,107,796	4,269,022	2,557,793	2,871,791	432,601	660,842	2,341,189
Interest on capital asset related debt	(8,703,617)	(9,143,386)	(10,104,249)	(7,891,345)	(8,469,513)	(8,643,398)	(8,272,170)	(8,478,234)	(7,092,358)	(7,580,770)
Bond insurance and issuance costs	-	-	-	-	-	-	-	-	(468,765)	(334,781)
Gain or loss on disposal of capital assets	1,454,751	(88,069)	296,878	(397,045)	(236,900)	(592,348)	(631,667)	(694,387)	(135,721)	(431,058)
Payment of student activity fee/other amounts to fiduciary accounts	(810,865)	(266,000)	(278,160)							
Refunds to grantors	(254,810)	(340,994)	(208,544)	(335,637)	(153,364)	(93,270)	(113,774)	(59,618)	(48,891)	(67,997)
Amortization of leases receivable	382,679	(950,428)	-	-	-	-	-	-	-	-
Interest earned on leases	246,417	-	-	-	-	-	-	-	-	-
Other nonoperating revenues (expenses)	144,208	1,421,651	(534,684)	3,192,729	(144,499)	(235,907)	(340,137)	(196,047)	25,768	97,699
Net Nonoperating Revenues (Expenses)	**217,789,551**	**240,495,357**	**248,086,762**	**185,256,880**	**163,170,941**	**159,618,107**	**157,704,639**	**156,229,285**	**146,521,857**	**149,153,026**
Income Before Other Revenues, Expenses, Gain or Losses	**1,082,718**	**10,428,619**	**32,682,202**	**21,911,697**	**11,452,602**	**(4,558,164)**	**4,768,944**	**(5,146,211)**	**(1,736,646)**	**(4,744,880)**
Capital appropriations	1,545,590	1,201,455	1,223,869	98,112	79,211	594,629	54,761	2,178,977	2,326,698	10,259,205
Capital grants and gifts	7,085,837	1,639,612	8,848,584	356,598	1,017,245	1,231,593	1,507,492	13,471,345	13,486,598	2,724,929
Additions to endowments	-	250	100	-	24,667	150	200	36,054	425,546	3,711
Adjustments to capital assets	(289,602)	(165,834)	1,125,513	(247,422)	(387,594)	90,035	(26,685)	(11,684)	129,517	15,304
Right to use assets	-	13,880,104	-	-	-	-	-	-	-	-
Removal of right to use asset	(4,545,369)	-	-	-	-	-	-	-	-	-
Capitalization of library holdings at rate per volume	5,025	415	-	12,256	21,536	23,126	202,198	179,670	20,333	49,842
Livestock additions	18,523	-	-	16,550	31,905	11,030	-	885	766	123,422
Bond proceeds/accrued interest	-	-	-	-	-	-	-	-	16,691	-
Extraordinary item - impairment loss	(45,083)									
Increase (Decrease) in Net Position	**$ 4,857,639**	**$ 26,984,621**	**$ 43,880,268**	**$ 22,147,791**	**$ 12,239,572**	**$ (2,607,601)**	**$ 6,506,910**	**$ 10,709,036**	**$ 14,669,503**	**$ 8,431,533**

NOTE: 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.

Source: Controller's Office

Schedule of Major Sources of Revenue

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Tuition and fees, net	$ 71,516,564	$ 71,463,532	$ 70,455,406	$ 66,221,819	$ 65,397,629	$ 65,415,289	$ 62,980,619	$ 61,466,443	$ 56,312,892	$ 54,202,184
Grants and contracts	42,946,287	38,524,894	36,894,255	35,934,215	31,844,781	34,547,837	34,328,583	33,294,306	23,825,840	23,149,541
Sales and services	1,339,847	1,599,588	1,815,516	1,357,006	2,018,646	2,022,718	2,097,800	2,112,343	1,838,753	1,924,664
Auxiliary enterprises, net	33,316,595	34,380,782	29,367,343	25,807,261	28,382,096	28,748,193	29,731,551	29,135,663	27,081,631	25,985,508
Self-insurance	6,881,800	6,743,358	6,383,339	6,066,003	5,257,173	4,481,976	4,193,379	4,104,547	4,078,504	3,898,570
Other	4,775,779	3,694,589	3,489,170	4,330,037	2,818,904	2,709,791	2,618,535	1,603,847	2,304,618	2,190,622
Total Operating Revenues	**160,776,872**	**156,406,743**	**148,405,029**	**139,716,341**	**135,719,229**	**137,925,804**	**135,950,467**	**131,717,149**	**115,442,238**	**111,351,089**
Nonoperating Revenues and Other Changes										
Federal appropriations	-	29,616	108,763	186,847	263,475	273,222	356,521	541,230	594,401	1,175,443
State appropriations	136,939,791	135,413,506	135,778,821	110,028,373	105,602,258	103,393,175	102,826,511	102,455,543	94,945,462	94,956,873
Stimulus funds (ARRA)	-	-	-	-	-	-	-	24,848	88,000	59,738
Grants and contracts	54,229,798	54,020,204	58,561,444	51,532,603	51,356,793	52,218,395	51,427,501	53,440,251	51,753,608	53,132,794
HEERF grants-related to COVID-19	16,400,515	50,556,671	48,561,441	15,090,160	-	-	-	-	-	-
Sales and use taxes	3,996,959	3,585,494	3,482,557	2,969,188	2,852,118	2,865,169	2,676,486	2,690,627	2,751,115	2,760,987
Property taxes	5,331,615	4,676,764	4,679,896	4,533,364	4,390,058	4,327,844	3,933,057	4,175,364	1,316,279	1,333,345
Gifts	3,629,329	3,480,778	3,482,557	3,239,847	3,441,493	3,547,432	2,970,520	1,897,107	2,132,117	1,709,564
Investment income	4,802,781	(1,900,450)	4,555,940	3,107,796	4,269,022	2,557,793	2,871,791	432,601	660,842	2,341,189
Capital appropriations	1,545,590	1,201,455	1,223,869	98,112	79,211	594,629	54,761	2,178,977	2,326,698	10,259,205
Capital grants and gifts	7,085,837	1,639,612	8,848,584	356,598	1,017,245	1,231,593	1,507,492	13,471,345	13,486,598	2,724,929
Net gain on disposal of capital assets	1,454,751	(88,069)	296,878	(397,045)	(236,900)	(592,348)	(631,667)	(694,387)	(135,721)	(431,058)
Amortization of leases receivable	382,679	-	-	-	-	-	-	-	-	-
Interest earned on leases	246,417	-	-	-	-	-	-	-	-	-
Capitalization of library holdings at rate per volume	5,025	415	-	12,256	21,536	23,126	202,198	179,670	20,333	49,842
Livestock additions	18,523	-	-	16,550	31,905	11,030	-	885	766	123,422
Right to use assets	-	13,880,104	-	-	-	-	-	-	-	-
Net other nonoperating revenues	144,208	1,421,901	(534,684)	3,192,729	(119,832)	(235,757)	(339,937)	(159,993)	468,005	116,714
Total Nonoperating Revenues and Other Changes	**236,213,818**	**267,918,001**	**269,046,066**	**193,967,378**	**172,968,382**	**170,215,303**	**167,855,234**	**180,634,068**	**170,408,503**	**170,312,987**
Total Revenues and Other Changes	**$ 396,990,690**	**$ 424,324,744**	**$ 417,451,095**	**$ 333,683,719**	**$ 308,687,611**	**$ 308,141,107**	**$ 303,805,701**	**$ 312,351,217**	**$ 285,850,741**	**$ 281,664,076**

By Percent of Total Revenues

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Tuition and fees, net	18.01%	16.84%	16.88%	19.85%	21.19%	21.23%	20.73%	19.68%	19.70%	19.24%
Grants and contracts	10.82%	9.08%	8.84%	10.77%	10.32%	11.21%	11.30%	10.66%	8.34%	8.22%
Sales and services	0.34%	0.38%	0.43%	0.41%	0.65%	0.66%	0.69%	0.68%	0.64%	0.68%
Auxiliary enterprises, net	8.39%	8.10%	7.03%	7.73%	9.19%	9.33%	9.79%	9.33%	9.47%	9.23%
Self-insurance	1.73%	1.59%	1.53%	1.82%	1.70%	1.45%	1.38%	1.31%	1.43%	1.38%
Other	1.20%	0.87%	0.84%	1.30%	0.91%	0.88%	0.86%	0.51%	0.81%	0.78%
Total Operating Revenues	**40.50%**	**36.86%**	**35.55%**	**41.87%**	**43.97%**	**44.76%**	**44.75%**	**42.17%**	**40.39%**	**39.53%**
Nonoperating Revenues and Other Changes										
Federal appropriations	0.00%	0.01%	0.03%	0.06%	0.09%	0.09%	0.12%	0.17%	0.21%	0.42%
State appropriations	34.49%	31.91%	32.53%	32.97%	34.21%	33.55%	33.85%	32.80%	33.22%	33.71%
Stimulus funds (ARRA)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.03%	0.02%
Grants and contracts	13.66%	12.73%	14.03%	15.44%	16.64%	16.95%	16.93%	17.11%	18.11%	18.86%
HEERF grants-related to COVID-19	4.13%	11.91%	11.63%	4.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sales and use taxes	1.01%	0.84%	0.83%	0.89%	0.92%	0.93%	0.88%	0.86%	0.96%	0.98%
Property taxes	1.34%	1.10%	1.12%	1.36%	1.42%	1.40%	1.29%	1.34%	0.46%	0.47%
Gifts	0.91%	0.82%	0.83%	0.97%	1.11%	1.15%	0.98%	0.61%	0.75%	0.61%
Investment income	1.21%	-0.45%	1.09%	0.93%	1.38%	0.83%	0.95%	0.14%	0.23%	0.83%
Capital appropriations	0.39%	0.28%	0.29%	0.03%	0.03%	0.19%	0.02%	0.70%	0.81%	3.64%
Capital grants and gifts	1.78%	0.39%	2.12%	0.11%	0.33%	0.40%	0.50%	4.31%	4.72%	0.97%
Net gain on disposal of capital assets	0.37%	-0.02%	0.07%	-0.12%	-0.08%	-0.19%	-0.21%	-0.22%	-0.05%	-0.15%
Amortization of leases receivable	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest earned on leases	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capitalization of library holdings at rate per volume	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.07%	0.06%	0.01%	0.02%
Livestock additions	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.04%
Right to use assets	0.00%	3.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net other nonoperating revenues	0.04%	0.34%	-0.13%	0.96%	-0.04%	-0.08%	-0.11%	-0.05%	0.16%	0.04%
Total Nonoperating Revenues and Other Changes	**59.50%**	**63.14%**	**64.45%**	**58.13%**	**56.03%**	**55.24%**	**55.25%**	**57.83%**	**59.61%**	**60.47%**
Total Revenues and Other Changes	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

NOTE: 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.
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Source: Controller's Office

Schedule of Expenses by Use

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Expenses										
Personal services	$ 184,525,224	$ 182,978,436	$ 196,773,631	$ 163,050,514	$ 157,396,528	$ 158,803,195	$ 158,310,684	$ 156,378,870	$ 145,366,071	$ 146,974,378
Scholarships and fellowships	21,534,474	54,137,972	31,446,429	19,071,674	18,940,798	19,504,606	17,021,407	17,809,431	16,339,675	17,274,330
Supplies and services	114,113,562	94,652,743	82,586,625	73,756,354	66,001,724	69,578,951	66,170,938	73,841,581	61,361,424	61,025,501
Self-insurance	24,694,849	23,546,876	21,534,101	20,043,070	20,926,524	20,722,131	18,176,043	15,570,817	15,612,804	16,082,687
Depreciation and amortization	32,485,673	31,069,319	31,450,233	27,088,390	24,116,637	33,465,428	29,125,582	29,385,729	24,953,628	23,824,951
Other	129,923	88,135	18,570	51,522	55,357	27,764	81,508	106,217	67,139	67,148
Total Operating Expenses	**377,483,705**	**386,473,481**	**363,809,589**	**303,061,524**	**287,437,568**	**302,102,075**	**288,886,162**	**293,092,645**	**263,700,741**	**265,248,995**
Nonoperating Expenses and Other Changes										
Interest on capital asset related debt	8,703,617	9,143,386	10,104,249	7,891,345	8,469,513	8,643,398	8,272,170	8,478,234	7,092,358	7,580,770
Payment of student activity fee/other amounts to fiduciary accounts	810,865	266,000	278,160	-	-	-	-	-	-	-
Net adjustments to capital assets	289,602	165,834	(1,125,513)	247,422	387,594	(90,035)	26,685	11,684	(129,517)	(15,304)
Refunds to grantors	254,810	340,994	208,544	335,637	153,364	93,270	113,774	59,618	48,891	67,997
Bond insurance and issuance costs	-	-	-	-	-	-	-	-	468,765	334,781
Amortization of leases and reduction of lease receivable	-	950,428	-	-	-	-	-	-	-	-
Removal of right to use asset	4,545,369	-	-	-	-	-	-	-	-	-
Extraordinary item - impairment loss	45,083	-	-	-	-	-	-	-	-	-
Other										
Total Nonoperating Expenses and Other Changes	**14,649,346**	**10,866,642**	**9,465,440**	**8,474,404**	**9,010,471**	**8,646,633**	**8,412,629**	**8,549,536**	**7,480,497**	**7,968,244**
Total Expenses and Other Changes	**$ 392,133,051**	**$ 397,340,123**	**$ 373,275,029**	**$ 311,535,928**	**$ 296,448,039**	**$ 310,748,708**	**$ 297,298,791**	**$ 301,642,181**	**$ 271,181,238**	**$ 273,217,239**

By Percentage of Total Expenses

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Expenses										
Personal services	47.06%	46.05%	52.72%	52.34%	53.09%	51.10%	53.25%	51.84%	53.60%	53.79%
Scholarships and fellowships	5.49%	13.63%	8.42%	6.12%	6.39%	6.28%	5.73%	5.90%	6.03%	6.32%
Supplies and services	29.10%	23.82%	22.12%	23.68%	22.26%	22.39%	22.26%	24.48%	22.63%	22.34%
Self-insurance	6.30%	5.93%	5.77%	6.43%	7.06%	6.67%	6.11%	5.16%	5.76%	5.89%
Depreciation and amortization	8.28%	7.82%	8.43%	8.70%	8.14%	10.77%	9.80%	9.74%	9.20%	8.72%
Other	0.03%	0.02%	0.00%	0.02%	0.02%	0.01%	0.03%	0.04%	0.02%	0.02%
Total Operating Expenses	**96.26%**	**97.27%**	**97.46%**	**97.28%**	**96.96%**	**97.22%**	**97.17%**	**97.17%**	**97.24%**	**97.08%**
Nonoperating Expenses and Other Changes										
Interest on capital asset related debt	2.22%	2.30%	2.71%	2.53%	2.86%	2.78%	2.78%	2.81%	2.62%	2.77%
Payment of student activity fee/other amounts to fiduciary accounts	0.21%	0.07%	0.07%							
Net adjustments to capital assets	0.07%	0.04%	-0.30%	0.08%	0.13%	-0.03%	0.01%	0.00%	-0.05%	-0.01%
Refunds to grantors	0.06%	0.09%	0.06%	0.11%	0.05%	0.03%	0.04%	0.02%	0.02%	0.02%
Bond insurance and issuance costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	0.12%
Amortization of leases and reduction of lease receivable	0.00%	0.24%								
Removal of right to use asset	1.16%									
Extraordinary item - impairment loss	0.01%									
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Nonoperating Expenses and Other Changes	**3.74%**	**2.73%**	**2.54%**	**2.72%**	**3.04%**	**2.78%**	**2.83%**	**2.83%**	**2.76%**	**2.92%**
Total Expenses and Other Changes	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Schedule of Net Position by Component

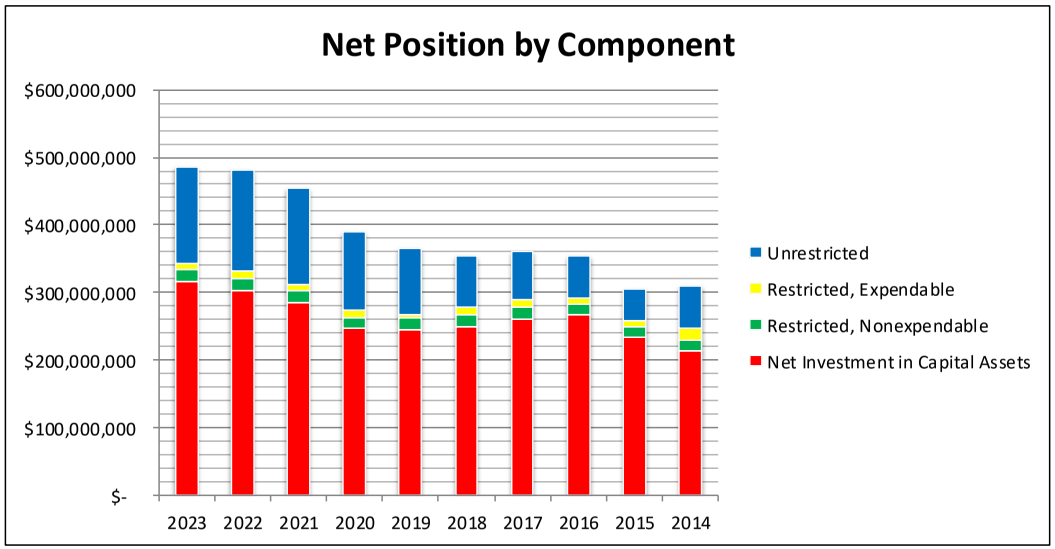
Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Investment in Capital Assets	$ 316,976,307	$ 303,804,842	$ 284,429,128	$ 246,952,274	$ 245,438,206	$ 249,687,618	$ 261,798,452	$ 266,541,265	$ 233,385,604	$ 214,836,136
Restricted, Nonexpendable	16,427,009	16,810,155	19,579,467	16,442,426	16,873,717	16,716,836	16,419,262	15,436,967	15,489,602	15,057,533
Restricted, Expendable	10,394,467	11,024,084	7,755,610	9,569,292	6,025,454	11,315,926	10,540,995	10,721,576	10,380,124	17,171,213
Unrestricted	141,996,172	149,297,235	141,923,286	116,994,254	97,980,616	76,358,041	72,544,468	62,096,459	44,973,969	62,712,176
Total Net Position	**$ 485,793,955**	**$ 480,936,316**	**$ 453,687,491**	**$ 389,958,246**	**$ 366,317,993**	**$ 354,078,421**	**$ 361,303,177**	**$ 354,796,267**	**$ 304,229,299**	**$ 309,777,058**

Net Position Components by Percent of Total

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Investment in Capital Assets	65.25%	63.17%	62.69%	63.33%	67.00%	70.52%	72.46%	75.13%	76.71%	69.35%
Restricted, Nonexpendable	3.38%	3.50%	4.32%	4.22%	4.61%	4.72%	4.54%	4.35%	5.09%	4.86%
Restricted, Expendable	2.14%	2.29%	1.71%	2.45%	1.64%	3.20%	2.92%	3.02%	3.41%	5.54%
Unrestricted	29.23%	31.04%	31.28%	30.00%	26.75%	21.57%	20.08%	17.50%	14.78%	20.24%
Total Net Position	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.
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Source: Controller's Office



Outstanding Debt per Student

As of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue Bonds	$186,184,973	$198,733,171	$210,914,326	$175,936,217	$185,113,359	$193,965,322	$203,215,553	$210,302,525	$197,334,426	$203,635,581	$183,186,590
Notes	35,048,970	37,518,169	38,690,141	9,815,080	10,371,602	10,951,122	9,632,008	10,919,154	2,737,288	3,927,386	4,011,621
Leases	1,500,596	1,602,126	21,574,369	22,326,301	22,999,123	23,653,485	16,073,556	15,244,732	32,575	6,732	88,444
Installment Contracts	20,060,159	20,862,191									
Total Outstanding Debt	$242,794,698	$258,715,657	$271,178,836	$208,077,598	$218,484,084	$228,569,929	$228,921,117	$236,466,411	$200,104,289	$207,569,699	$187,286,655
Student FTE	15,984	16,712	17,467	15,071	15,055	15,602	16,299	16,012	14,953	15,272	15,453
Total Debt per Student	$ 15,190	$ 15,481	$ 15,525	$ 13,806	$ 14,512	$ 14,650	$ 14,045	$ 14,768	$ 13,382	$ 13,592	$ 12,120

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Sources: ASU System, Office of Strategic Research; Controller's Office

Bonds Secured by Pledged Revenues

Educational & General Bonds

Fiscal Year Ended June 30,	Tuition and Fees	Property Taxes	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2023	$ 126,412,998	$ 3,615,269	$ 130,028,267	$ 4,485,006	$ 2,809,709	$ 7,294,715	17.82
2022	126,773,482	3,147,435	129,920,917	4,259,996	2,833,583	7,093,579	18.32
2021	132,024,032	3,087,366	135,111,398	4,700,000	3,204,302	7,904,302	17.09
2020	113,507,298	3,042,764	116,550,062	3,930,000	3,619,047	7,549,047	15.44
2019	114,457,550	2,935,242	117,392,792	3,810,000	3,757,280	7,567,280	15.51
2018	113,619,785	2,922,410	116,542,195	3,757,143	3,846,782	7,603,925	15.33
2017	110,003,780	3,933,057	113,936,837	4,125,538	3,899,478	8,025,016	14.20
2016	108,882,449	4,175,364	113,057,813	4,022,501	4,118,469	8,140,970	13.89
2015	106,658,560	1,311,144	107,969,704	3,250,002	3,397,965	6,647,967	16.24
2014	101,583,101	1,333,345	102,916,446	2,890,613	3,146,736	6,037,349	17.05

Auxiliary Bonds

Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2023	$ 27,429,031	$ 12,367,202	$ 15,061,829	$ 8,126,523	$ 4,201,732	$ 12,328,255	1.22
2022	26,452,968	12,584,374	13,868,594	7,866,525	4,507,603	12,374,128	1.12
2021	26,330,679	12,337,992	13,992,687	7,160,000	5,049,282	12,209,282	1.15
2020	19,805,145	5,678,497	14,126,648	5,014,999	3,413,372	8,428,371	1.68
2019	20,697,803	7,892,204	12,805,599	4,800,000	3,598,558	8,398,558	1.52
2018	21,282,932	8,324,151	12,958,781	4,725,000	3,693,487	8,418,487	1.54
2017	21,785,680	8,524,127	13,261,553	4,814,461	3,963,618	8,778,079	1.51
2016	21,984,118	8,518,248	13,465,870	4,537,498	4,425,752	8,963,250	1.50
2015	20,980,605	8,142,370	12,838,235	4,364,998	4,648,031	9,013,029	1.42
2014	19,865,171	8,512,141	11,353,029	4,174,387	4,830,438	9,004,825	1.26

Note: Auxiliary revenue bonds are secured by revenues from these sources: student housing, student union, dining services, parking, and vending.

NOTE: 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.

Source: Controller's Office

Enrollment and Degree History

Year	Enrollment Information				Certificates and Degrees Awarded			
	Enrollment (fall term)	FTE (fall term)	Undergraduate Students	Graduate Students	Certificates	Associate Degrees	Bachelor's Degrees	Graduate Degrees
2022-23	25,204	15,984	19,503	5,701	2,819	1,799	2,242	2,769
2021-22	25,196	16,712	19,883	5,313	2,898	2,096	2,260	2,902
2020-21	25,646	17,467	20,491	5,155	2,812	2,080	2,288	2,898
2019-20	22,725	15,071	18,297	4,428	2,666	2,060	1,712	2,460
2018-19	22,198	15,055	17,839	4,359	2,481	1,859	1,820	2,610
2017-18	23,182	15,602	18,856	4,326	2,485	1,765	1,837	2,224
2016-17	23,995	16,299	19,749	4,246	2,431	1,852	1,782	2,068
2015-16	23,277	16,012	19,459	3,818	2,257	1,871	1,713	1,739
2014-15	21,158	14,953	17,871	3,287	1,937	1,655	1,766	1,615
2013-14	21,417	15,272	17,963	3,454	1,651	1,479	1,824	1,552

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.
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Source: ASU System, Office of Strategic Research

Enrollment Sources by Campus

	Arkansas							Out of State							International						
Year	J	H	B	MS	MH	N	TR	J	H	B	MS	MH	N	TR	J	H	B	MS	MH	N	TR
2022-23	8,902	2,102	2,894	878	1,187	1,548	1,827	3,690	362	34	94	59	39	5	1,511	55	0	7	0	5	0
2021-22	8,628	2,480	2,755	943	1,203	1,780	1,591	3,570	396	21	123	43	41	4	1,554	43	0	11	0	8	2
2020-21	9,104	3,163	2,982	1,203	1,271	1,941	1,243	3,580	420	16	144	56	51	2	1,159	35	6	7	0	22	2
2019-20	9,408		3,268	1,221	1,266	2,154	1,149	3,373		34	101	59	65	1	575		15	7	0	28	1
2018-19	9,714		3,376	1,326	1,287	2,125		3,365		49	97	58	137		630		21	0	0	13	
2017-18	10,114		3,664	1,404	1,374	2,397		3,102		52	157	66	114		714		22	0	1	1	
2016-17	10,416		3,917	1,661	1,271	2,661		2,818		62	175	94	51		851		10	0	2	6	
2015-16	10,151		3,854	1,703	1,302	2,602		2,499		66	187	82	45		760		15	6	0	5	
2014-15	10,146		4,068		1,295	2,454		2,252		57		98	22		746		15		0	5	
2013-14	10,437		4,300		1,359	2,004		2,308		27		87	24		807		53		0	11	

KEY:
J=Jonesboro
H=Henderson State University
B=Beebe
MS=Mid-South
MH=Mountain Home
N=Newport
TR=Three Rivers

NOTE: Information is as of Fall term
NOTE: 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.
Source: ASU System, Office of Strategic Research

Annual Tuition and Required Fees

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Undergraduate*										
Resident										
Jonesboro	$9,310	$8,900	$8,900	$8,900	$8,608	$8,478	$8,200	$8,050	$7,720	$7,510
Henderson State University	9,450	9,450	8,811							
Beebe	3,780	3,660	3,660	3,660	3,600	3,540	3,480	3,420	3,270	3,120
Mid-South	4,180	4,090	4,090	4,090	4,140	4,000	3,880	3,420		
Mountain Home	3,780	3,630	3,630	3,630	3,570	3,540	3,480	3,270	3,330	3,240
Newport	3,690	3,570	3,570	3,570	3,480	3,450	3,330	3,790	3,150	3,000
Three Rivers	4,190	4,070	4,070	4,070						
Nonresident										
Jonesboro	16,630	15,860	15,860	15,860	15,298	14,778	14,260	14,050	13,480	13,120
Henderson State University	12,210	12,210	9,240							
Beebe	5,910	5,820	5,820	5,820	5,760	5,700	5,610	5,520	5,310	5,040
Mid-South	5,380	5,290	5,290	5,290	5,340	5,200	5,080	5,400		
Mountain Home	5,790	5,640	5,640	5,640	5,580	5,550	5,460	5,010	5,250	5,100
Newport	5,520	5,400	5,400	5,400	5,310	5,280	5,100	4,990	4,860	4,680
Three Rivers	7,220	7,100	7,100	7,100						
Graduate**										
Resident										
Jonesboro	6,980	6,718	6,600	6,422	6,210	6,120	5,918	5,810	5,576	5,432
Henderson State University	6,903	6,862	6,740							
Nonresident										
Jonesboro	12,416	11,956	11,408	11,408	11,016	10,926	10,544	10,382	9,968	9,716
Henderson State University	9,081	9,040	8,612							

*Undergraduate rates are based on a 15 hour load

**Graduate rates are based on a 9 hour load

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.
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Henderson State University merged with the Arkansas State University System effective January 1, 2021.

Source: ADHE for Undergraduate and NCES IPES for Graduate.

Capital Asset Usage

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Academic and Administrative Buildings	206	206	206	174	164	164	163	163	151	149	143
Auxiliary Buildings	100	100	99	75	93	93	94	97	165	163	158
Total	306	306	305	249	257	257	257	260	316	312	301

NOTE: 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.
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Source: Campus Financial Offices

Number of Employees by Campus

Year	Jonesboro	Henderson State University	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
2022-23	1,505	256	262	119	100	173	123	2,538
2021-22	1,527	361	266	123	101	159	112	2,649
2020-21	1,569	397	269	125	106	160	100	2,726
2019-20	1,591	285	285	128	107	165	103	2,664
2018-19	1,579	277	277	144	111	162	162	2,550
2017-18	1,610	293	293	144	110	164	164	2,614
2016-17	1,603	301	301	148	111	166	166	2,630
2015-16	1,587	306	306	145	109	154	154	2,607
2014-15	1,566	344	344		119	149	149	2,522
2013-14	1,603	347	347		119	144	144	2,560

Note: Information represents only full-time employees and is as of Fall term

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.
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Source: ASU System, Office of Strategic Research

Principal Employers in the State of Arkansas
Current Fiscal Year* as Compared to 2013

Rank	2022*	Total Employees	Percentage of Total Arkansas Employment
1	Walmart Inc.	55,504	4.2%
2	Arkansas State Government	24,635	1.9%
3	Tyson Foods Inc.	24,000	1.8%
4	U.S. Federal Government	20,605	1.6%
5	University of Arkansas for Medical Sciences	11,041	0.8%
6	Baptist Health	10,558	0.8%
7	J.B. Hunt Transport Services Inc.	7,904	0.4%
8	Mercy	5,610	0.4%
9	Simmons Foods Inc.	4,900	0.3%
10	Arkansas Children's Hospital	4,472	0.3%
		169,229	12.5%

Rank	2013	Total Employees	Percentage of Total Arkansas Employment
1	Arkansas State Government	57,421	4.8%
2	Walmart Inc.	47,774	4.0%
3	Tyson Foods Inc.	23,300	2.0%
4	U.S. Federal Government	20,500	1.7%
5	Baptist Health	7,737	0.7%
6	Mercy	6,200	0.5%
7	Arkansas Children's Hospital	4,194	0.4%
8	Arvest Bank Group	3,470	0.3%
9	J.B. Hunt Transport Services Inc.	3,269	0.3%
10	Simmons Foods Inc	3,264	0.3%
		177,129	15.0%

*Most recent data available
Source: Department of Finance and Administration

State of Arkansas Demographic and Economic Information

Year	Total Population (in 000's)	Per Capita Personal Income	State Unemployment Rate	National Unemployment Rate
2023	3,046	52,618	2.7%	3.8%
2022	3,026	50,625	3.2%	3.5%
2021	3,018	47,235	4.4%	5.9%
2020	3,018	45,726	8.1%	11.1%
2019	3,014	43,813	3.5%	3.7%
2018	3,004	42,336	3.8%	4.0%
2017	2,988	40,893	3.7%	4.4%
2016	2,978	39,720	3.8%	4.7%
2015	2,966	38,376	5.7%	5.3%
2014	2,971	37,036	6.2%	6.1%

Source: U.S. Census Bureau, U.S. Bureau of Labor Statistics, Arkansas Department of Finance and Administration

EXHIBIT B

Unaudited Financial Statements of the Arkansas State University System
for the Fiscal Year Ended June 30, 2024



Financial Statements
Year Ending June 30, 2024

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, 2024. 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, 2023 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 a fiduciary relationship exists.

In June 2017, the GASB issued Statement no. 87, *Leases.* This statement improves accounting and financial reporting for leases.

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. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

The University's financial statements for the year ended June 30, 2024 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, 2024 and 2023 where

Financial Statement Presentation (Continued)

appropriate.

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, 2024, 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 below.

Readers of the Statement of Net Position can determine answers to the following key questions as of June 30, 2024:

- 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?

Statement of Net Position (Continued)

Condensed Statement of Net Position

	2024	2023	Increase/ (Decrease)	Percent Change
Assets and Deferred Outflows:				
Current Assets	$ 148,265,001	$ 134,518,021	$ 13,746,980	10.22%
Capital Assets, net	539,115,940	550,765,518	(11,649,578)	(2.12%)
Other Noncurrent Assets	111,319,447	131,154,667	(19,835,220)	(15.12%)
Total Assets	798,700,388	816,438,206	(17,737,818)	(2.17%)
Deferred Outflows	9,152,160	11,963,468	(2,811,308)	(23.50%)
Total Assets and Deferred Outflows	$ 807,852,548	$ 828,401,674	$ (20,549,126)	(2.48%)
Liabilities and Deferred Inflows:				
Current Liabilities	$ 53,409,872	$ 49,959,962	$ 3,449,910	6.91%
Noncurrent Liabilities	244,735,488	265,118,855	(20,383,367)	(7.69%)
Total Liabilities	298,145,360	315,078,817	(16,933,457)	(5.37%)
Deferred Inflows	24,139,556	27,528,902	(3,389,346)	(12.31%)
Total Liabilities and Deferred Inflows	322,284,916	342,607,719	(20,322,803)	(5.93%)
Net Position:				
Net Investment in Capital Assets	322,536,473	316,976,307	5,560,166	1.75%
Restricted, Nonexpendable	16,652,673	16,427,009	225,664	1.37%
Restricted, Expendable	10,217,061	10,394,467	(177,406)	(1.71%)
Unrestricted	136,161,425	141,996,172	(5,834,747)	(4.11%)
Total Net Position	485,567,632	485,793,955	(226,323)	(0.05%)
Total Liabilities and Net Position	$ 807,852,548	$ 828,401,674	$ (20,549,126)	(2.48%)

Assets and Deferred Outflows
Total assets and deferred outflows decreased by $20.5 million.

Current Assets
Current assets increased by $13.7 million.

Cash and Cash Equivalents
Cash and cash equivalents increased by $17.9 million. Henderson State University had a substantial increase of about $14.8 million, primarily due to a reclassification of unrestricted plant funds from noncurrent to current institution funds. Furthermore, as the campus continues to focus on fiscal stability and liquidity, current cash balances are increasing. Jonesboro's educational and general cash increased, particularly in the carryforward funds, leading to an increase of $5.1 million. Mountain Home's increase of $1.2 million was the result of collecting receivables from the previous year and conservative spending. The Mid-South campus saw an increase of $929,000 which was mostly attributable to receiving more Pell funds. Newport saw a relatively small increase of $261,000. Beebe and Three Rivers were the only campuses that experienced decreases in the amounts of $2.7 million and $1.7 million, respectively. Beebe purchased certificate of deposits. Three Rivers used unrestricted funds for building renovations, as well as start up expenditures related to their new athletics programs. The campus also spent more in the areas of consulting, institutional aid, and software than in previous years.

Statement of Net Position (Continued)

Current Assets (Continued)

Short-term Investments
Short-term investments increased by $1.8 million; although only two campuses experienced increases. The Beebe campus purchased certificate of deposits late in the fiscal year, resulting in an increase of $3.8 million. Newport had a slight increase of just under $6,000 due to interest accruing to the investment corpus rather than being disbursed. Mountain Home's decrease of $2 million was from a reclassification of certificate of deposits in plant funds from current to noncurrent unrestricted investments. Mid-South saw a minor decrease of $22,000. The other campuses did not have short term investments.

Accounts Receivable
Accounts receivable decreased by approximately $6.4 million. Gross receivables decreased by $6.5 million. All campuses, other than Three Rivers, had decreases. Three Rivers had an increase of approximately $610,000. Their increase was due to a receivable from a capital grant for renovations to the Ritz Theatre. Jonesboro had the largest decrease of $2.7 million. Last year, Henderson State University owed Jonesboro about $1 million for reimbursements. At the end of fiscal year 2024, this amount was around $17,000. Also, accounts receivable related to students decreased by nearly $1 million. The campus started dropping for non-payment prior to the semester beginning. This has proven an effective method of monitoring the accounts receivable balance for each student. Additionally, receivables related to grants and contracts also decreased during the year. Mid-South's accounts receivable were $1.4 million lower when compared to 2023. This was due to a decrease in restricted receivables. In 2023, their Pell receivable was $879,000 compared with about $211,000 in 2024. Also, they had a workforce grant through the Arkansas Department of Higher Education which closed in fiscal year 2024 and had an $871,000 receivable at the end of 2023. Newport showed a decrease of $1.2 million for the year. Receivables related to grants dropped by about $783,000. The majority of this decrease was the result recording HEERF III funds during fiscal year 2023. In addition to this, because of a delay in the application of some financial aid in the prior fiscal year, student accounts receivable decreased by $243,000. Also, in 2023, the campus recorded $100,000 capital grant receivable which was received in 2024. Henderson's reduction of $976,000 was attributed to student accounts receivable. This in part was due to their continued decline in enrollment. They have also increased collection efforts and established routine billing processes. A write-off policy was adopted which has also contributed to lower accounts receivable. Mountain Home had a decrease of about $678,000 and Beebe had a minimal decline of around $87,000. 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 decreased by about $146,000. Three campuses had decreases, three campuses had increases, and one campus (Mountain Home), had no change. Mid-South had the largest decrease of about $268,000. This was due to writing off old student account balances totaling $255,000. In fiscal year 2023, the campus only wrote off balances more or less than $5. The write-off significantly reduced their allowance for doubtful accounts. Henderson State University had a decrease of approximately $151,000 due to the lower student enrollment as previously mentioned. Beebe had an increase of their allowance of nearly $175,000. This was a result of financial aid being returned for several students who had dropped out of school and had not repaid the campus as of the end of the fiscal year. Additionally, Three Rivers had an increase of approximately $138,000. This was due to a change in the way they are aging their student accounts receivable. Of the remaining campuses, the combined decrease of $41,000 was minimal.

Inventories
Inventories increased by roughly $421,000. Jonesboro had a substantial increase of $445,000, primarily due to their Information and Technology Services project supplies inventory. The Three Rivers bookstore expanded inventory of team apparel for resale from their addition of athletics programs, resulting in an increase of $81,000. All other campuses experienced decreases during the fiscal year. Much of Newport's $81,000 decrease is from bookstore merchandise, especially in the health sciences area. Required materials have moved towards online subscription services and away from textbooks. The Beebe campus is keeping less stock on hand, resulting in a decrease of roughly $13,000. Henderson State University keeps inventory for their aviation program to aid students in flying. There was a decline in participating students which led to a decrease of $8,000. Mid-South's central supplies inventory contributed to a decrease of $3,000; while Mountain Home had a trivial decrease of $700.

Leases Receivable
During fiscal year 2022, the University implemented GASB Statement no. 87, *Leases*. The Jonesboro campus and Henderson State University are the only campuses with leases receivable. The Jonesboro campus has three lease agreements leasing ground owned by the campus. Henderson State University leases a building and then subleases two different spaces in the building. Additional information about these leases may be found in Note 6. The current portion of leases receivable declined from $403,984 to $256,285 due to receiving fiscal year 2024 payments.

Statement of Net Position (Continued)

Current Assets (Continued)

Deposits with Trustees
Deposits with trustees increased by $365,000. Of the six campuses having deposits with trustees, all had increases. The largest increase was $343,000 at Henderson State University due to receiving an IRS subsidy payment of $103,000 into one of their accounts, payments that were transferred to the trustees at the end of the fiscal year, and higher interest rates. The remaining increases totaled around $22,000 and was the result of higher interest rates. Additionally, Mountain Home's deposits with trustees were correctly reclassified from noncurrent to current for financial reporting. Three Rivers does not have bonds issued and had no deposits with trustees.

Prepaid Expenses
Prepaid expenses increased by $256,000. Mid-South had the largest increase of $113,000 due to new subscriptions to Education Advisory Board for the Starfish platform, SHI International Corporation for Palo Alto Network maintenance and support, and to The Library Corporation. The Newport campus had a new subscription with TimelyMD for student telehealth services, resulting in a $94,000 increase. Three Rivers' increase of $36,000 was also the result of additional subscriptions, as well as licensing, software, and memberships. Most of Henderson State University's increase of $26,000 was due to aviation insurance. With the intention of reducing prepaids, Mountain Home held off several payments until July which led to a decrease of slightly under $7,000. The Beebe campus used more postage than in prior years, resulting in a decrease of almost $6,000. Jonesboro had a trivial decrease of $700.

Capital Assets, net
Capital assets, net decreased by about $11.6 million. Accumulated depreciation/amortization increased from $651,138,240 in 2023 to $679,275,434 in 2024. This increase, of approximately $28.1 million, is due to the recording of one additional year of depreciation/amortization 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 2023 and began depreciating in 2024. Also, accumulated depreciation on retirements was $5,598,921. The increase in accumulated depreciation was offset by the addition of $23.1 million in capital assets and the retirement of $6.7 million in capital assets with accumulated depreciation of $5.6 million. Of the $23.1 million added to capital assets, $10.7 million was construction in progress, $1.5 million was buildings, $4.2 million was improvements and infrastructure, and $4.1 million was equipment. 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 decreased by $19.8 million.

Noncurrent Cash
Noncurrent cash decreased by $27.2 million, while restricted cash increased by roughly $196,000. Only four campuses have a noncurrent cash balance; Jonesboro, Mid-South, Mountain Home, and Henderson State University. Jonesboro's decrease in noncurrent cash of almost $17 million was primarily due to transferring cash from unexpended plant funds to unrestricted. Henderson State University reclassified unrestricted plant funds from noncurrent to current institution funds which resulted in a decrease of $11.8 million. Mid-South's excess millage fund rose by $2.4 million with subsequent transfers out to other funds to cover operations, renovations, and debt service. This contributed to an overall increase of $1.1 million. The Mountain Home campus had an increase of $482,000 from conservative spending and transferring cash to unexpended plant funds. Jonesboro, Mid-South, and Henderson State University are the only campuses with a noncurrent restricted cash balance. The greatest change was Jonesboro's increase of $310,000 which was the result of transferring cash from internal service to the Reynolds restricted fund. Mid-South had a minor increase of $5,000. Henderson State University reviewed and corrected prior loan funds that are no longer realizable leading to a decrease of $119,000.

Endowment Investments
Endowment investments increased by approximately $962,000. Jonesboro and Beebe were the only campuses with endowment investments and both experienced increases of $893,000 and $69,000, respectively. This was due to higher interest earnings.

Statement of Net Position (Continued)

Other Noncurrent Assets (Continued)

Leases Receivable
During fiscal year 2022, the University implemented GASB Statement no. 87, *Leases*. The Jonesboro campuses and Henderson State University are the only campuses with leases receivable. The Jonesboro campus has three lease agreements leasing ground owned by the campus. Henderson State University leases a building and then subleases two different spaces in the building. Additional information about these leases may be found in Note 6. The noncurrent portion of leases receivable declined from $11,713,986 to $11,457,700 due to receiving fiscal year 2024 payments.

Other Long-term Investments
Other long-term investments increased by $6.8 million. Jonesboro purchased more investments to take advantage of obtaining additional investment income, resulting in a $6.8 million increase from the previous year. The other campuses did not have long-term investments.

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 $41,000 during fiscal year 2024 as the trustee re-appraised the value of the asset.

Deposits with Trustees
Deposits with trustees decreased slightly by $20,000. Of the four campuses having deposits with trustees; three of them had decreases and one (Henderson State University) was unchanged. The Mid-South campus had the majority of the decrease with $16,000. Jonesboro and Mountain Home had minimal decreases. This was due to correctly reclassifying some of the noncurrent amount to current. This moved all of Mountain Home's balance to current and a portion of Jonesboro's. Additional information on the bond refunding may be found in Note 5.

Deferred Outflows
Deferred outflows decreased by approximately $2.8 million. Roughly $1.9 million of this decrease was due to a decreased amount of deferred outflows related to pensions. All of the campuses had decreases due to the adjustment of deferred outflows related to pensions for the 2024 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) decreased by about $583,000. All of the campuses recorded decreases for the year. 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 $331,000. All the campuses had decreases due to the amortization of these amounts. None of the campuses issued refunding bonds during fiscal year 2024.

Liabilities and Deferred Inflows
Total liabilities and deferred inflows decreased by $20.3 million.

Current Liabilities
Current liabilities increased by $3.4 million.

Accounts Payable and Accrued Liabilities
Accounts payable and accrued liabilities increased by $2.7 million. Much of this is attributable to Jonesboro's increase of $2.6 million. There was an increase in payables related to benefits due to June 30th falling on a weekend and the OVRIP payment due on July 1st. Self-insurance payables increased by $350,000 and supplies increased by about $800,000. Three Rivers' increase of $654,000 is largely due to a contractor payable related to the Ritz Theatre renovations; while Beebe's increase of $228,000 is due to payables related to the construction of a Nursing building. Henderson State University and Mountain Home made efforts to improve their invoice processing which led to decreases of $382,000 and $53,000, respectively. Mid-South saw a decrease of $195,000, primarily from the completion of a FedEx aviation maintenance project. The Newport campus made more timely payments on salary withholding and matching items near the end of the fiscal year and had fewer capital related payables, resulting in a decrease of $136,000.

Statement of Net Position (Continued)

Current Liabilities (Continued)

Bonds, Notes, Leases, and Installment Contracts Payable
Bonds, notes, leases, and installment contracts payable decreased by $705,000. There was a mix of increases and decreases among the campuses. The largest decrease was at Jonesboro in the amount of $1.6 million and is a result of the change in the 2005 refunding bond issue when compared to the amount for 2023. This bond issue will mature in fiscal year 2025. In addition to this, the campus's 2016 bond issue has lower annual payments starting in 2025. This was due to one of the projects in the refunding issue, Collegiate Park, being fully paid. The campus with the highest increase was Henderson State University in the amount of $965,000. This increase was a result of including the current portion of their note payable to the state in the amount of $958,000. This is not a new note but the terms of the note were amended on July 1, 2022 and the revised schedule has an amount due in fiscal year 2025. No payments have been made on this note since fiscal year 2021. The remaining campuses total a change of $89,000 lower when compared to 2023. The only additional debt recorded during the fiscal year was leases payable for Jonesboro, Henderson State University, and Mid-South. Jonesboro recorded a lease for office space and one for daycare center space. The lease for office space is for space that was leased previously and the debt matured during fiscal year 2023; therefore a new lease was recorded. Additionally, Jonesboro had a note for improvements that matured in 2024. Henderson recorded lease for airplanes and one for the lease of the airport. Their previous lease of the airport ended in 2024. Beebe did not record any new debt but had a bond mature during the fiscal year. Mid-South recorded a new copier lease. This replaced one that ended during the year. Additional information on the terms of each lease may be found in Note 5 and Note 6. Additional details on bonds, notes, and installment contracts may be found in Note 5.

Unearned Revenues
Unearned revenues increased by approximately $677,000. All campuses experienced increases except for Henderson State University who had a decrease of $156,000 due to a decline in summer II enrollment. The largest increase was at Jonesboro in the amount of $560,000. The number of credit hours for summer II enrollment were higher in 2024 when compared to 2023 which caused an increase of unearned revenue related to tuition and fees. Three Rivers received funds in advance from an Arkansas Department of Transportation grant which resulted in an increase of $148,000. Mid-South extended their full summer term by thirteen days causing the number of days in summer I versus summer II to be different than previous years. The campus also collected more revenue for the fall term prior to June 30th. This led to an increase of about $78,000. Adult education at Mountain Home had a larger amount of unspent funds than in prior years contributing to an increase of $27,000. A higher number of students registered and paid for summer II classes before June 30th at the Beebe campus for an increase of roughly $16,000. Newport had a minimal increase of $4,000, mostly due to changes in grant deferred revenue compared to last fiscal year.

Deposits
Deposits increased by nearly $658,000. Students are required to pay deposits at the Jonesboro campus. Fall 2024 enrollment is expected to be up, especially for international students, which contributed to an increase of $701,000. Beebe had a slight increase of $300. In previous years, Newport received prepaid amounts from students as deposits, but this was reduced to $0 for 2024. There are only a few deposits for housing totaling $400 which led to an overall decrease of $41,000. Henderson State University and Mid-South saw small decreases of $3,000 and $7, respectively. Mountain Home and Three Rivers did not have any deposits.
Other Postemployment Benefits (OPEB) Liability
The current portion of this liability, an increase of about $293,000, 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 2025. Additional information about OPEB may be found in Note 12 and the Required Supplementary Information.

Noncurrent Liabilities
Noncurrent liabilities decreased by $20.4 million.

Bonds, Notes, Leases, and Installment Contracts Payable
Bonds, notes, leases, and installment contracts payable decreased by $15.1 million. All campuses had decreases when compared to 2023. The decrease is a reflection of the reduction of principal amounts owed by all the campuses for bonds, notes, leases, and installment contacts payable. As previously mentioned, the only new debt recorded was two leases for Jonesboro, two leases for Henderson State University, and one lease for Mid-South. Jonesboro, Henderson State University, Beebe, and Mid-South all had debt with a final payment in 2024. There were one bond, one note, and three leases payable that reached maturity during the fiscal year.

Statement of Net Position (Continued)

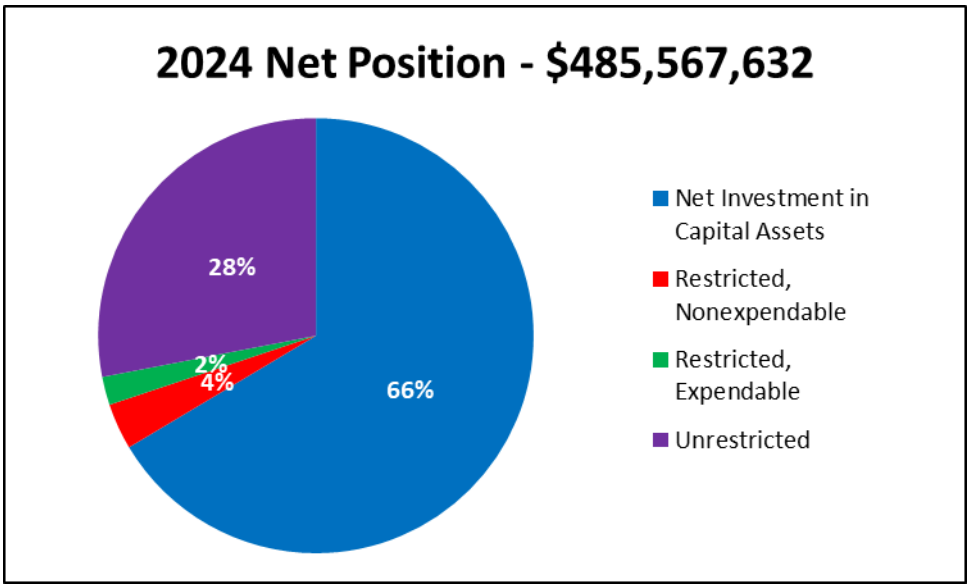
Noncurrent Liabilities (Continued)

Other Postemployment Benefits (OPEB) Liability
The noncurrent portion of this liability decreased by about $1.2 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 decreased by around $3.6 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 decreased by a little more than $3 million. Nearly all of this decrease, $3 million, was the amount related to the recording of OPEB which was recognized in fiscal year 2024 in accordance with GASB no. 75. The deferred inflows are recorded in conjunction with the deferred outflows, current liability, and noncurrent liability related to OPEB discussed previously. The overall effect of recording the OPEB amounts showed a decrease of about $3.3 million. There was also a decrease of about $383,000 related to leases. As previously mentioned, Jonesboro and Henderson State University are the only campuses to record an amount related to leases receivable and there is also a deferred inflow amount related to those leases. Additional information on the leases may be found in Note 6. There was a small decrease of $73,000 related to pensions. The deferred inflows are recorded in conjunction with the deferred outflows and pension liability discussed previously. The only increase was minimal in the amount of $41,000 and was recorded as part of the irrevocable split-interest agreement at the Jonesboro campus as previously mentioned in the Noncurrent Asset section.

Net Position
Total net position decreased very slightly by $226,000. 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 $5.6 million. This increase was mainly attributable to a reduction of long-term debt associated with capital projects. There was about $17.7 million of debt paid during the year. In comparison, only $1.9 million in new debt was added. Additional details about long-term debt may be found in the Debt Administration section and Note 5. Although the campuses have several ongoing construction projects, the amount of depreciation and amortization exceeded the amount of capital asset additions. Last fiscal year, the amount of capital assets added was greater than the amount of depreciation

Statement of Net Position (Continued)

Net Position (Continued)

and amortization capital assets recorded. In 2024, there was $33.7 million in depreciation and amortization compared with $23.1 million in capital asset additions. During 2023, there was $39 million in capital assets additions compared to $32.7 million of depreciation and amortization expense. Additional details about capital assets may be found in the Capital Asset section which follows, as well as Note 4 and Note 7.

Restricted, Nonexpendable
Restricted, nonexpendable net position increased by $226,000.

- *Scholarships and Fellowships* — Restricted, nonexpendable net position for scholarships and fellowships increased by $348,000. This was due to the Jonesboro and Beebe campus's increases in the fair value of endowment investments held by the Arkansas State University 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 decreased by roughly $536,000. This change was related to the Federal Perkins Loan activity at the Jonesboro campus and Henderson State University. This amount will continue to decrease as the Federal Perkins Loan Program expired on September 30, 2017.

- *Other* — Restricted, nonexpendable net position for other purposes than those mentioned above increased by $414,000 This was due to an increase in investment earnings during the year on endowments for purposes other than scholarships.

Restricted, Expendable
Restricted, expendable net position decreased by approximately $177,000.

- *Scholarships and Fellowships* — Restricted, expendable net position for scholarships and fellowships increased slightly by $41,000. Jonesboro and Beebe had increases of $7,000 and $28,000, respectively. This was due to increases in the fair value of endowment investments held by the Arkansas State University Foundation for scholarship purposes. Mid-South had a small increase of $7,000; while Three Rivers remained the same over the previous year. Henderson State University no longer has scholarships in this category resulting in a trivial decrease of less than $600.

- *Debt Service* — The restricted, expendable net position for other purposes than those listed above decreased slightly by $13,000. Mid-South is the only campus 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 an increase of about $216,000 due to the bond requirements of these funds.

- *Other* — The restricted, expendable net position for other purposes than those listed above decreased by about $421,000. Jonesboro had a decrease of $197,000. While cash in the restricted fund increased, receivables in the restricted fund decreased. Newport's Concert and Lecture Series ended, and a restricted certificate of deposit was released; both of which contributed to their decrease of $132,000. Beebe's decrease of $126,000 was the result of returning excess grant funds to sponsors. Henderson State University also had a small decrease of $72,000. Mountain Home and Mid-South were the only campuses with increases in the amounts of $106,000 and $1,500, respectively. Three Rivers does not have a balance for this category.

Unrestricted
Unrestricted net position decreased by $5.8 million. The largest change was a decrease of nearly $12 million at the Jonesboro campus. Expenses such as personal services, self-insurance, and supplies were much higher when compared to the previous year. Three Rivers also experienced increased expenses for consulting, institutional aid, and software and used unrestricted funds for start up costs related to new athletics programs; all of which contributed to their $1.6 million decrease. The Newport campus had a decrease of $212,000 due to capital asset expenditures and principal payments. Henderson State University continues to realize the effects of expense reduction efforts set in prior years leading to an increase of $4.5 million. Beebe received more tuition, fees, and housing revenue and had lower supplies expenses resulting in a $1.5 million increase. Mountain Home's higher

Statement of Net Position (Continued)

Net Position (Continued)

investment earnings and conservative spending for supplies and services led to an increase of about $1 million. Mid-South had an increase of $857,000, primarily due to an increase in cash and cash equivalents from the excess millage fund.

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, 2024.

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 2024 compared to fiscal year 2023 is shown on the next page.

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

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2024	2023	Increase/ (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees, Net	$ 71,882,368	$ 71,516,564	$ 365,804	0.51%
Grants and Contracts	43,281,658	42,946,287	335,371	0.78%
Auxiliary Enterprises, Net	35,743,178	33,316,595	2,426,583	7.28%
Other	12,775,448	12,997,426	(221,978)	(1.71%)
Total Operating Revenues	163,682,652	160,776,872	2,905,780	1.81%
Operating Expenses	395,561,153	377,483,705	18,077,448	4.79%
Nonoperating Revenues (Expenses)				
State Appropriations	137,773,485	136,939,791	833,694	0.61%
Grants and Contracts	60,493,321	54,229,798	6,263,523	11.55%
Interest on Capital Asset - Related Debt	(8,250,404)	(8,703,617)	453,213	(5.21%)
Other	33,492,334	35,323,579	(1,831,245)	(5.18%)
Total Nonoperating Revenues (Expenses)	223,508,736	217,789,551	5,719,185	2.63%
Income Before Other Revenues, Expenses, Gains or Losses	(8,369,765)	1,082,718	(9,452,483)	(873.03%)
Capital Appropriations	3,370,213	1,545,590	1,824,623	118.05%
Capital Grants and Gifts	3,618,132	7,085,837	(3,467,705)	(48.94%)
Removal of right to use assets	-	(4,545,369)	4,545,369	100.00%
Other	1,155,097	(311,137)	1,466,234	(471.25%)
Total	8,143,442	3,774,921	4,368,521	
Increase (Decrease) in Net Position	$ (226,323)	$ 4,857,639	$ (5,083,962)	(104.66%)
Net Position, Beginning of Year	$ 485,793,955	$ 480,936,316	$ 4,857,639	1.01%
Net Position, End of Year	$ 485,567,632	$ 485,793,955	$ (226,323)	(0.05%)

Revenues
Total revenues increased by approximately $8.7 million.

Operating Revenues
Total operating revenues increased by $2.9 million.

Tuition and Fees, net
Net tuition and fees increased by approximately $366,000. Gross tuition and fee revenue increased by $7.2 million. In June 2023, the Arkansas State University System Board of Trustees approved a resolution to increase tuition and fee rates for fiscal year 2024. Rates rose by 4% at Jonesboro, 6.3% at Beebe, 4.8% at Mountain Home, 4.3% at Mid-South, 5.7% at Newport, and 6.4% at Three Rivers. Henderson State University chose not to increase their tuition and fees. The largest overall increase was $1.5 million at the Jonesboro campus due to the higher rates listed above, along with increased enrollment. Beebe's increase of

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

Operating Revenues (Continued)

$341,000 was also the result of higher enrollment, and Mid-South saw a small increase of $70,000. Henderson State University experienced a decline in enrollment which led to a decrease of $345,000. Mountain Home hired Ferrilli Higher Education Consultants to review and write new reports for their scholarship allowances which ended up being much higher than the prior fiscal year. This caused a decrease in net tuition and fees of $869,000. Newport and Three Rivers' decreases of $216,000 and $99,000, respectively, were also the result of increased scholarship allowances. Jonesboro awarded a higher amount of institutional scholarships, and many other campuses saw a rise in Pell funds awarded, leading to an overall increase in scholarship allowances. Scholarship allowances increased by $6.9 million.

Grants and Contracts
Operating grants and contracts increased slightly by $335,000. Jonesboro, Henderson State University, and Mid-South were the only campuses with increases in the amounts of $1.1 million, $210,000, and $118,000, respectively. This was due to higher balances at the end of the fiscal year. Jonesboro's increase was attributed to the campus's Childhood Service Program. The program had increases in both federal pass through and state grants and contracts when compared to fiscal year 2023. The program is a community service outreach of the College of Education. Childhood Services is charged with meeting the specialized professional development needs of early educators and staff of youth development programs that cannot always be met by the typical university curriculum. Henderson State University received new Arkansas Space Grant Consortium (ASGC) grants and a new grant for the Effective Use of High Quality Instructional Materials (HQIM). Mid-South saw a rise in awards for the Secondary Technical Center due to increased enrollment. The other campuses experienced decreases. Mountain Home received fewer grants compared to the prior year resulting in a $484,000 decrease. Some of Newport's grants were discontinued after 2023 or they were one-time grants received during the prior year, including Arkansas Delta Workforce Opportunity for Rural Communities (ADWORC), Manufacturing Conveyor Technician, Ready for Life, Regional Workforce Advanced Manufacturing, and Adult Education Temporary Assistance for Needy Families (TANF). Additionally, their Career Pathways Initiative grant decreased due to less overall spending and the Adult Basic Education (ABE) grant experienced budget cuts. These factors contributed to an overall decrease of roughly $357,000. Three Rivers had a decrease of $237,000, mainly due to less funding from federal programs such as TRIO Student Support Services, Adult Education, and TANF. Beebe's grants remained static with a minor decrease of $26,000. Overall, the change across the campuses was a small increase of 0.78%. There will continue to be fluctuations in the amount of operating grants and contracts revenue as more colleges and universities compete for these dollars. Additionally, timing issues of receipts and expenses also plays a role in the ending balances for grants and contracts.

Sales and Services
Sales and services decreased by roughly $203,000. Jonesboro's print shop and campus card center revenue was down about $100,000 each over last year which contributed to an overall decrease of $212,000. Henderson State University experienced a reduction in aviation income due to a transition in software and fewer students enrolled in the aviation program, resulting in a $39,000 decrease. Beebe's livestock sales increased, but it was outweighed by a decline in testing services for an overall decrease of $5,000. The Newport and Mountain Home campuses saw increases of $33,000 and $21,000, respectively. Sales from Newport's cosmetology program was reclassified and tend to fluctuate from year to year. It was also their first year to receive sales from their agriculture program. Mountain Home had a rise in performing arts ticket sales due to a return of events at their community development center. Mid-South and Three Rivers do not have sales and services operating revenue.

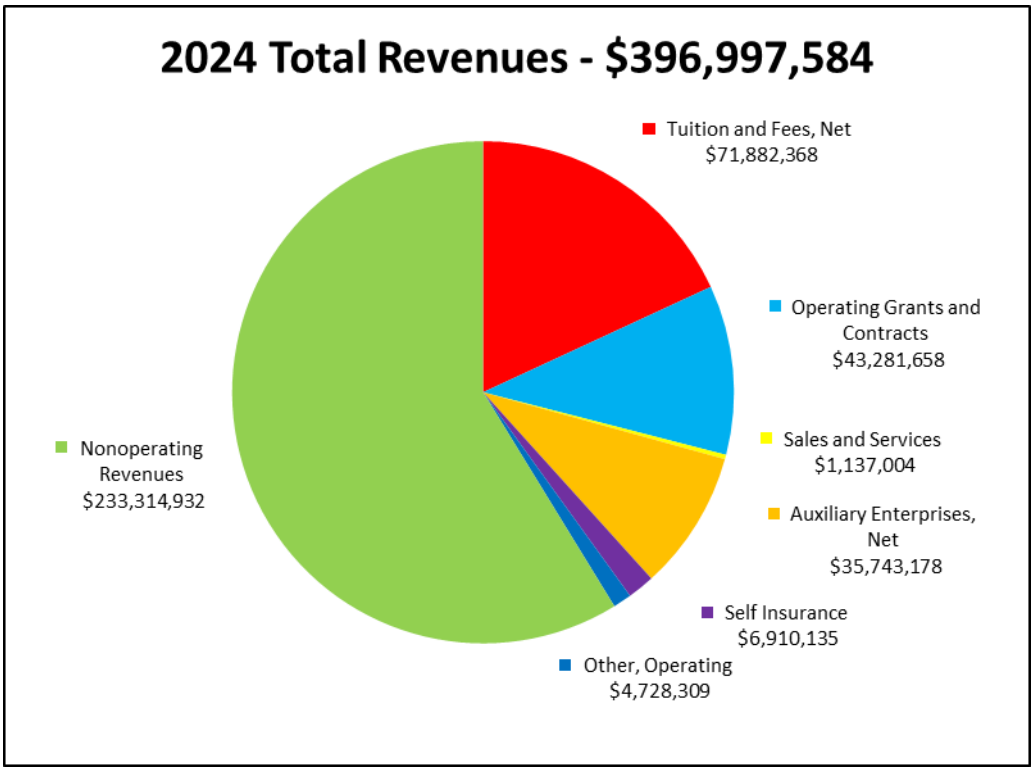
Auxiliary Enterprises, net
Auxiliary enterprises, net increased by $2.4 million. The bulk of this amount was from Jonesboro's increase of nearly $3.1 million. The campus experienced a rise in enrollment which directly affected revenue in several auxiliary areas, including housing, food service, student union, and parking. The first year of Three Rivers' athletic programs brought about new auxiliary revenue and boosted bookstore sales of athletic apparel and merchandise leading to an increase of $185,000. Beebe had an upturn in housing revenue, and Newport's increased enrollment affected bookstore sales and other auxiliary revenue, both resulting in increases of $124,000 and $115,000, respectively. Henderson State University's decrease of $982,000 was primarily due to a decline in enrollment which reduced revenue from housing, athletic fees, and food service. As previously discussed, Mountain Home's use of Ferrilli Higher Education Consultants led to higher scholarship allowances which contributed to their decrease in net auxiliary enterprises of $92,000. The Café Grill at the Mid-South campus was closed from November 2023 until January 2024 for HVAC repairs. The closure resulted in lower food service income and an overall decrease of $17,000. In addition to the increased revenues, scholarship allowances related to auxiliaries increased by about $1.9 million.

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

Operating Revenues (Continued)

Self-Insurance
Self-insurance revenues increased very slightly by $28,000. There was a trivial increase beginning in January for the employee portion of self-insurance.

Other
Other operating revenues decreased slightly by $47,000. Mid-South and Three Rivers' balance from the previous fiscal year included insurance claims for water damage that occurred during the winter. This activity contributed to decreases in the current fiscal year of $238,000 and $198,000, respectively. Henderson State University's decrease of $107,000 was also the result of one-time revenue received during the previous fiscal year for restitution of their chemistry lab. There were fewer facilities rentals at the Beebe campus leading to a small decrease of $27,000. Newport received one-time insurance proceeds related to the write-down of repairs adjustments. The campus also reclassified revenue from Arkansas Delta Training and Education Consortium (ADTEC) University Center and ADTEC Advanced Manufacturing from state appropriations to other operating revenue. This led to a $426,000 increase. Jonesboro had a small increase of $86,000; while Mountain Home had a minor increase of just under $10,000.



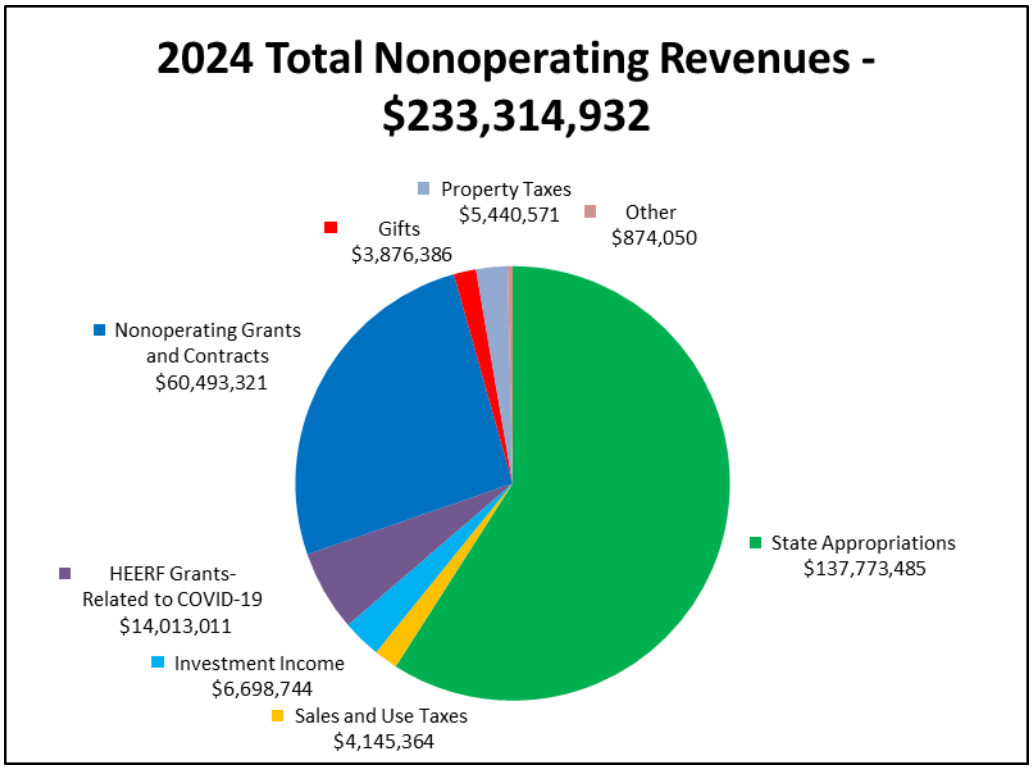
Nonoperating Revenues
Total nonoperating revenues increased by $5.8 million.

State Appropriations
State appropriations increased by roughly $834,000 overall. All campuses experienced increases except for one. Jonesboro had the largest increase in the amount of $702,000; while Newport had the only decrease of about $217,000. The increases and decreases at the campuses were due to variances in general appropriation funding and miscellaneous appropriations that are received in one year, but not another. 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

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

Nonoperating Revenues (Continued)

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 increased by about $6.3 million. All campuses except Henderson State University and Mid-South experienced increases during the year. Jonesboro had the largest increase of nearly $4.5 million which was mostly attributable to increased Pell funds from higher enrollment. Beebe's increase of $1.5 million was similarly related to more scholarships generated from higher enrollment. Newport saw a significant rise in Pell, Arkansas ACT 456 Concurrent scholarships, and Federal Supplemental Educational Opportunity Grant (FSEOG) funding which led to a $777,000 increase. Mountain Home and Three Rivers also had increases of $629,000 and $311,000, respectively, due to increased Pell over the prior fiscal year. The criteria to be considered a full-time student at Henderson State University no longer aligns with the eligibility requirements for the Arkansas Academic Challenge scholarship. This coupled with a decline in enrollment led to an overall decrease of about $1.4 million. Mid-South had a small decrease of $66,000.

HEERF Grants-Related to COVID-19

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27, 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.

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

Nonoperating Revenues (Continued)

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 authorized $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 2022, there were $306,000 in direct payments to students from HEERF II funds and about $29 million in direct payments to students from HEERF III funds. All of the direct payments to student were made in fiscal years 2020, 2021, and 2022.

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 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 institutions 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.

During 2024, there was a decline of about $2.4 million in HEERF funds across the campuses. Only three campuses, Jonesboro, Henderson State University, and Mid-South, had HEERF revenue during 2024. The funds that were received in 2024 were either the small remaining amounts of the institutional portion of HEERF III or grants received through various agencies with HEERF funding. For example, Jonesboro received a three year $25 million project from the Division of Elementary and Secondary Education to oversee the ARP ESSER III subawards for afterschool, summer, and extended year learning programs to support student learning and social emotional development.

Sales and Use Taxes
Sales and use taxes increased by $148,000. Both Newport and Beebe saw increases of $91,000 and $58,000, respectively. Local consumer spending habits vary from year to year. Additionally, new industries and bitcoin mining operations have developed in Jackson County where the Newport campus is located which has impacted the area's economic activity.

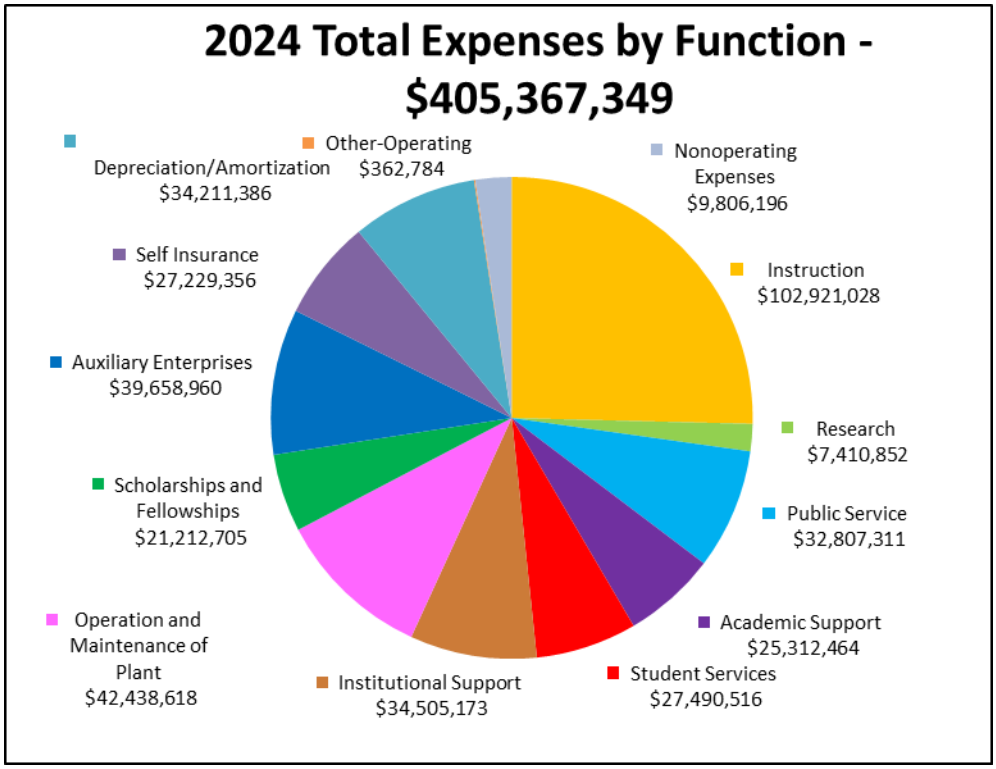
Property Taxes
Property tax revenues increased by $109,000. Mountain Home saw an increase of $81,000; while Mid-South saw an increase of $28,000.

Gifts
Revenues from gifts increased by approximately $247,000. Henderson State University saw a rise in funds received from the Henderson State University Foundation which contributed to an increase of nearly $316,000. Jonesboro saw a small increase of $44,000. Mid-South's minor increase of $13,000 was due to reimbursements from the Arkansas State University Foundation to cover Goldsby scholarships. Whereas Mountain Home received fewer funds from the Arkansas State University Foundation during this period, leading to a decrease of $118,000. Newport had a slight decrease of $7,000 due to one-time gifts received in the prior fiscal year from a local industry to present a lecture and concert series. Beebe and Three Rivers did not receive any gifts.

Investment Income
Investment income increased by $1.9 million. All campuses benefitted from increased interest rates throughout the year, resulting in higher investment income when compared to 2023. Jonesboro had the largest increase of $653,000.

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

Expenses
Total expenses increased by $18.1 million.



Operating Expenses
Total operating expenses increased by $18.1 million.

Additional information on operating expenses can be found in the tables and charts that follow.

Personal Services
Personal services increased by approximately $13.2 million. There were five campuses with increases during the year. Jonesboro had an increase of about $12.2 million. Although the campus did a thorough review of faculty positions and permanently reduced $500,000 from budgeted faculty salaries; Jonesboro also provided faculty promotions, a 2% merit raise for faculty, non-classified employees and graduate assistants, a $1.86 per hour raise for all classified employees transitioning to a nonclassified status, and salary adjustments for academic advisors. In addition to this, the campus also offered an optional voluntary retirement incentive program (Note 17) which added about $1.4 million in costs for fiscal year 2024. Beebe showed an increase of nearly $1.5 million. They were able to provide a 5% cost of living increase to faculty and staff. Three Rivers had an increase of about $1.2 million. In addition to adding positions for athletics, they provided a 2% raise to employees and also did a salary base adjustment for faculty. Although overall expenses related to personal services increased, the campuses continue to have difficulty in filling positions. Positions are becoming increasingly harder to fill as more employees focus on remote work, higher pay, and other options not always available to colleges and universities. Another factor in the amount of personal expenses for the year is OPEB and pension expenses. Overall, both of these decreased when compared to 2023. All of the campuses had lower expenses in both of these categories when compared to fiscal year 2023. The entries related to the pension liability decreased by $1.7 million. More information on this may be found in Note 8. Entries related to OPEB decreased by about $3.3 million. More information on this may be found in Note 12. Mid-South and Newport had slight increases of $25,000 and $74,000, respectively. Although, they provided a cost of living adjustment to their employees (2% for Mid-South and 1% for Newport); the cost of this was offset

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

Operating Expenses (Continued)

by the effect of the pension and OPEB entries. Of the two campuses with decreases; Henderson State University had the largest at nearly $1.7 million. This amount was almost entirely their OPEB and pension amounts that were recorded during the year. The campus declared financial exigency in February 2022. The campus has gone through a massive restructuring and consolidation and has not been able to provide for campus-wide pay increases as the other campuses have done. Mountain Home had a slight decrease of $102,000. Their 3% raise they provided their employees was offset by the OPEB and pension entries. In addition to this, they also moved all their full-time positions to a minimum rate of $13 per hour.

Scholarships and Fellowships
Scholarships and fellowships increased by $2 million. Gross scholarships and fellowships increased by $10.8 million. There was a mixture of increases and decreases among the campuses, with Jonesboro having the largest increase of $1.9 million and Mountain Home having the largest decrease of $865,000. 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 $1.7 million. All campuses, other than Jonesboro and Three Rivers, saw decreases when compared to the prior year. Henderson State University had the largest decrease at $2.6 million. As previously mentioned, the campus declared financial exigency in February 2022. The campus continues to realize the expense reduction measures to improve the amount spent on supplies and services. Mid-South saw a reduction of about $1.2 million. This was due to spending the HEERF III funds in 2023 for noncapital equipment. Mountain Home and Beebe had decreases of $993,000 and $627,000, respectively, when compared to the prior year. The campuses took measures during the year to practice conservative spending. Newport showed a decline of around $511,000. In 2023, they had unusually high supplies and services expenses due to maintenance and IT (information technology) purchases that were properly expensed rather than capitalized. Although the campuses do practice cost containment and other prudent measures, such as budget cuts, inflation played a large role in the increased amount. The majority of the increase was at the Jonesboro campus. Jonesboro had the largest increase of $4.1 million. One area that saw an increase during the year was in renovations that were expensed rather than capitalized. This amounted to around $2.8 million. The campus's threshold for capitalizing an improvement project is $50,000. In addition to this, there were expenses related to the maintenance and repair of fixed assets that were expensed since the outlay did not extend the life of the fixed asset. Furthermore, there were around $2.6 million more expenses related to auxiliaries during the fiscal year. Athletics spent about $1.2 million more in travel and $1.2 more in supplies and services. Athletic travel will vary from year to year depending on where and how much travel the athletic teams have. Three Rivers had a slight increase of $74,000.

Self-Insurance
Self-insurance expenses increased by $2.5 million. Medical and pharmaceutical claims, as well as administration fees related to self-insurance, rose during 2024. Additionally, the unpaid claims liability recorded at year end was $200,000 higher than in the previous year.

Depreciation and Amortization
Depreciation and amortization expenses increased by $1.7 million. All of the campuses experienced increases when compared to 2023. The largest increase was Jonesboro in the amount of $746,000 due to the addition of assets in fiscal year 2023 that began depreciating in fiscal year 2024. Of the remaining campuses, there was a range of increases. Four of them had increases of around $200,000 each while Newport and Three Rivers had lower amounts of $140,000 and $20,000, respectively. The increase in depreciation and amortization expense was expected due to the $33.5 million additions in fixed assets in fiscal year 2023 that had a full year of depreciation in 2024. Additionally, as new projects were completed in 2024, depreciation expense will increase next year as a result of these. The amount of completed projects in 2024 was $26.4 million; depreciation expense will continue to increase each year as new buildings and renovations are completed and begin depreciating.

Other
Other operating expenses increased by nearly $233,000. These expenses are related to the Federal Perkins Loan program on the Jonesboro campus and Henderson State University.

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

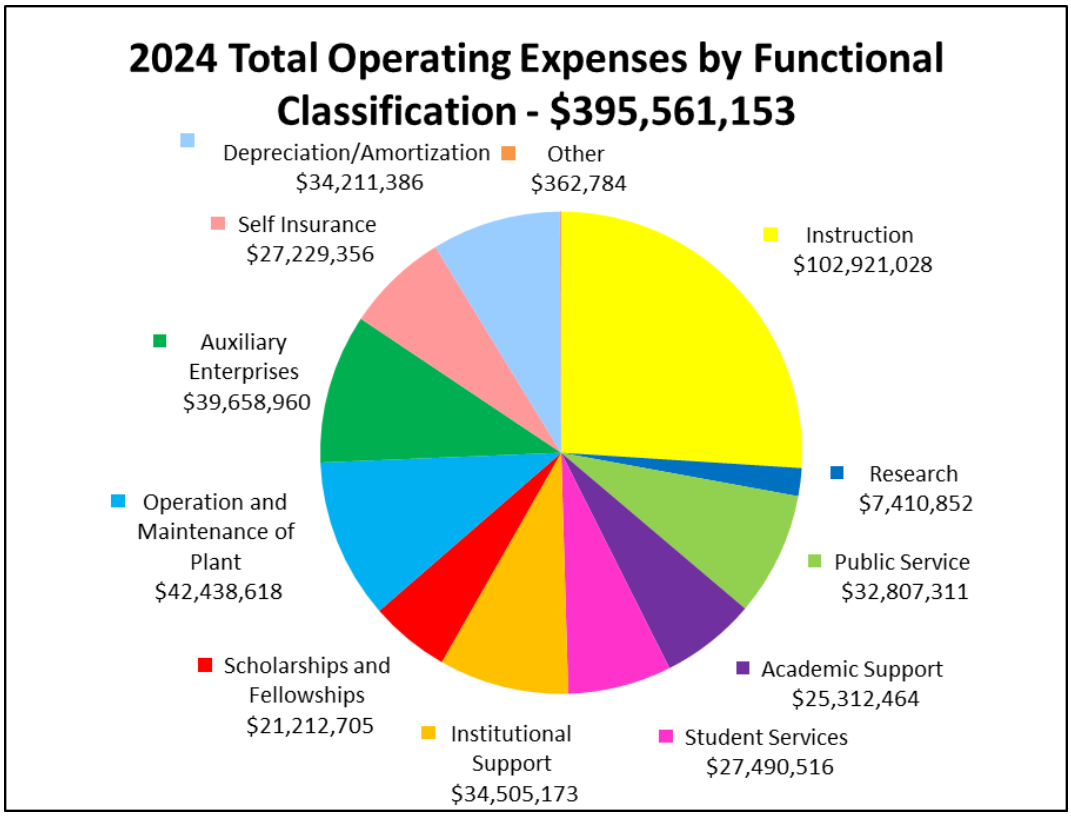
Operating Expenses (Continued)

Operating Expenses by Function

	2024	2023	Increase/ (Decrease)	Percent Change
Instruction	$ 102,921,028	$ 103,348,370	$ (427,342)	(0.41%)
Research	7,410,852	8,210,829	(799,977)	(9.74%)
Public Service	32,807,311	31,498,234	1,309,077	4.16%
Academic Support	25,312,464	25,450,007	(137,543)	(0.54%)
Student Services	27,490,516	24,047,787	3,442,729	14.32%
Institutional Support	34,505,173	36,564,455	(2,059,282)	(5.63%)
Scholarships and Fellowships	21,212,705	9,004,245	12,208,460	135.59%
Operation and Maintenance of Plant	42,438,618	40,576,397	1,862,221	4.59%
Auxiliary Enterprises	39,658,960	41,472,936	(1,813,976)	(4.37%)
Self Insurance	27,229,356	24,694,849	2,534,507	10.26%
Depreciation/Amortization	34,211,386	32,485,673	1,725,713	5.31%
Other	362,784	129,923	232,861	179.23%
Total Operating Expenses	$ 395,561,153	$ 377,483,705	$ 18,077,448	4.79%

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

Operating Expenses (Continued)

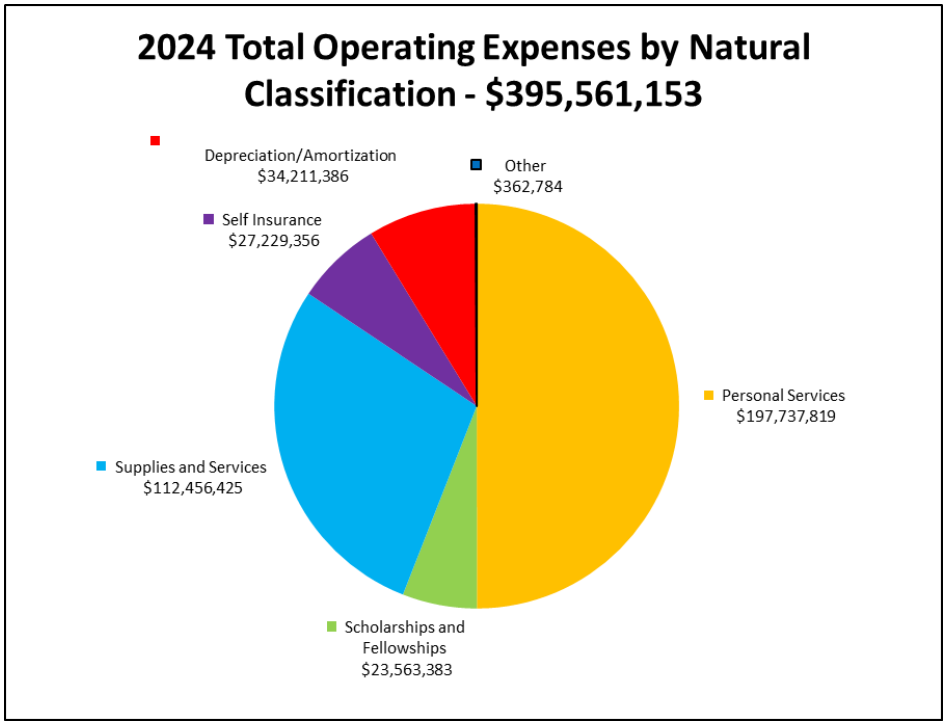


Operating Expenses by Natural Classifications

	2024	2023	Increase/ (Decrease)	Percent Change
Personal Services	$ 197,737,819	$ 184,525,224	$ 13,212,595	7.16%
Scholarships and Fellowships	23,563,383	21,534,474	2,028,909	9.42%
Supplies and Services	112,456,425	114,113,562	(1,657,137)	(1.45%)
Self Insurance	27,229,356	24,694,849	2,534,507	10.26%
Depreciation/Amortization	34,211,386	32,485,673	1,725,713	5.31%
Other	362,784	129,923	232,861	179.23%
Total Operating Expenses	$ 395,561,153	$ 377,483,705	$ 18,077,448	4.79%

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

Operating Expenses (Continued)



Nonoperating Expenses

Total nonoperating expenses increased very slightly by $37,000.

Interest
Interest expense decreased minimally by nearly $453,000. All the campuses showed decreases. Jonesboro experienced the largest decrease of $248,000 due to continued savings from bond refundings that have been done previously. As mentioned earlier, the only new debt during fiscal year 2024 was for leases. The added interest expense for these leases is minimal. The lower interest expense for the year is expected due to minimum 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.

Gain or Loss on Disposal of Capital Assets
During the fiscal year, the University had a loss of $478,000 on capital assets compared to a gain of $1.5 million in fiscal year 2023. There were three campuses that showed losses for the year. Jonesboro showed a loss of about $241,000. During the fiscal year, the campus demolished part of the Health, Physical Education, and Sports Sciences building. The portion of the building that was disposed of contained the University's swimming pool which had become too expensive to maintain. Additionally, the campus demolished four faculty/staff houses that were in poor condition. There were also removals of prior building improvements: the library elevator and a boiler replacement at the Arkansas Biosciences Institute. The campus has also been working through a backlog of equipment disposals and showed a net loss of about $28,000 for equipment. Henderson State University demolished four building that were in poor condition during the year and had a loss of $225,000. Mid-South had a loss of $11,000. The campus disposed of an aircraft during 2024.

Other Changes
Other revenues, expenses, gains and losses totaled $8.1 million. This amount increased by $4.4 million.

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

Other Changes (Continued)

Capital Appropriations

Capital appropriations increased by $1.8 million. Jonesboro, Henderson State University and Three Rivers were the only campuses with capital appropriations in 2024. Jonesboro received about $139,000 for the Southern Tenant Farmers Museum grain bin project. The museum is located in the historic Mitchell-East Building in Tyronza, Arkansas. The Southern Tenant Farmers Museum enhances knowledge and understanding of tenant farming and agricultural labor movements in the Mississippi River Delta, in an effort to preserve the history and promote the legacy of sharecropping, tenant farming and the farm labor movement. The grain bins will be renovated and serve as a large-scale exhibit of agricultural history. Henderson State University received around $1.5 million for their Caddo Center Renovation, the University's front door and welcome center. When completed, this building will serve as a consolidated center for student services. The front entrance hallway will be a permanent space for exhibiting artifacts in the JEC Hodges collection and interpreting Caddo Indian history in the local area. Additionally, Henderson State University received about $189,000 for the Barkman House project. Barkman House was constructed around 1860 and is an example of a transitional Greek and Gothic Revival-style house. Barkman House was added to the National

Register of Historic Places in 1974. Barkman House currently includes office space for Henderson Foundation and the university's alumni, development, and marketing and communications teams. Three Rivers received about $1.5 million for the Ritz Theatre renovation. The campus has been receiving phased funding for this project and will receive a fifth phase in 2025. A planned opening will occur in 2025. In Phases III and IV, progress included the lobby being torn out and completely restored, the restrooms revamped, and furniture, fixtures and interior finishes were added during the summer. Additionally, Phase IV funded the purchase of the former TV repair shop next door as well as cleaning out the interior of the building. All of these projects were funded by the Arkansas Natural and Cultural Resources Council (ANCRC) which was established by Arkansas Act 729 of 1987. Its grants and trust fund are managed for the acquisition, management and stewardship of state-owned lands, or the preservation of state-owned historic sites, buildings, structures or objects which the ANCRC determines to be of value for recreation or conservation purposes. The properties are to be used, preserved and conserved for the benefit of present and future generations.

Capital Grants and Gifts

Capital grants and gifts decreased by $3.5 million. Four of the campuses had decreases while the remaining three had increases. The Jonesboro campus accounted for the largest decrease of around $3 million. In 2023, the campus had received about $2.3 million for the Judd Hill Farmers' Market. In addition to this, the campus also recorded $1.5 million capital gift for a portion of the North End Zone located at the football stadium, Centennial Bank Stadium. Mountain Home had a decrease of $646,000. In the previous year, they had two grants for equipment. One of the grants provided funding for equipment related to the new commercial truck driving program. The second grant was used to purchase equipment for the new marine manufacturing program and the Technical Center expansion. Mid-South had a decline of about $358,000. While they did have a $508,000 gift from their Foundation for their chiller project, as well as gifts for library holdings, this did not exceed last year's amount which included a grant for a truck driving range and the purchase of trucks and trailers for the new commercial truck driving program. Newport showed a decrease of nearly $270,000. They had two ongoing capital grants in 2024 but received less revenue in 2024 when compared to 2023. The first grant was a regional transportation workforce grant used to acquire equipment and enhance their commercial truck driving facilities. They received about $340,000 in 2024 compared to $506,000 in 2023. They also had a grant for their memorial trail project. In 2023 they received $100,000 compared to $50,000 in 2024. In 2024, they also received a capital gift of manufacturing industry equipment. Beebe had the largest increase of $437,000. They were awarded a capital grant for the remodeling of the nursing building at the Searcy campus. Three Rivers had an increase of $315,000. The campus received a capital grant from the U. S. Department of Human Services for the construction of a new nursing building. Henderson had a very slight increase of $28,000 when compared to the prior 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, 2024 and June 30, 2023 were as follows:

Capital Assets (net of accumulated depreciation and amortization)

	2024	2023	Increase/ (Decrease)	Percent Change
Land and land improvements	$ 22,657,931	$ 22,677,931	$ (20,000)	(0.09%)
Construction in progress	16,786,598	20,642,658	(3,856,060)	(18.68%)
Livestock	231,541	225,817	5,724	2.53%
Intangibles-Easements	2,675,000	2,675,000	-	0.00%
Intangibles-Software	6,030,986	6,962,996	(932,010)	(13.39%)
Buildings	280,957,629	287,512,322	(6,554,693)	(2.28%)
Improvements and infrastructure	177,892,599	177,570,107	322,492	0.18%
Equipment	18,599,220	18,942,223	(343,003)	(1.81%)
Library/audiovisual holdings	3,672,745	4,176,147	(503,402)	(12.05%)
Right to use assets-Buildings	7,445,480	7,977,482	(532,002)	(6.67%)
Leases-Office/Daycare Center space	1,100,579	1,275,532	(174,953)	(13.72%)
Leases-Airport	26,578	9,453	17,125	181.16%
Leases-Equipment	171,759	117,850	53,909	45.74%
Leases-Airplanes	867,295	-	867,295	100.00%
Total	$ 539,115,940	$ 550,765,518	$ (11,649,578)	(2.12%)

Land

The University had one addition of land and land improvements during the year. The Jonesboro campus received a capital gift of land in the amount of $55,000. This land was given to the University from the city of Tyronza and is adjacent to the Southern Tenant Farmers Museum, one of the University's heritage sites. There was one deletion of land during the year. This deletion was also for the Jonesboro campus. The deletion was a prior year correction of land that had been sold in a prior year but was not removed from the campus's asset list.

Construction in progress

Construction in progress decreased by 18.68%. There was a mixture of increases and decreases throughout the System. Jonesboro, Mid-South, and Mountain Home had decreases; while the remaining campuses saw increases. Jonesboro had an overall decrease of $6.2 million. The net effect included construction additions for several projects that were completed during the fiscal year. Some of these projects included the upgrades to the lighting on campus, an additional building at the Judd Hill Farmers' Market, upgrades to elevators, renovations to the former bookstore space to become a student area, improvements to heat and air systems, and security camera improvements. The campus also began two new buildings including the College of Veterinary Medicine building and the Windgate Art and Innovation Center. Mid-South had two renovation projects that were completed and transferred from construction in progress in 2024. These projects included renovations to the FedEx Aviation Technology building to accommodate program expansion. Also, the Reynolds Center/University Center chiller replacement was finished during the year. Mountain Home completed the Czechic/Newth Technical Building on the Robert L. Myers Technical Center. Additionally, the campus has begun construction on phase two of their walking trail. Henderson State University's increase was due to renovations at the Caddo Center and Barkman House. Beebe completed work on their One Stop Project for student services and began work on the Bloodworth Nursing building. Newport had several construction projects throughout the year. These include renovations to their Center for the Arts parking lot, a new Health Sciences building and phase two of the Memorial Trail on the Newport campus. At their Marked Tree campus, projects included renovations to the nursing building and a walking trail. Three River's increase was due to their continued renovations of the Ritz Theatre and the new nursing building.

Capital Assets (Continued)

Livestock
The change of 2.53% is attributable to a decrease of the Jonesboro campus livestock herds of $9,268 and an increase of the Beebe campus's herds in the amount of $14,992.

Intangibles-Easements
The University had no additions or disposals of easements during fiscal year 2024.

Intangibles-Software
The University's had no additions and disposals of software during fiscal year 2024. The decrease of $932,010 was the amortization for the software. In fiscal year 2023, Henderson State University and the Beebe, Mid-South, and Newport campuses completed their new ERP (Enterprise Resource Planning) system. This was the first year amortization had been recorded for campuses other than Jonesboro and Mid-South. All campuses are now using the same ERP and two of the campuses (Mountain Home and Three Rivers) did not meet the threshold to record their ERP costs.

Buildings
The University experienced a decrease of $6.6 million in the total value of buildings. This is a result of depreciation expense exceeding the amount of building additions during the year. All campuses, with the exception of Three Rivers, had an overall decrease. Their additions to buildings of approximately $385,000 was greater than their depreciation of about $100,000. This addition was for renovations of Building C on their campus. Jonesboro's additions to buildings included the second building located at the Judd Hill Farmers Market and a broiler house located at the University's academic farm. Mountain Home had additions to buildings for the expansion and remodel of the Czechic/Newth Technical Building. Jonesboro, Henderson State University, and Newport were the only campuses with building retirements. Jonesboro demolished six faculty/staff houses located on Academic Circle. Additionally, the campus demolished part of the Health, Physical Education, and Sports Science building. The part of the building that was demolished housed the campus's swimming pool. Henderson State University demolished four houses that were in poor condition during the year. These included the Art Duplex and Paper Making building, Bowen House, Harvey House and the Craft property. Newport demolished one building on their campus that was fully depreciated and no longer used. There was a decrease from 2023 to 2024 in depreciation expense related to buildings. In 2023, the total was about $12.8 million. In 2024, this total decreased to $11.7 million.

Improvements and infrastructure
The 0.18%, or $322,492, increase in improvements and infrastructure is minimal for the year. There were four campuses with additions or transfers to improvements and infrastructure. These included: Jonesboro, Beebe, Mid-South, and Newport. These projects totaled about $14.4 million. Projects that were completed at Jonesboro accounted for nearly all of the increase and included the upgrades to the lighting on campus, upgrades to elevators, renovations to the former bookstore space to become a student area, improvements to heat and air systems, security camera improvements, parking lot improvements, and classroom renovations. Beebe completed work on their One Stop Project for student services and Mid-South finished renovations to the FedEx Aviation Technology building and the Reynolds Center/University Center chiller. Newport finished the commercial driver training range, which was funded from a grant, phase one of a memorial trail, wayfinding signs for the campus, and new lighting for the Center for the Arts. Only the Jonesboro campus had retirements for improvements and infrastructure. These included the prior library elevator renovation and the Arkansas Biosciences Institute boiler replacement. Both of these were renovated during the year and the previous renovations were disposed of and had a net effect of about $227,000. Fiscal year 2023 depreciation was about $14.1 million compared to $13.9 million in 2024.

Equipment
Equipment decreased minimally by 1.81%, or $343,003, during the year. Equipment additions decreased from $7,536,906 in 2023 to $4,099,583 in 2024; a decrease of about $3.4 million. Of the additions for fiscal year 2024, $179,774 were capital gifts received by the campuses and noted on the Cash Flow Statement as a noncash transaction. The majority of the decrease can be attributed to several purchases made last fiscal year. In 2023, a large portion of the increase in equipment purchases was a result of the campuses receiving capital grants to purchase equipment. Beebe had purchases in IT and OSD Robotics from grant funds. Mid-South, Mountain Home, Newport, and Three Rivers all had grant funds to purchase equipment related to their truck driving programs. This totaled to nearly $1.2 million. Mid-South also had funds of $136,000 to buy equipment to expand their automotive program. Mountain Home had purchases of $192,000 related to their new marine manufacturing and boat manufacturing programs. They also updated the technology on campus using HEERF funds of around $233,000. Newport purchased about $132,000 of welding equipment for their welding program. Three Rivers purchased about $411,000 of equipment with grant funds for workforce training. Since these were all one-time funds; this accounted for a large portion of the

Capital Assets (Continued)

Equipment (Continued)

variance in purchases between the fiscal years. Jonesboro's highest dollar additions included items such as scientific equipment, vehicles, information technology equipment, and musical instruments. Of the $2.5 million in equipment additions; around $908,000 was purchased with grant funds. Mid-South had an increase due to purchases for their paramedic program and athletics program. The majority of the purchases for Newport consisted of specialized equipment to be used in the health sciences, industrial and cosmetology programs. Three Rivers had additions of two buses, medical simulation trainers, audio visual equipment, and workforce training equipment. Depreciation expense increased from $4,103,795 in 2023 to $4,394,067 in 2024. The campuses disposed of equipment during the year with a net value of $39,416.

Library/Audiovisual Holdings
The University's decrease of $503,402, or 12.05%, is due to the amount of depreciation exceeding the amount of purchases during the year. Total purchases continue to decrease as online formats become in greater demand. All campuses, other than Jonesboro, had additions to library/audiovisual holdings. During the fiscal year, there were $108,537 in purchases compared to $66,770 in 2023. Depreciation expense decreased from $665,777 in 2023 to $611,939 in 2024. Library holdings that were removed during the year were fully depreciated.

Right to use assets-Buildings
There was a decrease of $532,002 compared to last year. This amount represents the annual amortization that was recorded for the right to use assets. In 2022, Jonesboro recorded two right to use assets. These included the Welcome Center and the North End Zone which is part of the football stadium. During 2023, the campus purchased a 37.37% ownership in the North End Zone which removed a portion of the right to use asset. The amount removed was $5.1 million with $586,000 in amortization. In 2024, $532,000 was recorded in amortization for the Welcome Center and the remaining 62.63% of the North End Zone. More information may be found on these right to use assets in Note 18.

Leases-Office/Daycare Center space
There was a slight decrease of about $175,000 or 13.72% when compared to 2023. Both Jonesboro and Henderson State University lease portions of buildings used for office space. The Jonesboro campus also leases space for one of the daycare center sites. The Jonesboro campus recorded two new leases for space (one for office and one for the daycare center); both of which are related to the campus's childhood services program. The prior lease for the office space ended at the end of fiscal year 2023. Henderson State University did not record any new leases related to office space. Additional information on these leases may be found in Note 4, Note 5, and Note 6.

Leases-Airport
Henderson State University leases space at an airport as part of their aviation program. This lease ended during the fiscal year and a new lease was started in January. The new lease will end December 31, 2025.

Leases-Equipment
Jonesboro and Mid-South have leases for equipment. In 2024, Mid-South's lease for their copiers ended during the fiscal year and a new lease was started. The new lease began October 2023 and will end September 30, 2028. In addition to this lease, Mid-South also has a lease for printers that was begun in fiscal year 2023. Jonesboro has a lease for a painting robot and for farm equipment.

Leases-Airplanes
In 2024, Henderson State University began to lease two airplanes for part of their aviation program. The lease started in January and will end December 31, 2027.

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 $173,137,930 in bonds payable, $32,524,306 in notes payable, $2,168,917 in leases payable, and $19,165,149 in installment contracts payable at June 30, 2024.

The University did not issue any bonds during 2024. There was one bond that reached its maturity date during the fiscal year at Beebe. The 2015A refunding bond issue had a final payment in 2024. The bond was originally issued in 2015 and was a refinancing issue for the 2005 refunding which refunded the construction of the student center.

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.

The $32,524,306 in notes payable consists of three 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 renovations to the Armory. The campus has benefited from securing zero interest rates for each of these notes. At June 30, 2024, the outstanding amounts for these notes were $90,000, $90,600, and $399,774 respectively. The campus had one note mature during the fiscal year. This was a $1,000,000 10-year note that was for pedestrian improvements. Henderson State University has $29,668,015 in notes payable outstanding at June 30, 2024. These seven 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, $6,513,437 for energy savings, a 2019 $6,000,000 loan from the state of Arkansas used to assist with cash shortfalls for that year, $15,996,406 for property renovations, and $996,450 for renovations. At June 30, 2024, the outstanding amounts for these notes were $1,926,013, $594,850, $357,642, $6,447,331, $5,750,000, $13,756,912, and $746,450 respectively. One of Henderson State University's note reached maturity during the year. This was the 2015B note related to energy savings projects on the campus. Additionally, Henderson State University had a bond from direct placement. The funds were used to renovate the Smith Dorm and the final payment was made during fiscal year 2024. 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 2024 are $62,326, $1,175,843, and $623,257, respectively. The notes payable for the Three Rivers campus include $565,000 for the remodel and expansion of a cosmetology building and $1,000,000 for the purchase and renovation of the Applied Science Technology building. Both 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 $77,155 and $337,336 respectively.

The campuses recorded leases payable in accordance with GASB statement no. 87 during fiscal year 2022. Three campuses have leases payable at June 30, 2024. The Jonesboro campus has six leases payable for office space, daycare center space, and equipment. The outstanding amount of these leases is $409,066. During the year, the campus added two new leases. One lease is for office space and the second lease is for daycare center space. The lease for office space replaces a lease that had ended on June 30, 2023. Henderson State University has four leases in total. These leases are for office space, space at airport for their aviation program, and for airplanes. The total outstanding amount is $1,629,983. The campus added the lease for the airport space due to their prior lease ending on December 31, 2023. Additionally, a lease for two airplanes was added during the fiscal year. The Mid-South campus has two leases for copiers and printers with a total outstanding amount of $129,868. The campus's lease for copiers ended during 2023 and a new lease was begun as of October 1, 2023. Additional information on the types and terms of each lease may be found in Note 5 and Note 6.

The Jonesboro campus issued an installment contract payable 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 $12,320,486. The Beebe and Newport campuses added installment contracts 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 $4,281,823 and $2,562,840, respectively at June 30, 2024.

Additional information on the University's debt may be found in Notes 5, 6, 15, and 21 in the notes to the financial statements.

Economic Outlook

The economic outlook of the University remains sound.

The Federal Open Market Committee's (FOMC) preferred inflation measure is the personal consumption expenditures price index (PCE inflation). PCE inflation is projected to continue declining to an average of 2.4% in 2024 and just over 1.8% over 2025 to 2028 which falls below the Fed's 2% target.

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.

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, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	$ 104,359,998
Short-term investments	12,096,995
Accounts receivable (less allowances of $2,483,682)	26,471,562
Leases receivable	256,285
Notes and deposits receivable (less allowances of $79,396)	435,887
Accrued interest and late charges	138,734
Inventories	1,900,450
Deposits with trustees	1,884,129
Unamortized bond insurance	84,558
Prepaid expenses	636,403
Total Current Assets	148,265,001
Noncurrent Assets:	
Cash and cash equivalents	43,497,762
Restricted cash and cash equivalents	2,074,119
Unrestricted investments	6,401,839
Restricted investments	5,664,562
Endowment investments	17,484,266
Other long-term investments	15,930,932
Irrevocable split-interest agreement	2,272,777
Accrued interest and late charges	434,847
Deposits with trustees	2,900,195
Accounts receivable	1,942,421
Leases receivable	11,457,700
Notes and deposits receivable (less allowances of $183,545)	1,258,027
Capital assets (net of accumulated depreciation and amortization of $679,275,434)	539,115,940
Total Noncurrent Assets	650,435,387
TOTAL ASSETS	**798,700,388**
DEFERRED OUTFLOWS OF RESOURCES	
Excess of bond reacquisition costs over carrying value	3,897,297
Pensions	4,570,198
Other postemployment benefits (OPEB)	684,665
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**807,852,548**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current Liabilities:	
Accounts payable and accrued liabilities	15,151,235
Bonds, notes, leases, and installment contracts payable	16,066,560
Compensated absences	6,967,748
Unearned revenue	10,302,368
Deposits	2,013,766
Interest payable	2,239,293
Other postemployment benefits (OPEB) liability	668,902
Total Current Liabilities	53,409,872
Noncurrent Liabilities:	
Accounts payable and accrued liabilities	687,494
Bonds, notes, leases, and installment contracts payable	210,929,742
Compensated absences	5,291,175
Other postemployment benefits (OPEB) liability	9,366,918
Net pension liability	15,316,767
Deposits	599,654
Refundable federal advances	2,543,738
Total Noncurrent Liabilities	244,735,488
TOTAL LIABILITIES	298,145,360
DEFERRED INFLOWS OF RESOURCES	
Pensions	5,207,339
Other postemployment benefits (OPEB)	5,180,378
Irrevocable split-interest agreement	2,272,777
Leases	11,479,062
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**322,284,916**
NET POSITION	
Net investment in capital assets	322,536,473
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	6,543,709
Renewal and replacement	967,261
Loans	(408,563)
Other-College and Department Purposes	9,550,266
Expendable:	
Scholarships and fellowships	1,116,703
Loans	10,000
Debt service	1,725,427
Renewal and replacement	1,950,673
Other	5,414,258
Unrestricted	136,161,425
TOTAL NET POSITION	$ 485,567,632

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of $69,262,064)	$ 71,882,368
Grants and contracts	43,281,658
Sales and services	1,137,004
Auxiliary enterprises (net of scholarship allowances of $10,983,444)	35,743,178
Self-insurance	6,910,135
Other operating revenues	4,728,309
TOTAL OPERATING REVENUES	163,682,652
OPERATING EXPENSES	
Personal services	197,737,819
Scholarships and fellowships	23,563,383
Supplies and services	112,456,425
Self-insurance	27,229,356
Depreciation and amortization	34,211,386
Other	362,784
TOTAL OPERATING EXPENSES	395,561,153
OPERATING INCOME (LOSS)	(231,878,501)
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	137,773,485
Grants and contracts	60,493,321
HEERF Grants-Related to COVID-19	14,013,011
Sales and use taxes	4,145,364
Property taxes	5,440,571
Gifts	3,876,386
Investment income	6,698,744
Interest on capital asset - related debt	(8,250,404)
Gain or loss on disposal on capital assets	(477,554)
Payment of student activity fee/other amounts to fiduciary accounts	(277,893)
Refunds to grantors	(230,945)
Amortization of leases receivable	382,678
Interest earned on leases	491,372
Other nonoperating revenues (expenses)	(569,400)
NET NON-OPERATING REVENUES (EXPENSES)	223,508,736
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	(8,369,765)
Capital appropriations	3,370,213
Capital grants and gifts	3,618,132
Additions to endowments	596
Adjustments to capital assets	1,092,950
Capitalization of library holdings at rate per volume	46,559
Livestock additions	14,992
INCREASE (DECREASE) IN NET POSITION	(226,323)
NET POSITION - BEGINNING OF YEAR	485,793,955
NET POSITION - END OF YEAR	$ 485,567,632

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

ARKANSAS STATE UNIVERSITY SYSTEM
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 73,178,540
Grants and contracts	45,211,782
Auxiliary enterprises revenues	35,521,040
Sales and services	1,127,642
Self-insurance program receipts	6,915,322
Collection of principal and interest related to student loans	158,345
Other receipts	6,459,782
Payments to employees	(172,312,645)
Payments for employee benefits	(28,982,939)
Payments to suppliers	(110,884,670)
Scholarships and fellowships	(23,563,383)
Self-insurance program payments	(26,889,885)
Other payments	(348,890)
Net cash provided (used) by operating activities	(194,409,959)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	136,246,485
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners	1,527,000
Grants and contracts	61,600,491
HEERF Grants-Related to COVID-19	15,162,514
Private gifts and grants	4,830,633
Sales and use taxes	4,145,761
Property taxes	5,298,052
Direct lending, PLUS and FFEL loan receipts	118,110,593
Direct lending, PLUS and FFEL loan payments	(119,173,189)
Payment of student activity fee/other amounts to fiduciary accounts	(277,893)
Refunds to grantors	(230,621)
Net cash provided (used) by noncapital financing activities	227,239,826
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from lease arrangements	728,691
Capital appropriations	2,680,826
Capital gift and grants	3,537,965
Proceeds from sale of capital assets	14,136
Purchases of capital assets	(18,863,434)
Payments to trustees for bond principal	(11,895,001)
Payments to trustees for bond interest and fees	(5,771,665)
Payments to trustees/paying agent for next fiscal year	(317,972)
Payments to debt holders for principal (other than bonds)	(4,574,579)
Payments to debt holders for interest and fees (other than bonds)	(1,806,605)
Property taxes remitted to bond trustees	(3,548,731)
Distribution of excess property taxes from bond trustees	2,374,931
Net cash provided (used) by capital and related financing activities	(37,441,438)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	10,853,227
Interest on investments (net of fees)	4,576,127
Purchases of investments	(19,941,853)
Net cash provided (used) by investing activities	(4,512,499)
Net increase (decrease) in cash and cash equivalents	(9,124,070)
Cash and cash equivalents - beginning of year	159,055,949
Cash and cash equivalents - end of year	$ 149,931,879

Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (231,878,501)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	34,211,386
Change in assets and liabilities:	
Receivables, net	5,530,045
Inventories	(420,999)
Prepaid expenses	(256,425)
Accounts and salaries payable	2,224,172
Other postemployment benefits (OPEB)	(3,327,110)
Pension obligations	(1,735,791)
Unearned revenue	1,780,017
Deposits	1,039,816
Refundable federal advances	(1,165,388)
Compensated absences	(411,181)
Net cash provided (used) by operating activities	$ (194,409,959)
Reconciliation of Cash and Cash Equivalents	
Current Assets:	
Cash and Cash Equivalents	$ 104,359,998
Noncurrent Assets:	
Cash and Cash Equivalents	43,497,762
Restricted Cash and Cash Equivalents	2,074,119
Total cash and cash equivalents	$ 149,931,879

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS		
Cash and cash equivalents	$	29,823,176
Certificates of deposit		4,149,389
Prepaid expenses		72,014
Contributions receivable, net		2,999,761
Investments, at fair value		128,531,276
Property and equipment, net		7,886,431
Other assets		121,730
Total Assets	$	173,583,777
LIABILITIES		
Accounts payable	$	30,278
Annuity obligations		9,000
Refundable advance		115,043
Due to Arkansas State University campuses		96,177
Amounts held on behalf of Arkansas State University related entities		15,431,988
Total Liabilities		15,682,486
NET ASSETS		
Without donor restrictions		
Undesignated		2,272,034
Board designated		7,810,383
Total without donor restrictions		10,082,417
With donor restrictions		
Restricted as to purposes		41,679,759
Restricted in perpetuity		106,139,115
Total with donor restrictions		147,818,874
Total Net Assets		157,901,291
Total Liabilities and Net Assets	$	173,583,777

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	$ 7,281	$ 31,742,859	$ 31,750,140
Contributions of nonfinancial assets	4,674	3,276,211	3,280,885
Investment return, net	987,753	9,882,185	10,869,938
Other income	277,682	452,821	730,503
Net assets released from restrictions	6,855,242	(6,855,242)	-
Total Revenue and Other Support	8,132,632	38,498,834	46,631,466
Expenses			
Program services	6,589,853		6,589,853
Management and general supporting services	226,187		226,187
Change in split-interest agreements		9,000	9,000
Total Expenses	6,816,040	9,000	6,825,040
Increase in net assets	1,316,592	38,489,834	39,806,426
Net assets at beginning of year	8,445,980	109,329,040	117,775,020
Services rendered from personnel of an affiliate	319,845		319,845
Net assets at end of year	$ 10,082,417	$ 147,818,874	$ 157,901,291

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
Academic activities	$ 1,016,658		$ 1,016,658
Administrative support	290,606		290,606
Student activities	56,574		56,574
Transfers - ASU	794,828		794,828
Transfers - scholarships	1,626,012		1,626,012
Transfers - supplies and services	1,151,953		1,151,953
Transfers - payroll	617,545		617,545
Transfers - fixed assets	8,000		8,000
Transfers - other	122,931		122,931
Salaries and benefits	351,876	$ 87,969	439,845
Depreciation	126,455	31,614	158,069
Other	426,415	106,604	533,019
Total Expenses	$ 6,589,853	$ 226,187	$ 6,816,040

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS		
Current Assets		
Cash	$	107,358
Cash - restricted		865,329
Cash - board restricted		2,381,054
Investment securities - board restricted		4,935,100
Receivables, current portion		2,161,348
Related party prepaid lease, current portion		991,667
	$	11,441,856
Property and Equipment		
Buildings	$	18,730,414
Furniture and equipment		666,450
Parking lot		57,005
		19,453,869
Less accumulated depreciation		(2,375,915)
	$	17,077,954
Other Assets		
Receivables, net of current portion and amortization	$	13,691,172
Real estate		206,100
Construction in progress		107,935
	$	14,005,207
Endowment Investments, at fair value	$	2,085,246
Total Assets	$	44,610,263
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	1,889,760
Accrued interest payable		33,179
Current portion long-term debt		1,109,237
Current portion deferred revenue		3,592,539
	$	6,624,715
Long-Term Liabilities		
Long-Term Debt, net of current portion	$	16,801,140
Deferred Revenue, net of current portion		16,617,242
	$	33,418,382
Total Liabilities	$	40,043,097
Net Assets		
Without donor restrictions		
Undesignated	$	(424,210)
Designated as board restricted		1,937,112
With donor restrictions		3,054,264
	$	4,567,166
Total Liabilities and Net Assets	$	44,610,263

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Support			
Contributions	$ 3,223,564	$ 894,474	$ 4,118,038
In-kind contributions	142,960		142,960
Special events/fundraising	520,585		520,585
Other income	3,174,395		3,174,395
Investment income	239,710	195,911	435,621
Net assets released from restrictions	671,573	(671,573)	-
	$ 7,972,787	$ 418,812	$ 8,391,599
Expenses			
General and administrative	$ 487,250		$ 487,250
Athletic program services	6,380,764		6,380,764
Special events/fundraising	52,148		52,148
	$ 6,920,162		$ 6,920,162
Transfers			
ASU athletic program	$ -	$ 59,207	$ 59,207
ASU other	2,156,812	239,100	2,395,912
	$ 2,156,812	$ 298,307	$ 2,455,119
Increase (decrease) in net assets	$ (1,104,187)	$ 120,505	$ (983,682)
Beginning Net Assets	$ 2,617,089	$ 2,933,759	$ 5,550,848
Ending Net Assets	$ 1,512,902	$ 3,054,264	$ 4,567,166

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	General and Administrative	Athletic Program Services	Special Events Fundraising	Total
Advertising	$ 4,917	$ 38,054	$ 24,219	$ 67,190
Bank charges	51,179			51,179
Computer software	6,753	2,995		9,748
Conference meetings	500	4,465		4,965
Contract labor	916	3,894		4,810
Contract services	46,023	2,142,684		2,188,707
Depreciation		598,361		598,361
Dues and subscriptions	470	2,033	7,377	9,880
Employee benefits	182,006	14,893		196,899
In-kind contributions		142,960		142,960
Insurance	5,079	24,381		29,460
Interest expense		895,495		895,495
Meals and entertainment	40,133	368,633		408,766
Miscellaneous		29,595		29,595
Postage and shipping	5,598	2,215		7,813
Printing and publication	4,042	21,825		25,867
Professional fees	84,801	169,383		254,184
Rent expense		1,700,000		1,700,000
Rentals and maintenance	49,718	75,074		124,792
Supplies	2,075	124,160	20,552	146,787
Telephone	471			471
Travel	2,569	19,664		22,233
Total Expenses	$ 487,250	$ 6,380,764	$ 52,148	$ 6,920,162

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS		
Cash and cash equivalents	$	1,450,506
Investments		28,189,018
Contributions receivable, net		151,927
Total Assets	$	29,791,451
LIABILITIES AND NET ASSETS		
Liabilities		
Note payable	$	50,580
Total Liabilities		50,580
NET ASSETS		
Without donor restrictions		404,823
With donor restrictions		29,336,048
Total Net Assets		29,740,871
Total Liabilities and Net Assets	$	29,791,451

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenue Without Donor Restrictions		
Investment return, net	$	8,147
Net assets released from restrictions		2,335,102
Total Support and Revenue Without Donor Restrictions		2,343,249
Expenses		
Program services		2,061,859
General and administrative supporting services		270,943
Total Expenses		2,332,802
Increase (Decrease) in Net Assets Without Donor Restrictions		10,447
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions of cash and other financial assets		2,267,641
Contributions to outside parties		(202,135)
Investment return, net		3,840,551
Net assets released from restrictions		(2,335,102)
Increase (Decrease) in Net Assets With Donor Restrictions		3,570,955
INCREASE (DECREASE) IN TOTAL NET ASSETS		3,581,402
NET ASSETS, BEGINNING OF YEAR		26,125,483
Services Received from Personnel of an Affiliate		33,986
NET ASSETS, END OF YEAR	$	29,740,871

HENDERSON STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
Scholarship awards	$ 595,546		$ 595,546
Athletics	511,118		511,118
Awards and gifts	807,913		807,913
Individual college expenses	108,259		108,259
Salaries and benefits	25,430	$ 58,664	84,094
Contributed salaries and benefits	13,593	20,393	33,986
Professional fees		39,500	39,500
Software license		107,994	107,994
Rent		3,833	3,833
Other		40,559	40,559
Total Expenses	$ 2,061,859	$ 270,943	$ 2,332,802

ARKANSAS STATE UNIVERSITY SYSTEM
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 State University
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, 2024, the ASU Foundation transferred property, equipment and funds of $4,321,269 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, 2024, the RW Foundation transferred property, equipment and funds of $2,455,119 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, 2024, the HSU Foundation transferred property, equipment and funds of $2,061,859 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 a fiduciary relationship exists.

In June 2017, the GASB issued Statement no. 87, *Leases.* This statement improves accounting and financial reporting for leases.

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. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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, 3 to 7 years for equipment, and 20 years for software. 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, 30 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 7 years for equipment, and 7 years for software. 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 Beebe campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 30 years for buildings, 30 years for residence halls, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 15 years for leasehold improvements, 3 to 7 years for equipment, and 7 years for software. 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, 20 years for leasehold improvements, 3 to 15 years for equipment, and 7 years for software. 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 Mountain Home campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 15 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. Depreciation is taken the year of disposal.

At the Newport campus, 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, 3 to 15 years for equipment, and 7 years for software. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. 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, 15 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Right to Use Assets

The University has accounted for the authority to use these assets as on the Statement of Net Position and amortizes them over the term of the contract. These include the Welcome Center and the North End Zone of the Football Stadium.

Leases Payable

The University has leases including those for land, office space, and equipment. The leased asset is recorded on the Statement of Net Position and amortized over the term of the contract. The amount payable over the contract is recorded as a lease payable on the Statement of Net Position.

Detailed information on leases payable can be found in Note 4 and Note 6.

Software Subscriptions

The University has software subscriptions from external parties for various terms under long-term, noncancelable subscription agreements. These subscriptions are recorded on the Statement of Net Position and amortized over the term of the contract. The amount payable over the contract is recorded as a lease payable on the Statement of Net Position.

Detailed information on software subscriptions can be found in Note 4 and in Note 21.

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, 2024. 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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

Leases Receivable

The University has certain contractual agreements with outside parties to receive an amount regularly over the term of a contract. These agreements are recorded on the Statement of Net Position as a lease receivable and a deferred inflow.

Detailed information on leases receivable can be found in Note 6.

Inventories

Inventories are valued at cost. The Jonesboro, Beebe, Mountain Home, Newport, and Three Rivers campuses use a first-in, first-out basis. Henderson State University uses a last-in, first-out basis and the Mid-South campus uses an average cost 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, 2024 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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Noncurrent Liabilities

Noncurrent liabilities include (1) the amount of the optional voluntary retirement incentive program (Note 17); (2) principal amounts of bonds payable, notes payable, lease obligations with contractual maturities greater than one year, and installment contracts payable; (3) estimated amounts for accrued compensated absences and related matching costs and other liabilities that will not be paid within the next fiscal year; (4) other postemployment benefits; (5) net pension liability; (6) estimated amounts for deposits held that will not be paid within the next fiscal year; and (7) 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. The fiduciary 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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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)	$ 4,931,503	$ 4,955,350
Insured (SIPC)	250,000	$ 250,000
Collateralized:		
Collateral held by the pledging bank or pledging bank's agent in the University's name	162,945,455	$ 164,386,127
Uninsured, Uncollateralized	42,449	42,449
Total Deposits	$ 168,169,407	$ 169,633,926

The above deposits does not include cash on hand maintained by the University in the amount of $58,964 at June 30, 2024. Also, the above amount does not include $83,722 in cash and cash equivalents and $400,000 in certificates of deposits held by the ASU Foundation for license plate scholarships classified as restricted investments and $672,805 of money market funds classified as cash and cash equivalents. The above total deposits include certificates of deposits of $17,375,236 reported as investments and classified as nonnegotiable certificates of deposit. Additionally, the deposits do not include money market checking accounts of $357,973 reported as deposits with trustees. The above total deposits include cash held for fiduciary activities of $1,677,783 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 States 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. At June 30, 2024, $42,449 of the University's bank balance of $169,633,926 was exposed to custodial credit risk as follows:

NOTE 2: Public Fund Deposits and Investments (Continued)

Uninsured and uncollateralized	$42,449

Deposits with Trustees

At June 30, 2024, the University's deposits with trustees totaled $4,784,324. Other than the money market checking accounts of $357,973, the details of the deposits with trustee by campus are below.

Arkansas State University Jonesboro

At June 30, 2024, the University's deposits with trustee of $331,159 were primarily invested in the Federated Hermes Treasury Obligations Fund and the Federated Hermes U.S. Treasury Cash Reserves, both 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 32 days. The Federated U.S. Treasury Cash Reserves consisted of short-term U.S. Treasury securities and had a weighted average maturity of 43 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, 2024 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
$ 331,159	$ -	$ -	$ 331,159

Henderson State University

At June 30, 2024, the University's deposits with trustee of $1,041,977 were primarily invested in the Federated Hermes Treasury Obligations Fund, a money market treasury fund and the Federated Hermes Government Obligations Fund, both 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 32 days. The Federated Hermes Government Obligations Fund consisted of short-term U.S. Treasury securities and had a weighted average maturity of 36 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.

NOTE 2: Public Fund Deposits and Investments (Continued)

Henderson State University (Continued)

The fair value of the deposits with trustee at June 30, 2024 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
$ 1,041,977	$ -	$ -	$ 1,041,977

Arkansas State University Mid-South

At June 30, 2024, the University's deposits with trustee of $3,053,135 were invested by US Bank. The fund invests solely in First American Government Obligations, a money market treasury fund. This fund was rated Aaa-mf by Moody's Investors Service. The effective average maturity was approximately 36 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, 2024 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
$ 3,053,135	$ -	$ -	$ 3,053,135

Arkansas State University Mountain Home

At June 30, 2024, the University's deposits with trustee of $80 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.

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mountain Home (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, 2024 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
$ 80	$ -	$ -	$ 80

University Investments (Excluding Endowment Funds)

At June 30, 2023, the University's investments, excluding endowment funds, consisted of corporate bonds of $1,829,369, U.S. agencies of $13,361,624, U.S. Treasury notes of $4,787,405, and municipal bonds of $2,340,694. Details of the investments by campus are below.

Arkansas State University Jonesboro

At June 30, 2024, the University's investments, excluding endowment funds, consisted of corporate bonds of $425,207, U.S. agencies of $13,165,031, and municipal bonds of $2,340,694.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ 196,662	$ 228,545	$ -	$ -	$ 425,207

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
$ 2,589,850	$ 10,575,181	$ -	$ -	$ 13,165,031

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Jonesboro (Continued)

The municipal bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ -	$ 1,020,224	$ 1,108,712	$ 211,758	$ 2,340,694

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 1.131 years at June 30, 2024. The U.S. agencies had an estimated weighted average maturity of 2.190 years at June 30, 2024. The municipal bonds had an estimated weighted average maturity of 5.317 years at June 30, 2024. 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.

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
$ 98,304	$ 228,545	$ 98,358	$ -	$ -	$ 425,207

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

Aaa	Aa	A	Baa	Not Rated	Total
$ 13,165,031	$ -	$ -	$ -	$ -	$ 13,165,031

The credit quality ratings of the municipal bonds by Moody's Investor Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
$ 243,793	$ 1,885,143	$ 211,758	$ -	$ -	$ 2,340,694

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

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, 2024, none of the University's investments 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

NOTE 2: Public Fund Deposits and Investments (Continued)

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.

Arkansas State University Jonesboro (Continued)

The fair value of the corporate bonds at June 30, 2024 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
$ -	$ 425,207	$ -	$ 425,207

The fair value of the U.S. agencies at June 30, 2024 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
$ 13,165,031	$ -	$ -	$ 13,165,031

The fair value of the municipal bonds at June 30, 2024 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
$ -	$ 2,340,694	$ -	$ 2,340,694

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mid-South

At June 30, 2024, the University's investments consisted of corporate bonds of $1,404,162, U.S. agencies of $196,593, and U.S. Treasury notes of $4,787,405.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
$ 147,492	$ 1,107,422	$ 149,248	$ -	$ 1,404,162

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
$ 97,681	$ 98,912	$ -	$ -	$ 196,593

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
$ 1,000,473	$ 2,916,116	$ 870,816	$ -	$ 4,787,405

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 3.750 years at June 30, 2024. The U.S. agencies had an estimated weighted average maturity of 0.873 years at June 30, 2024. The U.S. Treasury notes had an estimated weighted average maturity of 3.630 years at June 30, 2024. 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.

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
$ 141,391	$ 386,276	$ 876,495	$ -	$ -	$ 1,404,162

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mid-South (Continued)

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

Aaa	Aa	A	Baa	Not Rated	Total
$ 196,593	$ -	$ -	$ -	$ -	$ 196,593

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, 2024 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
$ -	$ 1,404,162	$ -	$ 1,404,162

The fair value of the U.S. agencies at June 30, 2024 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
$ 196,593	$ -	$ -	$ 196,593

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mid-South (Continued)

The fair value of the U.S. Treasury notes at June 30, 2024 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
$ 4,787,405	$ -	$ -	$ 4,787,405

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 $5,284,480 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 8.84% or $11,305,389 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	$ 2,532,074
Cash/Cash Equivalents	(3,823)
Domestic Equitiy Mutual Funds	2,851,720
Domestic Equities	1,506,804
Global Equity Funds	270,344
Hedge Fund	506,017
International Equities	468,880
International Equity Mutual Funds	2,374,090
Real Estate	63,399
Real Estate Funds	158,211
Venture Capital and Partnerships	577,673
Total	$ 11,305,389

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.

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

The fair value of the investments at June 30, 2024 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
$ 10,158,301	$ -	$ 1,147,088	$ 11,305,389

The Beebe campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 0.68% or $894,397 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	$ 193,900
Cash/Cash Equivalents	3,564
Domestic Equity Mutual Funds	243,179
Domestic Equities	115,387
Global Equity Funds	20,702
Hedge Fund	38,749
International Equities	35,906
International Equity Mutual Funds	181,802
Real Estate	4,855
Real Estate Funds	12,115
Venture Capital and Partnerships	44,238
Total	$ 894,397

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.

NOTE 2: Public Fund Deposits and Investments (Continued)

The fair value of the investments at June 30, 2024 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
$ 806,556	$ -	$ 87,841	$ 894,397

R.E. Lee Wilson, Sr. Trust Investments

The R.E. Lee Wilson, Sr. Trust of $3,601,192 consisted of the following types of investments held in trust by a third party for the Jonesboro campus:

Type	Amount
Corporate Bonds	$ 376,718
Equities	2,434,552
Mutual Funds	234,212
Short-Term and Cash Equivalents	85,025
U.S. Agencies	263,468
U.S. Treasuries	207,217
Total	$ 3,601,192

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	$ 30,772	$ 225,959	$ 70,114	$ 49,873	$ 376,718
U.S. Agencies	-	11,575	25,905	225,988	263,468
U.S. Treasuries	3,985	81,938	26,028	95,266	207,217
Total	$ 34,757	$ 319,472	$ 122,047	$ 371,127	$ 847,403

Interest rate risk – The trust portfolio consists of corporate bonds, U.S. agencies, and U.S. treasuries had an estimated weighted average maturity of 5.190, 22.099 and 13.241 years, respectively, at June 30, 2024.

NOTE 2: Public Fund Deposits and 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	$ -	$ 34,823	$ 221,893	$ 111,306	$ 8,696	$ 376,718
U.S. Agencies	16,787	-	-	-	246,681	263,468
Total	$ 16,787	$ 34,823	$ 221,893	$ 111,306	$ 255,377	$ 640,186

The fair value of the investments at June 30, 2024 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
$ 3,224,474	$ 376,718	$ -	$ 3,601,192

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

The V.C. and Bertie H. Kays Educational Trust of $1,683,288 consisted of the following types of investments held in trust by a third party:

Type	Amount
Short-Term and Cash Equivalents	$ 73,635
U.S. Agencies	114,288
U.S. Treasuries	95,542
Mutual Funds	123,542
Corporate Bonds	171,835
Equities	1,099,345
Other	5,101
Total	$ 1,683,288

NOTE 2: Public Fund Deposits and Investments (Continued)

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	$ 13,899	$ 101,993	$ 31,927	$ 24,016	$ 171,835
U.S. Agencies	-	8,555	12,517	93,216	114,288
U.S. Treasuries	1,992	38,159	11,568	43,823	95,542
Total	$ 15,891	$ 148,707	$56,012	$ 161,055	$ 381,665

Interest rate risk – The trust portfolio consists of corporate bonds, U.S. agencies, and U.S. treasuries had an estimated weighted average maturity of 5.351, 21.597, and 13.209 years, respectively, at June 30, 2024.

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	$ -	$ 16,536	$ 100,046	$ 51,388	$ 3,865	$ 171,835
U.S. Agencies	7,834	-	-	-	106,454	114,288
Total	$ 7,834	$ 16,536	$ 100,046	$ 51,388	$ 110,319	$ 286,123

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

The fair value of the investments at June 30, 2024 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
$ 1,506,352	$ 176,936	$ -	$ 1,683,288

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, 2024:

Arkansas State University Jonesboro

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	$ 8,266,624	$ 55,000		$ (75,000) *	$ 8,246,624
Livestock for educational purposes	139,788			(9,268)	130,520
Construction-in-progress	14,419,741	4,976,308	$ (10,889,336)	(266,954)	8,239,759
Intangibles-Easements	2,675,000				2,675,000
Total nondepreciable capital assets	$ 25,501,153	$ 5,031,308	$ (10,889,336)	$ (351,222)	$ 19,291,903
Other capital assets:					
Improvements and infrastructure	$ 190,281,921	$ 1,230,941	$ 7,891,228	$ (336,722)	$ 199,067,368
Buildings	384,131,827	199,806	2,998,108	(1,065,021)	386,264,720
Equipment	52,715,168	2,499,821		(2,531,798)	52,683,191
Library/audiovisual holdings	11,728,742			(141,440)	11,587,302
Intangibles-software	6,960,645				6,960,645
Right to use assets-buildings	9,614,019				9,614,019
Leases-office space/daycare center space	883,555	144,389			1,027,944
Leases-equipment	118,112				118,112
SBITA**		1,160,017 *		(1,160,017)	-
Total other capital assets	656,433,989	5,234,974	10,889,336	(5,234,998)	667,323,301
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	78,151,487	8,619,015		(109,921)	86,660,581
Buildings	212,509,949	5,996,375		(1,065,021)	217,441,303
Equipment	44,777,918	2,163,154		(2,503,382)	44,437,690
Library/audiovisual holdings	11,305,227	39,041		(141,440)	11,202,828
Intangibles-software	5,979,548	75,469			6,055,017
Right to use assets-buildings	1,636,537	532,002			2,168,539
Leases-office space/daycare center space	521,872	176,627			698,499
Leases-equipment	40,396	23,304			63,700
SBITA**		1,160,017 *		(1,160,017)	-
Total accumulated depreciation/amortization	354,922,934	18,785,004	-	(4,979,781)	368,728,157
Other capital assets, net	$ 301,511,055	$ (13,550,030)	$ 10,889,336	$ (255,217)	$ 298,595,144
Capital asset summary:					
Nondepreciable capital assets	$ 25,501,153	$ 5,031,308	$ (10,889,336)	$ (351,222)	$ 19,291,903
Other capital assets, at cost	656,433,989	5,234,974	10,889,336	(5,234,998)	667,323,301
Total cost of capital assets	681,935,142	10,266,282	-	(5,586,220)	686,615,204
Less accumulated depreciation/amortization	354,922,934	18,785,004	-	(4,979,781)	368,728,157
Capital assets, net	$ 327,012,208	$ (8,518,722)	$ -	$ (606,439)	$ 317,887,047

*Includes $3,735 for prior year additions for construction in progress, $1,160,017 for prior year additions for SBITA, $580,007 for prior year amortization for SBITA, and $75,000 for prior year deletion for land; **Subscription-based information technology agreement.

NOTE 4: Capital Assets (Continued)

Henderson State University				
	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	$ 1,972,792				$ 1,972,792
Construction-in-progress	1,144,307	$ 2,410,806			3,555,113
Total nondepreciable capital assets	$ 3,117,099	$ 2,410,806	$ -	$ -	$ 5,527,905
Other capital assets:					
Improvements and infrastructure	$ 95,948,174				$ 95,948,174
Buildings	84,608,664			$ (337,607)	84,271,057
Equipment	6,118,993	$ 103,866 *		(14,344)	6,208,515
Library/audiovisual holdings	15,205,684	6,642			15,212,326
Intangibles-software	2,225,796				2,225,796
Lease-office space	1,337,281				1,337,281
Lease-airport	37,812	36,002		(37,812)	36,002
Lease-airplanes		991,194			991,194
Total other capital assets	205,482,404	1,137,704	-	(389,763)	206,230,345
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	45,025,596	3,096,319		(16,741) *	48,105,174
Buildings	42,467,859	364,665 *		(112,133)	42,720,391
Equipment	5,567,664	110,031		(14,344)	5,663,351
Library/audiovisual holdings	12,067,858	463,972			12,531,830
Intangibles-software		317,971			317,971
Lease-office space	423,432	142,715			566,147
Lease-airport	28,359	18,877		(37,812)	9,424
Lease-airplanes		123,899			123,899
Total accumulated depreciation/amortization	105,580,768	4,638,449	-	(181,030)	110,038,187
Other capital assets, net	$ 99,901,636	$ (3,500,745)	$ -	$ (208,733)	$ 96,192,158
Capital asset summary:					
Nondepreciable capital assets	$ 3,117,099	$ 2,410,806	$ -	$ -	$ 5,527,905
Other capital assets, at cost	205,482,404	1,137,704	-	(389,763)	206,230,345
Total cost of capital assets	208,599,503	3,548,510	-	(389,763)	211,758,250
Less accumulated depreciation/amortization	105,580,768	4,638,449	-	(181,030)	110,038,187
Capital assets, net	$ 103,018,735	$ (1,089,939)	$ -	$ (208,733)	$ 101,720,063

* Includes $17,512 for prior year additions for equipment, $(850,988) for prior year corrections in accumulated depreciation for buildings, and $16,741 for prior year accumulated depreciation from retirement of a building improvement.

NOTE 4: Capital Assets (Continued)

Arkansas State University Beebe

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	$ 3,370,634				$ 3,370,634
Livestock for educational purposes	86,029	$ 14,992			101,021
Construction-in-progress	203,695	907,300	$ (674,366)		436,629
Total nondepreciable capital assets	$ 3,660,358	$ 922,292	$ (674,366)	$ -	$ 3,908,284
Other capital assets:					
Improvements and infrastructure	$ 21,917,589		$ 674,366		$ 22,591,955
Buildings	67,022,124				67,022,124
Equipment	8,067,962	$ 450,185		$ (84,807)	8,433,340
Library/audiovisual holdings	2,803,878	36,333		(26,761)	2,813,450
Intangibles-software	1,168,830				1,168,830
Total other capital assets	100,980,383	486,518	674,366	(111,568)	102,029,699
Less accumulated depreciation for:					
Improvements and infrastructure	15,340,279	1,240,687	(9,103) *		16,571,863
Buildings	39,910,266	1,576,143 *			41,486,409
Equipment	5,220,265	588,074 *	9,103 *	(84,807)	5,732,635
Library/audiovisual holdings	2,428,159	74,190		(26,761)	2,475,588
Intangibles-software		166,975			166,975
Total accumulated depreciation/amortization	62,898,969	3,646,069	-	(111,568)	66,433,470
Other capital assets, net	$ 38,081,414	$ (3,159,551)	$ 674,366	$ -	$ 35,596,229
Capital asset summary:					
Nondepreciable capital assets	$ 3,660,358	$ 922,292	$ (674,366)	$ -	$ 3,908,284
Other capital assets, at cost	100,980,383	486,518	674,366	(111,568)	102,029,699
Total cost of capital assets	104,640,741	1,408,810		(111,568)	105,937,983
Less accumulated depreciation/amortization	62,898,969	3,646,069		(111,568)	66,433,470
Capital assets, net	$ 41,741,772	$ (2,237,259)	$ -	$ -	$ 39,504,513

*Includes $(202,593) for prior year corrections for building depreciation, $(1,697) for prior year corrections for equipment, and prior year corrections in accumulated depreciation for improvements and equipment.

NOTE 4: Capital Assets (Continued)

Arkansas State University Mid-South

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	$ 3,898,076				$ 3,898,076
Construction-in-progress	1,444,088		$ (1,444,088)		-
Total nondepreciable capital assets	$ 5,342,164	$ -	$ (1,444,088)	$ -	$ 3,898,076
Other capital assets:					
Improvements and infrastructure	$ 8,397,307	$ 2,349,074	$ 1,444,088		$ 12,190,469
Buildings	58,672,548				58,672,548
Equipment	11,566,750	212,302		$ (15,000)	11,764,052
Library/audiovisual holdings	971,648	19,178		(228,031)	762,795
Intangibles-software	1,167,425				1,167,425
Leases-equipment	135,663	114,873		(84,997)	165,539
Total other capital assets	80,911,341	2,695,427	1,444,088	(328,028)	84,722,828
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	5,554,217	263,874			5,818,091
Buildings	29,602,500	1,165,954			30,768,454
Equipment	10,115,305	335,111		(4,000)	10,446,416
Library/audiovisual holdings	891,182	9,788		(228,031)	672,939
Intangibles-software	13,899	166,774			180,673
Leases-equipment	95,529	34,120		(81,457)	48,192
Total accumulated depreciation/amortization	46,272,632	1,975,621	-	(313,488)	47,934,765
Other capital assets, net	$ 34,638,709	$ 719,806	$ 1,444,088	$ (14,540)	$ 36,788,063
Capital asset summary:					
Nondepreciable capital assets	$ 5,342,164	$ -	$ (1,444,088)	$ -	$ 3,898,076
Other capital assets, at cost	80,911,341	2,695,427	1,444,088	(328,028)	84,722,828
Total cost of capital assets	86,253,505	2,695,427		(328,028)	88,620,904
Less accumulated depreciation/amortization	46,272,632	1,975,621		(313,488)	47,934,765
Capital assets, net	$ 39,980,873	$ 719,806	$ -	$ (14,540)	$ 40,686,139

NOTE 4: Capital Assets (Continued)

Arkansas State University Mountain Home

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	$ 2,934,808				$ 2,934,808
Construction-in-progress	853,565	$ 18,550	$ (853,565)		18,550
Total nondepreciable capital assets	$ 3,788,373	$ 18,550	$ (853,565)	$ -	$ 2,953,358
Other capital assets:					
Improvements and infrastructure	$ 3,131,540				$ 3,131,540
Buildings	38,285,223	$ 955,996	$ 853,565		40,094,784
Equipment	3,744,225	94,332			3,838,557
Library/audiovisual holdings	884,113	39,917			924,030
Total other capital assets	46,045,101	1,090,245	853,565	-	47,988,911
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	2,265,207	89,013			2,354,220
Buildings	33,971,763	1,583,225			35,554,988
Equipment	2,475,781	286,840			2,762,621
Library/audiovisual holdings	815,758	18,703			834,461
Total accumulated depreciation/amortization	39,528,509	1,977,781	-	-	41,506,290
Other capital assets, net	$ 6,516,592	$ (887,536)	$ 853,565	$ -	$ 6,482,621
Capital asset summary:					
Nondepreciable capital assets	$ 3,788,373	$ 18,550	$ (853,565)	$ -	$ 2,953,358
Other capital assets, at cost	46,045,101	1,090,245	853,565	-	47,988,911
Total cost of capital assets	49,833,474	1,108,795		-	50,942,269
Less accumulated depreciation/amortization	39,528,509	1,977,781		-	41,506,290
Capital assets, net	$ 10,304,965	$ (868,986)	$ -	$ -	$ 9,435,979

NOTE 4: Capital Assets (Continued)

Arkansas State University Newport

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	$ 1,444,735				$ 1,444,735
Construction-in-progress	492,186	$ 754,018	$ (208,377)	$ (229,104)	808,723
Total nondepreciable capital assets	$ 1,936,921	$ 754,018	$ (208,377)	$ (229,104)	$ 2,253,458
Other capital assets:					
Improvements and infrastructure	$ 7,966,624	$ 590,574	$ 208,377		$ 8,765,575
Buildings	31,704,620			$ (13,054)	31,691,566
Equipment	8,952,900	380,276			9,333,176
Library/audiovisual holdings	503,413	472			503,885
Intangibles-software	1,433,747				1,433,747
Total other capital assets	50,561,304	971,322	208,377	(13,054)	51,727,949
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	3,949,440	540,731			4,490,171
Buildings	21,993,185	936,027		(13,054)	22,916,158
Equipment	5,636,125	579,768			6,215,893
Library/audiovisual holdings	445,161	80			445,241
Intangibles-software		204,821			204,821
Total accumulated depreciation/amortization	32,023,911	2,261,427	-	(13,054)	34,272,284
Other capital assets, net	$ 18,537,393	$ (1,290,105)	$ 208,377	$ -	$ 17,455,665
Capital asset summary:					
Nondepreciable capital assets	$ 1,936,921	$ 754,018	$ (208,377)	$ (229,104)	$ 2,253,458
Other capital assets, at cost	50,561,304	971,322	208,377	(13,054)	51,727,949
Total cost of capital assets	52,498,225	1,725,340	-	(242,158)	53,981,407
Less accumulated depreciation/amortization	32,023,911	2,261,427	-	(13,054)	34,272,284
Capital assets, net	$ 20,474,314	$ (536,087)	$ -	$ (229,104)	$ 19,709,123

NOTE 4: Capital Assets (Continued)

Arkansas State University Three Rivers

	Balance July 1, 2023	Additions	Transfers	Retirements	Balance June 30, 2024
Nondepreciable capital assets:					
Land and improvements	$ 790,262				$ 790,262
Construction-in-progress	2,085,076	$ 1,642,748			3,727,824
Total nondepreciable capital assets	$ 2,875,338	$ 1,642,748	$ -	$ -	$ 4,518,086
Other capital assets:					
Improvements and infrastructure	$ 514,224				$ 514,224
Buildings	9,775,751	$ 384,645			10,160,396
Equipment	4,456,580	358,801			4,815,381
Library/audiovisual holdings	521,275	5,995			527,270
Total other capital assets	15,267,830	749,441	-	-	16,017,271
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	301,046	15,560			316,606
Buildings	6,232,913	98,950			6,331,863
Equipment	2,887,297	331,089			3,218,386
Library/audiovisual holdings	489,261	6,165			495,426
Total accumulated depreciation/amortization	9,910,517	451,764	-	-	10,362,281
Other capital assets, net	$ 5,357,313	$ 297,677	$ -	$ -	$ 5,654,990
Capital asset summary:					
Nondepreciable capital assets	$ 2,875,338	$ 1,642,748	$ -	$ -	$ 4,518,086
Other capital assets, at cost	15,267,830	749,441	-	-	16,017,271
Total cost of capital assets	18,143,168	2,392,189	-	-	20,535,357
Less accumulated depreciation/amortization	9,910,517	451,764	-	-	10,362,281
Capital assets, net	$ 8,232,651	$ 1,940,425	$ -	$ -	$ 10,173,076

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, 2024	Maturities To June 30, 2024
9/15/2005	4/1/2025	3 - 5%	$ 19,230,000	$ 400,000	$ 18,830,000
3/1/2012	3/1/2034	2 - 3.6%	2,775,000	1,350,000	1,425,000
3/1/2012	3/1/2037	2 - 4%	3,425,000	2,180,000	1,245,000
12/1/2012	3/1/2037	1.375 - 3.375%	1,500,000	930,000	570,000
3/1/2013	3/1/2034	1 - 5%	28,895,000	16,370,000	12,525,000
12/1/2013	12/1/2043	2 - 5%	14,685,000	11,615,000	3,070,000
12/1/2014	11/30/2024	3.25%	563,810	32,733	531,077
11/1/2015	11/1/2025	0.00%	600,000	90,000	510,000
11/1/2015	11/1/2025	0.00%	604,000	90,600	513,400
12/17/2015	12/1/2035	3.21%	15,226,080	12,320,486	2,905,594
11/17/2016	3/1/2037	3 - 4%	13,870,000	9,810,000	4,060,000
11/17/2016	3/1/2037	2 - 4%	23,150,000	13,255,000	9,895,000
12/20/2017	3/1/2039	3 - 4%	11,740,000	7,990,000	3,750,000
7/25/2018	5/25/2028	0.00%	1,000,000	399,774	600,226
12/18/2019	3/1/2030	2 - 3%	1,640,000	880,000	760,000
12/18/2019	3/1/2042	2.004 - 3.651%	3,750,000	3,125,000	625,000
8/20/2020	8/20/2024	3.25%	43,428	8,959	34,469
3/15/2021	3/1/2042	0.515 - 2.794%	11,670,000	10,230,000	1,440,000
4/28/2022	12/1/2038	2.25 - 4.15%	13,015,000	11,675,000	1,340,000
9/29/2022	9/29/2028	6.25%	74,684	51,680	23,004
11/1/2022	10/31/2027	6.25%	319,746	224,027	95,719
7/1/2023	6/30/2025	8.25%	49,005	25,502	23,503
7/1/2023	6/30/2026	8.25%	95,384	66,165	29,219
Unamoritzed discount			(90,264)	(72,085)	(18,179)
Unamoritzed premium			4,750,343	2,800,906	1,949,437
Totals			$ 172,581,216	$ 105,848,747	$ 66,732,469

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, 2024	Maturities To June 30, 2024
8/31/2011	8/30/2036	5.74%	$ 2,750,000	$ 1,926,013	$ 823,987
7/23/2012	7/23/2026	3.08%	2,366,268	594,850	1,771,418
2/14/2014	2/14/2028	4.98%	1,100,000	357,642	742,358
11/1/2014	11/1/2039	2 - 5%	33,000,000	25,020,000	7,980,000
6/1/2015	7/1/2026	1 - 3.2%	3,780,000	790,000	2,990,000
6/30/2015	6/1/2035	4.12%	6,513,437	6,447,331	66,106
2/3/2016	1/1/2032	2 - 3%	6,465,000	3,830,000	2,635,000
9/19/2017	7/15/2035	2 - 3.25%	7,005,000	5,025,000	1,980,000
10/3/2017	9/1/2035	1.25 - 3.25%	3,315,000	2,370,000	945,000
7/1/2019	12/1/2029	0.00%	6,000,000	5,750,000	250,000
8/20/2019	11/1/2039	3.73%	15,996,406	13,756,912	2,239,494
7/1/2020	3/31/2030	4.00%	1,299,585	846,455	453,130
1/1/2021	12/1/2024	3.25%	37,696	5,201	32,495
7/1/2021	7/1/2031	0.00%	996,450	746,450	250,000
1/1/2024	12/31/2025	8.50%	36,002	27,371	8,631
1/1/2024	12/31/2027	8.50%	991,194	750,956	240,238
Unamortized discount			(49,704)	(30,081)	(19,623)
Unamortized premium-bonds			783,471	469,310	314,161
Unamortized premium-note			115,848	88,817	27,031
Totals			$ 92,501,653	$ 68,772,227	$ 23,729,426

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, 2024	Maturities To June 30, 2024
12/1/2012	12/1/2032	1 - 3%	$ 1,890,000	$ 960,000	$ 930,000
4/1/2015	4/1/2039	1 - 3.625%	8,005,000	5,630,000	2,375,000
5/1/2015	12/1/2035	2 - 4%	12,930,000	8,480,000	4,450,000
6/1/2015	9/1/2035	2 - 4%	9,185,000	5,985,000	3,200,000
8/8/2017	7/1/2032	1.31%	100,000	62,326	37,674
10/18/2017	10/1/2037	3.04%	4,930,498	4,281,823	648,675
Unamortized discount			(91,432)	(51,950)	(39,482)
Unamortized premium			404,190	214,224	189,966
Totals			$ 37,353,256	$ 25,561,423	$ 11,791,833

Arkansas State University Mid-South

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities To June 30, 2024
8/26/2010	2/1/2040	2 - 4.7%	$ 5,180,000	$ 3,600,000	$ 1,580,000
8/1/2012	2/1/2042	1 - 4%	18,510,000	12,915,000	5,595,000
3/15/2018	3/15/2038	3.30%	1,537,658	1,175,843	361,815
9/1/2022	8/31/2025	2.99%	50,666	26,880	23,786
10/1/2023	9/30/2028	2.00%	114,873	102,988	11,885
Unamortized discount			(47,842)	(25,519)	(22,323)
Unamortized premium			112,689	67,615	45,074
Totals			$ 25,458,044	$ 17,862,807	$ 7,595,237

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, 2024	Maturities To June 30, 2024
12/18/2019	12/1/2032	2.004 - 3.119%	$ 4,885,000	$ 3,365,000	$ 1,520,000
Totals			$ 4,885,000	$ 3,365,000	$ 1,520,000

Arkansas State University Newport

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities To June 30, 2024
12/1/2012	5/1/2028	0.666 - 3.82%	$ 3,740,000	$ 1,034,998	$ 2,705,002
12/1/2012	12/1/2032	1 - 3%	1,875,000	960,000	915,000
8/8/2017	7/1/2032	1.31%	1,000,000	623,257	376,743
10/18/2017	10/1/2037	3.04%	2,951,079	2,562,840	388,239
Unamortized discount			(22,328)	(9,488)	(12,840)
Totals			$ 9,543,751	$ 5,171,607	$ 4,372,144

Arkansas State University Three Rivers

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities To June 30, 2024
2/28/2011	3/1/2026	0.37%	$ 565,000	$ 77,155	$ 487,845
4/25/2014	5/1/2029	0.24%	1,000,000	337,336	662,664
Totals			$ 1,565,000	$ 414,491	$ 1,150,509

NOTE 5: Long-Term Liabilities (Continued)

The changes in long-term liabilities are as follows:

Arkansas State University Jonesboro

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	$ 100,294,983		$ 7,756,162	$ 92,538,821	$ 6,171,162
Notes payable	901,856		321,482	580,374	220,400
Leases payable	459,672	$ 144,389	194,995	409,066	173,079
Installment contracts payable	12,985,805		665,319	12,320,486	738,928
SBITA		595,808 *	595,808	-	
Compensated absences	7,328,772	4,946,151	5,004,206	7,270,717	4,967,584
Totals	$ 121,971,088	$ 5,686,348	$ 14,537,972	$ 113,119,464	$ 12,271,153

*Includes prior year addition of SBITA (Subscription-based information technology agreement).

Henderson State University

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	$ 39,808,317		$ 2,334,088	$ 37,474,229	$ 2,419,089
Notes payable and bonds from direct placement	31,629,238		1,961,223	29,668,015	2,639,049
Leases payable	993,400	$ 1,027,196	390,613	1,629,983	344,314
Compensated absences	1,444,190	416,158	424,682	1,435,666	451,635
Totals	$ 73,875,145	$ 1,443,354	$ 5,110,606	$ 70,207,893	$ 5,854,087

Arkansas State University Beebe

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	$ 22,793,021		$ 1,575,747	$ 21,217,274	$ 1,389,922
Notes payable	68,811		6,485	62,326	6,570
Installment contracts payable	4,425,511		143,688	4,281,823	161,321
Compensated absences	1,212,272	$ 1,281,034	1,283,505	1,209,801	907,351
Totals	$ 28,499,615	$ 1,281,034	$ 3,009,425	$ 26,771,224	$ 2,465,164

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mid-South

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	$ 17,194,258		$ 637,162	$ 16,557,096	$ 657,162
Notes payable	1,241,119		65,276	1,175,843	67,430
Leases payable	47,524	$ 114,873	32,529	129,868	36,342
Compensated absences	714,547	390,031	458,878	645,700	50,008
Totals	$ 19,197,448	$ 504,904	$ 1,193,845	$ 18,508,507	$ 810,942

Arkansas State University Mountain Home

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	$ 3,755,000		$ 390,000	$ 3,365,000	$ 405,000
Compensated absences	514,551	$ 86,338	152,116	448,773	4,488
Totals	$ 4,269,551	$ 86,338	$ 542,116	$ 3,813,773	$ 409,488

Arkansas State University Newport

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Bonds payable	$ 2,339,394		$ 353,884	$ 1,985,510	$ 368,884
Notes payable	688,108		64,851	623,257	65,701
Installment contracts payable	2,648,843		86,003	2,562,840	96,557
Compensated absences	1,078,209	$ 517,541	755,618	840,132	565,000
Totals	$ 6,754,554	$ 517,541	$ 1,260,356	$ 6,011,739	$ 1,096,142

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Three Rivers

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Notes payable	$ 519,838		$ 105,347	$ 414,491	$ 105,650
Compensated absences	377,563	$ 268,363	237,792	408,134	21,682
Totals	$ 897,401	$ 268,363	$ 343,139	$ 822,625	$ 127,332

NOTE 5: Long-Term Liabilities (Continued)

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

Arkansas State University Jonesboro

Year ended June 30,	Bonds payable Principal	Bonds payable Interest	Notes payable Principal	Notes payable Interest	Leases payable* Principal	Leases payable* Interest	Installment contracts payable Principal	Installment contracts payable Interest
2025	$ 6,171,162 **	$ 3,248,115 ***	$ 220,400		$ 173,079	$ 21,760	$ 738,928	$ 384,867 ***
2026	5,951,162	3,045,263	160,200		113,352	12,274	817,457	360,008
2027	6,071,162	2,827,687	100,000		83,963	5,663	835,512	332,815
2028	6,281,162	2,632,171	99,774		38,672	1,203	787,155	307,389
2029	6,481,162	2,428,784					869,557	280,926
2030 - 2034	34,371,058	8,470,537					5,790,172	905,637
2035 - 2039	20,511,496	3,197,692					2,481,705	66,331
2040 - 2044	6,700,457	667,621						
Totals	$ 92,538,821 ****	$ 26,517,870	$ 580,374	$ -	$ 409,066	$ 40,900	$ 12,320,486	$ 2,637,973

*Additional information on leases payable can be found in Note 4 and Note 6.
**Includes discount amortization of $5,064 and premium amortization of $226,226.
***Includes interest payable of $844,731 recorded as a current liability at June 30, 2024.
****Total principal of $92,538,821 Includes discount amortization of $72,085 and premium amortization of $2,800,906.

NOTE 5: Long-Term Liabilities (Continued)

Henderson State University

Year ended June 30,	Bonds payable		Notes payable/Bonds from direct placement payable		Leases payable*	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 2,419,089 **	$ 1,269,041 ***	$ 2,639,049 **	$ 938,901 ***	$ 344,314	$ 89,675
2026	2,484,088	1,196,603	2,685,772	874,440	355,058	65,910
2027	2,558,030	1,119,866	2,734,209	808,052	371,645	41,602
2028	2,373,030	1,037,205	2,573,554	740,918	273,103	17,769
2029	2,443,030	954,599	2,518,574	675,701	160,003	8,543
2030 - 2034	12,438,780	3,461,491	9,172,641	2,428,296	125,860	2,107
2035 - 2039	10,698,111	1,377,406	6,226,673	863,926		
2040	2,060,071	41,000	1,117,543	41,612		
Totals	$ 37,474,229 ****	$ 10,457,211	$ 29,668,015 *****	$ 7,371,846	$ 1,629,983	$ 225,606

*Additional information on leases payable can be found in Note 4 and Note 6.
**Includes discount amortization of $2,719 and premium amortization of $37,599.
***Includes interest payable of $747,409 recorded as a current liability at June 30, 2024.
****Total principal of $37,474,229 includes discount amortization of $30,081 and premium amortization of $469,310.
*****Total principal of $29,668,015 includes premium amortization of $88,817.

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Beebe

Year ended June 30,	Bonds payable		Notes payable		Installment contracts payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 1,389,922 *	$ 731,276 **	$ 6,570	$ 816	$ 161,321	$ 130,167 **
2026	1,434,923	679,782	6,656	730	178,257	125,263
2027	1,489,922	628,225	6,743	643	197,894	119,843
2028	1,539,923	577,136	6,832	555	216,934	113,827
2029	1,599,923	524,014	6,921	465	228,326	107,233
2030 - 2034	8,706,293	1,748,781	28,604	943	1,537,576	418,513
2035 - 2039	5,056,368	349,135			1,761,515	132,366
Totals	$ 21,217,274 ***	$ 5,238,349	$ 62,326	$ 4,152	$ 4,281,823	$ 1,147,212

*Includes discount amortization of $3,996 and premium amortization of $19,742.
**Includes interest payable of $251,316 recorded as a current liability at June 30, 2024.
***Total principal of $21,217,274 includes discount amortization of $51,950 and premium amortization of $214,224.

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mid-South

Year ended June 30,	Bonds payable Principal		Bonds payable Interest		Notes payable Principal	Notes payable Interest		Leases payable* Principal	Leases payable* Interest
2025	$ 657,162	**	$ 650,940	***	$ 67,430	$ 38,803	***	$ 36,342	$ 29,537
2026	682,162		626,507		69,656	36,578		26,439	19,189
2027	707,162		604,033		71,954	34,279		25,457	13,421
2028	732,162		576,912		74,329	31,904		32,286	6,592
2029	757,162		550,000		76,782	29,451		9,344	376
2030 - 2034	4,245,810		2,296,754		423,629	107,537			
2035 - 2039	5,149,566		1,398,533		392,063	32,870			
2040 - 2042	3,625,910		299,584						
Totals	$ 16,557,096	****	$ 7,003,263		$ 1,175,843	$ 311,422		$ 129,868	$ 69,115

*Additional information on leases payable can be found in Note 4 and Note 6.
**Includes discount amortization of $1,594 and premium amortization of $3,756.
***Includes interest payable of $279,651 recorded as a current liability at June 30, 2024.
****Total principal of $16,557,096 includes discount amortization of $25,519 and premium amortization of $67,615.

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mountain Home

Bonds payable

Year ended June 30,	Principal	Interest	
2025	$ 405,000	$ 89,963	*
2026	415,000	78,684	
2027	420,000	67,198	
2028	430,000	55,507	
2029	445,000	43,471	
2030 - 2033	1,250,000	69,358	
Totals	$ 3,365,000	$ 404,181	

*Includes interest payable of $7,696 recorded as a current liability at June 30, 2024.

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Newport

Year ended June 30,	Bonds payable Principal		Bonds payable Interest		Notes payable Principal	Notes payable Interest		Installment contracts payable Principal	Installment contracts payable Interest	
2025	$ 368,884	*	$ 65,609	**	$ 65,701	$ 8,165	**	$ 96,557	$ 77,910	**
2026	368,884		52,610		66,561	7,304		106,694	74,975	
2027	388,884		39,546		67,433	6,432		118,448	71,731	
2028	298,884		25,777		68,317	5,549		129,844	68,131	
2029	103,884		15,375		69,212	4,654		136,663	64,183	
2030 - 2034	456,090		28,050		286,033	9,428		920,304	250,498	
2035 - 2038								1,054,330	79,226	
Totals	$ 1,985,510	***	$ 226,967		$ 623,257	$ 41,532		$ 2,562,840	$ 686,654	

*Includes discount amortization of $1,116.
**Includes interest payable of $75,303 recorded as a current liability at June 30, 2024.
***Total principal of $1,985,510 includes discount amortization of $9,488.

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Three Rivers

Notes payable

Year ended June 30,	Principal	Interest	
2025	$ 105,650	$ 1,095	*
2026	105,954	791	
2027	67,467	487	
2028	67,629	325	
2029	67,791	163	
Totals	$ 414,491	$ 2,861	

*Includes interest payable of $203 recorded as a current liability at June 30, 2024.

NOTE 6: Leases

A. Leases Payable

The net value of assets held under leases totaled $2,166,211 at June 30, 2024. Leases are amortized using the straight-line method. The details of the leases are as follows:

Arkansas State University Jonesboro

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Office space	12/1/2014	11/30/2024	3.25%	$ 563,810	$ 535,619	$ 28,191
Farm equipment	8/20/2020	8/20/2024	3.25%	43,428	41,917	1,511
Equipment	9/29/2022	9/29/2028	6.25%	74,684	21,783	52,901
Office space	11/1/2022	10/31/2027	6.25%	319,745	106,582	213,163
Office space	7/1/2023	6/30/2025	8.25%	49,005	24,502	24,503
Daycare center space	7/1/2023	6/30/2026	8.25%	95,384	31,796	63,588
Total				$ 1,146,056	$ 762,199	$ 383,857

Henderson State University

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Office space	7/1/2020	3/31/2030	4.00%	$ 1,299,585	$ 533,163	$ 766,422
Office space	1/1/2021	12/1/2024	3.25%	37,696	32,984	4,712
Airport	1/1/2024	12/31/2025	8.50%	36,002	9,424	26,578
Airplanes	1/1/2024	12/31/2027	8.50%	991,194	123,899	867,295
Total				$ 2,364,477	$ 699,470	$ 1,665,007

Arkansas State University Mid-South

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Printers	9/1/2022	8/31/2025	2.99%	50,666	30,962	19,704
Copiers	10/1/2023	9/30/2028	2.00%	$ 114,873	$ 17,230	$ 97,643
Total				$ 114,873	$ 17,230	$ 97,643

B. Leases Receivable

Arkansas State University Jonesboro

The University has three ground leases with outside parties. The deferred inflow for the leases are amortized using the straight-line method. Below are the details of each lease and a summary of the amounts:

On February 26, 2016, the University entered into a ground lease agreement with Hotel Partners, LLC to construct and operate a hotel, convention center, and restaurant on approximately 11 acres of land owned by the University. Hotel Partners, LLC is responsible for all construction costs, maintenance costs and operational costs of the project.

NOTE 6: Leases (Continued)

B. Leases Receivable (Continued)

Arkansas State University Jonesboro (Continued)

The University began receiving rent annually for the use of the land beginning in fall 2022. The University will receive $416,650 annually for two years and then will receive $250,000 for each of the following years. The term of the lease is fifty years plus four (4) options for an additional ten (10 years) each.

On July 21, 2016, the University entered into an agreement 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 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 the fifth (5th) anniversary of the rent commencement date and every five years thereafter, base rent shall be increased on a percentage basis equal to the lesser of five percent or the average percentage increase of rents payable by tenants across all on-campus apartment housing. In fiscal year 2023, the amount received annually for the undergraduate housing increased from $200,004 to $210,000. In fiscal year 2023, the amount received annually for the graduate housing increased from $105,000 to $110,256.

The amount of principal and interest and amortization of deferred inflows for the next five years and in five year increments are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2025	$ 127,387	$ 442,869	$ 249,120
2026	131,978	438,278	249,120
2027	136,735	433,521	249,120
2028	141,665	428,591	249,120
2029	146,773	423,483	249,120
2030 - 2034	817,204	2,034,076	1,245,600
2035 - 2039	975,712	1,875,568	1,245,600
2040 - 2044	1,165,132	1,686,148	1,245,600
2045 - 2049	1,391,529	1,459,751	1,245,602
2050 - 2054	999,725	1,211,046	880,784
2055 - 2059	112,161	1,137,839	333,545
2060 - 2064	141,450	1,108,550	333,545
2065 - 2069	178,392	1,071,608	333,545
2070 - 2074	224,981	1,025,019	333,545
2075 - 2079	283,737	966,263	333,548
2080 - 2084	357,838	892,162	333,550
2085 - 2089	451,290	798,710	333,550
2090 - 2094	569,148	680,852	333,550
2095 - 2099	717,788	532,212	333,550
2100 - 2104	905,246	344,754	333,550
2105 - 2108	891,660	108,340	266,840
Totals	$ 10,867,531	$ 19,099,640	$ 10,711,104

NOTE 6: Leases (Continued)

B. Leases Receivable (Continued)

Henderson State University

The University has two building subleases with outside parties. The deferred inflow for the leases are amortized using the straight-line method. Below are the details of each lease and a summary of the amounts:

On July 1, 2020, the University entered into a building sublease agreement with the Arkansas Department of Commerce-Division of Workforce Services-Rehabilitation Services to sublease 5,462 square feet of a building that Henderson State University leases. The University will receive $857,370 over the term of the lease. The lease ends on March 31, 2030.

On September 1, 2020, the University entered into a building sublease agreement with the Arkansas Department of Commerce-Division of Workforce Services to sublease 4,501 square feet of a building that Henderson State University leases. The University will receive $703,731 over the term of the lease. The lease ends on March 31, 2030.

The amount of principal and interest and amortization of deferred inflows for the next five years and in five year increments are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2025	$ 128,898	$ 31,532	$ 133,558
2026	136,186	26,224	133,558
2027	143,781	20,658	133,558
2028	151,725	14,742	133,558
2029	160,003	8,543	133,558
2030	125,861	2,107	100,168
Totals	$ 846,454	$ 103,806	$ 767,958

NOTE 7: Commitments

The University was contractually obligated for the following at June 30, 2024:

Project Title	Estimated Completion Date	Contract Balance
Arkansas State University Jonesboro		
ABI Cage Washer	August 2024	$ 378,613
Demolition of Buildings	August 2024	163,921
Gas Line Repairs	August 2024	77,728
Village Apartments Exterior Repairs	December 2024	260,657
First National Bank Arena Courtyard	December 2024	129,493
Childhood Service Daycare Building Fire Alarm	December 2024	77,577
Lab Science East Lobby/Office	December 2024	50,520
Ellis House Renovations	February 2025	50,796
Loop Trail Phase III and IV	June 2025	901,000
Sorority Houses HVAC Replacements	June 2025	240,929
Armory Kitchen	June 2025	214,555
First National Bank Arena AHU Replacement	June 2025	98,503
Facilities Management Alarm Panel Upgrades	October 2025	99,467
First National Bank Arena HVAC Upgrades	December 2025	769,811
Collegiate Park HVAC	December 2025	428,471
Lab Science West Room 333 Renovations	December 2025	228,752
Windgate Art and Innovation Center	May 2026	1,218,747
College of Veterinary Medicine	June 2026	66,000

NOTE 7: Commitments (Continued)

Continued

Project Title	Estimated Completion Date	Contract Balance
Henderson State University		
Russell Fine Arts Restoration	June 2025	$ 800,000
Mooney Restoration	June 2025	700,000
Smith Hall Restoration	June 2025	400,000
Barkman House Restoration	June 2025	331,670
Caddo Center Phase VII	June 2025	53,457
Arkansas State University Beebe		
Nursing School Addition	November 2024	1,191,257
Arkansas State University Three Rivers		
Ritz Theatre Renovation Phase IV	September 2024	192,891
New Nursing Building	December 2025	185,000

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

NOTE 8: Retirement Plans (Continued)

contributions. During fiscal year 2024, $188,982 of forfeitures were applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2024 were $13,150,680 and $10,917,192 respectively.

Variable Annuity Life Insurance Company (VALIC)

Plan Description
The Jonesboro, Beebe, Mountain Home, Newport, and Three Rivers campuses participate in VALIC, a defined contribution plan. The plan is a 403(b) program as defined by the 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 2024, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2024 were $956,896 and $750,427, 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 2024, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2024 were $119,042 and $63,023, 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 and Mountain Home campuses) 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 and reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual and 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.

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%.

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credit. 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 contributions and accumulation of service credit will cease once a member enters T-DROP. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits will be calculated beginning with the member's plan benefit reduced by 1% for each year of credited service. The Board of Trustees may authorize early participation in T-DROP for members with at least 28 years but less than 30 years of credited service. The plan deposit for early participation will be calculated the same as the regular T-DROP deposit with a further reduction of at least .5% but not more than 1% for each month of credited service under 30 years. 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, roll it into another tax-deferred account, or defer the distribution into a T-DROP cash balance account held by ATRS.

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.

NOTE 8: Retirement Plans (Continued)

Benefits Provided (Continued)

Arkansas Teacher Retirement System (Continued)

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 or more of actual service. The minimum benefit amount is $6,667 and an additional amount is provided based on the member's retirement date and years of contributory service up to a $10,000 maximum.

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 $76,681 as of June 30, 2024. 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 any age with 28 years of credited service,
- At age 65 with 5 years of actual service except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly, or
- At age 55 with 35 years of credited service as an elected or public safety member.

The normal retirement benefit, paid monthly, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. The plan 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 $27,600 as of June 30, 2024. 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
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 907 of 1999, effective July 1, 1999, requires all new under contract for 181 or more days to be contributory. Act 443 of 2021, effective July 1, 2021, increased the required number of contract days to 185 or more days. Act 385 of 2005 allows noncontributory members to make and 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 15% for the fiscal year ending June 30, 2024. Contributory members are required to contribute 7% 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 APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan.

The public employees retirement plan was established as contributory. Act 793 of 1977 allowed existing and previous members to become noncontributory members. Anyone joining after January 1, 1978 was automatically enrolled as a noncontributory member. Act 2084 of 2005 established a new contributory requirement for all covered employees first hired on or after July 1, 2005. Employees hired prior to this date that are noncontributory have the option to become a contributory member at any time.

Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2024.

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

The collective net pension liability of $8,103,342,411 ($5,189,155,847 related to ATRS and $2,914,186,564 related to APERS) was measured as of June 30, 2023, 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, 2024, the University reported a liability of $15,316,767 ($8,602,815 related to ATRS and $6,713,952 related to APERS) for its proportionate share of the net pension liability. At June 30, 2023, the University's proportion of the collective net pension liability was 0.17% for ATRS and 0.23% for APERS.

NOTE 8: Retirement Plans (Continued)

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

For the year ended June 30, 2024, the University recognized total pension expense of $(207,795). $150,259 of this amount was related to ATRS and $(358,054) was related to APERS. At June 30, 2024, 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	$ 312,851	$ 10,066
Changes of assumptions	626,353	
Net difference between projected and actual earnings on pension plan investments	566,544	
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,818	2,678,937
Contributions subsequent to the measurement date	821,135	
Totals	$ 2,328,701	$ 2,689,003
APERS		
Differences between expected and actual experience	$ 378,989	$ 36,883
Changes of assumptions	315,639	
Net difference between projected and actual earnings on pension plan investments	835,647	
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,361	2,481,453
Contributions subsequent to the measurement date	706,861	
Totals	$ 2,241,497	$ 2,518,336
Totals		
Differences between expected and actual experience	$ 691,840	$ 46,949
Changes of assumptions	941,992	-
Net difference between projected and actual earnings on pension plan investments	1,402,191	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,179	5,160,390
Contributions subsequent to the measurement date	1,527,996	
Totals	$ 4,570,198	$ 5,207,339

The above amount of $1,527,996 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	ATRS	APERS	Total
2025	$ (643,543)	$ (920,089)	$ (1,563,632)
2026	(828,470)	(664,571)	(1,493,041)
2027	542,768	657,358	1,200,126
2028	(252,192)	(56,398)	(308,590)

NOTE 8: Retirement Plans (Continued)

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

Actuarial Assumptions
The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2023 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; funding to retirement	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll, closed
Remaining amortization period	30 years	23 years
Asset valuation method	4-year smoothed market for funding purposes; 20% corridor	4-year smoothed market; 25% corridor
Discount rate	7.25%	7.00%
Wage inflation	2.75%	3.25%
Salary increases	2.75 – 5.75%	3.25 – 11.00%
Investment rate of return	7.25%	7.00%* *Net of investment and administrative expenses

Mortality rate table

ATRS
Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

	Scaling Factor	
Table	Males	Females
Healthy Retirees	105%	105%
Disabled Retirees	104%	104%
Active Members	100%	100%

APERS
The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The pre-retirement mortality tables used were 75% of the PubG-2010 Amount-Weighted Below-Median General Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables.

The actuarial assumptions used in the June 30, 2023 valuation for ATRS were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

NOTE 8: Retirement Plans (Continued)

All other actuarial assumptions used in the June 30, 2023 valuation for APERS were based on the results of an actuarial experience study for the period from July 1, 2017 through June 30, 2022, 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, 2023, these best estimates are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Total equity	53%	5.0%
Fixed income	15%	1.8%
Alternatives	5%	4.8%
Real assets	15%	4.5%
Private equity	12%	7.3%
Cash equivalents	0%	1.0%
Total	100%	

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 price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023 - 2032 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, 2023, these best estimates are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Broad domestic equity	37%	6.19%
International equity	24%	6.77%
Real assets	16%	3.34%
Absolute return	5%	3.36%
Domestic fixed	18%	1.79%
Total	100%	

NOTE 8: Retirement Plans (Continued)

Discount Rate

Arkansas Teacher Retirement System
A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates as of June 30, 2024 were 7% and 15% of active member payroll, 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 7.00% 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 7.00%. 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 fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the 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	6.25%	$ 13,972,411	7.25%	$ 8,602,815	8.25%	$ 4,151,009
APERS	6.00%	$ 10,701,435	7.00%	$ 6,713,952	8.00%	$ 3,428,643

NOTE 9: Natural Classifications by Function

The University's operating expenses by function for the year ended June 30, 2024 were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Self-Insurance	Depreciation and Amortization	Other	Total
Instruction	$ 90,074,688	$ 434,287	$ 12,412,053				$ 102,921,028
Research	5,247,351	76,983	2,086,518				7,410,852
Public service	15,454,893	132,162	17,220,256				32,807,311
Academic support	17,122,136	15,805	8,174,523				25,312,464
Student services	20,363,535	111,520	7,015,461				27,490,516
Institutional support	25,990,867	2,367	8,511,939				34,505,173
Scholarships and fellowships		21,212,705					21,212,705
Operation and maintenance of plant	12,285,105		30,153,513				42,438,618
Auxiliary enterprises	11,199,244	1,577,554	26,882,162				39,658,960
Self-insurance				$ 27,229,356			27,229,356
Depreciation and amortization					$ 34,211,386		34,211,386
Other						$ 362,784	362,784
Totals	$ 197,737,819	$ 23,563,383	$ 112,456,425	$ 27,229,356	$ 34,211,386	$ 362,784	$ 395,561,153

NOTE 10: Receivable and Payable Balances

Accounts Receivables at June 30, 2024 as reported in the Statement of Net Position, were as follows:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Student receivables, net	$ 3,344,679		$ 3,344,679
Grants and contracts	4,538,455		4,538,455
Construction projects	135,716		135,716
Travel advances/repayments	4,709		4,709
Auxiliary enterprises	2,220,498		2,220,498
Direct lending	1,083,676		1,083,676
Self-insurance	194,704		194,704
Due from Foundation	3,262		3,262
Due from campuses	807,295		807,295
Third-party receivables	95,987		95,987
Miscellaneous	736,241		736,241
Totals	$ 13,165,222	$ -	$ 13,165,222

Henderson State University

	Current	Noncurrent	Total
Student receivables, net	$ 2,437,242		$ 2,437,242
Grants and contracts	621,810		621,810
Auxiliary enterprises	11,378		11,378
Sales tax rebates	7,582		7,582
Miscellaneous	127,825	$ 106,449	234,274
Totals	$ 3,205,837	$ 106,449	$ 3,312,286

NOTE 10: Receivable and Payable Balances (Continued)

Arkansas State University Beebe

	Current	Noncurrent	Total
Student receivables, net	$ 929,982		$ 929,982
Grants and contracts	443,046		443,046
Construction projects	146,412		146,412
Sales tax/use tax	222,967		222,967
Totals	$ 1,742,407	$ -	$ 1,742,407

Arkansas State University Mid-South

	Current	Noncurrent	Total
Student receivables, net	$ 226,813		$ 226,813
Grants and contracts	921,941		921,941
Construction projects	508,000		508,000
Travel advances/repayments	292		292
Property tax accrual		$ 1,835,972	1,835,972
Auxiliary enterprises	4,544		4,544
Due from Foundation	122,420		122,420
Miscellaneous	59,372		59,372
Totals	$ 1,843,382	$ 1,835,972	$ 3,679,354

Arkansas State University Mountain Home

	Current	Noncurrent	Total
Student receivables, net	$ 208,727		$ 208,727
Grants and contracts	219,831		219,831
Property tax accrual	1,025,343		1,025,343
Auxiliary enterprises	1,649		1,649
Miscellaneous	269,981		269,981
Totals	$ 1,725,531	$ -	$ 1,725,531

Arkansas State University Newport

	Current	Noncurrent	Total
Student receivables, net	$ 2,534,879		$ 2,534,879
Grants and contracts	261,561		261,561
Sales tax/use tax	115,613		115,613
Miscellaneous	4,407		4,407
Totals	$ 2,916,460	$ -	$ 2,916,460

NOTE 10: Receivable and Payable Balances (Continued)

Arkansas State University Three Rivers

	Current	Noncurrent	Total
Student receivables, net	$ 595,478		$ 595,478
Grants and contracts	434,893		434,893
Construction projects	689,387		689,387
Miscellaneous	152,965		152,965
Totals	$ 1,872,723	$ -	$ 1,872,723

Arkansas State University System

	Current	Noncurrent	Total
Student receivables, net	$ 10,277,800		$ 10,277,800
Grants and contracts	7,441,537		7,441,537
Sales tax/use tax	338,580		338,580
Construction projects	1,479,515		1,479,515
Travel advances/repayments	5,001		5,001
Property tax accrual	1,025,343	$ 1,835,972	2,861,315
Auxiliary enterprises	2,238,069		2,238,069
Direct lending	1,083,676		1,083,676
Sales tax rebates	7,582		7,582
Self-insurance	194,704		194,704
Due from Foundations	125,682		125,682
Due from campuses	807,295		807,295
Third-party receivables	95,987		95,987
Miscellaneous	1,350,791	106,449	1,457,240
Totals	$ 26,471,562	$ 1,942,421	$ 28,413,983

Accounts receivable from students are reported net of allowances for doubtful accounts. This amount was $2,483,682 at June 30, 2024. 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.

Notes and Deposits Receivable at June 30, 2024 were as follows:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Notes receivable, net	$ 324,684	$ 750,589	$ 1,075,273
Deposits receivable	25	5,759	5,784
Totals	$ 324,709	$ 756,348	$ 1,081,057

NOTE 10: Receivable and Payable Balances (Continued)

Henderson State University

	Current	Noncurrent	Total
Notes receivable, net	$ 110,084	$ 501,679	$ 611,763
Deposits receivable	1,094		1,094
Totals	$ 111,178	$ 501,679	$ 612,857

Arkansas State University System

	Current	Noncurrent	Total
Notes receivable, net	$ 434,768	$ 1,252,268	$ 1,687,036
Deposits receivable	1,119	5,759	6,878
Totals	$ 435,887	$ 1,258,027	$ 1,693,914

Notes receivable pertains to loans awarded to students through the Federal Perkins Loan Program. Notes receivable at June 30, 2024 was reduced by an allowance for doubtful accounts of $79,396 for the current portion and $183,454 for the noncurrent portion.

Accounts Payable and Accrued Liabilities at June 30, 2024 are detailed below:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Vendors	$ 5,034,362		$ 5,034,362
Sales tax/use tax	21,463		21,463
Health claims	1,790,200		1,790,200
Salaries and other payroll related items	2,378,109		2,378,109
Optional Voluntary Retirement Incentive Program	687,494	$ 687,494	1,374,988
Miscellaneous	60,778		60,778
Totals	$ 9,972,406	$ 687,494	$ 10,659,900

NOTE 10: Receivable and Payable Balances (Continued)

Henderson State University

	Current	Noncurrent	Total
Vendors	$ 690,817		$ 690,817
Salaries and other payroll related items	336,347		336,347
Miscellaneous	71,453		71,453
Totals	$ 1,098,617	$ -	$ 1,098,617

Arkansas State University Beebe

	Current	Noncurrent	Total
Vendors	$ 495,020		$ 495,020
Students	61,484		61,484
Sales tax/use tax	49		49
Salaries and other payroll related items	329,165		329,165
Totals	$ 885,718	$ -	$ 885,718

Arkansas State University Mid-South

	Current	Noncurrent	Total
Vendors	$ 809,290		$ 809,290
Students	4,009		4,009
Arkansas Delta Training and Education Consortium	324,388		324,388
Salaries and other payroll related items	396,472		396,472
Miscellaneous	18,076		18,076
Totals	$ 1,552,235	$ -	$ 1,552,235

Arkansas State University Mountain Home

	Current	Noncurrent	Total
Vendors	$ 184,877		$ 184,877
Salaries and other payroll related items	179,842		179,842
Totals	$ 364,719	$ -	$ 364,719

NOTE 10: Receivable and Payable Balances (Continued)

Arkansas State University Newport

	Current	Noncurrent	Total
Vendors	$ 157,054		$ 157,054
Students	3,656		3,656
Sales tax/use tax	1,209		1,209
Salaries and other payroll related items	53,850		53,850
Direct lending	24,455		24,455
Totals	$ 240,224	$ -	$ 240,224

Arkansas State University Three Rivers

	Current	Noncurrent	Total
Vendors	$ 808,344		$ 808,344
Salaries and other payroll related items	228,972		228,972
Totals	$ 1,037,316	$ -	$ 1,037,316

Arkansas State University System

	Current	Noncurrent	Total
Vendors	$ 8,179,764		$ 8,179,764
Students	69,149		69,149
Sales tax/use tax	22,721		22,721
Health claims	1,790,200		1,790,200
Arkansas Delta Training and Education Consortium	324,388		324,388
Salaries and other payroll related items	3,902,757		3,902,757
Direct lending	24,455		24,455
Optional Voluntary Retirement Incentive Program	687,494	$ 687,494	1,374,988
Miscellaneous	150,307		150,307
Totals	$ 15,151,235	$ 687,494	$ 15,838,729

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)

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

For campuses other than Henderson State University, employees shall become eligible for early retirement benefits at the earlier of (1) age sixty (60) with ten (10) years of continuous service or (2) age fifty-five (55) and at least seventy (70) age plus continuous service points. For Henderson State University, employees shall become eligible for early retirement benefits at age fifty-five (55) and at least seventy (70) age plus continuous service points. Certain employees who retiree under a voluntary retirement window approved by the Board of Trustees of Arkansas State University are also eligible for benefits.

Benefits Provided

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. For Henderson State University employees retiring prior to January 1, 2022, the beneficiary of a retiree who dies prior to age 65 receives $20,000. After age 65 but before age 70, retirees can elect to pay the full cost of life insurance benefits. 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) (Continued)

Medical contributions are set based on campus and retirement date as shown below. For Henderson State employees retiring prior to July 1, 2022, benefits end for both the retiree and spouse when the retiree reaches Medicare eligibility. For all others, spouses may continue coverage beyond the retiree's Medicare eligibility until the spouse becomes Medicare-eligible by paying 100% of the employee plus employer cost for Employee Only coverage. The 2024 monthly retiree contributions by plan are shown below.

Plan	Retiree only	Retiree plus spouse	Spouse only
Non-Henderson State Retirees			
Classic Plan	$ 320.50	$ 634.00	$ 641.00
Premier Plan	$ 331.00	$ 652.50	$ 648.00
HSA Plan	$ 290.00	$ 574.00	$ 568.00
Henderson State employees retiring prior to July 1, 2022			
Classic Plan	$ 108.00	$ 393.00	n/a
Premier Plan	$ 129.00	$ 430.00	n/a
HSA Plan	$ 47.00	$ 273.00	n/a
Henderson State employees retiring on or after July 1, 2022			
Classic Plan	$ 641.00	$ 1,268.00	$ 641.00
Premier Plan	$ 662.00	$ 1,305.00	$ 662.00
HSA Plan	$ 580.00	$ 1,148.00	$ 580.00

No contributions are required for the life insurance benefit.

For campuses other than Henderson State University and Three Rivers, employees hired on or after January 1, 2019 are not eligible to receive these postemployment benefits. For Henderson State University, employees hired after July 1, 2015 are not eligible to receive these postemployment benefits. For Three Rivers, employees hired after January 1, 2020 are not eligible to receive these postemployment benefits.

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

	Medical benefits	Life insurance benefits*
Active employees		
Fully eligible	500	
Not yet fully eligible	751	
	1,251	
Retired employees		
Retirees	100	150
Spouses	22	83
Surviving spouses	8	n/a
	130	233
Totals	1,381	233

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

NOTE 12: Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

The University's total OPEB liability of $10,035,820 was measured as of June 30, 2024 and determined by an actuarial valuation dated January 1, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability for June 30, 2024 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.13% for June 30, 2023 measurement date and fiscal 2024 expense development 4.21% for June 30, 2024 measurement date
Inflation rate	2.00%
Salary increases	3.00% per year
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-2021.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the rates shown below.

Year	Medical	Rx	Blended
2024	6.00%	10.00%	7.00%
2025	5.50%	9.50%	6.50%
2026	5.40%	7.70%	6.00%
2027	5.20%	7.50%	5.80%
2028	5.10%	7.30%	5.70%
2029	4.90%	7.10%	5.50%
2030	4.70%	6.90%	5.30%
2031	4.70%	6.10%	5.10%
2032	4.70%	5.80%	5.00%
2033 and beyond	4.70%	4.70%	4.70%

The discount rate is based on the S & P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Mortality rates were selected 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 2020 to 2024.

Aging factors were set based on a combination of Lockton proprietary data and SOA research "Health Care Costs – From Birth to Death".

NOTE 12: Other Postemployment Benefits (OPEB) (Continued)

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study from January 1, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	$ 10,970,624
Changes for the year:	
Service cost	393,315
Interest	446,638
Differences between expected and actual experience	131,290
Changes in assumptions or other inputs*	(795,889)
Benefit payments	(1,110,158)
Net changes	(934,804)
Balance, June 30, 2024	$ 10,035,820

*The discount rate was updated from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024 to reflect the current economic environment, and is based solely on the S & P Municipal Bond Index rather than an average of three indices.

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 4.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB Liability	$ 10,682,606	$ 10,035,820	$ 9,443,410

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 7.00% decreasing to 4.70%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00% decreasing to 3.70%) or 1 percentage point higher (8.00% decreasing to 5.70%) than the current rate:

	1% Decrease (6.00% decreasing to 3.70%)	Current Healthcare Cost Trend Rates (7.00% decreasing to 4.70%)	1% Increase (8.00% decreasing to 5.70%)
Total OPEB Liability	$ 9,364,258	$ 10,035,820	$ 10,796,485

NOTE 12: Other Postemployment Benefits (OPEB) (Continued)

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

For the year ended June 30, 2024, the University recognized OPEB expense of $(2,216,952). At June 30, 2024, 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	$ 603,905	$ (2,945,101)
Changes of assumptions or other inputs	80,760	(2,235,277)
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date		
Totals	$ 684,665	$ (5,180,378)

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,	Amount
2025	$ (2,981,859)
2026	(1,364,491)
2027	(141,160)
2028	(8,203)
Total	$ (4,495,713)

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 participate in the program, which is administered by Arkansas Blue Advantage Administrators.

At June 30, 2024, approximately 4,327 active employees, their dependents, former employees and retirees were participating in the program. The University offers three health plans: the Classic Plan which uses the Arkansas True-Blue network, the Premier Plan, and the Health Savings Plan 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 and spouse coverage, and 69% for those participating in employee and children coverage. Retirees (for campuses other than Henderson State University), including early retirees, pay 50% of their coverage and the University covers the other 50%. Henderson State University retirees pay the same rates as active employees. 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.

The University estimates its unpaid health claims liability at June 30, 2024 to be $1,790,200 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 2024	FY 2023
Unpaid claims and claims adjustment expenses at beginning of year	$ 1,650,500	$ 1,791,700
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	19,206,359	18,530,463
Adjustment in provision for insured events of prior years		
Total incurred claims and claim adjustment expenses	20,856,859	20,322,163
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	17,416,159	16,879,963
Claims and claim adjustment expenses attributable to insured events of prior years	1,650,500	1,791,700
Total payments	19,066,659	18,671,663
Total unpaid claims and claims adjustment expenses at end of year	$ 1,790,200	$ 1,650,500

The University purchases specific reinsurance to reduce its exposure to large claims. Wellpoint 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 securities, mutual funds and other managed investments. The endowment net position at June 30, 2024 was $15,559,996. Of this amount, $14,322,014 was nonexpendable and the remaining $1,237,982 was expendable.

NOTE 14: Endowment Funds (Continued)

Arkansas State University Jonesboro (Continued)

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 rolling average market value as determined at September 30th 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, 2024 were $894,397. Of this amount, $793,742 was nonexpendable and the remaining $100,655 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, 2024 are as follows:

Arkansas State University Jonesboro

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 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	$ 3,384,791	$ 19,230,000	$ 1,515,000	$ 95,750	$ 400,000	$ 20,000	47.59%
Series 2012C Student Fee	3/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,551,788	3,425,000	125,000	87,206	2,180,000	607,338	13.67%
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	115,000	47,256	1,350,000	260,625	0.17%
Series 2012D Student Fee	12/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,551,788	1,500,000	60,000	30,281	930,000	222,206	5.82%
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	5,890,391	28,895,000	1,340,000	658,600	16,370,000	3,612,425	33.93%
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	350,000	561,575	11,615,000	6,505,219	0.96%
Series 2016 Refunding	11/17/2016	3/1/2037	Refinance Series 2007 Student Fee-Construction of Recreation Center	Recreation Center Fee	1,460,376	13,870,000	570,000	374,956	9,810,000	2,522,088	64.71%

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Jonesboro (Continued)

Continued	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
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	$ 3,400,424	$ 23,150,000	$ 1,400,000	$ 558,713	$ 13,255,000	$ 3,665,788	57.60%
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	2,038,656	11,740,000	595,000	313,975	7,990,000	2,017,294	44.59%
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	160,000	25,594	880,000	70,025	0.19%
Series 2019 Taxable Housing Refunding	12/18/2019	3/1/2042	Refinance Series 2012C Taxable Housing-Construction of sorority housing	Housing Fees	845,622	3,750,000	125,000	107,783	3,125,000	1,136,181	27.53%
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	1,110,070	11,670,000	480,000	234,540	10,230,000	2,607,609	64.37%
Series 2022 Taxable Student Fee Refunding	4/28/2022	12/1/2038	Refinance Series 2004 Student Fee-Property Purchases and refinance Series 2013A Student Fee-Construction of Student Activities Center	Gross Tuition and Fees	see below	13,015,000	700,000	424,424	11,675,000	3,271,072	1.18%

Note: Issues with Tuition and Fees pledged, 2024 Gross Revenue--$95,179,899

NOTE 15: Pledged Revenues (Continued)

Henderson State University

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2014 Auxiliary Refunding	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	$ 1,110,000	$ 980,181	$ 25,020,000	$ 8,449,322	24.14%
Series 2015 Refunding	6/1/2015	7/1/2026	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	250,000	27,753	790,000	37,656	1.45%
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	425,000	115,975	3,830,000	512,473	2.82%
Series 2017A Auxiliary Refunding	8/15/2017	7/15/2035	Construction of two residence halls	Auxiliary Revenue	see below	7,005,000	355,000	152,044	5,025,000	991,235	5.86%
Series 2017B Auxiliary Refunding	8/31/2017	9/1/2035	Construction of a residence hall	Auxiliary Revenue	see below	3,315,000	165,000	72,300	2,370,000	466,525	2.74%
Auxiliary Enterprises Revenue Secured Bond	8/14/2018	9/27/2023	Renovation of Smith Hall residential facilities	Auxiliary Revenue	see below	1,000,000	331,525	13,192	-	-	3.98%

Note: Issues with Tuition and Fees pledged, 2024 Gross Revenue--$19,199,080
Issues with Auxiliary Revenue pledged, 2024 Revenue--$8,657,058

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Beebe

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 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	$ 95,000	$ 28,566	$ 960,000	$ 132,422	1.41%
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	230,000	3,450	-	-	2.67%
Series 2015 Refunding Auxiliary Enterprises	4/1/2015	4/1/2039	Refinance Series 2010 Auxiliary Enterprises-Construction of new residence halls	Housing Fees	$ 742,499	8,005,000	285,000	201,423	5,630,000	1,700,944	65.51%
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	565,001	307,756	8,480,000	1,887,609	9.98%
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	385,000	241,249	5,985,000	1,517,374	7.16%

Note: Issues with Tuition and Fees pledged, 2024 Gross Revenue-$8,742,027

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Mid-South

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 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	$ 3,642,941	$ 5,180,000	$ 130,000	$ 168,124	$ 3,600,000	$ 1,754,733	8.18%
Series 2012 Construction	8/1/2012	2/1/2042	Construction of Facilities and Refunding	Property Tax Millage	3,642,941	18,510,000	505,000	503,607	12,915,000	5,248,530	27.69%

Arkansas State University Mountain Home

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 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	$ 4,527,809	$ 4,885,000	$ 390,000	$ 99,972	$ 3,365,000	$ 404,181	10.82%

NOTE 15: Pledged Revenues (Continued)

Arkansas State University Newport

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2024 Gross Revenue	Amount Issued	2024 Principal Paid	2024 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	$ 260,002	$ 49,469	$ 1,034,998	$ 94,545	4.04%
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	94,998	28,566	960,000	132,422	1.61%

Note: Issues with Tuition and Fees pledged, 2024 Gross Revenue-$7,663,745

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

Arkansas State University Jonesboro

During fiscal year 2024, the campus offered an optional voluntary retirement incentive program to certain employees. To be eligible, an employee must have been 60 years of age with 10 years of continuous full-time employment as of June 30, 2024. Employees will receive 25% of their salary for a period of two years. An annual payment will be made to the employee's retirement fund in July 2024 and again in July 2025. The University has accrued the payable for the thirty-nine (39) employees who elected to participate in the program. As of June 30, 2024, the liability totaling $1,374,988 has been recorded on the University's financial statements with $687,494 recorded as a current liability and the remaining $687,494 as a noncurrent liability.

NOTE 18: Lease Obligations with Red Wolves Foundation

Arkansas State University 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 a loan 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. During fiscal year 2023, the loan was paid in full.

NOTE 19: Right to Use Assets

Arkansas State University Jonesboro

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.

The University has recorded the transaction as a right to use asset over the life of the agreement in the amount of $1,013,300. This amount is amortized annually using the straight-line method. Accumulated amortization as of June 30, 2023 is $162,128.

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.

The University has recorded the transaction as a right to use asset over the life of the agreement in the amount of $13,732,587. This amount is amortized annually using the straight-line method. During fiscal year 2023, the University paid the Red Wolves Foundation $9.1 million for 37.37% ownership of the building. The University's portion for the value of the building was determined to be $10.6 million. The University has recorded a gift from the Red Wolves Foundation for the difference between the purchase price and the value ($1.5 million). Additionally, 37.37% of the right to use asset and proportionate amortization was removed during the fiscal year. Accumulated amortization as of June 30, 2023 is $1,474,409.

NOTE 20: Deficit Net Position

Henderson State University

The University's unrestricted net position at June 30, 2024, as stated on the Statement of Net Position is $136,161,425. All the campuses had a positive unrestricted net position with the exception of Henderson State University. Their unrestricted net position totaled $(1,474,084). Included in this deficit was the effect of the net pension liability and related inflows and outflows of $3,416,622 and the effect of the other postemployment benefits liability and related inflows and outflows of $951,948. Excluding the above liabilities and related inflows and outflows; the unrestricted net position was $2,894,486.

NOTE 21: Subsequent Events

System

On November 14, 2023, ASU System President Dr. Chuck Welch announced his resignation to become the president and CEO of the American Association of State Colleges and Universities effective January 15, 2024. Dr. Welch was named the second president of the ASU System in November 2010 and officially began the position in April 2011. He left as the longest-tenured higher education president or chancellor in Arkansas. On December 8, 2023, the Arkansas State University System Board of Trustees named Dr. Robin Myers, chancellor emeritus at ASU-Mountain Home, to serve as interim system president effective January 15, 2024. On June 5, 2024, the ASU Board of Trustees selected Dr. Brenden Kelly, president of the University of West Georgia since 2020, to become the third president of the ASU System. Dr. Kelly's start date was September 23, 2024.

On June 28, 2024, the University entered into a subscription-based information technology arrangement (SBITA) with Ellucian for cloud software and support. The SBITA is for all campuses of the ASU System. The SBITA began on July 1, 2024 and ends on June 30, 2029. The amount of the SBITA is $4,107,252 with an interest rate of 8.50%.

NOTE 21: Subsequent Events (Continued)

System (Continued)

On June 28, 2024, the University entered into a subscription-based information technology arrangement (SBITA) with Ellucian for managed cloud services. The SBITA is for all campuses of the ASU System. The SBITA began on July 1, 2024 and ends on June 30, 2027. The amount of the SBITA is $1,661,139 with an interest rate of 8.50%.

On September 1, 2024, the ASU System entered into a loan agreement with the Arkansas Department of Higher Education for critical and deferred maintenance. The loan is made through the College Savings Bond Revolving Loan Fund. The funds can be used by any campus in the ASU System. The amount of the loan is $2,900,000 with an interest rate of 0.20%. The term of the loan is ten years with annual payments commencing on September 1, 2025.

Arkansas State University Jonesboro

On July 30, 2024, the University entered into a subscription-based information technology arrangement (SBITA) with Dell. The SBITA provides for server monitoring and management. The SBITA began August 1, 2024 and ends on July 31, 2029 with payments commencing August 1, 2024. The amount of the SBITA is $1,737,538 with an interest rate of 4.79%.

On August 30, 2024, the University entered into a loan agreement with the Arkansas Department of Finance and Administration-Division of Building Authority for roof replacements. The amount of the loan is $2,900,000 with an interest rate of 0%. The term of the loan is ten years with semi-annual payments commencing on January 1, 2025.

On September 19, 2024, the Board of Trustees authorized the University to begin the process of issuing student fee revenue bonds for the construction of the College of Veterinary Medicine. The aggregate principal amount of the bonds will be approximately $30 million and the term of the bonds is not expected to exceed thirty (30) years. The anticipated average interest rate of the bonds will be 5.50% and the average annual debt service on the bonds will be approximately $2,035,621. Construction of the College of Veterinary Medicine is expected to begin in April 2025 and be completed in June 2026 for the Fall 2026 term.

On September 19, 2024, the Board of Trustees authorized the University to purchase equipment to be utilized in the creation of the Center for Advanced Materials and Steel Manufacturing. The purchase of this equipment will enable the University to support future initiatives in advanced materials and steel manufacturing. The capital project, which is estimated to total $10 million, will be funded entirely though federal grant funds.

On September 19, 2024, the Board of Trustees authorized the University to begin renovation of the Northpark Plaza. The University has received funding from a $4,762,029 federal grant through the Arkansas Department of Human Services. The remodeling of Northpark Plaza will allow the University to provide services related to this grant.

Arkansas State University Mid-South

In September 2024, the campus began a roofing project on the University Center building. Estimated construction costs at this time are $275,000.

Arkansas State University Three Rivers

On July 3, 2024, construction documents were signed with Clark Contractors in the amount of $7,414,545 for the construction of a new nursing building on campus. Funding for the building is from an $8,000,000 federal grant from the U.S. Department of Health and Human Services.

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF NET POSITION BY CAMPUS
JUNE 30, 2024

	Jonesboro June 30, 2024	Henderson June 30, 2024	Beebe June 30, 2024	Mid-South June 30, 2024	Mountain Home June 30, 2024	Newport June 30, 2024	Three Rivers June 30, 2024	Total June 30, 2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Current Assets:								
Cash and cash equivalents	$ 51,299,366	$ 10,977,706	$ 22,481,288	$ 6,164,842	$ 3,692,053	$ 6,965,576	$ 2,779,167	$ 104,359,998
Short-term investments			3,841,269	2,000,000	5,000,000	1,255,726		12,096,995
Accounts receivable (less allowances of $2,483,682)	13,165,222	3,205,837	1,742,407	1,843,382	1,725,531	2,916,460	1,872,723	26,471,562
Leases receivable	127,387	128,898						256,285
Notes and deposits receivable (less allowances of $79,396)	324,709	111,178						435,887
Accrued interest and late charges	75,602		12,845	7,411	19,724	23,152		138,734
Inventories	1,428,375	11,922	33,797	17,639	1,017	275,565	132,135	1,900,450
Deposits with trustees	23,828	932,694	4,813	922,477	80	237		1,884,129
Unamortized bond insurance	28,429	33,712	6,830			15,587		84,558
Prepaid expenses	18,293	59,134	12,848	243,830	24,768	197,404	80,126	636,403
Total Current Assets	66,491,211	15,461,081	28,136,097	11,199,581	10,463,173	11,649,707	4,864,151	148,265,001
Noncurrent Assets:								
Cash and cash equivalents	34,167,355	(711,693)		7,516,541	2,525,559			43,497,762
Restricted cash and cash equivalents	1,703,124	5,282		365,713				2,074,119
Unrestricted investments				3,233,333	2,000,000	1,168,506		6,401,839
Restricted investments	400,000			5,264,562				5,664,562
Endowment investments	16,589,869		894,397					17,484,266
Other long-term investments	15,930,932							15,930,932
Irrevocable split-interest agreement	2,272,777							2,272,777
Accrued interest and late charges	378,353			56,494				434,847
Deposits with trustees	307,331	462,206		2,130,658				2,900,195
Accounts receivable		106,449		1,835,972				1,942,421
Leases receivable	10,740,144	717,556						11,457,700
Notes and deposits receivable (less allowances of $183,545)	756,348	501,679						1,258,027
Capital assets (net of accumulated depreciation and amortization of $679,275,434)	317,887,047	101,720,063	39,504,513	40,686,139	9,435,979	19,709,123	10,173,076	539,115,940
Total Noncurrent Assets	401,133,280	102,801,542	40,398,910	61,089,412	13,961,538	20,877,629	10,173,076	650,435,387
TOTAL ASSETS	**467,624,491**	**118,262,623**	**68,535,007**	**72,288,993**	**24,424,711**	**32,527,336**	**15,037,227**	**798,700,388**
DEFERRED OUTFLOWS OF RESOURCES								
Excess of bond reacquisition costs over carrying value	3,049,168	219,587	517,307	43,962	43,896	23,377		3,897,297
Pensions	2,395,434	701,046	546,290	59,198	25,782	261,260	581,188	4,570,198
Other postemployment benefits (OPEB)	429,745	44,852	81,164	23,872	34,770	41,733	28,529	684,665
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	473,498,838	119,228,108	69,679,768	72,416,025	24,529,159	32,853,706	15,646,944	807,852,548
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES								
Current Liabilities:								
Accounts payable and accrued liabilities	9,972,406	1,098,617	885,718	1,552,235	364,719	240,224	1,037,316	15,151,235
Bonds, notes, leases, and installment contracts payable	7,303,569	5,402,452	1,557,813	760,934	405,000	531,142	105,650	16,066,560
Compensated absences	4,967,584	451,635	907,351	50,008	4,488	565,000	21,682	6,967,748
Unearned revenue	9,145,851	418,672	155,988	270,303	127,643	35,499	148,412	10,302,368
Deposits	1,851,432	158,196	3,615	123		400		2,013,766
Interest payable	877,688	747,409	251,316	279,651	7,696	75,303	230	2,239,293
Other postemployment benefits (OPEB) liability	419,852	43,819	79,295	23,322	33,969	40,773	27,872	668,902
Total Current Liabilities	34,538,382	8,320,800	3,841,096	2,936,576	943,515	1,488,341	1,341,162	53,409,872
Noncurrent Liabilities:								
Accounts payable and accrued liabilities	687,494							687,494
Bonds, notes, leases, and installment contracts payable	98,545,178	63,369,775	24,003,610	17,101,873	2,960,000	4,640,465	308,841	210,929,742
Compensated absences	2,303,133	984,031	302,450	595,692	444,285	275,132	386,452	5,291,175
Other postemployment benefits (OPEB) liability	5,879,357	613,619	1,110,401	326,594	475,688	570,953	390,306	9,366,918
Net pension liability	7,932,896	2,208,161	1,792,699	283,694	85,425	902,139	2,111,753	15,316,767
Deposits	599,654							599,654
Refundable federal advances	1,786,454	757,284						2,543,738
Total Noncurrent Liabilities	117,734,166	67,932,870	27,209,160	18,307,853	3,965,398	6,388,689	3,197,352	244,735,488
TOTAL LIABILITIES	152,272,548	76,253,670	31,050,256	21,244,429	4,908,913	7,877,030	4,538,514	298,145,360
DEFERRED INFLOWS OF RESOURCES								
Pensions	1,726,777	1,909,507	654,375	124,536	11,138	361,506	419,500	5,207,339
Other postemployment benefits (OPEB)	3,251,581	339,362	614,108	180,623	263,079	315,766	215,859	5,180,378
Irrevocable split-interest agreement	2,272,777							2,272,777
Leases	10,711,104	767,958						11,479,062
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	170,234,787	79,270,497	32,318,739	21,549,588	5,183,130	8,554,302	5,173,873	322,284,916
NET POSITION								
Net investment in capital assets	215,394,799	39,379,630	14,460,397	22,867,294	6,114,875	14,560,893	9,758,585	322,536,473
Restricted for:								
Nonexpendable:								
Scholarships and fellowships	5,749,967		793,742					6,543,709
Renewal and replacement				967,261				967,261
Loans	(289,153)	(139,410)	20,000					(408,563)
Other-College and Department Purposes	9,550,266							9,550,266
Expendable:								

	Scholarships and fellowships	747,940		100,655	229,305			38,803	1,116,703
	Loans							10,000	10,000
	Debt service				1,725,427				1,725,427
	Renewal and replacement				1,950,673				1,950,673
	Other	806,498	2,191,475	381,612	325,318	1,571,337	138,018		5,414,258
Unrestricted		71,303,734	(1,474,084)	21,604,623	22,801,159	11,659,817	9,600,493	665,683	136,161,425
	TOTAL NET POSITION	$ 303,264,051	$ 39,957,611	$ 37,361,029	$ 50,866,437	$ 19,346,029	$ 24,299,404	$ 10,473,071	$ 485,567,632

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2024

	Jonesboro 2024	Henderson 2024	Beebe 2024	Mid-South 2024	Mountain Home 2024	Newport 2024	Three Rivers 2024	Total 2024
OPERATING REVENUES								
Student tuition and fees (net of scholarship allowances of $69,262,064)	$ 52,125,029	$ 7,201,612	$ 4,389,126	$ 1,199,878	$ 1,352,419	$ 3,713,857	$ 1,900,447	$ 71,882,368
Grants and contracts	21,187,153	2,481,281	5,289,232	4,330,879	1,718,517	2,607,872	5,666,724	43,281,658
Sales and services	936,986	44,912	46,466		75,711	32,929		1,137,004
Auxiliary enterprises (net of scholarship allowances of $10,983,444)	26,882,575	6,594,796	927,824	69,537	226,757	677,727	363,962	35,743,178
Self-insurance	6,910,135							6,910,135
Other operating revenues	3,141,014	563,003	110,062	250,042	24,570	541,649	97,969	4,728,309
TOTAL OPERATING REVENUES	111,182,892	16,885,604	10,762,710	5,850,336	3,397,974	7,574,034	8,029,102	163,682,652
OPERATING EXPENSES								
Personal services	120,717,396	18,822,787	18,707,360	8,883,224	7,794,578	13,145,926	9,666,548	197,737,819
Scholarships and fellowships	10,781,418	2,525,482	5,068,492	1,435,120	1,165,236	1,923,466	664,169	23,563,383
Supplies and services	68,820,725	16,750,629	7,298,665	5,190,972	3,729,205	5,601,358	5,064,871	112,456,425
Self-insurance	27,229,356							27,229,356
Depreciation and amortization	18,204,997	5,489,437	3,850,359	1,975,621	1,977,781	2,261,427	451,764	34,211,386
Other	262,986	99,798						362,784
TOTAL OPERATING EXPENSES	246,016,878	43,688,133	34,924,876	17,484,937	14,666,800	22,932,177	15,847,352	395,561,153
OPERATING INCOME (LOSS)	(134,833,986)	(26,802,529)	(24,162,166)	(11,634,601)	(11,268,826)	(15,358,143)	(7,818,250)	(231,878,501)
NON-OPERATING REVENUES (EXPENSES)								
State appropriations	75,651,053	22,575,600	14,470,529	7,856,755	4,713,262	7,968,540	4,537,746	137,773,485
Grants and contracts	33,324,882	6,182,203	7,932,007	2,051,552	3,924,548	5,154,563	1,923,566	60,493,321
HEERF Grants-Related to COVID-19	10,371,741	3,337,008	(54,620)	358,882				14,013,011
Sales and use taxes			2,681,212			1,464,152		4,145,364
Property taxes				3,642,941	1,797,630			5,440,571
Gifts	2,888,444	488,775		121,920	376,346	901		3,876,386
Investment income	4,362,864	448,552	637,179	538,796	428,750	233,358	49,245	6,698,744
Interest on capital asset - related debt	(3,933,912)	(2,367,352)	(936,622)	(734,484)	(104,421)	(172,289)	(1,324)	(8,250,404)
Gain or loss on disposal of capital assets	(241,080)	(225,474)		(11,000)				(477,554)
Payment of student activity fee/other amounts to fiduciary accounts	(254,645)	25,664			(7,005)		(41,907)	(277,893)
Refund to grantors	(131,153)		(38,107)	(16,267)	(16,736)		(28,682)	(230,945)
Amortization of leases receivable	249,121	133,557						382,678
Interest earned on leases	454,857	36,515						491,372
Other nonoperating revenues (expenses)	(850,661)	298,693	(6,500)	(8,432)	(1,500)	(1,000)		(569,400)
NET NON-OPERATING REVENUES (EXPENSES)	121,891,511	30,933,741	24,685,078	13,800,663	11,110,874	14,648,225	6,438,644	223,508,736
INCOME BEFORE OTHER REVENUES, E	(12,942,475)	4,131,212	522,912	2,166,062	(157,952)	(709,918)	(1,379,606)	(8,369,765)
Capital appropriations	139,312	1,741,663					1,489,238	3,370,213
Capital grants and gifts	1,139,683	28,195	436,630	512,978	795,111	390,535	315,000	3,618,132
Additions to endowments			596					596
Adjustments to capital assets	232,522	885,241	204,290			(229,103)		1,092,950
Capitalization of library holdings at rate per volume		6,642			39,917			46,559
Livestock additions			14,992					14,992
INCREASE (DECREASE) IN NET POSITION	(11,430,958)	6,792,953	1,179,420	2,679,040	677,076	(548,486)	424,632	(226,323)
NET POSITION - BEGINNING OF YEAR	314,695,009	33,164,658	36,181,609	48,187,397	18,668,953	24,847,890	10,048,439	485,793,955
NET POSITION - END OF YEAR	$ 303,264,051	$ 39,957,611	$ 37,361,029	$ 50,866,437	$ 19,346,029	$ 24,299,404	$ 10,473,071	$ 485,567,632

ARKANSAS STATE UNIVERSITY SYSTEM
SCHEDULE OF CASH FLOWS BY CAMPUS
FOR THE YEAR ENDED JUNE 30, 2024

	Jonesboro 2024	Henderson 2024	Beebe 2024	Mid-South 2024	Mountain Home 2024	Newport 2024	Three Rivers 2024	Total 2024
CASH FLOWS FROM OPERATING ACTIVITIES								
Student tuition and fees	$ 53,248,375	$ 7,580,363	$ 4,375,413	$ 1,127,936	$ 1,310,226	$ 3,897,063	$ 1,639,164	$ 73,178,540
Grants and contracts	21,618,237	2,481,969	5,318,893	4,460,579	2,489,699	2,719,668	6,122,737	45,211,782
Auxiliary enterprises revenues	26,671,155	6,585,844	928,149	30,791	226,455	714,684	363,962	35,521,040
Sales and services	927,624	44,912	46,466		75,711	32,929		1,127,642
Self-insurance program receipts	6,915,322							6,915,322
Collection of principal and interest related to student loans	158,345							158,345
Other receipts	4,770,303	412,663	98,245	476,672	24,570	546,674	130,655	6,459,782
Payments to employees	(109,529,284)	(16,162,140)	(14,993,586)	(7,166,396)	(6,274,837)	(10,766,740)	(7,419,662)	(172,312,645)
Payments for employee benefits	(11,219,682)	(4,171,892)	(4,575,494)	(1,965,732)	(1,670,714)	(2,945,713)	(2,433,712)	(28,982,939)
Payments to suppliers	(66,528,039)	(17,330,406)	(7,089,764)	(5,406,828)	(3,736,617)	(5,587,402)	(5,205,614)	(110,884,670)
Scholarships and fellowships	(10,781,418)	(2,525,482)	(5,068,492)	(1,435,120)	(1,165,236)	(1,923,466)	(664,169)	(23,563,383)
Self-insurance program payments	(26,889,885)							(26,889,885)
Other payments	(266,853)	(82,037)						(348,890)
Net cash provided (used) by operating activities	(110,905,800)	(23,166,206)	(20,960,170)	(9,878,098)	(8,720,743)	(13,312,303)	(7,466,639)	(194,409,959)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
State appropriations	75,651,053	22,575,600	14,470,529	6,329,755	4,713,262	7,968,540	4,537,746	136,246,485
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	33,314,604	6,376,829	8,174,515	2,758,610	3,924,791	5,127,575	1,923,567	61,600,491
HEERF Grants-Related to COVID-19	10,545,650	3,517,210	(54,620)	444,228		710,046		15,162,514
Private gifts and grants	3,852,510	488,775		110,505	377,942	901		4,830,633
Sales and use taxes			2,675,598			1,470,163		4,145,761
Property taxes				3,548,731	1,749,321			5,298,052
Direct lending, PLUS and FFEL loan receipts	97,304,447	10,680,542	3,785,072		2,388,682	1,999,980	1,951,870	118,110,593
Direct lending, PLUS and FFEL loan payments	(98,412,499)	(10,677,078)	(3,783,108)		(2,387,361)	(1,961,273)	(1,951,870)	(119,173,189)
Payment of student activity fee/other amounts to fiduciary accounts	(254,645)	25,664			(7,005)		(41,907)	(277,893)
Refunds to grantors	(131,153)		(43,125)	(16,267)	(11,394)		(28,682)	(230,621)
Net cash provided (used) by noncapital financing activities	121,869,967	32,987,542	25,224,861	14,702,562	10,748,238	15,315,932	6,390,724	227,239,826
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from lease arrangements	570,240	158,451						728,691
Capital appropriations	139,312	1,741,663					799,851	2,680,826
Capital gifts and grants	858,524		214,400	870,696	787,111	492,234	315,000	3,537,965
Proceeds from sale of capital assets	14,136							14,136
Purchases of capital assets	(8,297,369)	(2,139,289)	(1,257,215)	(2,597,945)	(1,060,878)	(1,807,936)	(1,702,802)	(18,863,434)
Payments to trustees for bond principal	(7,535,000)	(2,055,000)	(1,560,001)		(390,000)	(355,000)		(11,895,001)
Payments to trustees for bond interest and fees	(3,525,655)	(1,290,082)	(776,510)		(100,383)	(79,035)		(5,771,665)
Payments to trustees/paying agent for next fiscal year		(317,972)						(317,972)
Payments to debt holders for principal (other than bonds)	(1,724,356)	(2,346,044)	(150,173)	(97,805)		(150,854)	(105,347)	(4,574,579)
Payments to debt holders for interest and fees (other than bonds)	(427,893)	(1,081,512)	(135,436)	(70,827)		(89,539)	(1,398)	(1,806,605)
Property taxes remitted to bond trustees				(3,548,731)				(3,548,731)
Distribution of excess property taxes from bond trustees				2,374,931				2,374,931
Net cash provided (used) by capital and related financing activities	(19,928,061)	(7,329,785)	(3,664,935)	(3,069,681)	(764,150)	(1,990,130)	(694,696)	(37,441,438)
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from sales and maturities of investments	2,400,000			1,453,227	4,000,000	3,000,000		10,853,227
Interest on investments (net of fees)	2,671,165	402,059	469,275	281,014	426,332	277,037	49,245	4,576,127
Purchases of investments	(7,624,351)		(3,800,000)	(1,487,672)	(4,000,000)	(3,029,830)		(19,941,853)
Net cash provided (used) by investing activities	(2,553,186)	402,059	(3,330,725)	246,569	426,332	247,207	49,245	(4,512,499)
Net increase (decrease) in cash and cash equivalents	(11,517,080)	2,893,610	(2,730,969)	2,001,352	1,689,677	260,706	(1,721,366)	(9,124,070)
Cash and cash equivalents - beginning of year	98,686,925	7,377,685	25,212,257	12,045,744	4,527,935	6,704,870	4,500,533	159,055,949
Cash and cash equivalents - end of year	$ 87,169,845	$ 10,271,295	$ 22,481,288	$ 14,047,096	$ 6,217,612	$ 6,965,576	$ 2,779,167	$ 149,931,879
Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:								
Operating income (loss)	$ (134,833,986)	$ (26,802,529)	$ (24,162,166)	$ (11,634,601)	$ (11,268,826)	$ (15,358,143)	$ (7,818,250)	$ (231,878,501)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization expense	18,204,997	5,489,437	3,850,359	1,975,621	1,977,781	2,261,427	451,764	34,211,386
Change in assets and liabilities:								
Receivables, net	3,561,055	578,790	(11,388)	211,518	723,625	387,441	79,004	5,530,045
Inventories	(445,115)	7,652	12,548	3,211	709	81,327	(81,331)	(420,999)
Prepaid expenses	743	(26,127)	5,924	(113,471)	6,526	(93,859)	(36,161)	(256,425)
Accounts and salaries payable	3,058,202	(699,507)	209,872	(172,933)	(58,629)	(77,723)	(35,110)	2,224,172
Other postemployment benefits (OPEB)	(1,610,735)	(722,716)	(599,165)	(137,705)	(48,591)	(95,485)	(112,713)	(3,327,110)
Pension obligations	(309,978)	(877,498)	(279,527)	(19,073)	(14,527)	(142,363)	(92,825)	(1,735,791)
Unearned revenue	1,609,111	(102,343)	15,519	78,189	26,967	4,162	148,412	1,780,017
Deposits	1,083,349	(2,841)	325	(7)		(41,010)		1,039,816
Refundable federal advances	(1,165,388)							(1,165,388)
Compensated absences	(58,055)	(8,524)	(2,471)	(68,847)	(65,778)	(238,077)	30,571	(411,181)
Net cash provided (used) by operating activities	$ (110,905,800)	$ (23,166,206)	$ (20,960,170)	$ (9,878,098)	$ (8,720,743)	$ (13,312,303)	$ (7,466,639)	$ (194,409,959)
Reconciliation of Cash and Cash Equivalents								
Current Assets:								
Cash and Cash Equivalents	51,299,366	10,977,706	22,481,288	6,164,842	3,692,053	6,965,576	2,779,167	104,359,998
Noncurrent Assets:								
Cash and Cash Equivalents	34,167,355	(711,693)	-	7,516,541	2,525,559	-	-	43,497,762
Restricted Cash and Cash Equivalents	1,703,124	5,282	-	365,713	-	-	-	2,074,119
Total cash and cash equivalents	87,169,845	10,271,295	22,481,288	14,047,096	6,217,612	6,965,576	2,779,167	149,931,879

NONCASH TRANSACTIONS

ASUJ

Equipment-capital gifts of $143,579

Land-capital gift of $55,000

Portion of building paid by the Foundation and received as a capital gift-$199,806

Value of equipment received from vendor discounts-$38,835

Value of equipment received from trade-ins-$18,000

Interest earned on reserve accounts held by trustee-$34,373

Interest paid from accounts held by trustee-$30,423

Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-$53,248

Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-$34,737

Amount earned on investments-$1,717,538

New lease for office space-$49,005

New lease for daycare center space-$95,384

Added subscription-based information technology arrangement-$1,160,017

HSU

Equipment-capital gift of $28,195

Added prior year capital gift of $17,512

Value of equipment received from vendor discounts-$2,625

Interest earned on reserve accounts held by trustee-$46,494

Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-$250,000

Interest paid from accounts held by trustee-$5,331

Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-$73,613

Fees paid from accounts held by trustee from cash transferred in the prior fiscal year-$426

New lease for airport-$36,002

New lease for airplanes-$991,194

ASUB

Interest earned on reserve accounts held by trustee-$302

Interest paid from accounts held by trustee-$12,434

Amount of interest earned on CD's reinvested with CD's-$41,269

ASUMS

Library holdings-capital gift of $4,978

Interest earned on reserve accounts held by trustee-$133,369

Trustee payments for retirement of bond principal-$635,000

Trustee payment for bond interest-$671,731

Trustee payment for bond fees-$4,890

Amount of interest earned on CD's reinvested with CD's-$83,175

New lease for copiers-$114,873

Amount earned on investments-$199,417

ASUMH

Equipment-capital gift of $8,000

Interest earned on reserve accounts held by trustee-$1,013

Interest paid from accounts held by trustee-$1,089

ASUN

Interest earned on reserve accounts held by trustee-$302

ASUTR