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

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

$32,390,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
PARKING SYSTEM REVENUE BONDS
(UAMS CAMPUS)

$27,555,000	$4,835,000
REFUNDING AND IMPROVEMENT	**TAXABLE IMPROVEMENT**
SERIES 2022A	**SERIES 2022B**

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

The Series 2022A Bonds and the Series 2022B Bonds (collectively, the "Bonds") are general obligations only of the Board of Trustees of the University of Arkansas (the "Board"). The Bonds will be secured by a specific pledge of, and payable first from, Pledged Revenues (as defined herein). Neither the faith and credit nor the taxing power of the State of Arkansas (the "State") are pledged to the payment of the principal of or the interest on the Bonds, and the Bonds are not secured by a mortgage or lien on any lands or buildings of the State or the Board. The Board has no taxing power. See **SECURITY FOR THE BONDS, SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19**, and **HEALTH CARE REFORM, REGULATION OF HEALTH CARE INDUSTRY AND CERTAIN OTHER RISK FACTORS** herein. The Series 2022A Bonds are being issued for the purpose of refunding the Board's Parking System Revenue Refunding Bonds (UAMS Campus), Series 2011 (the "Series 2011 Bonds"), financing a portion of the costs of certain capital improvements for the University of Arkansas for Medical Sciences ("UAMS"), as described herein, and paying costs of issuance and costs of refunding the Series 2011 Bonds. The Series 2022B Bonds are being issued for the purpose of financing a portion of the costs of certain capital improvements for UAMS, as described herein, and paying costs of issuance (see **PURPOSES FOR THE BONDS** herein).

The Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the registered owner of the Bonds. Individual purchases of the Bonds will be made only in book-entry form, in denominations of $5,000 or any integral multiple thereof. Individual purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of bond certificates.

Interest on the Bonds is payable semiannually on January 1 and July 1, commencing July 1, 2022. All such interest payments shall be payable to the person in whose name such Bonds are registered on the bond registration books maintained by The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"). Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of DTC participants or indirect participants, as more fully described herein.

The Bonds mature, bear interest and are priced to yield as shown on the inside front cover of this Official Statement. The Bonds are subject to redemption prior to maturity as more fully described in **REDEMPTION** herein.

The Bonds are offered when, as and if issued, subject to the approval of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, bond counsel. It is expected that the Bonds will be available for delivery at the facilities of DTC in New York, New York on or about February 15, 2022.

RAYMOND JAMES®

Crews&Associates
A First Security Company

Stephens Inc.

Dated: January 13, 2022

† See **DESCRIPTION OF RATING** herein.

$32,390,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
PARKING SYSTEM REVENUE BONDS
(UAMS CAMPUS)

$27,555,000
REFUNDING AND IMPROVEMENT SERIES 2022A

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

$10,820,000 Serial Bonds

Year (July 1)	Principal Amount	Interest Rate	Yield	CUSIP†	Year (July 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2022	$330,000	3.000%	0.340%	914073 BX8	2030	$965,000	5.000%	1.360%	914073 CF6
2023	315,000	3.000	0.480	914073 BY6	2031	1,015,000	5.000	1.410	914073 CG4
2024	330,000	4.000	0.630	914073 BZ3	2032	1,065,000	5.000	1.450	914073 CH2
2025	340,000	5.000	0.810	914073 CA7	2033	1,125,000	5.000	1.480*	914073 CJ8
2026	365,000	5.000	0.960	914073 CB5	2034	1,175,000	5.000	1.510*	914073 CK5
2027	380,000	5.000	1.110	914073 CC3	2035	830,000	5.000	1.550*	914073 CL3
2028	395,000	5.000	1.230	914073 CD1	2036	870,000	4.000	1.680*	914073 CM1
2029	415,000	5.000	1.300	914073 CE9	2037	905,000	4.000	1.730*	914073 CN9

$3,925,000 3.000% Term Bonds due July 1, 2041; Yield 2.100%*; CUSIP 914073 CS8†

$5,765,000 4.000% Term Bonds due July 1, 2046; Yield 2.040%*; CUSIP 914073 CT6†

$7,045,000 4.000% Term Bonds due July 1, 2051; Yield 2.120%*; CUSIP 914073 CU3†

$4,835,000
TAXABLE IMPROVEMENT SERIES 2022B

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

Year (July 1)	Principal Amount	Interest Rate	Yield	CUSIP†	Year (July 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2022	$695,000	0.850%	0.850%	914073 CV1	2026	$590,000	1.700%	1.700%	914073 CZ2
2023	565,000	0.970	0.970	914073 CW9	2027	600,000	1.900	1.900	914073 DA6
2024	570,000	1.160	1.160	914073 CX7	2028	610,000	2.080	2.080	914073 DB4
2025	580,000	1.500	1.500	914073 CY5	2029	625,000	2.230	2.230	914073 DC2

* Priced to first optional redemption date, July 1, 2032.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included solely for the convenience of the registered owners of the Bonds. The Board and the Underwriters are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the Board on the Bonds and by the Underwriters on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOARD TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO THE BONDS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT, NOR ANY SALES HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOARD SINCE THE DATE HEREOF.

CERTAIN OF THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939. THESE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.

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

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SUMMARY STATEMENT

The following summary statement is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof, inside cover page hereof, and the appendices hereto, whether such appendices are attached hereto or incorporated by reference.

The Bonds

The Board of Trustees of the University of Arkansas Parking System Revenue Bonds (UAMS Campus), Refunding and Improvement Series 2022A, in the aggregate principal amount of $27,555,000 (the "Series 2022A Bonds"), to be dated as of the date of their delivery, and the Board of Trustees of the University of Arkansas Parking System Revenue Bonds (UAMS Campus), Taxable Improvement Series 2022B, in the aggregate principal amount of $4,835,000 (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Bonds"), to be dated as of the date of their delivery, will be issued under the authority of the Constitution and laws of the State of Arkansas (the "State"), including particularly Arkansas Code of 1987 Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and pursuant to a resolution duly adopted by the Board on September 17, 2021. The Bonds will be issued under and secured by a Trust Indenture dated as of February 15, 2022 (the "Indenture"), between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). See **SUMMARY OF THE INDENTURE** herein.

Redemption

The Series 2022A Bonds may be redeemed, at the option of the Board, from funds from any source, in whole or in part at any time, on and after July 1, 2032, at a price of par plus accrued interest, as described herein. Certain maturities of the Series 2022A Bonds are also subject to mandatory sinking fund redemption prior to maturity, as described herein. The Series 2022B Bonds are not subject to redemption prior to maturity. See **REDEMPTION** herein.

Use of Proceeds

The proceeds from the sale of the Series 2022A Bonds will be used to refund the Board's Parking System Revenue Refunding Bonds (UAMS Campus), Series 2011 (the "Series 2011 Bonds"), to finance a portion of the costs of certain capital improvements for the University of Arkansas for Medical Sciences ("UAMS"), and to pay costs of issuance and costs of refunding the Series 2011 Bonds. The proceeds from the sale of the Series 2022B Bonds will be used to finance certain capital improvements for UAMS and to pay costs of issuance. See **PURPOSES FOR THE BONDS** herein.

Security

The Bonds will be general obligations only of the Board and will not constitute an indebtedness for which the faith and credit of the State or any of its revenues are pledged, and are not secured by a mortgage or lien on any lands or buildings belonging to the State or to the Board. The Bonds will be secured by a pledge of, and payable first from the gross revenues derived from the Parking Facilities (as hereinafter defined) (the "Pledged Revenues"), and the funds and accounts held pursuant to the Indenture. To the extent the Pledged Revenues are insufficient to pay the Bonds, the Board shall pay the Bonds from any other moneys available to it in accordance with the Constitution and laws of the State. The Bonds are equally and ratably secured. The term "Parking Facilities" is defined as all of the surface and deck parking areas now or hereafter owned, leased or operated by UAMS.

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

The Board has also reserved the right to pledge Pledged Revenues to additional bonds. The pledge may either be on a parity with or subordinate to the pledge in favor of these Bonds. See **SUMMARY OF THE INDENTURE, Additional Bonds** herein.

The Board has covenanted that it will take all actions necessary (including increasing parking fees) to maintain Pledged Revenues at a level equal to or exceeding 120% of Average Annual Debt Service on the Bonds and any Additional Parity Bonds (as such terms are defined herein). The Board has further covenanted not to pledge the Pledged Revenues as security for any indebtedness or borrowing and not to create or permit the creation of any charges upon, liens against, or encumbrances of any kind on the Pledged Revenues except for additional bonds issued in accordance with the provisions of the Indenture (whether with a parity or a subordinate lien) (see **SUMMARY OF THE INDENTURE, Additional Bonds** herein. See **SECURITY FOR THE BONDS** and **SUMMARY OF THE INDENTURE**, **Additional Bonds** and **Pledged Revenues; Permitted Encumbrances** herein.

There is no debt service reserve securing the Bonds.

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OFFICIAL STATEMENT

$32,390,000
BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS
PARKING SYSTEM REVENUE BONDS
(UAMS CAMPUS)

$27,555,000 REFUNDING AND IMPROVEMENT SERIES 2022A	$4,835,000 TAXABLE IMPROVEMENT SERIES 2022B

INTRODUCTION

This Official Statement of the Board of Trustees of the University of Arkansas (the "Board"), including the cover page, inside cover page, Summary Statement, and Appendices, is furnished with respect to the sale by the Board of (i) its Parking System Revenue Bonds (UAMS Campus), Refunding and Improvement Series 2022A, in the aggregate principal amount of $27,555,000 (the "Series 2022A Bonds"), to be dated as of their date of delivery, and (ii) its Parking System Revenue Bonds (UAMS Campus), Taxable Improvement Series 2022B, in the aggregate principal amount of $4,835,000 (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Bonds"), to be dated as of their date of delivery.

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

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Arkansas Code of 1987 Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and a Resolution adopted by the Board on September 17, 2021.

The Bonds are equally and ratably secured by a Trust Indenture dated as of February 15, 2022 (the "Indenture") between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds are secured by the specific pledge of, and are payable from, the gross revenues derived from the Parking Facilities (as hereinafter defined) (the "Pledged Revenues"). The term "Parking Facilities" is defined as all of the surface and deck parking areas now or hereafter owned, leased, or operated by UAMS. The Board has covenanted that it will take all actions necessary (including increasing parking fees) to maintain the Pledged Revenues at a level equal to or exceeding 120% of the Average Annual Debt Service (as hereinafter defined) on the Bonds and any Additional Parity Bonds (as hereinafter defined). See "**SECURITY FOR THE BONDS**" herein.

The Indenture permits the issuance of additional bonds and obligations (Additional Parity Bonds) (as described under **SUMMARY OF THE INDENTURE, Additional Bonds**) secured by a pledge of the Pledged Revenues on a parity with the pledge of Pledged Revenues securing the Bonds and subordinate to the pledge of Pledged Revenues securing the Bonds. See **SECURITY FOR THE BONDS** and **SUMMARY OF THE INDENTURE, Additional Bonds** herein. The Indenture establishes the terms and conditions upon which the Bonds are issued. Specific covenants concerning the maintenance of the Pledged Revenues are described under **SUMMARY OF THE INDENTURE** herein.

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

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

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SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19

The World Health Organization declared a pandemic on March 11, 2020 following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Arkansas Governor Asa Hutchinson (the "Governor") declared a state of emergency on March 11, 2020, due to the outbreak of COVID-19, which had spread to the State and its counties, and, in connection therewith, ordered that certain actions be taken such as the suspension or closing of primary and secondary schools, limitations on mass gatherings and mandating quarantine and isolation of persons who contracted COVID-19 and associated close contacts. The Governor's initial emergency declaration expired on May 30, 2021. In summer 2021 the State began experiencing an increase in COVID-19 cases and hospitalizations attributed to the "delta" variant of COVID-19, and on July 29, 2021, the Governor declared another state of emergency, which expired September 27, 2021. There are currently no government-mandated suspensions or closings of primary and secondary schools, limitations on mass gatherings or quarantine and isolation mandates for people who have contracted COVID-19 or their associated close contacts.

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

On March 11, 2021, legislation providing an additional $1.9 trillion of economic relief (known as the American Rescue Plan) was signed into law by President Biden. Such legislation includes, among other things, funding for vaccine production and distribution, another round of stimulus payments for certain households, an extension of unemployment benefits, child tax credits, housing assistance, subsidies for health insurance, aid to state and local governments, and additional small business assistance.

It is unknown to what extent such legislation will have its intended effect. If market volatility continues, the ability to sell or trade securities in the financial markets could be materially constrained. While discussions continue at the federal level regarding potential additional relief, aid and stimulus assistance, it is not possible to predict the scope or effect of any future legislative or regulatory actions enacted in response to the COVID-19 pandemic.

Developments with respect to COVID-19 and the State's responses thereto (including governmental mandates) occurred (and may occur in the future) at a rapid pace. Vaccinations for the COVID-19 virus became available to the general public (individuals 12 years of age or older) in spring 2021 and to children 5 to 11 years of age in November 2021. Such vaccinations are now widely available to all individuals 5 years of age or older. The State has had a high degree of vaccine hesitancy, and per capita vaccinations in the State have lagged vaccinations in many other states. It is impossible to predict the continued effectiveness of the various vaccines, or the percentage of the general population who will opt to receive the vaccine. Accordingly, the spread of the virus may continue for an unknown period of time.

In March 2020, the Arkansas Department of Finance and Administration ("DFA") announced a revision to the fiscal year 2020 forecast which lowered the State's net general revenue budget by $353 million for the remainder of the fiscal year ending June 30, 2020, as a result of the economic recession following the COVID-19 outbreak and the extension of the State's income tax deadline from April 15, 2020 to July 15, 2020. However, because of tax revenue collections that were greater than expected, actual fiscal year 2020 revenues were only down $113 million from the original budgeted amount. As a result, on June 30, 2020, DFA announced that budgeted funding to colleges and universities for the fiscal year ended June 30, 2020 would be fully restored and would be available to spend in fiscal year 2021.

On April 17, 2020, the Arkansas General Assembly approved a budget for the 2021 fiscal year that contemplated additional declines in the State's revenues and that reflected a decrease in State funding to higher education institutions by 5%, with the possibility that if the State's economy did not improve, another 5% of reductions might occur. State fiscal year 2021 revenues were up 16.6% over fiscal year 2020, and up 18.2% over the budgeted revenue forecast. As with fiscal year 2020, DFA announced that budgeted funding to colleges and universities for the fiscal year ended June 30, 2021 would be fully restored and would be available to spend in fiscal year 2022. There can be no assurance that COVID-19 related budget or funding decreases will not be necessary in the future. See **LEGAL AND LEGISLATIVE MATTERS**, **Factors Affecting the Board's Funding**, herein.

In May 2020, the Board directed System institutions to adopt policies requiring face coverings in System facilities when physical distancing cannot be assured, and the Board stated that face covering policies should remain in effect so long as the use of face coverings is recommended by the Centers for Disease Control and Prevention (the "CDC"). In spring 2021, the CDC eased its face covering recommendation. On April 28, 2021, the Arkansas General Assembly passed Act 1002 of 2021 ("Act 1002"), which prohibits a State agency or entity (including the Board), a political subdivision of the State, or a State or local official from mandating the use of face coverings. Act 1002 has certain exceptions, including for a State-owned or State-controlled healthcare facility. In early August 2021, the Arkansas General Assembly met in special session for the purpose of considering amendments to Act 1002, but the session was adjourned with no amendments having been approved. On August 6, 2021, a circuit judge in Pulaski County, Arkansas entered an order granting a preliminary injunction that prohibits enforcement of Act 1002. The State has appealed such order to the Arkansas Supreme Court. On August 11, 2021, as a result of increased cases attributed to the "delta" variant, the Board again directed System institutions to implement face covering policies, regardless of vaccine status, in System facilities when physical distancing cannot be assured, and the Board stated that such face covering policies should remain in effect so long as the use of face coverings is recommended by the CDC. On September 30, 2021, the Arkansas Supreme Court denied a request to stay the preliminary injunction issued by the lower court, which means that Act 1002 could not be enforced. On December 29, 2021, the lower court issued a permanent injunction against Act 1002, concluding that the ban on mask mandates violated the Arkansas Constitution. The Board is unable to anticipate the effect of continued litigation on the enforceability of Act 1002, and the Board is unable to anticipate the effect on other System campuses if face covering mandates are invalidated. In light of its healthcare mission and the healthcare exception contained in Act 1002, UAMS has maintained and continues to maintain a face covering policy.

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

The Action Plan is the subject of multiple legal challenges from various states, including Arkansas. On November 6, 2021, the United States Fifth Circuit Court of Appeals granted an emergency stay of the Action Plan's vaccine requirement with respect to businesses with one hundred or more employees, but the case was reassigned to the United States Sixth Circuit Court of Appeals, which on December 17, 2021 reinstated the large business mandate portion of the Action Plan (the System and its campuses are not subject to this portion of the Action Plan or impacted by the stay and subsequent reinstatement). In addition, on November 29, 2021, the United States District Court for the Eastern District of Missouri granted a preliminary injunction blocking enforcement of the Action Plan's vaccine mandate as it applies to hospitals and other institutions that receive Medicare and Medicaid reimbursement in certain states that are part of the litigation, including Arkansas. Following that decision, on November 30, 2021, a United States District Court in the Eastern District of Kentucky issued an injunction staying the enforcement of the Action Plan for federal contractors and subcontractors in Ohio, Kentucky and Tennessee, and on December 7, 2021, a United States District Court in the Southern District of Georgia issued a similar injunction applicable to all states. Although Arkansas is part of a similar suit brought by multiple states that is pending in Missouri, as of the date hereof, that court has not yet ruled on the request for a stay. Subsequent to these rulings, the Office of Management and Budget has advised that the federal government will take no action to enforce the federal contractor vaccine mandate in states that are subject to a court order prohibiting the application of the vaccine mandate requirements; this includes Arkansas. On January 7, 2022, the United States Supreme Court held a special hearing on vaccine mandates for large employers and for certain health care workers. On January 13, 2022, the Supreme Court issued its ruling to continue the injunction blocking the large employer mandate, but the Court stayed the injunction blocking the vaccine mandate for health care workers at facilities that receive Medicare and Medicaid funding, which includes UAMS, pending disposition of the Government's appeal at the court of appeals and disposition of the Government's petition for a writ of certiorari, if such writ is timely sought. As further discussed above, Act 977 allows for State-owned or State-controlled medical facilities (which includes UAMS's facilities) to seek approval from the Legislative Council to mandate or require individuals to receive COVID-19 vaccinations. UAMS has resubmitted a request for a vaccination requirement to the Legislative Council for consideration at its January 28, 2022 meeting, but neither UAMS nor the System can predict whether the Legislative Council will grant such request. Ultimately, failure to comply with the Action Plan's vaccine mandate for health care facilities may result in the loss Medicare and Medicaid reimbursements; UAMS's annual revenue associated with Medicaid and Medicare reimbursements is approximately $600,000,000.

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

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

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

Health Care Provider

General

As with most healthcare institutions, the COVID-19 pandemic has had and continues to have a significant impact on UAMS. UAMS had its first COVID-19 patient on March 13, 2020. As this situation continues to be far-reaching and rapidly changing, management of UAMS cannot yet fully predict the impacts of the COVID-19 pandemic, financial or otherwise, although significant actions have been taken to sustain operations and to prioritize the well-being of patients, employees and associates.

UAMS's Response to COVID-19 and Effect on Operations

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

Early on, UAMS assumed a leading role in the State's COVID-19 response. A portion of UAMS's response to the COVID-19 pandemic has been to modify, expand and add services, policies, and resources such as the following:

- A drive-through triage, screening, and testing unit in Little Rock;
- A mobile screening and testing unit that travels around the State;
- A new and enlarged emergency operations unit that has been staffed full time from March 12, 2020 to the present;
- Repurposing a 60-bed inpatient unit to a 120-bed negative pressure COVID-19 unit;
- Creating negative airflow operations for three additional units (36 beds);
- Creating a 144-bed adult ICU surge capacity from the existing 52 adult ICU beds;
- Reconfiguring operating room and operating room recovery space and operations to comply with safe physical distancing requirements;
- Preparing COVID-19 disease modeling and prediction in collaboration with the Arkansas Department of Health and other institutions;
- Creating a digital platform for UAMS physicians, nurses, and staff to provide digital consultation services;
- Expanding outpatient video and telephonic visits and on-line pre-op patient education programs;
- Purchasing COVID-19 testing machines and developing a test;
- Establishing a COVID-19 call center;
- Establishing a universal masking policy and new eye protection policy;
- Re-engineering supply chain management to accommodate large volume personal protective equipment ("PPE") purchases;
- Purchasing 80 new mechanical ventilators;
- Developing an internal vaccination clinic for UAMS students and employees;
- Developing a vaccination clinic for established UAMS patients and the public, which clinic continues to expand;
- Deploying a mobile vaccination unit to reach locations around the State of Arkansas multiple times per week as vaccination supplies are available; and
- Establishing a new clinic for monoclonal antibody infusion of COVID-19 patients to prevent severe hospitalizations.

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

On May 11, 2020, UAMS began reopening for non-emergent procedures and resumed limited elective surgeries with overnight stays (in a geographically separate non-COVID area). A COVID-19 test has been required before any elective procedure, except for some minimally invasive outpatient procedures when full PPE is utilized. There can be no assurance that rising COVID-19 cases or additional Arkansas Department of Health directives will not require UAMS to begin delaying and/or cancelling elective procedures again. As the UAMS Medical Center's inpatient volume of COVID-19 patients climbed due to the delta variant surge of summer 2021, UAMS again delayed certain non-emergent surgical cases because of a lack of hospital facility capacity and staff resource support. UAMS's full elective surgical schedule was reinstated as of October 11, 2021. Additionally, UAMS accommodated the Arkansas Department of Health's requested activation of ICU surge beds from January 11, 2021 to October 9, 2021 due to the delta variant surge. Many areas of the United States, including the State, is experiencing a COVID-19 case surge attributed to the omicron variant, and UAMS has seen an increase in COVID-19 cases. UAMS is unable to predict the effect that the omicron variant will have on operations. UAMS's operations and financial condition may be further materially adversely impacted depending on a number of variables, including how long the COVID-19 pandemic lasts, how long social distancing directives or similar remedial initiatives last, how quickly effective treatments are developed, how long the vaccination rollout will take, its effectiveness and the percentage of the general population who will opt to participate, how quickly normal operations can be restored after social distancing initiatives are relaxed, how much federal grant or loan forgiveness assistance will be provided to offset losses and whether the rate of infection might spike again after social distancing directives are relaxed. Management of UAMS cannot predict the likelihood or severity of the ultimate impact on UAMS's operations or financial condition, though such impact could be material and adverse. Management of UAMS is monitoring developments with respect to the COVID-19 pandemic and intends to follow recommendations of the CDC and other applicable federal, state and local regulatory agencies.

UAMS has made significant efforts to expand the availability of telemedicine throughout the State. UAMS's digital platform and operations have been offered State-wide to all 236 skilled nursing facilities and long-term care facilities. In addition, UAMS created a platform to offer ED-to-ED digital health consultative services to emergency departments throughout Arkansas and supported fixed and mobile testing and vaccination services across Arkansas. All UAMS locations State-wide are now on a unified electronic medical record system with common telemedicine infrastructure promoting interoperability. UAMS staff have had over 130,000 digital interactions since the start of the pandemic in Arkansas.

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

COVID-19 Effect on Parking Facilities

The COVID-19 pandemic has resulted in a decline in revenues derived from the operation of the Parking Facilities. The COVID-19 pandemic did not have an effect on the number of monthly parking pass holders; however, approximately 72 parking spaces were taken offline and repurposed for COVID-19 triage units. These spaces generated approximately $33,000 in parking system revenues per year. In addition, limits and restrictions placed on visitation at UAMS affected parking revenues. Several other parking lots have or will be reduced in size or removed from parking system inventory as a result of ongoing construction projects unrelated to the

COVID-19 pandemic. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, The UAMS Parking System** and **Pledged Revenues**, herein.

Supply Chain

UAMS's supply chain team continues to work diligently to secure additional supplies from reliable sources and is tracking supplies at each of UAMS's facilities and allocating equipment and gear where it is needed the most. UAMS management believes that it has sufficient supply of PPE to meet its current needs, but expects continued high demand. UAMS also believes its existing relationships with its group purchasing and distribution partners along with other key vendor relationships will help mitigate supply chain disruptions caused by the pandemic.

Employees and Staffing

As a cost-saving measure related to COVID-19, in mid-March 2020 UAMS implemented a hiring pause, which was lifted on September 14, 2020. In early May 2020, UAMS reduced hours for some employees in order to better reflect hours actually worked. In addition, in early May 2020 UAMS asked employees for voluntary reduction in time worked. These reductions continued through June 2020. In July 2020, most employees had their hours brought back to pre-COVID-19 levels. As of the date of this Official Statement, these and other cost saving measures have prevented UAMS management from deeming it necessary to institute layoffs or furloughs of staff and employees. As with other health care organizations in Arkansas and across the United States, UAMS continues to face staffing challenges, particularly in nursing. UAMS has implemented new recruitment and retention incentive programs to help address these concerns. UAMS has also increased its use of temporary labor to augment its workforce.

Assistance and Relief Programs and Remediation Efforts

The CARES Act includes a number of provisions important to health care providers, including provision for certain emergency funds, making available $100 billion under the Public Health and Social Services Emergency Fund ("Provider Relief Fund") to reimburse eligible health care providers for health care-related expenses or lost revenue not otherwise reimbursed that are directly attributable to COVID-19. Eligible providers include Medicare or Medicaid enrolled suppliers and providers, for-profit and not-for-profit entities in the United States that provide diagnoses, testing or care for individuals with possible or actual cases of COVID-19. On April 24, 2020, the Paycheck Protection Program and Health Care Enhancement Act was signed into law, which amended the CARES Act to increase the amounts authorized for the Paycheck Protection Program and authorized an additional $75 billion in funding for the Provider Relief Fund. For the fiscal year ended June 30, 2020, UAMS received a total of $16,179,326 from the Provider Relief Fund, the majority of which was recognized as non-operating revenues in UAMS's financial results for the fiscal year ended June 30, 2020. Approximately $138,000 of funding specifically allocated to UAMS's Rural Health Clinic was deferred until fiscal year 2021. The aforementioned amounts exclude $11,827,927 in State CARES Act fund payments made to health care workers. For the fiscal year ended June 30, 2021, UAMS received a total of $32,022,824 from the Provider Relief Fund, all of which was recognized as non-operating revenues in UAMS's financial results for the fiscal year ended June 30, 2021. In addition, as permitted by the CARES Act, UAMS elected to defer payroll tax payments for the months of April 2020 until December 2020. The total amount deferred was $31,770,699. Of this amount, 50% must be remitted by December 31, 2021, and the balance must be remitted by December 31, 2022. For the fiscal year ended June 30, 2021, UAMS also received a total of $13,833,988 from State CARES Act fund payments. Such amounts do not constitute Pledged Revenues.

Additionally, in April 2020, UAMS received an allocation of $972,976 pursuant to the CARES Act to provide emergency federal aid grants to students who were adversely impacted by the pandemic and for institutional expenses related to the disruption of campus operations due to the COVID-19 crisis. In May 2020, UAMS distributed emergency aid totaling $486,488 to 847 students. The remaining balance has been used to cover expenses related to the change in delivery of instruction due to the virus. In December 2020, UAMS received an allocation totaling $1,458,213 of federal grant funding through the Higher Education Emergency Relief Fund II (HEERF II), authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), that was signed into law Dec. 27, 2020. In April 2021, UAMS distributed emergency aid totaling $489,150 to 1,287 students. The remaining balance will be used to further aid students and cover expenses related to the change in delivery of instruction related to the virus. In March 2021, UAMS received an allocation of $2,432,580 through the American Rescue Plan (ARP) Act. A minimum of $1,253,545 will be distributed immediately as financial aid grants to students. UAMS expects to receive the funds and make initial allocations to students in January 2022.

On March 11, 2021, legislation providing an additional $1.9 trillion of economic relief (known as the American Rescue Plan) was signed into law by President Biden. Such legislation includes, among other things, funding for vaccine production and distribution, another round of stimulus payments for certain households, an extension of unemployment benefits, child tax credits, housing assistance, subsidies for health insurance, aid to state and local governments, and additional small business assistance. In September 2021, UAMS received $5.625 million in funding from the American Rescue Plan through an allocation from the State to help hospitals retain and recruit staff. UAMS used the entire amount to make critical staffing incentive payments to direct and indirect health care workers.

CMS Advance. Additionally, CMS allowed hospitals and other Medicare providers and suppliers to request an immediate advance of their future Medicare payments under its Accelerated and Advance Payment Program. For hospitals, such advanced payments are subject to recoupment commencing one year after the payment is received, with 25% of claims being withheld as recoupment for the first 11 months of repayment and 50% of claims being withheld as recoupment for the next 6 months of repayment. Thereafter, CMS may require the entire outstanding balance to be paid in full, or CMS can determine the percent of claims to be withheld until payment in full (plus a 4% interest rate). This program provided additional liquidity, but was not a grant or an additional source of revenue. For the fiscal year ended June 30, 2021, UAMS received $100,974,358 in advanced/accelerated Medicare reimbursements under this program. None of this amount was recorded as income. The entire amount advanced in fiscal year 2020 was reflected as a liability on UAMS's balance sheet for the fiscal year ended June 30, 2020. In April 2021, recoupment of the advance began. At June 31, 2021, the outstanding balance was $91,317,664 and is reflected as a liability on the UAMS balance sheet.

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

FEMA Grant. The Federal Emergency Management Agency ("FEMA") may provide funding to eligible applicants for costs related to emergency protective measures conducted as a result of the COVID-19 pandemic. Emergency protective measures are activities conducted to address immediate threats to life, public health and safety. FEMA funding can reimburse up to 100% of eligible costs for supplies, equipment, contracts, labor, mutual aid, donated resources and management costs. UAMS has submitted multiple projects for reimbursement and is awaiting approval. To date, one request for equipment related to COVID variant testing has been obligated for $506,000.

Other Grant Programs. UAMS has applied for and received various other grants related to the COVID-19 pandemic from the federal government, from State and local governments, and from the private sector. During the fiscal year ended June 30, 2020, the total amount awarded under these grants totaled $15,621,287. During the fiscal year ended June 30, 2021, the total amount awarded under these grants totaled $27,928,502. Many, if not all, of these grants have designated purposes for which the funds can be spent. None of these grant funds are included in Pledged Revenues.

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

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

In addition, the System, on behalf of UAMS and certain other campuses, filed claims under existing business interruption insurance policies for losses it has sustained as a result of the COVID-19 virus. Such claims were disputed by the System's insurance company, and, on September 1, 2020, a lawsuit on behalf of the System was filed to recover under its business interruption insurance policies. Subsequently, the complaint was amended to allege additional facts and to eliminate the claims on behalf of the other campuses. The insurance company has filed a motion for summary judgment, to which the System has responded. The trial is set for March 8-21, 2022.

Education

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

On May 4, 2020, the Board passed a resolution requiring System institutions to prepare reopening plans for the fall 2020 semester. In response, UAMS academic administration developed plans to return to campus for the fall 2020 semester. What follows is a summary of certain portions of these plans, as they have been revised from time to time.

UAMS will continue to follow guidance from federal organizations including the CDC and State agencies, including the Governor's Office, the Arkansas Department of Health and the Arkansas Division of Higher Education. UAMS plans to align with the directives and guidelines set by the System or the Board. Guidance received by the American Association of Medical Colleges, Higher Learning Commission, and other professional associations and organizations may be used in the decision-making process. However, information from the latter will not supersede the advice and guidelines received from federal and State government or public health organizations. UAMS also is fortunate to be able to rely on its own clinical, academic and research professionals and their expertise in infectious disease and public health. In addition, policies and practices for educational activities will operate in concert with guidelines or requirements set at the campus level and with those followed by the UAMS clinical enterprise.

Prior to participation in on-site activities either at UAMS or experiential locations, students are required to complete trainings to inform them of the risks associated with COVID-19. UAMS students must understand that seeking an education in health care may increase risk of exposure to COVID-19 and other illnesses or injuries.

To plan for educational activities, a committee formed with representatives from Infection Prevention, Office of Academic Services, the Provost's Office, Supply Chain, and Institutional Support Services reviewed academic needs, facilities, resources and policies. The committee reviewed teaching spaces on campus to determine appropriate capacity for physical-distancing and provided guidance for PPE requirements based on type of educational activity.

Additionally, PPE recommendations were provided for colleges and programs to update class schedules and delivery plans based on the type of activity (ex. lecture, hands-on demonstration by faculty member, lab) being conducted. On-campus educational activities are prioritized to those activities necessary for face-to-face formats. During times of high transmission of COVID-19 in the community, programs are encouraged to continue alternative methods of instruction through distance delivery.

In addition to physical-distancing adjustments to teaching space capacities and PPE recommendations for on-site activities, increased frequency of cleaning for teaching spaces is scheduled and materials are available to support supplemental cleaning of workstations as recommended by the UAMS Infection Prevention team in accordance with the Arkansas Department of Health and the CDC recommendations for COVID-19. To minimize contamination of tabletops, food is not allowed in general classroom spaces and is restricted to designated indoor dining spaces that support physical-distancing, or individuals are encouraged to eat outside while maintaining physical distance.

All persons entering campus are subject to a daily health screening involving a list of questions answered online to ascertain risk factors, followed by a temperature check at a screening station upon arrival. Students are also subject to these daily health screenings. To ensure that all individuals entering campus are screened, access points to campus buildings are restricted to designated areas.

If a student or employee is cleared to enter campus based on survey responses, an email is sent to their UAMS email account with that message, and the individual may enter campus buildings. Upon arrival, students and staff are required to visit an entrance screening location and present their UAMS ID badge for scanning and to have their temperature checked. If the temperature is less than 100.4 and the badge scan shows the screening survey has been completed, the individual receives a sticker for that day that must be displayed at all times while on campus.

If a student or employee is not cleared to enter campus based on survey responses, an email is sent to his or her UAMS email account with a link to a Student and Employee Health Monitoring Survey and the individual is instructed to call the Student Employee Health Clinic (SEHS). The individual also must notify the Associate Dean in his or her college. An individual may not enter campus until cleared by SEHS, and must complete the monitoring survey daily until cleared, whether on campus or not.

If a student or employee is cleared with conditions, he or she may come to campus, but must always wear a mask while on campus. The individual receives an email to his or her UAMS email account with a link to a Student and Employee Health Monitoring Survey that must be completed immediately. Upon arrival to campus, students and employees are required to visit an entrance screening location where they must present their ID badge for scanning and have their temperature checked. If the temperature is less than 100.4 and the badge scan shows the survey has been completed, the individual receives a sticker for that day that must always be displayed while on campus. Additional requirements may be set by SEHS as determined by the Student Employee Health Monitoring Survey and additional information obtained in the SEHS health interview.

All UAMS employees and students are required to wear face masks while at any UAMS location.

- A mask must be worn while in public/common areas — hallways, shared rooms, shuttle buses, shuttle stops, etc.
- Masks should be worn during academic classroom/lab activities to minimize potential exposures to others and environmental contamination. Specific PPE requirements will be defined in direct patient care/skills training areas for clinical training activities.
- Masks must be worn in elevators.

- Daily washing of fabric masks is recommended.

All UAMS employees and students are asked to practice safe physical-distancing and regular hand hygiene and to be good examples of these practices in their homes and in the community.

In addition to cloth face masks/coverings, additional PPE may be required based on the type of educational activity or training site. PPE recommendations were developed and approved for each event type, including lecture, lab, hands-on instruction activities or clinical settings.

All dining areas are compliant with Arkansas Department of Health guidelines for two-thirds capacity seating. There is tape marking the floor to maintain space in the ordering line.

Any faculty/staff/student tested for COVID-19 is asked to report the test to SEHS. If a student tests positive for COVID-19 or is placed in quarantine, he or she must notify their Associate Dean of Academic Affairs and the Student Employee Health Clinic if SEHS is not the source of the test result or quarantine.

The process used by UAMS Student and Employee Health Services for managing student or employee exposures and quarantine requirements is aligned with the current guidance from the CDC and Arkansas Department of Health. The processes have evolved through the course of the pandemic as more is known about transmission and with the vaccinations of students and employees. The current protocols are posted widely on the UAMS website — including links to resources on the Academic Affairs, Human Resources, SEHS, Student Activities and many other pages — and communicated through regular COVID Update emails sent from UAMS leadership to all employees and students and regular communications at the college, department, academic program and supervisor levels. Any changes or updates in policies and/or processes are posted as soon as approved and communicated using those various channels.

UAMS leadership, the Emergency Operations Command for COVID-19, and the Academic Affairs coordinating committee will continue to monitor and assess the transmission of COVID-19 closely. With increase in community spread or severity of the virus on campus, in the metro, region or the State, campus officials may be required to modify this plan in order to mitigate risks, which may result in stronger restrictions on operation hours, physical distancing, and remote working and class operations.

UAMS's residence hall did not close in 2020 or in spring 2021. For fall 2021, UAMS's housing guidelines include the following:

- Face coverings are required in all common areas and public spaces.
- Residents are advised to minimize close contact with others.
- Residents are allowed one visitor at a time. Before entry into the Residence Hall, visitors must complete the visitor screening questionnaire. Visitors must also adhere to all UAMS COVID-19 restrictions and recommendations.
- So long as the UAMS residence hall remains open, residents are obligated to the contractual period documented on individual semester contracts.
- Gatherings within residence halls consisting of more than four residence hall members are suspended until further notice.
- Groups of no more than four residents may gather in lobbies or private rooms.
- No more than four residents should use a shared kitchen at any one time. Proper physical distancing and frequent hand washing is encouraged.
- Further information regarding UAMS's residence facility's response to COVID-19 can be found at https://studentlife.uams.edu/housing/covid-19-housing-update/.

UAMS's policy for addressing COVID-19 is intended as a dynamic plan that will allow it to adapt as the situation changes. See UAMS's COVID-19 website (https://uamshealth.com/coronavirus/) and student-related website (https://academicaffairs.uams.edu/covid-19-guidelines-for-students/) for updates or to read the plan in its entirety.

Research

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

Though many research activities resumed in early 2021 when access to COVID vaccines became available at UAMS, research capacity is currently operating at about 85% of the pre-COVID level, due to continued supply chain disruptions and difficulties in recruiting and retention. UAMS researchers have seen a surge in COVID-19 related research, including research related to seroprevalence, health disparities, the use of convalescent plasma for the treatment of COVID-19, and the effects of long-haul COVID.

At this time, there have been no mandates, measures, or requirements from the Governor or other State authority with respect to mandating closure of hospitals, including UAMS, or their parking facilities. THERE CAN BE NO ASSURANCE THAT SUCH MANDATES, MEASURES OR REQUIREMENTS WILL NOT BE PUT INTO PLACE AFTER THE DATE THE BONDS ARE ISSUED, AND THERE CAN BE NO ASSURANCE THAT THE SYSTEM AND UAMS WILL NOT DEEM IT NECESSARY TO PLACE LIMITS ON USAGE OF UAMS'S PARKING FACILITIES. Should there be a reduction of utilization or closure of any of the Parking Facilities, whether from governmental mandates, measures, or requirements, from System or UAMS limits, or otherwise, Pledged Revenues may be materially adversely affected. The Board's bonded indebtedness are general obligations of the Board, and the Board is obligated to pay its bonded indebtedness from such other moneys as are available to the Board under the Constitution and laws of the State, and in the event revenues pledged are insufficient to pay bonds secured by such revenues, the Board will be obligated to use other sources to pay such indebtedness. See **SECURITY FOR THE BONDS** and **LEGAL AND LEGISLATIVE MATTERS**, **Factors Affecting the Board's Funding** and **HEALTH CARE REFORM, REGULATION OF HEALTH CARE INDUSTRY AND CERTAIN OTHER RISK FACTORS** herein.

The Board, the System, and UAMS will continue to monitor the COVID-19 situation and will adjust its policies as needed. UAMS has set up a link on its website (https://uamshealth.com/coronavirus/ and https://academicaffairs.uams.edu/covid-19-guidelines-for-students/) to provide resources to patients, students, employees and health care providers regarding changes related to COVID-19. The System has also established a COVID-19 page (https://www.uasys.edu/coronavirus-covid-19/). Developments with respect to the COVID-19 pandemic and the State's responses to the COVID-19 pandemic (including governmental mandates) may continue to occur at a rapid pace, and the swift spread of the outbreak may continue for an unknown period of time. The full impact of the COVID-19 pandemic and the scope of any adverse impact to the System's and UAMS's finances and operations cannot be fully determined at this time. Other adverse consequences of the COVID-19 pandemic that are not discussed above that may affect the System and its campuses may include, but are not limited to, decline in enrollment with resulting losses of student tuition and fee revenues, decline in demand for housing, lost revenues from athletics, lost revenues from dining services, lost revenues from bookstores, and a decline in programs that involve travel or that have international connections. The potential lasting financial impact of the COVID-19 outbreak on the System and UAMS cannot be predicted at this time, and the System and UAMS make no representations regarding the economic impact of the COVID-19 pandemic on the System and UAMS or their financial positions, but reactions to governmental mandates or health care directives by the System and UAMS may have an impact on Pledged Revenues and UAMS's ability to pay debt service on the Bonds and UAMS's other bond issues. See **SECURITY FOR THE BONDS** and **LEGAL AND LEGISLATIVE MATTERS, Factors Affecting the Board's Funding** and **HEALTH CARE REFORM, REGULATION OF HEALTH CARE INDUSTRY AND CERTAIN OTHER RISK FACTORS** herein.

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

PURPOSES FOR THE BONDS

General

The Series 2022A Bonds are being issued for the purpose of current refunding the Board's Parking System Revenue Refunding Bonds (UAMS Campus), Series 2011 (the "Series 2011 Bonds"), financing a portion of the costs of capital improvements to or for UAMS, including, but not limited to, the following: (a) the acquisition, construction, furnishing, and equipping of the Parking 4 parking deck (the "Parking Deck Project"); and (b) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment for UAMS's parking system (collectively, with the Parking Deck Project, the "Project"). Proceeds of the Series 2022A Bonds will be used for costs of accomplishing the refunding of the Series 2011 Bonds (the "Refunding"), for financing a portion of the costs of the Project, and for paying costs of issuance of the Series 2022A Bonds and costs of the Refunding.

A portion of the proceeds from the sale of the Series 2022A Bonds will be deposited with the trustee for the Series 2011 Bonds and applied to redeem the Series 2011 Bonds on the date the Bonds are issued, or the first practicable date thereafter, at a price of par plus accrued interest. The Series 2011 Bonds were issued to advance refund the Board's Parking System Revenue Construction Bonds (UAMS Campus), Series 2004 (the "Series 2004 Bonds"). The Series 2004 Bonds financed the acquisition, construction and equipping of Parking Garage 1, which is a multilevel parking deck with approximately 978 parking spaces.

The Series 2022B Bonds are being issued for the purpose of financing a portion of the costs of the Project. Proceeds of the Series 2022B Bonds will be used for financing costs of a portion of the Project and for paying costs of issuance of the Series 2022B Bonds.

See **SUMMARY OF THE INDENTURE, Application of Bond Proceeds** and **Use of Pledged Revenues and Flow of Funds** herein.

The Project

The "Project" consists of (a) the acquisition, construction, furnishing, and equipping of the Parking Deck Project and (b) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment for UAMS's parking system.

Information about certain portions of the Project scope is set forth below:

<u>Parking Deck Project</u>

The Parking Deck Project consists of the acquisition, construction, furnishing and equipping of a new multilevel, above-ground parking deck of approximately 320,000 square feet to provide approximately 801 additional parking spaces for the UAMS's main campus in Little Rock, Arkansas. The new parking deck will be located on the east side of UAMS's campus on the block bordered by South Cedar Street on the west, West Capitol Avenue on the north, South Pine Street on the east, and West 6th Street on the south. The land on which the Parking Deck Project will be constructed is currently a 247-space surface parking lot owned and operated by UAMS, which lot will be taken offline once construction commences. The Parking Deck Project will add capacity, which will initially be primarily reserved for UAMS staff, and it is anticipated that no spaces will be available to the general public without a parking pass.

UAMS is exploring options for partnering with a developer to develop a hotel facility on the UAMS campus that will cater primarily to UAMS patients and their families. Once the hotel is completed, UAMS anticipates that approximately 100 spaces (12.5%) of the spaces in the Parking Deck Project will be made available for use by the hotel. Such spaces that may be made available to the hotel will be financed with proceeds of the Series 2022B Bonds. Parking revenues received from any use by the hotel or hotel guests will constitute Pledged Revenues.

Design work on the Parking Deck Project is expected to be completed in February 2022, with construction expected to commence in March 2022. At this time, completion is expected in April 2023.

USE OF PROCEEDS

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

	Series 2022A Bonds	Series 2022B Bonds	Total
Proceeds:			
Par Amount	$27,555,000	$4,835,000	$32,390,000
Original Issue Premium	5,424,738	--	5,424,738
TOTAL PROCEEDS:	$32,979,738	$4,835,000	$37,814,738
Uses:			
Project Fund Deposit	$27,204,490	$4,801,746	$32,006,236
Refunding of Series 2011 Bonds	5,585,729	--	5,585,729
Underwriters' Discount and Costs of Issuance	189,519	33,254	222,773
TOTAL USES:	$32,979,738	$4,835,000	$37,814,738

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

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery thereof, and will bear interest from that date, payable semiannually on January 1 and July 1 of each year commencing July 1, 2022 at the rates set forth on the inside cover page of this Official Statement, and will mature on July 1 in the years and amounts set forth on the inside cover page of this Official Statement. The Bonds are issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. Principal of the Bonds is payable at the designated office of the Trustee. Interest will be payable to the person in whose name such Bonds are registered on the registration books maintained by the Trustee (the "Registered Owner") at the close of business on the fifteenth day of the month immediately preceding the month in which any interest payment date on the Bonds occurs (the "Record Date"). Interest will be payable by check drawn upon the Trustee or by wire transfer if requested by a Registered Owner of Bonds of a series in the principal amount of $1,000,000 or more.

REDEMPTION

The Series 2022B Bonds are not subject to redemption prior to maturity. The Series 2022A Bonds shall be subject to redemption prior to maturity, in the principal amount of $5,000 or any integral multiple thereof, as follows:

Optional Redemption

The Series 2022A Bonds may be redeemed, in whole or in part (from such maturities as may be determined by the Board and by lot within a maturity) at any time, on and after July 1, 2032, at the option of the Board from funds from any source, by payment of 100% of the principal amount thereof plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The Series 2022A Bonds maturing on July 1 in the years 2041, 2046 and 2051 are subject to mandatory redemption prior to maturity, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, in part on July 1 of each year as follows:

Series 2022A Bonds Maturing July 1, 2041

Year	Principal Amount
2038	$940,000
2039	965,000
2040	995,000
2041 (maturity)	1,025,000

Series 2022A Bonds Maturing July 1, 2046

Year	Principal Amount
2042	$1,065,000
2043	1,105,000
2044	1,150,000
2045	1,200,000
2046 (maturity)	1,245,000

Series 2022A Bonds Maturing July 1, 2051

Year	Principal Amount
2047	$1,300,000
2048	1,350,000
2049	1,405,000
2050	1,465,000
2051 (maturity)	1,525,000

So long as the Series 2022A Bonds are issued in book-entry-only form, if fewer than all the Series 2022A Bonds of a particular maturity and interest rate are called for redemption, the particular Series 2022A Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Series 2022A Bonds are issued in book-entry-only form, notice of redemption will be sent by first class mail or 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 2022A Bonds**.

In the event that the Series 2022A Bonds are converted to certificated form, selection of fewer than all Series 2022A Bonds of a maturity and interest rate for redemption shall be made by the Trustee by lot in such manner as the Trustee may determine. Notice of redemption shall be upon not less than thirty (30) days' notice by first class mail or other standard means, including electronic or facsimile communication.

While the Series 2022A Bonds are being held by DTC under the Book-Entry Only System, notice of redemption will be sent only to DTC. See **BOOK-ENTRY ONLY SYSTEM** herein.

SECURITY FOR THE BONDS

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

The term "Pledged Revenues" is defined as the gross revenues derived from all Parking Facilities. The term "Parking Facilities" is defined as all of the surface and deck parking areas now or hereafter owned, leased or operated by UAMS.

The Pledged Revenues for certain fiscal years are set out below under **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Pledged Revenues**.

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

The Indenture permits the issuance of additional bonds and obligations (Additional Parity Bonds) (as described under **SUMMARY OF THE INDENTURE, Additional Bonds**) secured by a pledge of the Pledged Revenues on a parity with the pledge of Pledged Revenues securing the Bonds and subordinate to the pledge of Pledged Revenues securing the Bonds (see **SUMMARY OF THE INDENTURE, Additional Bonds** herein).

The Board has covenanted that it will take all actions necessary (including increasing parking fees) to maintain Pledged Revenues at a level equal to or exceeding 120% of Average Annual Debt Service on the Bonds and any Additional Parity Bonds. The Board has further covenanted not to pledge the Pledged Revenues as security for any other indebtedness or borrowing and not to create or permit the creation of any charges upon, liens against, or encumbrances of any kind on the Pledged Revenues except for additional bonds issued under and in accordance with the provisions of the Indenture. See **SUMMARY OF THE INDENTURE, Pledged Revenues; Permitted Encumbrances.**

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

No debt service reserve will secure the Bonds.

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BOOK-ENTRY ONLY SYSTEM

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent only to Cede & Co. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus

Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture.

Application of Bond Proceeds

Proceeds of each series of the Bonds will be applied approximately as follows:

Cost of Issuance. The sum necessary to pay the costs of issuing the Series 2022A Bonds and refunding the Series 2011 Bonds shall be deposited to the credit of the Series 2022A Cost of Issuance Account of the Project Fund held by the Trustee under the Indenture. The sum necessary to pay the costs of issuing the Series 2022B Bonds shall be deposited to the credit of the Series 2022B Cost of Issuance Account of the Project Fund held by the Trustee under the Indenture.

Project. The balance of the proceeds of each series of the Bonds shall be deposited to the credit of the Series 2022A Project Account of the Project Fund and the Series 2022B Project Account of the Project Fund, respectively, held by the Trustee under the Indenture.

Use of Pledged Revenues and Flow of Funds

Bond Fund. The Board establishes with the Trustee a special fund in the name of the Board designated "Series 2022 UAMS Parking Revenue Bond Fund" (the "Bond Fund"), within which is established a Series 2022A Debt Service Account and a Series 2022B Debt Service Account. Amounts credited to the Series 2022A Debt Service Account of the Bond Fund shall be expended solely (i) to pay the principal of, premium, if any, and interest on the Series 2022A Bonds; (ii) to pay the fees and expenses of the Trustee; and (iii) to make required payments for arbitrage rebate. Amounts credited to the Series 2022B Debt Service Account of the Bond Fund shall be expended solely (i) to pay the principal of, premium, if any, and interest on the Series 2022B Bonds; and (ii) to pay the fees and expenses of the Trustee.

Eight (8) Business Days preceding each interest payment date, the Trustee shall notify the Vice Chancellor for Finance and Chief Financial Officer of UAMS (the "Vice Chancellor") of the amounts required to make the payments into the Series 2022A Debt Service Account of the Bond Fund. No later than 4:00 p.m. on the fifth Business Day preceding each interest payment date on the Series 2022A Bonds, each redemption date, and the maturity date of the Series 2022A Bonds, the Vice Chancellor shall cause to be deposited from the Pledged Revenues any sums required, in addition to amounts already on deposit in the Series 2022A Debt Service Account of the Bond Fund, to equal (i) all amounts due on such interest payment date, redemption date or maturity date with respect to the principal, redemption price, and interest on the Series 2022A Bonds, and (ii) any amounts then due the Trustee as payment for its fees.

Eight (8) Business Days preceding each interest payment date, the Trustee shall notify the Vice Chancellor of the amounts required to make the payments into the Series 2022B Debt Service Account of the Bond Fund. No later than 4:00 p.m. on the fifth Business Day preceding each interest payment date on the Series 2022B Bonds, each redemption date, and the maturity date of the Series 2022B Bonds, the Vice Chancellor shall cause to be deposited from the Pledged Revenues any sums required, in addition to amounts already on deposit in the Series 2022B Debt Service Account of the Bond Fund, to equal (i) all amounts due on such interest payment date, redemption date or maturity date with respect to the principal, redemption price, and interest on the Series 2022B Bonds, and (ii) any amounts then due the Trustee as payment for its fees.

Project Fund. The Indenture establishes with the Trustee a special fund in the name of the Board designated "Series 2022 UAMS Parking Revenue Project Fund" (the "Project Fund"), within which are the following accounts:

(a) the Series 2022A Project Account,

(b) the Series 2022A Cost of Issuance Account,

(c) the Series 2022B Project Account, and

(d) the Series 2022B Cost of Issuance Account.

The Series 2022A Project Account shall be used for the purpose of financing a portion of the costs of the Project. The Series 2022A Cost of Issuance Account shall be used for the purpose of paying costs of issuing the Series 2022A Bonds and the refunding of the Series 2011 Bonds.

The Series 2022B Project Account shall be used for the purpose of financing a portion of the costs of the Project. The Series 2022B Cost of Issuance Account shall be used for the purpose of paying costs of issuing the Series 2022B Bonds.

Investments. Amounts in the Bond Fund and the Project Fund shall, pursuant to the direction of the Vice Chancellor, be invested and reinvested by the Trustee in Permitted Investments (defined below). The obligations in which investments are made must have maturity dates, or must be subject to redemption by the owner at the option of the owner, on or prior to the date or dates when the money held for the credit of the particular fund will be required for the purposes intended.

"Permitted Investments" shall mean any of the following:

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

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

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

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

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

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

(g) Investment agreements acceptable to the Vice Chancellor;

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

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

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

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

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

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

Additional Bonds

No additional bonds or other obligations of indebtedness may be issued with a prior pledge of the Pledged Revenues.

"Additional Parity Bonds" (being bonds or obligations issued ranking on a parity of pledge of the Pledged Revenues) may be issued upon the occurrence of either of the following:

(i) if the Board shall have obtained and provided to the Trustee written evidence from Moody's and any other nationally recognized rating agency then maintaining a rating on the Bonds, stating that the issuance of such Additional Parity Bonds will not cause a reduction in or withdrawal of the then-existing rating on the Bonds and Additional Parity Bonds outstanding at the time of such determination; or

(ii) if the Board provides to the Trustee a certificate of the Vice Chancellor projecting that Pledged Revenues in each of the next two succeeding fiscal years will equal or exceed 120% of the Average Annual Debt Service on the Bonds then outstanding, the Additional Parity Bonds then outstanding, and the Additional Parity Bonds then proposed to be issued. In making the projection described in the preceding sentence, the Vice Chancellor may include in Pledged Revenues amounts reasonably expected to be received as a result of the acquisition, construction, improvement, expansion, addition, or equipping of any Parking Facilities to be financed by the Additional Parity Bonds proposed to be issued.

Nothing set forth in the Indenture shall restrict the Board in the issuance of obligations secured by a pledge of the Pledged Revenues subordinate to the pledge securing the Bonds.

Notwithstanding satisfaction of other conditions to the issuance of Additional Parity Bonds set forth above, no such issuance may occur should any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) or has occurred and is continuing unless such default shall be cured upon such issuance. See **Events of Default and Remedies** below for the definition of Event of Default.

"Average Annual Debt Service" shall mean the total amount of principal, interest and sinking fund payments, if applicable, to be paid on the Bonds and any Additional Parity Bonds, if applicable, averaged over the number of years remaining from the time of calculation until final maturity of the Bonds and Additional Parity Bonds.

Pledged Revenues; Permitted Encumbrances

In the Indenture, the Board represents and warrants that as of the date of the Indenture, there are no prior charges upon or superior liens against the Pledged Revenues. The Board covenants that it shall use due diligence to ensure collection of the Pledged Revenues and that it shall maintain Pledged Revenues sufficient to pay current debt service on the outstanding Bonds and any outstanding Additional Parity Bonds. The Board covenants that it will take all actions necessary (including increasing parking fees) to maintain Pledged Revenues at a level equal to or exceeding 120% of Average Annual Debt Service on outstanding Bonds and any outstanding Additional Parity Bonds.

The Board covenants not to pledge the Pledged Revenues as security for any other indebtedness or borrowing (other than those created under the Indenture), as long as the Bonds are outstanding, except as set forth under **Additional Bonds** above. The Board covenants to promptly discharge all non-permitted claims and judgments which will become liens against the Pledged Revenues.

Covenant to Maintain the Parking Facilities

In the Indenture, the Board covenants that it will at all times maintain, preserve and keep the Parking Facilities in good condition, repair and working order, and that it will from time to time make all needed repairs, replacements, additions, betterments and improvements so that the operation of such properties shall at all times be conducted properly and so that the efficiency thereof shall be fully maintained. The foregoing sentence shall not be construed to limit the ability of the Board, acting in its discretion, to retire or take out of service facilities no longer needed to meet the requirement of the preceding sentence and of the other requirements of the Indenture. It further covenants that it will not create or suffer to be created any mechanics', laborers', materialmen's lien or charge whatsoever upon the Parking Facilities or upon the Pledged Revenues which might or could be prior or equal to the lien of the Indenture upon the Pledged Revenues (subject, however, to the provisions of Section 209 of the Indenture relating to Additional Parity Bonds), or do or suffer any matter or thing whereby the lien of the Indenture upon the Pledged Revenues might or could be impaired.

Events of Default and Remedies

The Indenture defines "Events of Default" as:

(a) Default in the payment of the principal or redemption price of the Bonds; or

(b) Default in the payment of interest on the Bonds; or

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

(d) 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 Revenues; or

(e) Default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Indenture, and continuation of such default for thirty (30) days after written notice to the Board, specifying such default and requiring the same to be remedied, which notice may be given by the Trustee in its discretion and shall be given upon the written request the Beneficial Owners of not less than 25% in principal amount of the Bonds then outstanding; or

(f) An event of default shall occur under a trust indenture securing Additional Parity Bonds.

Upon the occurrence of an Event of Default, the Trustee may, and shall at the direction of the holders of twenty-five percent (25%) in aggregate principal amount of outstanding Bonds, declare the principal of all outstanding Bonds and the interest occurred thereon immediately due and payable. If all defaults shall be made good, then the Trustee may annul such declaration and its consequences.

Upon the happening and continuance of any Event of Default, the Trustee may proceed, and upon the written request of the Beneficial Owners of not less than 25% in principal amount of the Bonds then outstanding under the Indenture shall proceed, subject to the provisions of Section 902 of the Indenture, to protect and enforce its rights and the rights of the holders of the Bonds under the applicable laws of the State or under the Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, including mandamus, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

Anything in the Indenture to the contrary notwithstanding, if at any time the moneys in the Bond Fund shall not be sufficient to pay the principal of or the interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturities), such moneys, together with any moneys then available or thereafter becoming available for such purposes, whether through the exercise of the remedies or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied (after payment of the fees and expenses of the Trustee (including reasonable attorneys' fees and expenses) and the creation of a reserve for anticipated fees, costs, and expenses):

First: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

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

Third: to the payment of the interest on and the principal of the Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Indenture.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

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

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

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.

Supplemental Indentures Not Requiring Consent of Owners of Bonds. The Board and the Trustee may, from time to time and at any time, enter into such indentures supplemental to the Indenture as shall not be inconsistent with the terms and provisions of the Indenture (which supplemental indentures shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in the Indenture or in any supplemental indenture, or

(b) to grant to or confer upon the Trustee for the benefit of the owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners or the Trustee, or

(c) to issue additional bonds in accordance with the Indenture; or

(d) to insert such provision clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture; or

(e) to make any other change, which, in the judgment of the Trustee, does not materially adversely affect the owners of the Bonds.

Supplemental Indentures Requiring Consent of Owners of Bonds. Subject to the terms and provisions contained in the Indenture, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution by the Board and the Trustee to such indenture or indentures supplemental to the Indenture as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that, subject to the following paragraph, nothing shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued under the Indenture, or (b) a reduction in the rate of interest thereon, or (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to making such supplemental indentures. At any time one hundred percent (100%) of the Owners may consent to and approve the execution by the Board and the Trustee of an indenture or indentures supplemental to the Indenture permitting the modifications described in clauses (a), (b), (c) or (d) of this paragraph.

Defeasance. If the Board shall pay or cause to be paid to the holders of the Bonds the principal, premium and interest to become due thereon at the times and in the manner stipulated therein, and if the Board shall keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it on its part, then the presents and the estate and rights granted by the Indenture shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Board such instruments in writing as shall be requisite to satisfy the lien thereof, and shall reconvey to the Board the estate thereby conveyed, and assign and deliver to the Board any property at the time subject to the lien of the Indenture which may then be in its possession, except cash or Government Obligations held by it for the payment of the principal of and interest on the Bonds.

Bonds for the payment or redemption of which cash or non-callable Government Obligations maturing on or prior to the maturity or redemption date of the Bonds shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of the Indenture and shall not be regarded as outstanding thereunder; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee must have been made for the giving of such notice. In determining the sufficiency of the deposit there shall be considered the principal amount of such Government Obligations and interest to be earned thereon until the maturity of such Government Obligations.

The Board may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered under the Indenture which the Board may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Termination of Rights. Any funds on deposit in the Bond Fund for a period of two and one-half years after the date of maturity or redemption of all outstanding Bonds shall become the unencumbered property of the

Board and shall be remitted to the Board, and the rights of the holder of any Bond with respect to such funds shall be terminated.

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THE UNIVERSITY OF ARKANSAS SYSTEM

Generally

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Programs, Locations and Entities. Other System-affiliated programs, locations and entities are as follows:

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

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

University of Arkansas System eVersity ("eVersity"). In 2014, the Board established eVersity, the System's only 100% online institution. eVersity offers affordable and accessible programs of study designed to focus on enrolling traditionally unserved and underserved Arkansans. The first eVersity degree programs were made available in fall of 2015.

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

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

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

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

University of Arkansas – Grantham. On August 30, 2021, the Board entered into an Asset Purchase Agreement to acquire the assets and assume certain liabilities (consisting primarily of service and vendor contracts, any liabilities to students, and office lease obligations) of Grantham University ("Grantham"), a for-profit online institution of higher education with approximately 4,000 active students and more than 60 degree programs. The acquisition was closed on November 1, 2021, and Grantham became known as the "University of Arkansas - Grantham." In order to fund the cost of the acquisition and associated expenses, the Board entered into an unsecured $8,000,000 variable rate revolving line of credit with Regions Commercial Equipment Finance, LLC. Grantham was founded in 1951 to serve World War II veteran educational needs. It began offering exclusively online programs in the late 1990s. Grantham has maintained a focus on military students, and current or past service members currently make up approximately 67% of its student body. The University of Arkansas – Grantham is accredited through the Distance Education Accrediting Commission. Grantham is also accredited by the Accrediting Board of Engineering and Technology, the Commission of Collegiate Nursing Education, the Accrediting Commission for Education in Nursing, and the International Accreditation Council for Business Education; University of Arkansas – Grantham has notified each of the change of control and is awaiting formal transfer of the accreditation credentials. The Board contemplates that eVersity and the University of Arkansas – Grantham will eventually be merged into one campus.

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

Board of Trustees

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

Name and Office	Business or Profession	Term Expires
Stephen Broughton MD, Chair	Physician	2022
Cliff Gibson, Vice Chair	Attorney	2023
Tommy Boyer, Secretary	Retired Business Executive	2027
Kelly Eichler, Assistant Secretary(1)	Attorney	2026
Morril Harriman, Assistant Secretary	Attorney	2024
Sheffield Nelson	Attorney	2025
Steve Cox	Business Executive	2028
Ed Fryar, PhD	Business Executive	2029
Ted Dickey	Business Executive	2030
Jeremy Wilson	Business Executive	2031

(1) Ms. Eichler is the spouse of an officer at Stephens Inc., one of the Underwriters.

System Administration

The current officers of the System are:

Name	Office
Donald R. Bobbitt, PhD	President
Gina Terry[(1)]	Vice President for Finance and CFO
Michael Moore, PhD	Vice President for Academic Affairs
Chuck Culver	Interim Vice President for Agriculture
Melissa K. Rust	Vice President for University Relations
Steven Fulkerson	Vice President for Administration and CIO
Chris Thomason	Vice President for Planning and Development
JoAnn Maxey	General Counsel

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

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(1) Ms. Terry is retiring effective January 31, 2022. The System is currently undertaking a search for a new Vice President for Finance and CFO.

Student Enrollment-All Campuses

Preliminary enrollment for the fall semester of the 2019/20 school year, the fall semester of the 2020/21 school year, and the fall semester of the 2021/22 school year for each campus of the System (expressed as full-time equivalents and including concurrent enrollment) was as follows.

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

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

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UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Administrative Officers

The current administrative officers of UAMS are:

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

General Information

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

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

UAMS is the State's largest public employer with more than 12,200 employees. Fall 2021 enrollment totaled approximately 3,047 students and 873 medical school residents. UAMS and its affiliates have an economic impact in Arkansas of about $4.5 billion a year.

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

UAMS operations are funded by payments for clinical services, tuition and fees, state appropriations, sponsored research and philanthropy. For the fiscal year ended June 30, 2021, philanthropy covered approximately $14.3 million or 0.8% of UAMS's operating expenses. UAMS's allocated gross state appropriations accounted for 6.0% of revenue and primarily funded operating expenses related to educating students.

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

UAMS Medical Center has been recognized by U.S. News & World Report as the Best Hospital in Arkansas and its Ear Nose & Throat program was named among the top 50 in the country. UAMS was also ranked as high-performing in several other areas including cancer, orthopaedic surgery and heart failure. Over the last decade several of UAMS Colleges and programs have been recognized on the U.S. News list of America's Best Graduate Schools. In 2020, 119 UAMS physicians were named to the "Best Doctors in America," a prestigious listing based on the observations of fellow doctors in many specialty areas. For 2021, Castle Connolly named 76 UAMS physicians to its "Top Doctors in Arkansas" list, another respected list that is based on nominations by licensed physicians.

Components of UAMS

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

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

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

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

College of Health Professions. The College of Health Professions offers a number of areas of study within its twelve departments. These programs include Bachelor of Science programs in Cardio-Respiratory Care, Cytotechnology, Dental Hygiene, Diagnostic Medical Sonography, Medical Laboratory Sciences, Nuclear Medicine Imaging Sciences, Ophthalmic Medical Technology, and adiological Imaging Sciences; a post-baccalaureate certificate Dietetic Internship; a Master of Science program in Communicative Disorders, as well as a Master of Science in Genetic Counseling and a Master of Physician Assistant Studies. The College offers a Doctorate of Audiology and a General Practice Dentistry Residency. The College also offers a Doctor of Physical Therapy degree at the UAMS Northwest Regional Campus in Fayetteville and a Doctor of Occupational Therapy in collaboration with the University of Arkansas, Fayetteville.

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

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

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

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

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

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

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

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

Northwest Arkansas UAMS Orthopaedics and Sports Medicine Facility. The Board has authorized, but not yet issued, $109,600,000 of its Various Facilities Revenue Bonds (UAMS Northwest Arkansas), Series 2022 (the "Series 2022 NWA Various Facilities Bonds") for the purpose of financing the acquisition, construction, furnishing, and equipping of the Northwest Arkansas UAMS Orthopaedics and Sports Medicine Facility (the "Orthopaedics Facility"). Once completed, the Orthopaedics Facility will be a component of UAMS.

The Orthopaedics Facility will consist of a new approximately 185,000 square foot facility to be located in Springdale, Arkansas. The Board purchased the land for the Orthopaedics Facility in July 2021, and a portion of the Series 2022 NWA Various Facilities Bond proceeds will reimburse the Board for the purchase price. See also **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Facilities**, Northwest Arkansas Facilities, *The Orthopaedics Facility* herein.

Construction on the Orthopaedics Facility is expected to commence in August 2022. Based on current schedules, UAMS anticipates that the Orthopaedics Facility will begin operations in March 2024.

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

Facilities

Northwest Arkansas Facilities

The Orthpaedics Facility. As part of the Orthopaedics Facility, the Board will acquire, construct, and equip the Orthopaedics Facility in Springdale, Arkansas. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Components of UAMS,** Northwest Arkansas UAMS Orthopaedics and Sports Medicine Facility herein for information regarding the Orthopaedics Facility.

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

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

Northwest Campus. In 2007, UAMS established the Northwest Campus at 1125 North College Avenue in Fayetteville, Arkansas. Currently, the Northwest Campus offers (i) transfers from UAMS for the third and fourth years of medical school, (ii) transfers from UAMS for the third and fourth years of pharmacy school, (iii) MNSc (advanced practice nursing), BSN (bachelor of nursing) to DNP (doctorate in nursing), and PhD degree programs in nursing, (iv) associate and bachelor degree programs in radiologic imaging sciences, (v) master of science degree in genetic counseling, and (vi) a doctorate degree (DPT) program in physical therapy. Beginning in fall 2021, UAMS expanded offerings at the Northwest Campus to include a three-year MD primary care track and a four-year MD parallel track. Fall 2021 enrollment for the Northwest Campus reflected 47 medical students, 36 pharmacy students, 44 graduate nursing students, and 161 students in the health professions programs attending classes at the Northwest Campus.

In November 2021, the Board authorized the purchase of approximately 48 acres along Interstate 49 in Rogers, Arkansas. The property purchase is expected to close in late December 2021. The Board anticipates that the purchase price for the property will be reimbursed with proceeds of the Series 2022 NWA Various Facilities Bonds. UAMS acquired the property for future expansion and planning purposes. At this time, UAMS does not have definitive plans for the property.

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Little Rock Facilities

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

Building	Date Purchased Or Constructed	Date(s) of Expansion	Gross Sq. Feet
12th St. Clinic	2012		4,413
Administration West	2007		26,708
Barton Research	1960		68,461
Barton to BioMed I Bridge	1993		1,997
Biomedical Research Center I	1993		173,038
Biomedical Research Center II	2004		147,889
BioVentures	2003		17,597
Boiler House	1957	1960/1968/2012	28,310
Cancer Institute, Winthrop P. Rockefeller	2010		575,891
Central	1955	1967/1997	516,670
College of Health Professions BLDG 2	2007		5,534
College of Health Professions BLDG 3	2007		3,597
College of Health Professions BLDG 4	2007		11,321
College of Health Professions BLDG 4A	2007		4,017
College of Health Professions BLDG 5	2007		22,241
College of Health Professions BLDG 5A	2007		5,383
College of Health Professions BLDG 6A	2007		4,017
College of Health Professions BLDG 7A	2007		4,085
Computer Building	1970	1973	9,952
Distribution Center	1996		48,819
East Energy Plant	2021		34,310
Education II	1977		248,537
Education Building South	2001		17,302
Eye Institute, Harvey and Bernice Jones	1993	2006	111,078
Family Medical Center	1986		27,670
Freeway Medical Tower	1992		47,960
Hospital	2009		584,034
I. Dodd Wilson Education Building	2008		44,411
Institute on Aging, Donald W. Reynolds	2000	2013/2014	158,333
Institute on Aging to Spine Institute Bridge	2014		5,153
Magnetic Resonance Imaging	1986		13,390
Mediplex	1990		4,264
Monroe Building	2019		51,449
OPC to Barton / Central Bridge	1989		4,975
Outpatient Center	1979	1987/1996	148,112
Outpatient Diagnostic Center	1989		6,780
Paint Shop & Flammable Storage	1977		2,895
PET	2005		12,133
Physical Plant	1984		24,207
Primary Data Center	2010		13,771
Psychiatric Research Institute	2008		115,034
Radiation Oncology	2000		34,572
Rahn Building	1994	2003	177,845
Residence Hall Administration	2006		5,489
Residence Hall North	2006		23,776
Residence Hall South	2006		60,087
Shorey Building, Winston K.	1957		192,217
Spine Institute, Jackson T. Stephens	2003		240,484

Student Center	2006		4,000
70Walker Annex	2008		17,739
Ward Tower	1997		229,929
West Central Energy Plant	2007		22,697
Westmark	1988		24,502
Parking Deck #1 (Hospital)	2009		456,279
Parking Deck #2 (North)	1982	1993	674,833
Parking Deck #3 (OPC)	2000		322,800
Total			5,842,987

The major facilities owned by UAMS in Little Rock are located on or near its 98 acre campus at 4301 West Markham Street, Little Rock, Arkansas 72205.

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

In November 2019, UAMS commenced work on a comprehensive infrastructure and energy conservation project (the "Energy Efficiency Project") involving a significant portion of UAMS's Little Rock campus. The Energy Efficiency Project was financed with proceeds of the Board's Various Facilities Revenue Bonds (UAMS Campus), Tax Exempt Series 2019A and Taxable Series 2019B. Thus far, the COVID-19 pandemic has not delayed work on the Energy Efficiency Project, and UAMS anticipates that the Energy Efficiency Project will be completed as originally scheduled (by November 30, 2022). There can be no assurance that the COVID-19 pandemic or other factors will not cause work on the Energy Efficiency Project to be delayed, and any such delay may extend the time that it takes UAMS to recognize energy efficiency savings expected to be generated by the Energy Efficiency Project.

On March 18, 2021, the System Board of Trustees approved a new market tax credit transaction in principal amount not greater than $6,750,000 in which Delta Student Housing, Inc., an affiliate of the System, will develop a childcare and early childhood education facility in Little Rock. It is anticipated that UAMS will enter into a long term lease of the facility and will manage its operations.

In August 2021, UAMS commenced construction on a new Radiation Oncology Center. The Radiation Oncology Center will consist of a new approximately 52,000 square foot, three-level facility to be located on UAMS's main campus in Little Rock, Arkansas. Approximately 20,000 square feet of the Radiation Oncology Center will be utilized by UAMS for its radiation oncology program, which will be relocated to the Radiation Oncology Center upon completion. UAMS anticipates that the Radiation Oncology Center will include three photon linear accelerator vaults and brachytherapy facilities, as well as necessary support space and offices. UAMS physicians, technicians and staff will perform photon, proton and brachytherapy in the facility. Approximately 9,000 square feet of space within the Radiation Oncology Center will be utilized for a proton therapy center. Such space (along with a right to use common space) has been leased to a limited liability company (the "Proton Venture") that will operate and manage the leased space as a proton therapy center (the "Proton Therapy Center"). The majority member of the Proton Venture is a non-profit entity established by a proton therapy developer, and the minority members of the Proton Venture are UAMS and two other Arkansas health care institutions. UAMS has contracted with the Proton Venture to provide certain professional services at the Proton Therapy Center. Proton therapy is a radiation-based technology for cancer treatment that has the capability to deliver high-dose radiation to cancer patients compared to traditional X-ray radiation treatment. Proton therapy is designed to limit a patient's radiation exposure by using a beam of protons designed to deliver the majority of its energy directly to a patient's tumor, which reduces damage to the patient's healthy tissue and reduces the side effects of radiation treatment. The Proton Therapy Center will be the first of its kind in Arkansas. Financing of the Radiation Oncology Center was provided through the issuance of the Board's Various Facilities Revenue Bonds (UAMS Campus), Series 2021A and Taxable Series 2021B. The costs to acquire and install the proton therapy equipment and to equip and finish-out the Proton Therapy Center, along with financing costs, capitalized interest, and debt service reserves, are anticipated to be financed with proceeds of the $56,845,000 aggregate principal amount Public Finance Authority Senior Revenue Bonds (Proton International Arkansas, LLC), Series 2021A, Subordinate Revenue Bonds (Proton International Arkansas, LLC), Series 2021B, and Subordinate Revenue Bonds (Proton International Arkansas, LLC), Series 2021C (collectively, the "PFA Proton Bonds"), which were issued on December 22, 2021. The PFA Proton Bonds will be secured and payable from revenues of the Proton Venture derived from use of the proton therapy equipment, by a leasehold mortgage, and also by a lien on and security interest in the proton therapy equipment. The PFA Proton Bonds are not secured by Pledged Revenues, and the PFA Proton Bonds are not general obligations of the Board. Design work on the Radiation Oncology Center commenced in late 2020. Construction commenced in August 2021, and completion is expected in summer 2023. Based on current schedules, UAMS anticipates that the Proton Therapy Center will begin to see patients in September 2023.

In April 2021, UAMS commenced construction on a surgical hospital, which will consist of a new approximately 146,883 square foot, four-level facility to be located on UAMS's main campus in Little Rock, Arkansas. The surgical hospital is anticipated to contain twelve new operating rooms, twenty-four inpatient beds, a post-anesthesia care unit, physical therapy space, imaging facilities (with one X-ray machine, one magnetic resonance imaging machine, and one computerized tomography machine), as well as clinical space. UAMS's vision for the surgical hospital is that it will serve as a destination hub for multidisciplinary musculoskeletal care that will attract patients and sub-specialized physicians from across the State and the nation. Work on the surgical hospital commenced in April 2021, and completion is expected in March 2023.

The UAMS Parking System

Parking facilities of UAMS's Little Rock campus currently consist of three multi-level parking garages and various surface parking lots owned, leased or operated by UAMS (the "Parking System"). Currently, the Parking System contains 5,389 parking spaces 3,641 of which are dedicated employee and staff parking spaces. This number does not include 1,388 parking spaces available in the free shuttle lots west of UAMS's Little Rock campus. The Parking Deck Project is expected to add approximately 801 additional parking spaces to the Parking System.

The following chart portrays the total number of all patient, visitor and employee spaces:

Parking Area	Spaces
Parking Deck 1 (Hospital Deck)	978
Parking Deck 2 (North Deck)	1,923
Parking Deck 3 (East Deck)	860
Parking Deck 4(1)	801
Surface Lots(2)(3)	1,381

The numbers above include 1,475 short-term visitor spaces in various, selected areas.

(1) "Parking Deck 4" is the Parking Deck Project being financed with proceeds of the Bonds. The number of spaces is a preliminary estimate. It is not anticipated that Parking Deck 4 will be completed until October, 2022. See **PURPOSES FOR THE BONDS** herein.
(2) Excludes 247 surface lot spaces in Lot 6, which is designated as a parking lot for UAMS employees. The land on which Lot 6 is located is the site of the Parking Deck Project. Once work on the Parking Deck Project commences, the spaces in Lot 6 will be unavailable. It is anticipated that the UAMS employees whose parking spaces will be displaced will be instructed to park in one of the free shuttle lots west of UAMS's Little Rock campus.
(3) During the fiscal years ended June 30, 2020 and June 30, 2021, the number of surface lot spaces has been reduced by approximately 634 spaces. This includes a reduction of 562 spaces to accommodate ongoing construction projects on UAMS's Little Rock campus. One of the purposes of the Parking Deck Project is to replace parking spaces lost to construction projects. In addition, UAMS's Little Rock campus has had a reduction of 72 spaces that were taken offline and repurposed for COVID-19 triage units. These amounts exclude the 247 spaces referenced in footnote (2).

Fees for parking charges by the UAMS Parking System, as of September 1, 2021, are as follows:

Annual Employee Parking Rates:

Reserved	$595
Reserved Area	495
Uncovered Reserved Individual Spaces	495
Uncovered Reserved Area	495
Controlled	325
Deck Evening	230
Open Evening	144
Lot 1	210
Lot 2	325
Lot 3	325
Lot 4	60
Lot 5	325
Lot 6(1)	210
Lot 7	325
Lot 7E	210
Lot 8	310
Lot 9(1)	210
Lot 11	495
Lot 12(1)	N/A
Lot 14	325
Lot 15	272
Lot 16	325
Lot 18(1)	N/A
Lot 19	325
Lot 20(1)	N/A
Lot 21	210
Lot 22	N/A
Distribution	210
Motorcycle	144
Evening Student (>5pm/WE)	21
Boot Fee (per incident)	60

Daily Visitor Rates:

1st 30 Minutes	Free
1st Hour	$1.00
Additional hour	1.00
Max per day	7.00
Temporary Patient Pass (per week)	10.00
Temporary Vendor Pass (per month)	45.00
Temporary Contractor Pass (per month)	45.00

UAMS security personnel monitor usage of parking facilities and are empowered to issue citations for parking violations. Fines from these citations are not considered parking revenue because the amounts collected are not retained by the UAMS Parking Department.

Currently, all employee parking areas of the Parking System are filled to capacity. There are currently 1,361 UAMS employees on waiting lists for on-campus parking spaces.

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

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(1) These lots (or, in some cases, a portion of the spaces in a lot) have been taken offline due to construction projects on the UAMS campus.

Enrollment

The following table based on fall term registration, sets forth enrollment at UAMS for each college for 2017 through 2021 (combined for both the main campus in Little Rock and the Northwest Campus).

School Year	Applications	Acceptances	New Enrollments	Total Enrollment[(1)]
(Total All Campuses)				
2017	4,701	1,220	876	2,834
2018	3,141	943	851	2,727
2019	3,111	1,145	882	2,727
2020	3,191	1,135	1,018	2,876
2021	3,896	1,180	1,059	3,047
(College of Medicine)				
2017	2,209	174	173	687
2018	1,200	182	173	694
2019	1,252	209	171	696
2020	1,038	177	173	704
2021	1,554	168	166	684
(College of Nursing)				
2017	556	368	212	688
2018	465	240	213	632
2019	309	220	177	590
2020	435	208	197	569
2021	441	206	186	517
(College of Pharmacy)				
2017	351	157	122	465
2018	149	89	86	434
2019	124	95	74	392
2020	134	98	88	364
2021	130	99	90	340
(Graduate School)				
2017	253	67	58	201
2018	250	70	50	200
2019	266	74	52	220
2020	289	67	44	234
2021	311	73	62	243
(College of Health Professions)				
2017	1,170	351	260	616
2018	975	301	284	593
2019	1,064	476	354	657
2020	1,208	514	467	857
2021	1,371	567	498	1,098
(College of Public Health)				
2017	162	103	51	177
2018	102	61	45	174
2019	96	71	54	172
2020	87	71	49	148
2021	89	67	57	165

(1) Figures include non-degree seeking students

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

Employment Information

UAMS is one of the largest employers in Arkansas. The following chart outlines the number of each type of employee as of June 30, 2021.

Nature of Employment	Number of Employees
Faculty:	
Professors	284
Associate Professors	341
Assistant Professors	713
Instructors	153
Other Faculty	81
	1,572
Staff:	
Administrative/Executive	2,617
Professional Non-Faculty	5,101
Secretarial/Clerical	175
Technical/Paraprofessional	619
Skilled Craft	101
Service Maintenance	484
Student Employees/Temporary Employees	1,582
	10,679

See **SPECIAL CONSIDERATIONS AND RISKS RELATED TO COVID-19, Health Care Provider**, Employees and Staffing herein.

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Medical Center Information

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

Behavioral Health
Inpatient Adult Psychiatric Unit
Inpatient Pediatric Psychiatric Unit
Inpatient Women's Psychiatric Unit
Outpatient Psychiatry
Cognitive Behavioral Therapy
Addiction Medicine
Psychiatric Research Institute

Cancer
Medical Oncology – Bone, Brain, Breast, Gastrointestinal, Gynecological, Head & Neck, Lung, Leukemia, Lymphoma, Myeloma, Skin, Urologic
Surgical Oncology – Brain, Breast, Colorectal, Endocrine, GYN, MOHS, Orthopaedic, Thoracic, Urologic
Radiation Oncology
Bone Marrow Transplantation
Palliative Care
Cancer Genetics
Infusion Center
Hematology
Sickle Cell Disease
Winthrop P. Rockefeller Cancer Institute

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

Surgery
Surgical Clinics – Adult Burns, Cardiac Surgery, ENT, General Surgery, Plastic Surgery, Wound Care, Urology, Transplantation, Vascular, Thoracic, Oral Health
Advanced and General GI Endoscopy
Comprehensive Tertiary and Quaternary Care Surgical Inpatient Services
Trauma and Emergency General Surgery
Specialty Surgical Care – Colorectal, Pancreatic, Hepatobiliary, Kidney Transplantation, Liver Transplantation, Vascular, ENT, Urologic, Cardiac Surgery

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

Orthopaedics/Musculoskeletal
Orthopaedic Clinics
Sports Medicine
Physical Therapy
Occupational Therapy
Hip and Knee
Hand and Upper Extremity
Orthopaedic Trauma
Foot and Ankle

Neurology and Neurologic Surgery
Stroke
Epilepsy
Movement Disorders
Multiple Sclerosis
Chronic Pain
Neurologic Rehabilitation
Neurologic Surgery
Jackson T. Stephens Spine and Neurosciences Institute

Ophthalmology
Jones Eye Institute – Comprehensive Outpatient Eye Care
Ophthalmologic Surgery – Cataracts, Retinal, Glaucoma, Trauma, Implants, Oculoplastics
Optometry

Women and Newborn
Women's Health
Gender Affirmation Care
Obstetrics
High Risk Pregnancy and Maternal Fetal Medicine
Birthing
Newborn Nursery
Neonatal Intensive Care
Lab/Pathology Services
Emergency Medicine Services

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Physician Staff

As of June 30, 2021, there were 725 physicians on the UAMS Medical Center's staff in Little Rock, in the following classifications:

Staff Classification	Number of Physicians
Active	560
Courtesy	160
Honorary	5
Temporary	0
Total:	725

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The physicians on the professional staff of the UAMS Medical Center in Little Rock as of June 30, 2021, include the following specialists:

	UAMS Medical Center Staff as of June 30, 2021				
	Number of Physicians	Active	Courtesy	Honorary	Temporary
Addiction Psychiatry	2	1	1	0	0
Allergy/Immunology	4	0	4	0	0
Anesthesiology	65	43	22	0	0
Blood Banking/Transfusion Medicine	6	5	1	0	0
Brain Injury Medicine	2	2	0	0	0
Cardiovascular Disease	25	11	14	0	0
Child & Adolescent Psychiatry	9	4	5	0	0
Clinical Cardiac Electrophysiology	4	3	1	0	0
Clinical Genetics & Genomics	4	2	2	0	0
Clinical Neurophysiology	3	3	0	0	0
Colon/Rectal Surgery	3	3	0	0	0
Complex General Surgical Oncology	2	2	0	0	0
Critical Care Medicine	11	9	1	1	0
Cytopathology	7	7	0	0	0
Dermatology	7	5	2	0	0
Dermapathology	4	4	0	0	0
Diagnostic Radiology	44	19	25	0	0
Emergency Medicine	36	25	11	0	0
Endocrinology, Diabetes & Metabolism	6	4	2	0	0
Epilepsy	3	3	0	0	0
Family Medicine	26	25	1	0	0
Forensic Psychiatry	1	1	0	0	0
Gastroenterology	11	8	3	0	0
General Surgery	16	14	1	1	0
Geriatric Medicine	11	11	0	0	0
Geriatric Psychiatry	1	1	0	0	0
Gynecologic Oncology	5	5	0	0	0
Hematology	11	9	2	0	0
Hematopathology	7	7	0	0	0
Hospice & Palliative Medicine	7	6	1	0	0
Infectious Diseases	11	9	2	0	0
Internal Medicine	49	45	4	0	0
Interventional Cardiology	8	8	0	0	0
Interventional Radiology & Diagnostic Radiology	8	7	1	0	0
Maternal & Fetal Medicine	5	5	0	0	0
Medical Biochemical Genetics	2	0	2	0	0
Medical Oncology	11	11	0	0	0
Medical Toxicology	2	2	0	0	0
Molecular Genetic Pathology	3	2	1	0	0
Neonatal-Perinatal Medicine	26	17	9	0	0
Nephrology	18	16	2	0	0
Neurocritical Care	2	2	0	0	0

Neurological Surgery	9	7	2	0	0
Neurology	10	10	0	0	0
Neuromuscular Medicine	2	2	0	0	0
Neuropathology	1	1	0	0	0
Neuroradiology	10	9	1	0	0
Neurotology	1	1	0	0	0
Nuclear Medicine	9	8	1	0	0
Obstetrics/Gynecology	14	13	1	0	0
Ophthalmology	21	14	6	1	0
Orthopaedic Sports Medicine	1	1	0	0	0
Orthopaedic Surgery	22	18	4	0	0
Otolaryngology - Head and Neck Surgery	20	14	6	0	0
Pain Medicine	5	4	0	1	0
Pathology-Anatomic/ Pathology-Clinical	10	7	3	0	0
Pathology-Clinical	2	2	0	0	0
Pathology-Forensic	1	0	1	0	0
Pediatrics	12	8	4	0	0
Physical Medicine & Rehabilitation	4	3	1	0	0
Plastic Surgery	3	2	1	0	0
Psychiatry	17	15	1	1	0
Pulmonary Disease	8	8	0	0	0
Radiation Oncology	6	5	1	0	0
Reproductive Endocrinology/ Infertility	2	1	1	0	0
Rheumatology	4	2	2	0	0
Sleep Medicine	1	1	0	0	0
Spinal Cord Injury Medicine	2	2	0	0	0
Sports Medicine	1	1	0	0	0
Surgery of the Hand	5	5	0	0	0
Surgical Critical Care	10	8	2	0	0
Thoracic & Cardiac Surgery	7	7	0	0	0
Transplant Hepatology	3	2	1	0	0
Urology	5	4	1	0	0
Vascular Neurology	4	4	0	0	0
Vascular Surgery	5	5	0	0	0
TOTAL	725	560	160	5	0

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The following chart describes the top twenty net collections generating Medical Center faculty group practice physicians for UAMS for the fiscal year ended June 30, 2021.

Physician	Specialty	Department	Age	Revenue Generated in 2020/2021 Fiscal Year
Van Rhee, Frits	Hematology	Myeloma	62	$21,320,780
Veeraputhiran, Muthu K. K	Internal Medicine	Cancer	42	13,727,661
Zangari, Maurizio	Hematology	Myeloma	65	13,639,007
Makhoul, Issam [(1)]	Hematology	Cancer	64	12,565,057
Thanendrarijan, Sharmilan	Hematology and Oncology	Myeloma	42	11,177,115
Mukherjee, Akash	Medical Oncology	Cancer	34	9,893,612
Barganier, Laura M. [(1)]	Nurse Practitioner Family	Neurosciences	57	9,676,440
Sasapu, Appala Naidu [(1)]	Hematology and Oncology	Cancer	40	8,787,317
Arnaoutakis, Konstantinos	Medical Oncology	Cancer	48	8,776,984
Schinke, Carolina D.	Hematology and Oncology	Myeloma	41	8,239,344
Atiq, Omar T.	Hematology and Oncology	Cancer	61	7,740,101
Govindarajan, Rangaswamy	Hematology	Cancer	64	7,196,347
Gibbs, Hunter M.	Psychiatry	Behavioral Health	36	6,471,188
Habib, Joyce [(1)]	Hematology and Oncology	Cancer	40	5,973,711
Ridha, Ali Mundhir T. [(1)]	Internal Medicine	Integrated Medicine	40	5,828,161
Morris, III, Thomas W. [(1)]	Neurosurgery	Neurosciences	37	5,681,623
Margolick, Joseph F. F	Surgery	Surgical Specialties	34	5,593,569
Gray, Franklin John	Family Medicine	Integrated Medicine	38	5,452,006
Kazemi, Noojan	Neurosurgery	Neurosciences	48	5,345,601
Mansour, Munthir M. H.	Internal Medicine	Integrated Medicine	35	5,306,458

(1) Dr. Makhoul, Dr. Barganier, Dr. Sasapu, Dr. Habib, and Dr. Ridha are no longer employed by UAMS, but UAMS is currently in the process of recruiting replacements in their respective areas of specialty. Dr. Morris is currently on leave from his practice. Management does not expect any resulting material impact to revenue.

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Utilization

As of June 30, 2021, the Medical Center in Little Rock had 535 beds, including 431 adult beds, 64 newborn bassinets, and 40 psychiatry beds. The following chart provides the number of adult admissions, births, adult patient days and total patient days for the fiscal years ended June 30, 2017 through 2021.

	2021	2020	2019	2018	2017
Adult Admissions	22,593	23,609	24,376	24,596	24,627
Births	3,184	3,460	3,454	3,390	3,640
Adult Patient Days	125,555	121,981	129,919	132,949	132,068
Total Patient Days	149,492	148,955	154,581	156,978	157,145
Average Daily Census	410	407	424	430	431
Occupancy Rate	79.11%	77.32%	82.46%	83.34%	83.13%

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

Inpatient Days

Fiscal Year Ended June 30	Medicare	Medicaid	Other	Total
2017	55,228	49,633	52,284	157,145
2018	57,091	46,945	52,942	156,978
2019	54,306	49,198	50,982	154,486
2020	50,712	49,636	48,607	148,955
2021	53,363	45,511	50,618	149,492

Fiscal Year Ended June 30	Equivalent Outpatient Days	Inpatient Days	Total	Equivalent Daily Census
2017	157,338	157,145	314,483	862
2018	158,302	156,978	315,280	864
2019	163,671	154,581	318,252	872
2020	158,425	148,955	307,380	840
2021	154,348	149,492	303,840	832

Average Length of Stay

Fiscal Year Ended June 30	Medicare	Medicaid	Other	Total
2017	5.83	5.81	5.07	5.55
2018	5.73	5.76	5.36	5.61
2019	5.83	5.66	5.18	5.55
2020	5.63	5.85	5.07	5.50
2021	6.18	5.91	5.36	5.80

Discharges

Fiscal Year Ended June 30	Medicare	Medicaid	Other	Total
2017	9,469	8,538	10,307	28,314
2018	9,962	8,156	9,878	27,996
2019	9,321	8,685	9,849	27,855
2020	9,012	8,485	9,581	27,078
2021	8,631	7,700	9,437	25,768

Emergency Room and Outpatient

Fiscal Year Ended June 30	Emergency	Outpatient
2017	60,861	485,121
2018	60,559	495,329
2019	60,251	498,809
2020	57,540	463,482
2021	55,025	579,693[(1)]

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

The following table summarizes gross and net patient revenues by payor source for the fiscal years ended June 30, 2017 through 2021.

Gross Patient Revenues

Fiscal Year Ended June 30,

	2021	2020	2019	2018	2017
Medicare	$1,082,683,595	$975,638,739	$988,593,255	$963,249,433	$891,834,118
Medicaid	397,339,292	425,253,295	415,368,951	380,799,944	367,149,508
Other	1,022,395,536	953,766,959	962,233,515	934,858,611	894,419,174
Total	$2,502,418,423	$2,354,658,993	$2,366,195,721	$2,278,907,988	$2,153,402,800

Net Patient Revenues

Fiscal Year Ended June 30,

	2021	2020	2019	2018	2017
Medicare	$322,938,859	$279,763,491	$279,102,046	$275,875,181	$257,550,303
Medicaid	168,992,126	164,616,852	233,269,596	178,979,798	178,237,345
Other	381,935,312	349,468,145	339,767,428	340,162,542	327,531,642
Total	$873,866,297	$793,848,488	$852,139,070	$795,017,521	$763,319,290

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

Litigation

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

Pledged Revenues

The term "Pledged Revenues" is defined as the gross revenues derived from the Parking Facilities. The term "Parking Facilities" is defined as all of the surface and deck parking areas now or hereafter owned, leased or operated by UAMS (see **PURPOSES FOR THE BONDS** and **SECURITY FOR THE BONDS** herein).

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

Fiscal Year (Ended June 30)	Amount[1]
2021	$3,811,303[2]
2020	4,353,110[2]
2019	4,808,812
2018	4,740,838
2017	4,570,477

[1] As certified by representatives of UAMS.
[2] For the fiscal years ended June 30, 2020 and 2021, UAMS experienced a decline in Pledged Revenues as a result of the COVID-19 pandemic and as a result of the reduction of parking spaces due to construction projects on the UAMS campus. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, The UAMS Parking System** herein.

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

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Debt Service Schedules for Bonds

Debt service requirements for the Series 2022A Bonds are as follows:

Fiscal Year (Ending June 30)	Series 2022A Bonds Principal	Series 2022A Bonds Interest	Total Series 2022A Bonds Debt Service
2022	--	--	--
2023	$330,000	$993,258.89	$1,323,258.89
2024	315,000	1,122,575.00	1,437,575.00
2025	330,000	1,111,250.00	1,441,250.00
2026	340,000	1,096,150.00	1,436,150.00
2027	365,000	1,078,525.00	1,443,525.00
2028	380,000	1,059,900.00	1,439,900.00
2029	395,000	1,040,525.00	1,435,525.00
2030	415,000	1,020,275.00	1,435,275.00
2031	965,000	985,775.00	1,950,775.00
2032	1,015,000	936,275.00	1,951,275.00
2033	1,065,000	884,275.00	1,949,275.00
2034	1,125,000	829,525.00	1,954,525.00
2035	1,175,000	772,025.00	1,947,025.00
2036	830,000	721,900.00	1,551,900.00
2037	870,000	683,750.00	1,553,750.00
2038	905,000	648,250.00	1,553,250.00
2039	940,000	616,050.00	1,556,050.00
2040	965,000	587,475.00	1,552,475.00
2041	995,000	558,075.00	1,553,075.00
2042	1,025,000	527,775.00	1,552,775.00
2043	1,065,000	491,100.00	1,556,100.00
2044	1,105,000	447,700.00	1,552,700.00
2045	1,150,000	402,600.00	1,552,600.00
2046	1,200,000	355,600.00	1,555,600.00
2047	1,245,000	306,700.00	1,551,700.00
2048	1,300,000	255,800.00	1,555,800.00
2049	1,350,000	202,800.00	1,552,800.00
2050	1,405,000	147,700.00	1,552,700.00
2051	1,465,000	90,300.00	1,555,300.00
2052	1,525,000	30,500.00	1,555,500.00
Total	$27,555,000	$20,004,408.89	$47,559,408.89

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Debt service requirements for the Series 2022B Bonds are as follows:

Fiscal Year (Ending June 30)	**Series 2022B Bonds Principal**	**Series 2022B Bonds Interest**	**Total Series 2022B Bonds Debt Service**
2022	--	--	--
2023	$695,000	$62,664.97	$757,664.97
2024	565,000	66,107.75	631,107.75
2025	570,000	60,061.50	630,061.50
2026	580,000	52,405.50	632,405.50
2027	590,000	43,040.50	633,040.50
2028	600,000	32,325.50	632,325.50
2029	610,000	20,281.50	630,281.50
2030	625,000	6,968.75	631,968.75
Total	4,835,000	343,855.97	5,178,855.97

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Debt service requirements for the Bonds are as follows:

Fiscal Year (Ending June 30)	Series 2022A Bonds Debt Service	Series 2022B Bonds Debt Service	Total Debt Service
2022	--	--	--
2023	$1,323,258.89	$757,664.97	$2,080,923.86
2024	1,437,575.00	631,107.75	2,068,682.75
2025	1,441,250.00	630,061.50	2,071,311.50
2026	1,436,150.00	632,405.50	2,068,555.50
2027	1,443,525.00	633,040.50	2,076,565.50
2028	1,439,900.00	632,325.50	2,072,225.50
2029	1,435,525.00	630,281.50	2,065,806.50
2030	1,435,275.00	631,968.75	2,067,243.75
2031	1,950,775.00		1,950,775.00
2032	1,951,275.00		1,951,275.00
2033	1,949,275.00		1,949,275.00
2034	1,954,525.00		1,954,525.00
2035	1,947,025.00		1,947,025.00
2036	1,551,900.00		1,551,900.00
2037	1,553,750.00		1,553,750.00
2038	1,553,250.00		1,553,250.00
2039	1,556,050.00		1,556,050.00
2040	1,552,475.00		1,552,475.00
2041	1,553,075.00		1,553,075.00
2042	1,552,775.00		1,552,775.00
2043	1,556,100.00		1,556,100.00
2044	1,552,700.00		1,552,700.00
2045	1,552,600.00		1,552,600.00
2046	1,555,600.00		1,555,600.00
2047	1,551,700.00		1,551,700.00
2048	1,555,800.00		1,555,800.00
2049	1,552,800.00		1,552,800.00
2050	1,552,700.00		1,552,700.00
2051	1,555,300.00		1,555,300.00
2052	1,555,500.00		1,555,500.00
Total	$47,559,408.89	$5,178,855.97	$52,738,264.86

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Coverage

Pledged Revenues for the fiscal year ended June 30, 2021, were $3,811,303.[1]

Maximum annual debt service on the Bonds is $2,080,924 (in the fiscal year ending June 30, 2023). Accordingly, the Pledged Revenues in the immediately preceding fiscal year equaled or exceeded 1.83 times the maximum annual debt service on the Bonds.

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[1] As certified by representatives of UAMS. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES, Pledged Revenues** herein.

Various Facilities Revenue Bonds

The Board has issued from time to time revenue bonds (collectively, the "Little Rock Various Facilities Bonds") secured by certain revenues attributable to in-patient services and other ancillary, therapeutic and diagnostic services provided at certain portions of UAMS's hospital in Little Rock, excluding physician-generated revenues, State appropriations, certain other restricted revenues, and fees authorized or imposed by UAMS and dedicated to a specific purpose (collectively, the "Little Rock Various Facilities Pledged Revenues"). In addition, the Board has authorized, but not yet issued, its Series 2022 NWA Various Facilities Bonds in a maximum principal amount of $109,600,000 to be secured by certain revenues attributable to in-patient and out-patient services and other ancillary, therapeutic and diagnostic services provided at certain of UAMS's facilities in Northwest Arkansas (initially, and once it is completed, consisting of only the Orthopaedics Facility), excluding physician-generated revenues, State appropriations, certain other restricted revenues, and fees authorized or imposed by UAMS and dedicated to a specific purpose, and by a subordinate pledge of the Little Rock Various Facilities Pledged Revenues. See **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**, **Components of UAMS**, Northwest Arkansas UAMS Orthopaedics and Sports Medicene Facility and **Facilities**, Northwest Arkansas Facilities, *The Orthopaedics Facility* herein. At this time, the Board anticipates issuing the Series 2022 NWA Various Facilities Bonds in late summer or early fall of 2022. Neither the Little Rock Various Facilities Bonds nor the Northwest Arkansas Various Facilities Bonds are secured by the Pledged Revenues.

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Debt service requirements for the Little Rock Various Facilities Bonds are as follows:[(1)]

Fiscal Year (Ending June 30)	Little Rock Various Facilities Bonds[(1)]
2022	$ 29,702,768.90
2023	32,951,643.90
2024	33,208,268.90
2025	33,453,268.90
2026	33,714,393.90
2027	33,988,518.90
2028	33,352,268.90
2029	33,548,518.90
2030	33,740,393.90
2031	33,954,518.90
2032	31,437,462.65
2033	31,887,306.40
2034	32,128,984.20
2035	32,360,030.30
2036	25,111,604.35
2037	25,109,415.20
2038	25,109,895.33
2039	25,107,656.76
2040	25,110,995.16
2041	25,108,717.81
2042	25,109,136.33
2043	25,110,125.00
2044	25,108,875.00
2045	25,107,250.00
2046	25,107,375.00
Total	$735,629,393.49

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(1) Consists of the Board's Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2013, the Board's Various Facilities Revenue Refunding Bonds (UAMS Campus), Series 2014, the Board's Various Facilities Revenue Bonds (UAMS Campus), Tax Exempt Series 2019A and Taxable Series 2019B, the Board's Various Facilities Revenue Refunding Bonds (UAMS Campus), Series 2020A and, the Board's Various Facilities Revenue Bonds (UAMS Campus), Series 2021A and Taxable Series 2021B.

Tobacco Note

In 2006, the Arkansas Development Finance Authority (the "Authority") issued its $36,775,159.75 Tobacco Settlement Revenue Bonds, Series 2006 (Arkansas Cancer Research Center Project) (the "Tobacco Settlement Bonds"). The Authority made the proceeds of the Tobacco Settlement Bonds available to the Board to finance an expansion to the Winthrop P. Rockefeller Cancer Institute (formerly known as the Arkansas Cancer Research Center). Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 ("Tobacco Funds") are pledged to debt service on the Tobacco Settlement Bonds and are the primary source of payment for the Tobacco Settlement Bonds. However, pursuant to a Loan Agreement dated as of June 1, 2006 between the Authority and the Board (the "Tobacco Loan Agreement"), the Board made an additional pledge of Little Rock Various Facilities Pledged Revenues. No payments will be made by the Board under the Tobacco Loan Agreement unless Tobacco Funds are insufficient to pay debt service on the Tobacco Settlement Bonds. See **Appendix B, Note 15**.

The repayment schedule for the Tobacco Settlement Bonds (which are non-callable capital appreciation bonds on which payments commenced on July 1, 2021) is as follows:

Fiscal Year	Debt Service[1]
2022	$ 7,525,275
2023	4,996,592
2024	4,999,279
2025	4,997,085
2026	4,995,001
2027	4,998,023
2028	4,996,147
2029	4,999,371
2030	4,997,685
2031	4,996,084
2032	4,999,563
2033	4,998,280
2034	4,996,453
2035	4,999,789
2036	4,995,474
2037	4,998,038
2038	4,997,885
2039	4,996,988
2040	4,997,027
2041	4,998,604
2042	4,998,882
2043	4,998,326
2044	4,997,336
2045	4,996,672
2046	4,996,984
2047	4,999,165

(1) Including annual trustee fees and Authority fees and expenses.

Other Outstanding Indebtedness

On April 14, 2011, the Board, on behalf of UAMS, entered into a Sustainable Building Design Revolving Loan Fund Agreement with the Arkansas Building Authority (the "ABA") under which the ABA loaned $3,000,000 to UAMS (the "ABA Loan"). Principal on the ABA Loan was payable by UAMS in quarterly payments of $75,000 each ($300,000 per year), and it matured on October 1, 2021. The ABA Loan did not bear interest and was not secured.

The Board, on behalf of UAMS, entered into an Arkansas Master Equipment Loan Agreement (the "2012 Equipment Agreement") dated as of August 2, 2012 with Banc of America Public Capital Corp. under which UAMS has acquired various equipment. As security under the 2012 Equipment Agreement, the Board has granted a lien on the equipment financed by each loan, a security interest in moneys and investments held from time to time in the Acquisition Fund created pursuant to the 2012 Equipment Agreement and proceeds of the foregoing. The terms of each acquisition borrowing financed through the 2012 Equipment Agreement are set forth on schedules to the 2012 Equipment Agreement and provide for varying rates and repayment provisions. No further equipment purchases will be financed pursuant to the terms of the 2012 Equipment Agreement. Set forth below are the amounts outstanding as of June 30, 2021 pursuant to the various outstanding schedules under the 2012 Equipment Agreement.

2012 Equipment Agreement Schedule	**Original Amount**	**Amount Outstanding (June 30, 2021)**
Banc of America Schedule 4	$ 5,290,344.00	$756,547.21
Banc of America Schedule 008	102,120.00	10,593.76
Banc of America Schedule 011	4,900,000.00	1,269,620.31
Banc of America Schedule 012	12,704,722.05	7,754,516.12

The Board, on behalf of UAMS, entered into a Master Equipment Lease/Purchase Agreement (the "2018 Equipment Agreement") dated as of December 6, 2018 with Banc of America Public Capital Corp. As security under the 2018 Equipment Agreement, the Board has granted a lien on the equipment financed by each loan, a security interest in moneys and investments held from time to time in the Escrow Account created pursuant to the 2018 Equipment Agreement and proceeds of the foregoing. The terms of each acquisition borrowing financed through the 2018 Equipment Agreement will be set forth on schedules to the 2018 Equipment Agreement. Set forth below are the amounts outstanding as of June 30, 2021 pursuant to the various outstanding schedules under the 2018 Equipment Agreement.

2018 Equipment Agreement Schedule	**Original Amount**	**Amount Outstanding (June 30, 2021)**
Banc of America Schedule 001	$15,251,387.52	$13,231,009.81

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Set forth below is a schedule of payments due on capital lease commitments as of June 30, 2021 (including schedules under the 2012 Equipment Agreement and the 2018 Equipment Agreement and certain other capital lease obligations).

Fiscal Year (Ending June 30)	**Capital Lease Payments**
2022	$5,479,375
2023	3,946,795
2024	3,865,896
2025	3,756,210
2026	3,341,947
2027	3,238,168
2028	824,933
2029	820,016
2030	856,591
2031	894,732
2032	805,809
2033	260,928
2034	271,559
2035	282,622
2036	294,137
2037	306,121
2038	318,592
2039	191,806

On October 26, 2018, the Board closed on a 10-year loan with Regions Capital Advantage, Inc. for $27,000,000 (the "ERP Loan"). The proceeds of the ERP Loan are being used for the purpose of paying the costs of configuring and installing an enterprise resource planning system. The interest rate on the ERP loan is 3% per annum. The ERP Loan is a closed-end line of credit, with interest paid quarterly, through the conversion date of November 1, 2020 when it converted to a permanent loan with quarterly principal and interest payments of $953,775.26 each. The ERP Loan is not secured by a pledge of the Pledged Revenues. Certain campuses of the System, as participants in the enterprise resource planning system, are obligated to make payments to the System for the life of the ERP Loan. UAMS's participation in the ERP Loan will require it to repay approximately $20,397,907 over ten years at a rate of 3.10%. The amount owed by UAMS at June 30, 2021 is $12,445,801.43. On July 28, 2021, an additional internal loan of $5.8 million was approved by the Board to finance the extension of the implementation of the Workday Finance and Human Capital Management to July 1, 2022. The repayment period for this portion of the loan is for seven years at 3.10%, payable semi-annually.

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

For additional information concerning the outstanding debt of UAMS, see Note 9 to the audited financial statements of UAMS for the fiscal year ended June 30, 2021, attached hereto as Appendix B. For additional information concerning the outstanding debt of the Board, see Note 10 to the audited consolidated financial statements for the University of Arkansas System for the fiscal year ended June 30, 2021, attached hereto as Appendix C.

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FINANCIAL STATEMENTS

UAMS

Set forth in Appendix B to this Official Statement are the audited financial statements of UAMS for the fiscal year ended June 30, 2021. The notes set forth in Appendix B are an integral part of the financial statements, and the statements and notes should be read in their entirety.

The financial reports of UAMS includes three primary financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. The notes to the financial statements provide additional information that is essential to understanding the primary financial statements. Other required supplementary information provides additional information related to other post-employment benefits.

The financial statements of UAMS are presented in accordance with Governmental Accounting Standards Board Statements. Financial statements are prepared using the accrual basis of accounting, which is consistent with the accounting method used by private-sector entities. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

KPMG LLP, UAMS's independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix B, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

University of Arkansas System

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

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

Legislative and Regulatory Changes; Health Care Reform

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

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

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

In June 2012, in response to litigation brought by a group of state attorneys general, the U.S. Supreme Court (*National Federation of Independent Business v Sebelius*) upheld most provisions of the Affordable Care Act while also substantially limiting the law's expansion of Medicaid, allowing states to choose between participating in the expansion while receiving additional federal payments or foregoing the expansion and retaining existing payments. Instead of fully expanding the Arkansas Medicaid program as envisioned by the Affordable Care Act, the State of Arkansas sought and obtained a waiver from the federal government to instead institute a hybrid approach commonly referred to as the "private option." Under the current version of the private option, individuals in Arkansas earning less than 138% of the federal poverty level income amount are eligible to receive a government subsidy to purchase private insurance through an insurance exchange. The adoption of the State's private option program by the Arkansas General Assembly, effective June 1, 2014, has resulted in insurance coverage to an estimated 285,000 previously uninsured persons and a corresponding decrease in the costs of uncompensated care to Arkansas hospitals. Subsequent to implementation of the Work Requirement (as hereinafter defined and discussed below), it was estimated that insurance coverage was extended to approximately 227,284 previously uninsured persons. Any repeal or revision of the Affordable Care Act could potentially invalidate the Arkansas private option program, which, in turn, could have a material negative impact on patient revenues of UAMS and its ability to satisfy its payment obligations with respect to its indebtedness, including the Bonds.

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

The Work Requirement, the first of its kind in the nation, became effective in June of 2018, and required non-exempt beneficiaries to report 80 hours each month of work, work training, education, or community service. The reporting process, which required the submission of hours through an online portal, proved to be controversial. In August 2018, Arkansas Works had 265,223 total enrollees. By December 2018, 18,000 beneficiaries had been removed from the program. In March of 2019, the Work Requirement was struck down by a federal judge in the United States District Court for the District of Columbia (*Gresham v. Azar*). In February of 2020, a federal appeals court panel for the United States Court of Appeals for the District of Columbia Circuit unanimously upheld the lower court's ruling striking down the Work Requirement. The Trump Administration petitioned the United States Supreme Court to hear an appeal of the decision and that petition was granted in December 2020. Oral arguments originally set for late March were cancelled at the request of the acting U.S. Solicitor General. The Biden administration reversed the position of the Trump administration regarding waiver approvals for work requirements in conjunction with the Medicaid program. On March 17, 2021, CMS revoked the waiver previously issued to Arkansas. No action has been taken by the court on this request to date, and the case remains unresolved at the close of the Supreme Court term.

Because the earlier decision did not grant a stay, the Work Requirement was not in effect after March of 2019 and individuals who lost eligibility for Arkansas Works coverage are currently eligible to reapply. Reauthorization and appropriation of the program for 2019 was impacted as a result of the initial decision by the federal judge; although the bill to fund the Division of Medical Services, which implements the state Medicaid program, passed the Senate, it failed in the House of Representatives, achieving only 58 votes (75 required). Brought before the chamber again, the bill received the 75 votes needed to fund the program for 2019. Since the Medicaid Expansion in 2013, it has proven difficult to achieve the 75 necessary votes necessary for the Division of Medical Services' appropriation. Reauthorization was extended for another year without controversy in April 2020. In 2021, the reauthorization and appropriation bill passed on its fifth try in the House, eventually receiving 78 votes to pass, though it passed on the first vote in the Senate.

Given the annual appropriation requirement for the Arkansas private option (which is also subject to a lengthy review and approval process by CMS with respect to any changes to the program), the State budget challenges stemming from the COVID-19 pandemic, and the current political environment, the long-term status of Arkansas' private option program cannot be assured. In order for the program to continue into the State's next fiscal year, it will be necessary for the Arkansas House of Representatives and Senate to approve reauthorization by the 75% supermajorities of senators and representatives described above in the regular session of the Arkansas General Assembly which reconvenes in January 2023. As noted above, CMS has rescinded the waivers that permitted the work requirements discussed above in connection with Medicaid expansion in several states, including Arkansas. Arkansas has filed an administrative appeal of its formal rescission. Although a rescission of such waivers is subject to legal challenge by the states that enacted work requirements in reliance thereon, the results of any such challenge are impossible to predict.

Given these developments, legislation known as the Arkansas Health and Opportunity for Me Act ("ARHOME") has been enacted by the Arkansas General Assembly and signed by the Governor. ARHOME retains the private insurance model for purchasing health insurance plans for participants that exists in the current Arkansas Works program, but makes the private option available only to those applicants who meet certain work requirements similar to those previously included in the Arkansas Works program. Otherwise qualifying applicants who do not satisfy such work requirement incentives will nevertheless be covered under ARHOME on a fee-for-service basis, under which providers are generally reimbursed for services at a lesser rate than by private insurers. CMS approved some provisions of ARHOME on December 21, 2021. CMS did not approve the State's request to continue to require individuals with income above 100 percent of the federal poverty level to pay a share of the premiums for their coverage. The current premium requirement will expire on December 31, 2022. CMS is still considering other provisions of ARHOME, including Life360 HOMES, which would provide additional aid for pregnant women, people with mental illnesses, and young people at risk for long-term poverty. There can be no assurance that any future continuation of the Medicaid expansion program in Arkansas will be enacted, and, if enacted, the impact on Medicaid revenues received by UAMS. The provisions of ARHOME approved by CMS became effective January 1, 2022.

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

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

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

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

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

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

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

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

The content and implementation of the Affordable Care Act has been, and remains, highly controversial. Accordingly, the Affordable Care Act has continually faced multi-front challenges, including repeated repeal efforts, since its enactment. Management of UAMS cannot predict the impact any major modification or repeal of the Affordable Care Act, or any replacement health care reform legislation, might have on UAMS's business or financial condition, although such effects could be material. In particular, any legal, legislative or executive action that reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, or otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on UAMS's business or financial condition.

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

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

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

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

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

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

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

General Health Care Industry Factors

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

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

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

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

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

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

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

Medicare

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Medicaid

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

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

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

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

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

Medicare and Medicaid Annual Cost Reporting; Audits

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

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

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

Fraud and Abuse Laws and Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Electronic Transmission of Health Information; Privacy and Security Regulations

The Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), added two prohibited practices the commission of which may lead to civil monetary penalties: (i) the practice or pattern of presenting a claim for an item or service on a reimbursement code that the person knows or should know will result in greater payment than appropriate (i.e., upcoding); and (ii) the practice of submitting claims for payment for medically unnecessary services. Violation of such prohibited practices due to civil neglect could amount to civil monetary penalties ranging from $50,000 to $1.5 million for all identical violations in a calendar year and/or imprisonment. Management of UAMS is not aware of any violations of the prohibited practices provisions of HIPAA.

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

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

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

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

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

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

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

General Economic Conditions: Bad Debt and Indigent Care

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

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

Third-Party Reimbursement

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

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

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

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

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

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

Environmental Factors Affecting the Health Care Industry

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

Information Systems

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

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

Cybersecurity

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

Acquisitions, Affiliations, Mergers, and Divestitures

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

COVID-19 Pandemic

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

Additional Parity Bonds

The Indenture permits the issuance of Additional Parity Bonds and other indebtedness secured by and payable from the Pledged Revenues on a parity with the Bonds and subordinate to the Bonds. See **SECURITY FOR THE BONDS** and **SUMMARY OF THE INDENTURE, Additional Bonds** and **Pledged Revenues; Permitted Encumbrances** herein for a description of the limitations on the issuance of such Additional Parity Bonds and other indebtedness. The issuance of indebtedness, including Additional Parity Bonds, which does not result in a comparable increase in the Pledged Revenues of UAMS would result in a dilution of the security for the Bonds.

Covenant to Maintain Tax-Exempt Status of the Series 2022A Bonds

The tax-exempt status of the interest on the Series 2022A Bonds, as described under **TAX MATTERS** herein, is based on the continuing compliance by the Board, UAMS and any other users of the facilities financed and refinanced with the proceeds of the Series 2022A Bonds with certain covenants contained in the Indenture and the certifications of the Board with respect to the tax status of the Series 2022A Bonds that will be given in connection with the delivery of the Series 2022A Bonds. These covenants relate generally to restrictions on the use of the facilities financed and refinanced with the proceeds of the Series 2022A Bonds, restrictions on leasing or selling such facilities to organizations other than tax-exempt organizations, requirements regarding the timely and proper use of proceeds of the Series 2022A Bonds, arbitrage limitations, and rebate of certain excess investment earnings, if any, to the federal government. Failure to comply with any of these covenants may cause interest on the Series 2022A Bonds to be includable in gross income retroactive to their date of issuance. In the event that interest on the Series 2022A Bonds should become subject to inclusion in gross income for federal or State income tax purposes, the Indenture does not provide for the redemption of the Series 2022A Bonds, or for the payment of any additional interest on the Series 2022A Bonds. Notwithstanding the foregoing, the failure of the Board to comply with any of such covenants or representations may cause an Event of Default under the Indenture with the effect of causing an acceleration of payments due with respect to the Series 2022A Bonds. See **SUMMARY OF THE INDENTURE** herein.

Risk of Redemption

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

Bond Rating

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

Construction of the Parking Deck Project

There can be no assurance that the acquisition, construction, and equipping of the Parking Deck Project will be completed on schedule. A variety of factors could result in the delay of completion of the Parking Deck Project, including delays in obtaining the necessary permits, licenses and other governmental approvals, site difficulties, labor disputes, delays in delivery and shortages of materials, adverse weather conditions, fire and other casualties, contractor and subcontractor defaults, and unknown contingencies. If completion of the Parking Deck Project is delayed beyond the date projected, the receipt of any additional Pledged Revenues to be generated from the additional parking spaces in the new parking deck will likewise be delayed. In addition, bidding for the Parking Deck Project is not expected to occur until late-February 2022 (after the Bonds are issued). There can be no assurance that proceeds of the Series 2022A Bonds and the Series 2022B Bonds to be used for the Parking Deck Project will be sufficient to pay all costs of construction. Any such shortfall, which may be a material amount, will need to be funded with UAMS reserves or additional indebtedness. In the Indenture, the Board covenants that it will proceed to undertake and complete the acquisition, construction, and equipping of the Project (including the Parking Deck Project) in accordance with the plans and specifications which have been approved by the Board or UAMS, in conformity with all laws and all requirements of governmental authorities having jurisdiction thereof, and that it will complete the acquisition, construction, and equipping of the Project with all practicable speed.

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TAX MATTERS

Series 2022A Bonds

In the opinion of Friday, Eldredge & Clark, LLP, bond counsel, under existing law, interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion of bond counsel is subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2022A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal tax purposes. These requirements generally relate to arbitrage, the use of proceeds of the Series 2022A Bonds, and restrictions on the ownership and use of the capital improvements being financed and refinanced with proceeds of the Series 2022A Bonds. The Board has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2022A Bonds in gross income for federal tax purposes to be retroactive to the date of issuance of the Series 2022A Bonds.

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

Purchasers of the Series 2022A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States); property and casualty insurance companies; banks, thrifts or other financial institutions; certain recipients of Social Security or Railroad Retirement benefits; taxpayers otherwise entitled to claim the earned income tax credit; and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors concerning their tax consequences of purchasing and holding the Series 2022A Bonds.

Future legislative proposals, if enacted into law, may cause interest on the Series 2022A Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Series 2022A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Series 2022A Bonds. Prospective purchasers of the Series 2022A Bonds should consult their own tax advisors regarding any pending or proposed 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 2022A Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

As shown on the inside front cover page of this Official Statement, certain of the Series 2022A Bonds are being sold at a premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

As shown on the inside cover page of this Official Statement, certain of the Series 2022A Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth inside the front cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

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

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

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

Series 2022B Bonds (Federally Taxable)

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

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

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

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

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

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

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

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

Sales or Other Dispositions. If a Series 2022B Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss will be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the Series 2022B Bond. The adjusted basis of a Series 2022B Bond generally will be equal to its costs, increased by any original issue discount or market discount included in the gross income of the transferor with respect to the Series 2022B

Bond and reduced by any amortized bond premium under Section 171 of the Code and by the payments on the Series 2022B Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in Section 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss taxable at the applicable rate determined by the Code if the Series 2022B Bond to which it is attributable is held as a "capital asset."

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

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

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

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

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

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

State Law

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

CONTINUING DISCLOSURE

General

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

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

Past Compliance

The Board is a party to multiple continuing disclosure agreements for its various bond issues that benefit its campuses. While the Board has not made any determinations as to materiality, the following paragraphs, while not exhaustive, summarize the results of the Board's review of compliance with prior continuing disclosure obligations over the past five years.

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

Also, the Board is an obligated person under a continuing disclosure undertaking executed in connection with the Arkansas Development Finance Authority Tobacco Settlement Revenue Bonds, Series 2006 (Arkansas Cancer Research Center Project) (the "Tobacco Bonds") (see Note 15 of the audited financial statements of UAMS contained in Appendix B hereto and Note 22 of the audited financial statements of the University of Arkansas System contained in Appendix C hereto). Pursuant to the Tobacco Bonds continuing disclosure undertaking, the Board is required to make annual filings of audited financial statements of UAMS and the Board, along with certain financial information and operating data with respect to UAMS in the same format and content as that contained in the official statement for the Tobacco

Bonds. In certain fiscal years, including the fiscal years ended June 30, 2016 through 2018, the Board prepared reports containing certain financial information and operating data for UAMS and the Board and provided such reports to the Arkansas Development Finance Authority ("ADFA"), as dissemination agent. ADFA timely filed such reports, but such filings did not contain all statistical information referenced by the Tobacco Bonds continuing disclosure undertaking, or in some cases, such information was not in the same format as that contained in the official statement for the Tobacco Bonds. On July 8, 2019, a supplemental filing containing all missing information and reflecting all information in the correct format was uploaded to the EMMA system. ADFA, in its role as dissemination agent, did not file any notices of non-compliance with the Tobacco Bonds continuing disclosure undertaking.

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

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

Compliance Related to Merged Institutions

Effective February 1, 2017, Rich Mountain Community College ("RMCC") was merged into the System. RMCC is an obligated person with respect to continuing disclosure agreements entered into by RMCC in relation to the Board of Trustees of Rich Mountain Community College Student Tuition and Fee Revenue Bonds, Series 2012 (which were refunded by the Board on July 25, 2019) and the Rich Mountain Community College District General Obligation Refunding and Improvement Bonds (Rich Mountain Community College), Series 2012 (collectively, the "RMCC Obligated Bonds"). The Board was not initially the obligated person with respect to the continuing disclosure agreements entered into in relation to the RMCC Obligated Bonds, and, as such, the Board had no obligation to make filings with respect to the RMCC Obligated Bonds prior to the fiscal year ended June 30, 2017. By virtue of the merger, the Board became the obligated person for post-merger disclosure with respect to the RMCC Obligated Bonds beginning with the fiscal year ended June 30, 2017. In each year prior to the fiscal year ended June 30, 2017, RMCC had instances of failure to comply with its obligations under the RMCC Obligated Bonds continuing disclosure agreements, including, but not limited to, failure to make timely filings of annual reports and audited financial statements and failure to file certain notices of listed events and notices of non-compliance. The information regarding RMCC contained in this paragraph is for informational purposes only, and no determination has been made as to the materiality of the events described herein.

Effective February 1, 2017, Pulaski Technical College ("PTC") was merged into the System. PTC is an obligated person with respect to continuing disclosure agreements entered into by PTC in relation to the Board of Trustees of Pulaski Technical College Student Tuition and Fee Refunding Revenue Bonds, Series 2015 and the Board of Trustees of Pulaski Technical College Student Tuition and Fee Revenue Capital Improvement and Refunding Bonds, Series 2011 (which were refunded by the Board on November 5, 2019) (collectively, the "PTC Bonds"). In addition, in the past five years, PTC has been an obligated person with respect to continuing disclosure agreements entered into by PTC in relation to certain bonds refunded by the PTC Bonds. The Board was not initially the obligated person with respect to the continuing disclosure agreements entered into in relation to the PTC Bonds (or the bonds refunded thereby), and, as such, the Board had no obligation to make filings with respect to the PTC Bonds (or the bonds refunded thereby) prior to the fiscal year ended June 30, 2017. By virtue of the merger, the Board became the obligated person for post-merger disclosure with respect to the PTC Bonds beginning with the fiscal year ended June 30, 2017. Prior to the fiscal year ended June 30, 2017, PTC had multiple instances of failure to comply with its obligations under the PTC Bonds continuing disclosure agreements (and the continuing disclosure agreements with respect to bonds refunded by the PTC Bonds), including, but not limited to, failure to make timely filings of annual reports and audited financial statements and failure to file certain notices of listed events and notices of non-compliance. The information regarding PTC contained in this paragraph is for informational purposes only, and no determination has been made as to the materiality of the events described herein.

ENFORCEABILITY OF REMEDIES

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

FINANCIAL ADVISOR

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

LEGAL AND LEGISLATIVE MATTERS

Legal Opinions

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

Litigation

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Board taken with respect to the issuance or sale thereof, the pledge or application of the Pledged Revenues or other moneys that may be provided for the payment of the Bonds, the existence or powers of the Board or the title of any officers of the Board to their respective positions, or the ability of the Board to make payment on the Bonds.

Factors Affecting the Board's Funding

The State portion of the Board's budget is subject to appropriation by the General Assembly of the State every year, and the Board has no control over the amounts so appropriated. There can be no assurance that the levels of future appropriations to the Board will not impair its ability to make payments on the Bonds. The Arkansas Supreme Court has ruled that the State's public school (primary and secondary) funding system is a priority for appropriation of State funds.

In the 2018-2019 fiscal year, the State implemented a productivity-based funding model (the "Productivity-Based Funding Model") for State-supported institutions of higher education, including campuses of the System. The productivity-based funding formula and related policies contain measures for effectiveness, affordability, and efficiency that acknowledge the following priorities: (i) differences in institutional missions; (ii) completion of students' educational goals; (iii) progression toward students' completion of programs of study; (iv) affordability through (A) on-time completion of programs of study, (B) limiting the number of excess credits earned by students, and (C) efficient allocation of resources; (v) institutional collaboration that encourages the successful transfer of students; (vi) success in serving underrepresented students; and (vii) production of students graduating with credentials in science, technology, engineering, mathematics, and high-demand fields. The Productivity-Based Funding Model replaces the prior Arkansas higher education funding formula, which was based largely on student enrollment.

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

UNDERWRITING

Under a Bond Purchase Agreement (the "Agreement") entered into by and between the Board and the underwriters listed on the cover page (collectively, the "Underwriters"), the Series 2022A Bonds are being purchased at a purchase price of $32,941,762.69 (being the principal amount thereof plus original issue premium of $5,424,738.45, and less Underwriters' discount of $37,975.76), and the Series 2022B Bonds are being purchased at a purchase price of $4,828,336.49 (being the principal amount thereof less Underwriter's discount of $6,663.51). The Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Bonds or any proceedings in connection with the issuance thereof and the absence of material adverse changes in the financial or operating condition of the Board.

The Underwriters intend to offer the Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering price. In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Kelly Eichler, Assistant Secretary of the Board, is the spouse of an officer at Stephens Inc., one of the Underwriters.

DESCRIPTION OF RATING

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

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

FORWARD-LOOKING STATEMENTS

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

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

MISCELLANEOUS

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

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

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

BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS

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

DATED: As shown on the Cover Page hereof.

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APPENDIX A

Form of Opinion of Bond Counsel to the Board

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

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

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

Re: $27,555,000 Board of Trustees of the University of Arkansas Parking System Revenue Bonds (UAMS Campus), Refunding and Improvement Series 2022A

Re: $4,835,000 Board of Trustees of the University of Arkansas Parking System Revenue Bonds (UAMS Campus), Taxable Improvement Series 2022B

Ladies and Gentlemen:

We have acted as Bond Counsel to the Board of Trustees of the University of Arkansas (the "Issuer") in connection with the issuance of its $27,555,000 Board of Trustees of the University of Arkansas Parking System Revenue Bonds (UAMS Campus), Refunding and Improvement Series 2022A (the "Series 2022A Bonds") and its $4,835,000 Board of Trustees of the University of Arkansas Parking System Revenue Bonds (UAMS Campus), Taxable Improvement Series 2022B (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Bonds"). The Bonds are being issued pursuant to Arkansas Code of 1987 Annotated, Title 6, Chapter 62, Subchapter 3 (the "Act") and a Trust Indenture dated as of February 15, 2022 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee thereunder (the "Trustee").

The Bonds are secured by a pledge of, and payable primarily from, Pledged Revenues, as described in the Indenture. The Bonds are general obligations only of the Issuer and do not constitute an indebtedness for which the full faith and credit of the State of Arkansas (the "State") or any of its revenues are pledged, and the Bonds are not secured by a mortgage or lien on any land or building belonging to the State or the Issuer.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Indenture and other closing documents and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

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

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

3. Pursuant to the Act, the Indenture creates a valid lien on the Pledged Revenues, as defined in the Indenture, for the security of the Bonds. The Issuer has reserved the power to issue additional bonds and obligations with a pledge of Pledged Revenues on a parity with or subordinate to the pledge in favor of the Bonds, under the terms set forth in the Indenture.

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

5. The interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2022A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2022A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2022A Bonds.

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

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

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

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Sincerely yours,

FRIDAY, ELDREDGE & CLARK, LLP

APPENDIX B

Audited Financial Statements for UAMS
for the Fiscal Years Ended June 30, 2021 and 2020

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

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UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

June 30, 2021 and 2020

Table of Contents

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

Independent Auditors' Report

The Board of Trustees
The University of Arkansas System:

Report on the Financial Statements

We have audited the accompanying statements of net position of the University of Arkansas for Medical Sciences (UAMS), a campus of the University of Arkansas System, as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the UAMS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Arkansas for Medical Sciences, as of June 30, 2021 and 2020, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1, the financial statements of UAMS are intended to present the financial position, the changes in financial position and, the cash flows of only that portion of the business-type activities of the financial reporting entity of The University of Arkansas System that is attributable to the transactions of UAMS. They do not purport to, and do not, present fairly the financial position of the University of Arkansas System as of June 30, 2021 and 2020, its changes in financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3-15 and the required supplementary information on pages 61-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021 on our consideration of the UAMS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the UAMS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the UAMS' internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
October 6, 2021

This discussion and analysis provides an overview of the financial position and changes in net position of the University of Arkansas for Medical Sciences (UAMS) for the fiscal years ended June 30, 2021 and 2020. UAMS is one of 20 campuses and related units operating within the University of Arkansas System (UA System), organized under various laws of the State of Arkansas and governed by the UA System's 10-member Board of Trustees (UA Board). UAMS is a state-assisted academic health center composed of:

- The Colleges of Medicine, Pharmacy, Nursing, Health Professions, Public Health, Graduate School, and Northwest Arkansas Satellite Campus with a combined enrollment of 3,778 and faculty numbering 1,438
- The UAMS Medical Center, a tertiary care referral center with 535 acute care beds at June 30, 2021
- Regional programs, including Tele-education, Rural Hospital Program, and eight Regional Campuses located throughout the state
- The Winthrop P. Rockefeller Cancer Institute
- Harvey and Bernice Jones Eye Institute
- Donald W. Reynolds Institute on Aging
- Psychiatric Research Institute
- Jackson T. Stephens Spine and Neurosciences Institute
- Translational Research Institute.
- Institute for Digital Health and Innovation

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

Overview of the Financial Statements

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

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

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

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

This discussion and analysis of UAMS' financial statements provides an overview of its financial activities for the fiscal years ended June 30, 2021 and 2020, with comparative information for the fiscal year ended June 30, 2019.

Financial Highlights

UAMS' net position increased in fiscal year 2021 by $61,472,000 with assets of $1,801,466,000 and deferred outflows of resources of $11,693,000 and liabilities of $994,351,000 and deferred inflows of resources of $15,883,000. Net position, which represents the residual interest in UAMS' assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, was $802,925,000 at June 30, 2021. Changes in net position represent the activities of UAMS, which result from revenues, expenses, gains, and losses, and are summarized for the years ended June 30, 2021, 2020, and 2019 as follows:

	2021	2020 (In thousands)	2019
Operating revenues	$ 1,783,700	$ 1,584,236	$ 1,625,095
Operating expenses	(1,851,305)	(1,702,903)	(1,621,710)
Nonoperating revenues (net)	126,117	95,575	30,305
Other changes in net position	2,960	7,357	6,163
Increase (decrease) in net position	$ 61,472	$ (15,735)	$ 39,853

Statements of Net Position

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

Net position is divided into three major categories. The first category reflects the equity in property, plant, and equipment owned by UAMS, net of capital asset related debt. The next category is restricted net position, which is divided into two subcategories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by UAMS, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, which is available for any lawful purpose of UAMS.

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

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

	June 30		
	2021	2020	2019
		(In thousands)	
Assets:			
Current assets	$ 699,949	$ 603,739	$ 486,914
Noncurrent assets:			
Investments	83,444	61,377	63,942
Capital assets, net	799,163	745,267	738,084
Other	218,910	150,828	17,405
Total assets	1,801,466	1,561,211	1,306,345
Deferred outflows of resources	11,693	9,008	9,761
Liabilities:			
Current liabilities	295,617	289,076	191,037
Noncurrent liabilities	698,734	528,254	356,645
Total liabilities	994,351	817,330	547,682
Deferred inflows of resources	15,883	11,436	11,236
Net position:			
Net investment in capital assets	423,450	442,541	462,802
Restricted:			
Expendable	42,692	66,115	80,057
Nonexpendable	50,745	36,856	36,428
Unrestricted	286,038	195,941	177,901
Total net position	$ 802,925	$ 741,453	$ 757,188

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

Fiscal Year 2021

UAMS' total assets increased by $240,255,000 in fiscal 2021. A review of the Statements of Net Position reveals that this net increase consisted of increases in cash and cash equivalents of $31,494,000, investments of $28,680,000, patient accounts receivable of $27,610,000, non-patient accounts receivable of $22,299,000, supplies of $4,622,000, deposits and funds held in trust by others of $69,265,000, net capital assets of $53,896,000, and prepaid expenses of $3,052,000. There was a decrease in Notes and Student Loans Receivable of $663,000.

Current assets increased by $96,210,000 in fiscal 2021. This net increase came from increases in cash and cash equivalents of $31,494,000, short-term investments of $6,613,000, patient accounts receivable of $27,610,000, non-patient accounts receivable of $22,299,000, supplies of $4,622,000, notes and student loans receivable of $520,000, and prepaid expenses of $3,052,000.

Noncurrent assets increased by $144,045,000 in fiscal 2021. This net increase resulted from increases in long-term investments of $22,067,000, deposits and funds held in trust by others of $69,265,000, Capital assets of $53,896,000, and decreases in long-term notes and student loans receivable of $1,183,000.

Deferred outflows of resources increased by $2,685,000 in fiscal 2021. UAMS' deferred outflows of resources resulted from liabilities for pensions and postemployment benefits other than pensions along with the deferred loss on the refunding of certain outstanding bonds in past years. The actuarially determined deferred outflows related to pension liabilities decreased by $174,000, postemployment benefits other than pensions increased by $3,150,000. Deferred outflows related to the loss on refunding of bonds decreased in fiscal year 2021 by $291,000 from the amortization for the year.

Total liabilities increased by $177,020,000 in fiscal 2021. This net increase consisted of decreases in estimated third-party payor settlements of $43,812,000, early retirement agreements of $98,000, and liabilities for pensions of $1,285,000, while increases occurred in compensated absences payable of $11,921,000, deposits of $2,000, accounts payable and accrued liabilities of $47,378,000, unearned revenue of $681,000, funds held in trust for others of $3,194,000, liability for postemployment benefits other than pensions of $1,110,000 and bonds, notes and capital leases of $142,045,000. The increase in the amount of liability to third parties under various payor settlements includes a decrease of $18,468,000 advanced from CMS under the Accelerated Payment Program.

Current liabilities increased by $6,541,000 in fiscal 2021. This net increase came from decreases in estimated third-party payer settlements of the amounts noted above, the current portion of compensated absences in the amount of 267,000, the short term portion of early retirement agreements of $98,000, the current portion of bonds, notes and capital leases of $637,000, while increases occurred in accounts payable and accrued liabilities of $47,378,000, unearned revenue and funds held in trust for others in the amounts noted above, as well as in the postemployment benefits other than pensions of $102,000.

Noncurrent liabilities increased by $170,480,000 in fiscal 2021. This net increase was due to increases in the noncurrent portion of bonds, notes, and capital leases payable of $142,682,000, primarily from the issuance of new bond debt of $192,701,000. Other changes include increases in the liability for the noncurrent portion of compensated absences payable of $12,188,000, the noncurrent portion of the liability for postemployment benefits other than pensions of $1,008,000, deposits of $2,000, while a decrease occurred in the net pension liability of the amount noted above.

Deferred inflows of resources increased by $4,447,000 in fiscal 2021. UAMS' deferred inflows related to pensions increased by $644,000, deferred inflows related to postemployment benefits other than pensions decreased by $557,000 and there was an increase of $3,082,000 in irrevocable split interest agreements, and there was an increase in deferred outflows related to bonds of 1,278,000.

Fiscal Year 2020

UAMS' total assets increased by $254,866,000 in fiscal 2020. A review of the Statements of Net Position reveals that this net increase consisted of increases in cash and cash equivalents of $136,854,000, non-patient accounts receivable of $14,562,000, supplies of $3,557,000, deposits and funds held in trust by others of $133,703,000, net capital assets of $7,183,000, while decreases occurred in short term investments of $26,443,000, patient accounts receivable of $11,403,000, prepaid expenses of $384,000, long term investments of $2,565,000, notes and student loans receivable of $198,000.

Current assets increased by $116,825,000 in fiscal 2020. This net increase came from increases in cash and cash equivalents of $136,854,000, non-patient accounts receivable of 14,562,000, supplies of $3,557,000, notes and student loans receivable of $82,000 while decreases occurred in short-term investments of $26,443,000, patient accounts receivable of $11,403,000, and prepaid expenses of $384,000.

Noncurrent assets increased by $138,041,000 in fiscal 2020. This net increase resulted from decreases in long-term notes and student loans receivable of $280,000 and long term investments of $2,565,000, while increases occurred in deposits and funds held in trust by others $133,703,000 and capital assets of $7,183,000. The increase in noncurrent deposits and funds held in trust by others resulted primarily from unspent bond proceeds. The increase in net capital assets primarily consisted of net asset additions totaling $58,088,000 less net depreciation and amortization of $50,905,000.

Deferred outflows of resources decreased by $753,000 in fiscal 2020. UAMS' deferred outflows of resources resulted from liabilities for pensions and postemployment benefits other than pensions along with the deferred loss on the refunding of certain outstanding bonds in past years. The actuarially determined deferred outflows related to pension liabilities decreased by $1,701,000, postemployment benefits other than pensions increased by $1,240,000. Deferred outflows related to the loss on refunding of bonds decreased in fiscal year 2020 by $292,000 from the amortization for the year.

Total liabilities increased by $269,648,000 in fiscal 2020. This net increase consisted of decreases in unearned income of $1,319,000, funds held in trust for others of $327,000, compensated absences payable of $8,725,000, early retirement agreements of $383,000, and liabilities for pensions of $1,486,000, while increases occurred in accounts payable and accrued liabilities of $3,038,000, estimated third-party payor settlements of $97,882,000, liability for postemployment benefits other than pensions of $2,415,000 and bonds, notes and capital leases of $161,168,000. The increase in the amount of liability to third parties under various payor settlements includes $109,785,000 advanced from CMS under the Accelerated Payment Program.

Current liabilities increased by $98,039,000 in fiscal 2020. This net increase came from decreases in unearned income of the amounts noted above, the short term portion of early retirement agreements of $383,000 the current portion of bonds, notes and capital leases of $533,000, and the currents portion of compensated absences payable of $399,000, while increases occurred in funds held in trust for others and estimated third-party payor settlements in the amounts noted above, as well as in the postemployment benefits other than pensions of $80,000.

Noncurrent liabilities increased by $171,609,000 in fiscal 2020. This net increase was due to increases in the noncurrent portion of bonds, notes, and capital leases payable of $161,701,000, primarily from the issuance of new bond debt of $157,222,000. Other changes include the liability for the noncurrent portion of compensated absences payable of $9,124,000, the noncurrent portion of the liability for postemployment benefits other than pensions of 2,335,000, the net pension liability of the amount noted above, while decreases occurred in the noncurrent portion of early retirement agreements of $68,000.

Deferred inflows of resources increased by $200,000 in fiscal 2020. UAMS' deferred inflows related to pensions increased by $577,000, deferred inflows related to postemployment benefits other than pensions decreased by $162,000 and there was a decrease of $215,000 in irrevocable split interest agreements.

Statements of Revenues, Expenses, and Changes in Net Position

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

	Years ended June 30		
	2021	2020	2019
		(In thousands)	
Operating revenues:			
Student tuition and fees, net of scholarship allowances	$ 49,819	$ 48,268	$ 48,592
Net patient services	1,344,980	1,215,037	1,301,036
Meaningful use	1,668	85	187
Sponsored programs	181,423	145,445	133,587
Other	205,810	175,401	141,693
Total operating revenues	1,783,700	1,584,236	1,625,095
Operating expenses:			
Compensation and benefits	1,190,195	1,103,318	1,044,749
Supplies and other services	594,150	530,916	508,403
Scholarships and fellowships	1,362	1,485	1,641
Depreciation and amortization	65,598	67,184	66,917
Total operating expenses	1,851,305	1,702,903	1,621,710
Operating income (loss)	(67,605)	(118,667)	3,385
Nonoperating revenues (expenses):			
State appropriations, net	55,830	65,596	14,896
CARES Act	46,365	28,355	—
Gifts	14,347	13,903	19,840
Investment gain (loss), net of expense	24,504	7,349	6,522
Other	(14,929)	(19,628)	(10,953)
Total nonoperating revenues, net	126,117	95,575	30,305
Income (loss) before other changes in net assets	58,512	(23,092)	33,690

	Years ended June 30		
	2021	2020	2019
		(In thousands)	
Other changes in net position:			
Capital gifts and appropriations	$ 2,960	7,411	6,163
Interagency disposition		(54)	—
Total other changes in net position	2,960	7,357	6,163
Increase (decrease) in net position	61,472	(15,735)	39,853
Net position:			
Beginning of year	741,453	757,188	717,335
End of year	$ 802,925	$ 741,453	$ 757,188

Fiscal Year 2021

The Statements of Revenues, Expenses, and Changes in Net Position reflect a profit before other changes in net position of $58,512,000 and an increase of $61,472,000 in net position for fiscal year 2021. Highlights of the information presented in this statement show how the following affected operating revenue:

Net patient services revenue increased by $129,943,000, or 10.69%. Clinical volumes improved in fiscal year 2021 after the suspension of elective surgery and other elective procedures during the last months of the previous fiscal year due to COVID19.

Sponsored programs, which include federal grants and contracts, as well as state and local government and nongovernmental (i.e., nonfederal) grants and contracts, increased by a total of $35,978,000, or 24.74%. This increase was mainly due to an increase in nonfederal grants and contracts of $21,228,000, or 41.85%. Federal grants and contracts increased $14,750,000, or 15.57%. Net student tuition and fees increased $1,551,000, or 3.21%, due to tuition rate increases and higher enrollment. Other operating revenues increased by $29,722,000, or 23.18%, mainly resulting from increased specialty and retail pharmacy activity. Total operating revenue increased over the prior year by $199,464,000, or 12.59%.

The following factors affected operating expenses in 2021:

Operating expenses increased by $148,402,000 or 8.71%. Additional expenses were incurred due to the increased cost of operating in a pandemic environment. This increase was primarily caused by increases in compensation and benefits and supplies and other services expense. Compensation and benefits increased by $86,877,000 or 7.87%.Total supplies and other services increased by $63,234,000 or 11.91%, largely due to increases in medical supplies, and drugs and medicines for patient care.

The following factors affected nonoperating revenue (expense) in 2021:

Nonoperating revenue (expense) increased by $30,542,000 or 31.96%. The largest contributor to this was an increase in funding provided under the CARES Act of $18,010,000 or 63.52%, as described below. Net investments increased by $17,155,000, or 233.43%. Match payments increased by $7,621,000 and gross state appropriations decreased by $2,145.

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

Net state appropriations revenue for the years ended June 30, 2021, 2020, and 2019 was as follows:

	2021	2020 (In thousands)	2019
Gross state appropriations revenue	$ 115,578	$ 117,723	$ 108,805
Less Medicaid match payments	59,748	52,127	93,909
Net state appropriations revenue	$ 55,830	$ 65,596	$ 14,896

Fiscal Year 2020

The Statements of Revenues, Expenses, and Changes in Net Position reflect a loss before other changes in net position of $23,092,000 and a decrease of $15,735,000 in net position for fiscal year 2020. Highlights of the information presented in this statement show how the following affected operating revenue:

Net patient services revenue decreased by $85,999,000, or 6.61%. Due to the COVID-19 pandemic, elective surgery and other elective procedures were suspended or restricted for approximately the last 3 months of the fiscal year. They have since resumed with additional precautions.

Sponsored programs, which include federal grants and contracts, as well as state and local government and nongovernmental (i.e., nonfederal) grants and contracts, increased by a total of $11,858,000, or 8.88%. This increase was mainly due to an increase in federal grants and contracts of $9,807,000, or 11.16%. Nonfederal grants and contracts increased by $2,351,000, or 4.86%. Net student tuition and fees decreased $324,000, or 0.67%, due to tuition rate increases and higher enrollment. Other operating revenues increased by $33,868,000, or 35.89%, mainly resulting from increased specialty and retail pharmacy activity. Total operating revenue decreased over the prior year by $40,859,000, or 2.51%.

The following factors affected operating expenses in 2020:

Operating expenses increased by $81,193,000 or 5.01%. Additional expenses were incurred due to the increased cost of operating in a pandemic environment. This increase was primarily caused by supplies and other services expense and scholarships and fellowships. Total supplies and other services increased by $22,513,000 or 4.43%, largely due to increases in medical supplies, and drugs and medicines for patient care. Scholarships and fellowships decreased by $156,000 or 9.51%.

The following factors affected nonoperating revenue (expense) in 2020:

Nonoperating revenue (expense) increased by $65,270,000 or 215.38%. The largest contributor to this change was an increase in state appropriations, of $50,700,000, or 340.36%, primarily due to smaller than expected Medicaid match payments, which net against gross state appropriation, as described below. Match payments decreased by $41,782,000 and gross state appropriations increased by $8,918,000. Additionally, net investments increased by $827,000, or 12.68%.

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

Net state appropriations revenue for the years ended June 30, 2020, 2019, and 2018 was as follows:

	2020	2019	2018
		(In thousands)	
Gross state appropriations revenue	$ 117,723	$ 108,805	$ 113,022
Less Medicaid match payments	52,127	93,909	79,747
Net state appropriations revenue	$ 65,596	$ 14,896	$ 33,275

Results of Operations

Fiscal Year 2021

In fiscal year 2021, UAMS experienced a profit before other changes in net position of $58,512,000 and an increase in net position of $61,472,000.

Total operating revenues increased, with increases in student tuition and fees of $1,551,000, or 3.21%, and increases of net patient service revenue of $129,943,000, or 10.69%. Additionally, revenue from sponsored programs increased by $35,978,000, or 24.74%, and Other operating revenue increased by $29,722,000, or 23.18%.

A 12.59% increase in operating revenue was experienced in fiscal year 2021. UAMS also incurred higher operating expenses during the year, resulting in a net operating loss of $67,605,000. Supplies and other services increased by $63,234,000, or 11.91%, largely for medical supplies, primarily for surgeries, and drugs and medicines for both inpatient and outpatient care.

Net investment income recognized in fiscal year 2021 included gains of $17,155,000, which was a 233.43% increase from the prior year.

Net state appropriations decreased by $9,766,000 primarily due to larger than expected Medicaid match payments. As a share of UAMS' revenue, net state appropriations for fiscal year 2021 decreased to 3.13% from 4.14% in fiscal year 2020.

Fiscal Year 2020

In fiscal year 2020, UAMS experienced a loss before other changes in net position of $23,092,000 and a decrease in net position of $15,735,000.

Total operating revenues decreased, with increases in student tuition and fees of $324,000, or 0.67%, and decreases of net patient service revenue of $85,999,000, or 6.61%. Additionally, revenue from sponsored programs increased by $11,858,000, or 8.88%, and Other operating revenue increased by $33.868.000, or 35.89%.

A 2.51% decrease in operating revenue was experienced in fiscal year 2020. UAMS also incurred higher operating expenses during the year, resulting in a net operating loss of $118,667,000. Supplies and other services increased by $22,513,000, or 4.43%, largely for medical supplies, primarily for surgeries, and drugs and medicines for both inpatient and outpatient care.

Net investment income recognized in fiscal year 2020 included gains of $835,000, which was a 54.26% decrease from the prior year when a more positive investment market was experienced.

Net state appropriations increased by $50,700,000 primarily due to larger than expected Medicaid match payments. As a share of UAMS' revenue, gross state appropriations for fiscal year 2020 increased to 4.14% from 0.92% in fiscal year 2019.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2021, UAMS had $1,727,120,000 invested in capital assets, net of accumulated depreciation and amortization of $927,957,000. Depreciation and amortization expense totaled $65,598,000 for the fiscal year ended June 30, 2021.

UAMS' capital additions totaled $123,007,000 in fiscal year 2021, including a capital lease of clinic and office space in North Little Rock, and a 3-D Mammography System. Major construction projects completed in fiscal year 2021 and the sources that funded their acquisition included:

Project	Amount of additions	Funding source
Buildout of the 3rd, 6th, and 7th floors of the WPRCI	$ 11,876,000	Foundation Funds
Freeway Medical Center creation of shell space	594,000	UAMS & Foundation Funds

Construction in progress at June 30, 2021 totaled $130,305,000. The largest components of that balance consists of the energy infrastructure and improvements, and the implementation of a new ERP (Enterprise Resource Planning) system. More detailed information about UAMS' capital assets is presented in note 7 to the financial statements.

UAMS is also committed to construction projects as discussed in note 10, including the energy infrastructure, the UAMS Health Orthopaedic and Spine Hospital, and the Radiation Oncology Center expansion projects.

Debt Administration

At June 30, 2021, UAMS had $524,654,000 in outstanding debt, as shown in the following table:

		Amount outstanding (In thousands)
Obligation:		
Bonds payable	$	471,390
Notes payable		23,508
Obligations under capital leases		29,756
Total debt	$	524,654

Moody's Investors Service has rated the UA System as Aa2 since May 2010. This rating was affirmed on August 28, 2020. As one of the campuses in the UA System, this rating applies to debt of UAMS. More detailed information about current and long-term liabilities is presented in notes 8 and 9 to the financial statements.

Economic Outlook

UAMS closed fiscal year 2021 with an increase in net position of $61,472,000, exceeding the budgeted loss of $45,594,000 for the period. This amount includes $46,365,000 in CARES Act funds that were not budgeted and are largely related to lost revenues in fiscal year 2020. Additionally, investment income was $21,489,000 better than budget due to market value improvements on investments, primarily endowments. These two items make up $67,854,000 of the positive variance. Further, the fiscal year 2021 budget assumed COVID-19 would continue to impact UAMS's financial performance at the same level of fiscal year 2020 through the first quarter of fiscal year 2021. As a result, budgeted volumes and related revenues and expenses were reduced in anticipation of the ongoing impact. Ultimately, clinical volumes and financial performance proved to be much better than anticipated.

UAMS has projected a balanced budget for fiscal year 2022. Clinical volumes are projected to return to pre-pandemic levels. Growth in key strategic areas is also expected. Increases over the fiscal year 2021 budget are also projected in retail and specialty pharmacy programs which have seen consistent growth and have been unimpacted by COVID-19. Funding for NCI designation for the Cancer Center will result in increased State Appropriations in fiscal year 2022. Further, increases in investment income and grants and contract revenue are also included. Fiscal year 2022 operating expenses are projected to increase, primarily in compensation and benefits, medical supplies, and drugs and medicine expense. Interest on capital is also increasing related to the fiscal year 2019 and fiscal year 2021 bond issues.

The financial results for the first two months of fiscal year 2022 have been less than budget by $1,575,000. Through August, UAMS realized a decrease in net position of $5.3 million, versus a budgeted decrease of $3,725,000. Patient volumes have been less than projected due to the state's third COVID surge, as well as, a critical renovation on an inpatient unit which caused several beds to be unavailable for approximately six weeks. At the same time, UAMS has continued to see increased cost related to the pandemic, primarily in compensation and benefits as well as drugs and medicine expense. However, in recent weeks, the number of COVID cases in the state has been on the decline and UAMS believes it will still be able to achieve its budgeted goal for fiscal year 2022. UAMS continues to focus on its efforts around resource optimization, with projects underway to drive efficiencies in processes that increase revenue and reduce expense. Additional measures including a hiring pause or a freeze on discretionary spending, which have proven to be effective in the past, can also be deployed if needed.

In summary, the economic outlook for UAMS is stable. However, it will require a continuing commitment to flex expenses with volume, to improve the performance and cost efficiency of operations, to manage within budget limits, and to carefully evaluate the financial opportunities and risks ahead.

Requests for Information

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

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Statements of Net Position

June 30, 2021 and 2020

(In thousands)

Assets	2021	2020
Current assets:		
Cash and cash equivalents (note 4)	$ 314,429	$ 282,935
Investments (note 5)	113,926	107,313
Patient accounts receivable (net of allowance for doubtful accounts of $287,912 in 2021 and $300,555 in 2020, note 2)	149,358	121,748
Nonpatient accounts receivable (net of allowances of $897 in 2021 and $1,969 in 2020)	75,879	53,580
Supplies	31,855	27,233
Notes and student loans receivable, net (notes 6 and 14)	2,750	2,230
Prepaid expenses	11,752	8,700
Total current assets	699,949	603,739
Noncurrent assets:		
Investments (note 5)	83,444	61,377
Notes and student loans receivable, net (notes 6 and 14)	9,723	10,906
Deposits and funds held in trust by others (note 4)	209,187	139,922
Capital assets, net (note 7)	799,163	745,267
Total noncurrent assets	1,101,517	957,472
Total assets	1,801,466	1,561,211
Deferred Outflow of Resources		
Pensions (note 11)	2,322	2,496
Postemployment benefits other than pensions (note 12)	5,394	2,244
Loss on refunding of bonds	3,977	4,268
Total deferred outflows	$ 11,693	$ 9,008
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (notes 8 and 9)	$ 170,531	$ 123,153
Unearned revenue	5,936	5,255
Funds held in trust for others	3,410	216
Estimated third-party payor settlements (note 2)	90,169	133,981
Compensated absences payable, current portion (note 9)	3,963	4,230
Early retirement liability	85	183
Liability for postemployment benefits other than pensions (notes 9 and 12)	1,008	906
Bonds, notes, and capital leases payable, current portion (notes 9 and 10)	20,515	21,152
Total current liabilities	295,617	289,076
Noncurrent liabilities:		
Long term liability for payroll taxes (note 9)	15,885	—
Deposits	30	28
Compensated absences payable, net of current portion (note 9)	74,869	62,681
Liability for postemployment benefits other than pensions (notes 9 and 12)	33,495	32,487
Federal capital contribution for Perkins Loan Program, pending return as student loans are closed	1,911	1,911
Net pension liability	9,159	10,444
Bonds, notes, and capital leases payable, net of current portion (notes 9 and 10)	563,385	420,703
Total noncurrent liabilities	698,734	528,254
Total liabilities	994,351	817,330
Commitments and contingencies (notes 10 and 15)		
Deferred Inflows of Resources		
Pensions (note 11)	3,906	3,262
Bonds	1,278	—
Postemployment benefits other than pensions (note 12)	4,831	5,388
Irrevocable split-interest agreements	5,868	2,786
Total deferred inflows	15,883	11,436
Net Position		
Net investment in capital assets	423,450	442,541
Restricted:		
Expendable:		
Scholarships	29,530	28,895
Research	12,408	13,621
Capital projects	363	23,254
Other	391	345
Nonexpendable:		
Endowments	50,351	36,462
Scholarships, fellowships, and student loans	394	394
Unrestricted	286,038	195,941
Total net position	$ 802,925	$ 741,453

See accompanying notes to financial statements.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2021 and 2020

(In thousands)

	2021	2020
Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $4,646 in 2021 and $4,085 in 2020)	$ 49,819	$ 48,268
Net patient services (note 2)	1,344,980	1,215,037
Meaningful use revenue	1,668	85
Sponsored programs:		
Federal grants and contracts	109,474	94,724
Nonfederal grants and contracts	71,949	50,721
Sales and services of educational departments	38,993	36,728
Auxiliary enterprises:		
Housing and food service	6,199	7,774
Other auxiliary enterprises	2,657	2,660
Other operating revenue	157,961	128,239
Total operating revenues	1,783,700	1,584,236
Expenses:		
Operating expenses (note 16):		
Compensation and benefits	1,190,195	1,103,318
Supplies and other services	594,150	530,916
Scholarships and fellowships	1,362	1,485
Depreciation and amortization (note 7)	65,598	67,184
Total operating expenses	1,851,305	1,702,903
Operating (loss)	(67,605)	(118,667)
Nonoperating revenues (expenses):		
State appropriations, net (note 3)	55,830	65,596
CARES Act	46,365	28,355
Gifts	14,347	13,903
Investment income, net of investment expense (notes 4 and 5)	24,504	7,349
Interest on debt	(14,608)	(13,353)
(Loss) on disposal of capital assets	(321)	(6,275)
Total nonoperating revenues, net	126,117	95,575
Revenues/(loss) before other changes in net position	58,512	(23,092)
Other changes in net position:		
Capital gifts	2,961	7,411
Other	(1)	(54)
Total other changes in net position	2,960	7,357
Increase/(decrease) in net position	61,472	(15,735)
Net position:		
Beginning of year	741,453	757,188
End of year	$ 802,925	$ 741,453

See accompanying notes to financial statements.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Statements of Cash Flows

Years ended June 30, 2021 and 2020

(In thousands)

		2021		2020
Cash flows from operating activities:				
Tuition and fees (net of scholarships)	$	49,515	$	45,517
Patient and insurance payments		1,267,730		1,334,067
Sponsored programs		177,951		143,467
Collection of student loans and interest		1,249		2,828
Auxiliary enterprise revenue:				
Housing and food service		6,178		7,815
Other auxiliary enterprises		2,647		2,781
Other receipts		197,843		159,356
Payments to suppliers		(591,155)		(546,157)
Payments to employees		(954,767)		(900,680)
Payments of employee benefits		(175,789)		(186,110)
Loans issued to students		(1,727)		(3,910)
Scholarships and fellowships		(1,451)		(1,369)
Other payments		(2,859)		(9,324)
Net cash and cash equivalents (used in)/provided by operating activities		(24,635)		48,281
Cash flows from noncapital financing activities:				
State appropriations, net		55,260		60,172
Gifts		14,347		13,903
CARES Act		46,279		28,493
Repayment of loans		1,078		737
Other agency funds (net)		3,196		(328)
Net cash and cash equivalents provided by noncapital financing activities		120,160		102,977
Cash flows from capital and related financing activities:				
Proceeds from issuance of debt		197,978		166,767
Gifts		2,961		7,411
Purchases of capital assets		(123,589)		(51,560)
Principal paid on capital debt and leases		(57,223)		(27,887)
Interest and paying agent fees paid on debt and capital leases		(12,504)		9,744
Net cash and cash equivalents provided by (used in) capital and related financing activities		7,623		104,475
Cash flows from investing activities:				
Proceeds from sales and maturities of investments		200,189		82,621
Interest on investments (net of fees)		1,424		1,700
Purchases of investments		(273,267)		(203,200)
Net cash and cash equivalents provided by/(used in) investing activities		(71,654)		(118,879)
Net increase in cash and cash equivalents		31,494		136,854
Cash and cash equivalents:				
Beginning of year		282,935		146,081
End of year	$	314,429	$	282,935

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Statements of Cash Flows

Years ended June 30, 2021 and 2020

(In thousands)

		2021		2020
Reconciliation of operating (loss) revenues to net cash provided by operating activities:				
Operating (loss)	$	(67,605)	$	(118,667)
Adjustments to reconcile net operating (loss) revenues to net cash and cash equivalents (used in)/provided by operating activities:				
Depreciation and amortization		65,598		67,184
Changes in assets and liabilities:				
Patient and nonpatient accounts receivable, net		(48,434)		2,270
Supplies		(4,622)		(3,557)
Other assets		(3,468)		(154)
Deferred outflows		(2,685)		753
Accounts payable and accrued liabilities		51,804		(6,056)
Long term liability for payroll taxes		15,885		—
Unearned revenue		767		(1,458)
Postemployment benefits other than pensions		1,110		2,415
Deposits		1		3
Compensated absences payable		11,921		8,725
Other liabilities		(44,994)		96,408
Deferred inflows		87		415
Net cash and cash equivalents (used in)/provided by operating activities	$	(24,635)	$	48,281
Noncash transactions:				
Change in capital assets acquired in year-end accounts payable	$	4,998	$	(6,852)
Capital assets acquired by incurring capital lease obligations		1,291		22,287
Capital assets acquired by capital gift		2,961		7,411

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

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

(a) Basis of Presentation

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

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

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

- The Colleges of Medicine, Pharmacy, Nursing, Health Professions, Public Health, Graduate School, and Northwest Arkansas Satellite Campus
- The UAMS Medical Center, a tertiary care referral center with 535 acute care beds at June 30, 2021
- Regional programs, including Tele-education, Rural Hospital Program, and eight Regional Campuses located throughout the state
- The Winthrop P. Rockefeller Cancer Institute
- Harvey and Bernice Jones Eye Institute
- Donald W. Reynolds Institute on Aging
- Psychiatric Research Institute
- Jackson T. Stephens Spine Neurosciences Institute
- Translational Research Institute.
- Institute for Digital Health and Innovation

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

(b) Accrual Accounting

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

(c) Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to cash and have a maturity at acquisition of three months or less.

(d) Investments

Investments and funds held in trust by others of marketable securities are reported at fair value as established by major securities markets. The fair value of venture capital and other investments is based on the most current information reported to UAMS by the respective investment managers. All investment income, including changes in the fair value of investments, is reported as nonoperating revenue.

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

In 2018, the UA Foundation revised their investment policies to only allow for endowed monies to be maintained in the Pool. In response to the change, the UA System Investment Committee approved an agreement with Wilmington Trust to create a short-term investment pool for non-endowed investments. PFM Management LLC was selected through the request for proposal process for non-endowed investments to invest and manage this pool.

(e) Patient Accounts Receivable

Patient accounts receivable are shown net of contractual allowances and an allowance for doubtful accounts. Credit balances representing refunds due are reported as accounts payable. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental care coverage, and other collection indicators.

(f) Nonpatient Accounts Receivable

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

(g) Notes and Student Loans Receivable

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

(h) Loan Funds

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

(i) Supplies

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

(j) Capital Assets

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

Buildings and fixtures	15 to 40 years
Equipment	3 to 15 years
Internally developed software	10 years
Leasehold Improvements	Dependent on lease term
Leased Assets	Dependent on lease term Generally, 3 to 10 years
Other	3 to 15 years

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

(k) Deferred Outflows of Resources

Deferred outflows of resources represent a decrease of net position that applies to future periods. Thus, these items will not be recognized as an outflow of resources (an expense or expenditure) until a future period. At June 30, 2021, deferred outflows resulted from participation in the Arkansas Teacher Retirement System (ATRS) and the Arkansas Public Employees Retirement System (APERS) of $2,322,000. Deferred outflows of $5,394,000 resulted from postemployment benefits other than pensions. The balance of $3,977,000 represents deferred loss on defeasance of bond debt.

(l) Compensated Absences

Vested or accumulated vacation and sick leave of UAMS employees are recorded as an expense and liability as the benefits are earned. Amounts recorded include salary expense as well as salary-related payments for Federal Insurance Contribution Act taxes. No liability is recorded for nonvested accumulated rights to receive sick leave benefits. The current portion of compensated absences is determined using the average balance paid annually in the prior two-year period.

(m) Early Retirement Liability

UAMS has, from time to time, negotiated voluntary early retirement agreements with faculty and staff, which may include the provision of a stipend and healthcare or other benefits for future periods. The amount of liability established for these types of agreements was $85,000 and $183,000 for the years ended June 30, 2021 and 2020, respectively.

(n) Deferred Inflows of Resources

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (revenue) until a future period. At June 30, 2021, deferred inflows of $3,906,000 resulted from participation in the ATRS and APERS pension systems. Deferred inflows of $4,831,000 related to postemployment benefits other than pensions, deferred inflows of $1,278,000 related to bond debt, and deferred inflows of $5,868,000 resulted from irrevocable split-interest agreements.

(o) Unearned Revenue

Unearned revenue consists primarily of student tuition and fees related predominantly to future fiscal years and amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements.

(p) Operating Versus Nonoperating Revenue

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services and education are reported as operating revenue and expenses. Operating revenue consists of tuition and fees, patient services revenue, operating grants and contracts, educational department sales and services, as well as various auxiliary services. Nonoperating revenue consists of revenue that results from nonexchange transactions or investment-related activities, including state appropriations (net of appropriations used for Medicaid match), gifts, grants and bequests other than items capital in nature, (loss) or gain on disposal of capital assets, investment income, and interest on debt. Additionally, in 2021, UAMS earned revenue relating to the CARES Act (primarily provider relief funds) which is included in nonoperating revenue. Other changes in net position includes capital gifts.

(q) Net Patient Services Revenue

Net patient services revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Retroactive adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted as final settlements are determined.

(r) Charity Care

UAMS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because UAMS does not pursue collection of amounts determined to qualify as charity care, they are not included in gross patient revenue.

(s) Grants and Contracts

UAMS has been awarded grants and contracts for operations for which the moneys have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors to provide funds for specific research and training projects.

Federal research grants and contracts normally provide for the recovery of direct and indirect costs, subject to adjustment based upon review by the granting agencies. UAMS recognizes revenue associated with direct costs as the related costs are incurred. The recovery of indirect costs is recorded at predetermined rates negotiated with the federal government that are effective from July 1, 2017 through June 30, 2021.

(t) Student Financial Aid

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

(u) Endowment Income

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

(v) Pensions

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

(w) Income Taxes

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

(x) Use of Restricted Resources

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

(y) Net Position

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

(z) Use of Estimates

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

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

(aa) Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal year ended June 30, 2021:

- Statement No. 84, Fiduciary Activities
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

Management has determined that Statements No. 84, and 90 did not materially impact UAMS.

Additionally, the GASB issued the following statements, which become effective for the future fiscal years noted below:

For the year ending June 30, 2021

- Statement No. 87, *Leases* (postponed by 18 months)

For the year ending June 30, 2022

- Statement No. 91, Conduit Debt Obligations (postponed by one year)

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

(2) Net Patient Services Revenue and Charity Care

Patient care operations are included in the accompanying financial statements under accounting principles generally followed by governmental colleges and universities. Patient accounts receivable at June 30, 2021 and 2020 are recorded net of an allowance for doubtful accounts of $287,912,000 and $300,555,000, respectively.

Net patient services revenue for the year ended June 30, 2021 and 2020 is as follows:

	2021	2020
	(In thousands)	
Gross patient revenue	$ 3,460,967	$ 3,219,592
Less:		
Patient services contractual allowances	2,047,386	1,956,936
Provision for bad debts	68,601	47,619
Net patient services revenue	$ 1,344,980	$ 1,215,037

UAMS provided approximately $38,231,000 and $39,954,000 in charity care, based on established rates, during the years ended June 30, 2021 and 2020, respectively. Because UAMS does not pursue collection of amounts determined to qualify as charity care, they are not included in gross patient revenue above. Net patient services revenue for the years ended June 30, 2021 and 2020 includes approximately $46,025,000 and $33,945,000, respectively, from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations. Net patient services revenue for the years ended June 30, 2021 and June 30 2020 also includes approximately $37,850,000 and $38,808,000, respectively, of net revenue from the Supplemental Medicaid program. Parking services for the years ended June 30, 2021 and June 30, 2020, valued at $774,000 and $905,000, respectively, were provided to patients and guests at no additional charge.

The Hospital, Faculty Group Practice (FGP), and Regional Programs have agreements with governmental and other third-party payors that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with significant third-party payors is as follows:

(a) Hospital

Medicare

Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Some transplantation services are paid based upon a cost-reimbursement methodology. Outpatient services are paid based on a prospective payment system where services are classified into groups called Ambulatory Payment Classifications (APC). Services in each APC are similar clinically and in terms of the resources they require. The Hospital is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audit by the Medicare fiscal intermediary. As of June 30, 2021, the Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2017.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost-reimbursement methodology. The Hospital is paid at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audits by the Medicaid audit contractor. The Hospital is required to pay the federal match for the difference in reimbursement between the Tax Equity and Fiscal Responsibility Act inpatient rate and full cost. For outpatient services, the Hospital is required to pay the federal match for the difference reimbursed between the outpatient prospective rates and full cost.

As of June 30, 2021, the Hospital's Medicaid cost reports have been audited by the Medicaid audit contractor through June 30, 2013.

(b) FGP and Regional Programs

Services rendered to both Medicare and Medicaid program beneficiaries are reimbursed on prospectively determined rates per unit of service.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net adjustments to estimated settlements resulted in no change to net patient services revenue for the years ended June 30, 2020 and 2019. Management believes that UAMS is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The Hospital, FGP, and Regional Programs have agreements with certain commercial insurance carriers and preferred provider organizations, which include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

Additionally, UAMS has agreements to provide healthcare professionals to independent healthcare providers at contractually determined rates. These providers are responsible for billing and collecting from patients and third-party payors, as applicable, for the services provided by UAMS staff supplied by these contracts.

(3) Net State Appropriations Revenue

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

Net state appropriations revenue for the years ended June 30, 2021 and 2020 was as follows:

	2021	2020
	(In thousands)	
Gross state appropriations revenue	$ 115,577	$ 117,723
Less Medicaid match payments	59,747	52,127
Net state appropriations revenue	$ 55,830	$ 65,596

(4) Cash and Cash Equivalents

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

UAMS' cash and cash equivalents at June 30, 2021 and 2020 include deposits that are insured or collateralized with securities held by UAMS or by its agent in UAMS' name.

	Carrying amount	Bank balance
	(In thousands)	
Cash at June 30, 2021	$ 314,429	$ 320,855
Cash at June 30, 2020	282,935	273,736

At June 30, 2021 and 2020, cash and cash equivalents are composed of $1,741,000 and $1,418,000, respectively, of insured deposits, $319,114,000 and $272,318,000, respectively, of securities that are held in custody by the Federal Reserve Bank.

At June 30, 2021 and 2020, deposits and funds held in trust, as reported in the Statements of Net Position, include money market accounts of $208,212,000 and $138,774,000, respectively. The money market funds are comprised primarily of funds held in trust related to bond issues restricted to specific use in construction projects. As such, it is UAMS's policy to report these money market accounts as funds held in trust rather than as cash and cash equivalents on the statements of net position. Interest income on cash and cash equivalents as of June 30, 2021 and 2020 was $3,520,000 and $2,768,000, respectively.

(5) Investments

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

In 2018, the UA Foundation revised their investment policies to only allow for endowed monies to be maintained in the investment pools. In response to the change, the UA System Investment Committee approved an agreement with Wilmington Trust to create a short-term investment pool for non-endowed investments. PFM Asset Management LLC was selected through the request for proposal process to act as an investment advisor for the UA System for the short-term investment pool.

	Total return pool	Short term pool	Total pool
UAMS portion at June 30, 2021	3.1 %	37.7 %	6.7 %
UAMS portion at June 30, 2020	3.3 %	45.5 %	8.2 %

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

	2021	2020
	(In thousands)	
Investment type:		
Exchange traded investments:		
U.S. equity	$ 835	$ 631
U.S. fixed income	134	138
	969	769
Short-term pool:		
Fixed Income	64,922	73,724
Certificates of Deposit	25,904	23,502
Commercial Paper	16,553	9,981
	107,379	107,207
Total Return Pool	77,718	58,426
Other investments:		
Funds held in trust	113	486
ARHealth Ventures, Inc.	6,606	146
Accountable Care	23	18
PROTON International	83	—
NLR Radiation Oncology Joint Venture	(414)	—
Split Interest Agreement	5,868	2,786
	12,279	3,436
	$ 198,345	$ 169,838

The activities during fiscal year 2021 affecting UAMS' pro rata allocation of investments are summarized below in thousands:

	Total return pool	Short-term pool	Exchange and Other investments	Total
Balances at June 30, 2020	$ 58,426	$ 107,207	$ 4,205	$ 169,838
Income	350	113	17	480
Realized gains (losses)	21,954	—	(433)	21,521
Net increase (decrease) in fair value of investments		59	—	59
Expenses paid	(194)	—	(69)	(263)
Purchases (sales), net	(2,818)	—	9,459	6,641
Balances at June 30, 2021	$ 77,718	$ 107,379	$ 13,248	$ 198,345

The activities during fiscal year 2020 affecting UAMS' pro rata allocation of investments are summarized below in thousands:

	Total return pool	Short-term pool	Exchange and Other investments	Total
Balances at June 30, 2019	$ 60,485	$ 133,424	$ 6,254	$ 200,163
Income	367	3,005	43	3,415
Realized gains (losses)	(157)	—	2	(155)
Net increase (decrease) in fair value of investments	550	778	(584)	744
Expenses paid	(91)	—	(404)	(495)
Purchases (sales), net	(2,728)	(30,000)	(1,106)	(33,834)
Balances at June 30, 2020	$ 58,426	$ 107,207	$ 4,205	$ 169,838

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

Arkansas Code

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

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

(6) Notes and Student Loans Receivable

The net unpaid balances of notes and student loans receivable on June 30, 2021 and 2020, net of allowances of $3,153,000 and $3,341,000, respectively, are as follows:

	2021	2020
	(In thousands)	
Perkins loans	$ 431	$ 578
Health professions loans	5,204	5,314
Institutional funds loans	3,957	3,643
Other	3	106
University of Arkansas at Fayetteville note receivable	593	622
University of Arkansas System eVersity note receivable	1,307	1,307
Arkansas State Hospital note receivable	978	1,566
Total notes and student loans receivable, net	12,473	13,136
Less current portion	(2,750)	(2,230)
Notes and student loans receivable, noncurrent, net	$ 9,723	$ 10,906

(7) Capital Assets

Capital assets of UAMS at June 30, 2021 and 2020 were as follows:

	June 30, 2020	Additions	Transfers	Dispositions	June 30, 2021
			(In thousands)		
Nondepreciable:					
Land	$ 13,695	$ 61	$ 13	$ —	$ 13,769
Construction in progress	47,018	91,949	(8,662)	—	130,305
Depreciable:					
Buildings and fixtures	1,103,868	10,327	8,649	(36)	1,122,808
Improvements other than buildings	2,453	—	—	—	2,453
Equipment	306,425	20,515	—	(8,375)	318,565
Internally developed software	98,437	—	—	(3,982)	94,455
Leased property	44,067	155	—	(75)	44,147
Other	618	—	—	—	618
Total capital assets	1,616,581	123,007	—	(12,468)	1,727,120

	June 30, 2020	Additions	Transfers	Dispositions	June 30, 2021
			(In thousands)		
Less accumulated depreciation and amortization:					
Buildings and fixtures	$ 531,851	$ 35,352	$ —	$ (26)	$ 567,177
Improvements other than buildings	2,453	—	—	—	2,453
Equipment	252,776	16,899	—	(8,065)	261,610
Internally developed software	57,701	9,541	—	(791)	66,451
Leased property	26,533	3,806	—	(73)	30,266
Other	—	—	—	—	—
Total accumulated depreciation and amortization	871,314	65,598	—	(8,955)	927,957
Capital assets, net	$ 745,267	$ 57,409	$ —	$ (3,513)	$ 799,163

	June 30, 2019	Additions	Transfers	Dispositions	June 30, 2020
			(In thousands)		
Nondepreciable:					
Land	$ 12,868	$ 700	$ 127	$ —	$ 13,695
Construction in progress	6,296	43,470	(2,748)	—	47,018
Depreciable:					
Buildings and fixtures	1,085,833	16,510	2,612	(1,087)	1,103,868
Improvements other than buildings	2,453	—	—	—	2,453
Equipment	315,226	18,934	(15,205)	(12,530)	306,425
Internally developed software	97,742	695	—	—	98,437
Leased property	28,481	533	15,213	(160)	44,067
Other	9,594	—	1	(8,977)	618
Total capital assets	1,558,493	80,842	—	(22,754)	1,616,581
Less accumulated depreciation and amortization:					
Buildings and fixtures	497,199	35,653	—	(1,001)	531,851
Improvements other than buildings	2,453	—	—	—	2,453
Equipment	247,437	18,725	(1,797)	(11,589)	252,776
Internally developed software	48,127	9,574	—	—	57,701
Leased property	22,088	2,783	1,797	(135)	26,533
Other	3,105	449	—	(3,554)	—
Total accumulated depreciation and amortization	820,409	67,184	—	(16,279)	871,314
Capital assets, net	$ 738,084	$ 13,658	$ —	$ (6,475)	$ 745,267

The buildings and fixtures above include $17,924,000 and $19,471,000 of assets under capital leases at June 30, 2021 and 2020, respectively. The leased property above includes other types of leased assets.

Library holdings comprise books and periodicals held by UAMS. The estimated fair value of the holdings at June 30, 2021 and 2020 was $1,243,000 and $1,226,000, respectively. UAMS has not reported library holdings in the accompanying statements of net position.

(8) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following at June 30, 2021 and 2020:

		2021		2020
		(In thousands)		
Trade payables	$	49,333	$	35,205
Accrued wages		99,931		64,954
Miscellaneous payables		21,267		22,994
Total accounts payable and accrued liabilities	$	170,531	$	123,153

(9) Long-Term Obligations

Changes in long-term obligations during fiscal year 2021 were as follows:

		Beginning balance		Additions		Reductions		Ending balance
				(In thousands)				
Bonds payable	$	383,668	$	192,701	$	45,733	$	530,636
Notes payable		23,517		5,277		5,286		23,508
Capital leases		34,670		1,291		6,205		29,756
Total debt		441,855		199,269		57,224		583,900
Payroll Taxes		—		15,885		—		15,885
Compensated absences		66,911		18,830		6,909		78,832
Other postemployment benefits		33,393		2,021		911		34,503
Total obligations	$	542,159	$	236,005	$	65,044	$	713,120

The current and long-term portions of the categories noted above were as follows at June 30, 2021:

	Current	Long term (In thousands)	Total
Bonds payable	$ 9,935	$ 520,701	$ 530,636
Notes payable	5,101	18,407	23,508
Capital leases	5,479	24,277	29,756
Total debt	20,515	563,385	583,900
Payroll Taxes	—	15,885	15,885
Compensated absences	3,963	74,869	78,832
Other postemployment benefits	1,008	33,495	34,503
Total obligations	$ 25,486	$ 687,634	$ 713,120

Changes in long-term obligations during fiscal year 2020 were as follows:

	Beginning balance	Additions	Reductions	Ending balance
		(In thousands)		
Bonds payable	$ 238,474	$ 158,210	$ 13,016	$ 383,668
Notes payable	21,165	8,557	6,205	23,517
Capital leases	21,048	18,950	5,328	34,670
Total debt	280,687	185,717	24,549	441,855
Compensated absences	58,186	9,456	731	66,911
Other postemployment benefits	30,978	2,415	—	33,393
Early retirement liability	634	230	681	183
Total obligations	$ 370,485	$ 197,818	$ 25,961	$ 542,342

The current and long-term portions of the categories noted above were as follows at June 30, 2020:

	Current	Long term (In thousands)	Total
Bonds payable	$ 9,940	$ 373,728	$ 383,668
Notes payable	5,060	18,457	23,517
Capital leases	6,152	28,518	34,670
Total debt	21,152	420,703	441,855
Compensated absences	4,230	62,681	66,911
Other postemployment benefits	906	32,487	33,393
Early retirement liability	183	—	183
Total obligations	$ 26,471	$ 515,871	$ 542,342

UAMS has bonds outstanding for various facilities. Revenues from clinical services are pledged to service those bonds. The bonds contain covenants that obligate the UA Board to maintain pledged revenues at a level greater than or equal to 125% of the related average annual debt service. For the year ended June 30, 2021, such pledged revenues were 1,753% of the related debt service.

UAMS has bonds outstanding for parking decks and lots, which produce parking fee revenue, which is pledged to service the bonds. Those bonds contain covenants that obligate the UA Board to maintain pledged revenues at a level greater than or equal to 120% of the related average annual debt service. For the year ended June 30, 2021, such pledged revenues were 455% of the related debt service.

Separate accounting is not required for these facilities under the provisions of the debt instruments; accordingly, segment reporting is not required for financial reporting purposes.

A summary of the principal amount of outstanding bonds payable is as follows at June 30, 2021 and 2020:

		2021	**2020**
		(In thousands)	
Various Facility Revenue Bonds, Series 2010A, $42,680,000 issued with various fixed interest rates of 2.00% to 5.00%, collaterized by pledged revenue, refunded December 1, 2020 with the Various Facilities Revenue 2020A Series.	Par	—	30,410
	Premium	—	1,502
Parking System Revenue Refunding Bonds, Series 2011, $8,985,000 original amount, less a discount of $55,000, with principal due annually to 2034, used to advance refund the Series 2004 Parking System Revenue Construction Bonds, issued with various fixed interest rates of 2.00% to 4.25% over the life of the issue, collateralized by a pledge of gross revenue derived from all parking facilities owned by UAMS.	Par	5,930	6,290
	Discount	(32)	(34)
Various Facility Revenue Bonds, Series 2013, $112,665,000 original amount, $16,667,000 premium, with principal due annually to 2034, used to advance refund the Series 2004A and 2004B Various Facility Bonds, issued with various fixed interest rates of 1.00% to 5.00% over the life of the issue, collateralized by pledged revenue.	Par	86,475	90,670
	Premium	10,354	11,131
Various Facility Revenue Bonds, Series 2014, $86,035,000 original amount, $12,713,000 premium, with principal due annually to 2036, used to advance refund the Series 2006 Various Facility Bonds, with various fixed interest rates of 2.00% to 5.00% over the life of the issue, collateralized by pledged revenue.	Par	73,825	77,085
	Premium	8,793	9,393
Various Facility Revenue Bonds, Series 2019A, $48,615,000 original amount, plus a $12,125,000 premium, with principal due annually starting in 2023 and ending in 2032, issued with fixed rates of 5.00% over the life of the issue, collateralized by pledged revenue.	Par	48,615	48,615
	Premium	9,697	11,137
Various Facility Revenue Bonds, Series 2019B, $97,470,000 original amount, with principal due annually starting in 2033 until 2042, various fixed interest rates of 2.906% to 3.35% over the life of the issue, collateralized collateralized by pledged revenue.	Par	97,470	97,470
	Premium	—	—

		2021	2020
		(In thousands)	
Various Facility Revenue Bonds, Series 2020A, $24,325,000 original amount, with principal due annually until 2030, fixed interest rates of 5.00% over the life of the issue, collateralized by pledged revenue.	Par	21,935	—
	Premium	4,500	—
Various Facility Revenue Bonds, Series 2021A, $95,295,000 original amount, $26,157,524 premium, with principal due annually starting in 2041 and ending in 2045, with fixed interest rates of 5.00% over the life of the issue, collateralized by pledged revenue	Par	95,295	—
	Premium	25,934	—
Various Facility Revenue Bonds, Series 2021B, $41,845,000 original amount, with principal due annually starting in 2035 and ending in 2041, issued various fixed interest rates of 2.714% to 3.097% over the life of the issue, collateralized by pledged revenue.	Par	41,845	—
	Premium	—	—
Total Bonds Payable		$ 530,636	$ 383,669

Scheduled maturities of bonds and notes payable are as follows:

	Bonds payable				Notes payable		
	Principal	Interest	Premium amortized	Total	Principal	Interest	Total
				(In thousands)			
2022	$ 9,935	$ 20,354	$ 4,754	$ 35,043	$ 5,101	$ 648	$ 5,749
2023	13,680	19,856	4,653	38,189	3,920	520	4,440
2024	14,625	19,171	4,480	38,276	3,797	405	4,202
2025	15,605	18,437	4,291	38,333	3,886	286	4,172
2026	16,645	17,654	4,086	38,385	2,094	189	2,283
2027–2031	96,535	74,861	16,882	188,278	4,710	217	4,927
2032–2036	102,825	51,970	11,180	165,975	—	—	—
2037–2041	90,525	35,022	5,671	131,218	—	—	—
2042–2046	111,015	14,528	3,249	128,792	—	—	—
	$ 471,390	$ 271,853	$ 59,246	$ 802,489	$ 23,508	$ 2,265	$ 25,773

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

(Continued)

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

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

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

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

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

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

The Parking System Revenue Refunding Bonds, Series 2011, was issued in November 2011. The 2011 issue provided $8,786,825 necessary to advance refund the UA Board’s Parking System Revenue Construction Bonds, Series 2004. The remaining 2011 bonds bear interest at various fixed interest rates from 2.90% to 4.25%. Principal payments are made annually until July 2034. Interest payments are made semiannually.

(10) Commitments

(a) Capital Leases

Scheduled maturities of capital lease commitments outstanding as of June 30, 2021 are as follows:

	Principal	Interest (In thousands)	Total
2022	$ 5,479	$ 878	$ 6,357
2023	3,947	730	4,677
2024	3,866	620	4,486
2025	3,756	508	4,264
2026	3,342	403	3,745
2027-2031	6,634	1,040	7,674
2032-2036	1,915	317	2,232
2037-2041	817	44	861
	$ 29,756	$ 4,540	$ 34,296

(b) Operating Leases

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2021 (in thousands):

2022	$ 5,257
2023	3,823
2024	3,430
2025	3,128
2026	2,675
2027-2031	8,294
2032-2036	1,124
2037-2041	602
Total minimum payments required	$ 28,333

Rental expense for operating leases for the year ended June 30, 2021 and 2020 was approximately $9,910,000 and $8,786,000, respectively, and is included in supplies and other services in the accompanying statements of revenues, expenses, and changes in net position.

(c) Construction Projects

Construction in progress at June 30, 2021 included campus energy infrastructure and conservation projects, UAMS's portion of the new UA Systems ERP (Enterprise Resource Planning) software, a new Orthopaedic and Spine Hospital, and a new Radiology Oncology Center. At June 30, 2021, contracts outstanding for tangible construction projects were approximately $207,433,000.

(d) Outstanding Commitments

At June 30, 2021 and 2020, UAMS had outstanding purchase orders for operating supplies and equipment amounting to approximately $254,496,000 and $185,994,000, respectively.

(11) Retirement Benefits

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

(a) University Retirement Plan

The URP is a defined contribution 403(b) and 457(b) program as defined by the Internal Revenue Service Code. The authority under which the URP's benefits provisions are established or amended is through the President of the University through the Board of Trustees. Arkansas Code Annotated authorizes participation in the plan. Active record-keeper/vendors to the URP include Teachers Insurance Annuity Association (TIAA) and Fidelity Investments.

The URP is a contributory plan with the required employee contribution and the University matching contribution. All four-year campuses are transitioning to a uniform contribution formula by July 2021. That contribution formula requires an employer base contribution of 5% of an employee's eligible salary to their TIAA and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice, with a required employee contribution of 5%. The University makes an equal contribution for employee contributions in excess of 5%, with a maximum total University contribution of 10% of eligible salary up to the IRS match limit, which at June 30, 2021, was $29,000 The transition period began in July 2016 and provided for an annual increase of 1% in the employee required contribution percentage to reach 5% by July 2020. However, due to economic uncertainty associated with the COVID-19 pandemic, the required 1% increase in employee contributions scheduled for July 2020 was delayed until July 2021. All benefits attributable to plan contributions made by the participant are immediately vested in the participant, and contributions made by the University are cliff vested upon completion of two consecutive years of URP participation.

The eligible salary earnings for UAMS employees covered by the URP for the year ended June 30, 2021 were $861,277,000. Total employer contributions to the URP during the fiscal year 2021 were $67,848,000 and total employee contributions were $84,808,000.

(b) Arkansas Teacher Retirement System

Plan Description

ATRS is a cost-sharing, multiple-employer, defined-benefit pension plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of ATRS is vested in the 15 members of the Board of Trustees of the Arkansas Teacher Retirement System (the ATRS Board). Membership includes 11 members who are elected and consist of seven active members of ATRS with at least five years of actual service, three retired members receiving an annuity from ATRS, and one active or retired member from a minority racial ethnic group. There are also four ex officio members, including the State Bank Commissioner, the Treasurer of the State, the Auditor of the State, and the Commissioner of Education. ATRS issues a publicly available financial report that can be obtained at https://www.ATRS.gov/publications.

Benefits Provided

ATRS provides retirement, disability, and death benefits. Benefit terms and assumptions are unchanged from the prior year. Retirement benefits are determined as a percentage of the member's highest three-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory	2.15 %
Noncontributory	1.39 %

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

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

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

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with 5 years of service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected the joint and 100% survivor option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump-sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for noncontributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1, 1999, until July 1, 2000, to make an irrevocable choice to be contributory or noncontributory. Act 93 of 2007 allows any noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year. Employers are required to contribute at a rate established by the ATRS Board based on an actuary's determination of a rate required to fund the plan. UAMS contributed 14.5% of applicable compensation for the fiscal year ended June 30, 2021, compared to 14.25% in the previous year. The gross payroll amount for UAMS employees covered by ATRS for the year ended June 30, 2021 was $80,000. UAMS and member's contributions for the year ended June 30, 2021 were $12,000 and $5,000, respectively.

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

At June 30, 2021 and 2020, UAMS reported a liability of $189,535 and $145,151 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. UAMS' proportion of the net pension liability was based on its share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2021 and June 30 2020, UAMS' proportion was .0033% and .0035% respectively.

For the years ended June 30, 2021 and June 30, 2020, UAMS recognized pension expense credit of $19,155 and $27,492. At June 30, 2021, UAMS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred outflows of resources		Deferred inflows of resources
Differences between expected and actual experience	$	2,513	$	1,529
Changes in proportion and differences between employer contributions and share of contributions		1,406		111,329
Net difference between projected and actual earnings on pension plan investments		31,156		—
Change of assumptions		12,333		—
UAMS contributions subsequent to the measurement date		11,633		—
Total	$	59,041	$	112,858

At June 30, 2020, UAMS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred outflows of resources		Deferred inflows of resources
Differences between expected and actual experience	$	3,897	$	1,519
Changes in proportion and differences between employer contributions and share of contributions		4,740		150,763
Net difference between projected and actual earnings on pension plan investments		-		10,225
Change of assumptions		21,574		
UAMS contributions subsequent to the measurement date		14,940		-
Total	$	45,151	$	162,507

Deferred outflows of resources related to pensions, resulting from UAMS' contributions subsequent to the measurement date, totaled $11,633 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Year ending June 30, 2021:		
2022	$	(33,974)
2023		(25,111)
2024		(9,536)
2025		3,491
2026		(320)
Thereafter		—

Deferred outflows of resources related to pensions, resulting from UAMS' contributions subsequent to the measurement date, totaled $14,940 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Year ending June 30, 2020:		
2021	$	(32,372)
2022		(42,755)
2023		(33,756)
2024		(18,160)
2025		(5,252)
Thereafter		-

Schedule of Changes in Net Pension Liability
Year ended June 30, 2021
Arkansas Teachers Retirement System

Total pension liability:		
Service cost	$	11,084
Interest on total pension liability		53,853
Changes of benefit terms		—
Difference between expected and actual experience		(833)
Changes of assumptions		—
Benefit payments, including refunds		(42,343)
Net changes in total pension liability		21,761
Total Pension liability, beginning of year		733,680
Total Pension liability, end of year		755,441
Plan fiduciary net position:		
Employer contributions		14,940
Employee contributions		5,126
Net investment income		(5,550)
Benefit payments, including refunds		(42,343)
Pension plan administrative expense		(283)
Net change in plan fiduciary net position		(28,110)
Plan fiduciary net position, beginning of year		594,016
Plan fiduciary net position, end of year		565,906
Net pension liability	$	189,535

(Continued)

Schedule of Changes in Net Pension Liability
Year ended June 30, 2020
Arkansas Teachers Retirement System

Total pension liability:		
Service cost	$	11,325
Interest on total pension liability		53,988
Changes of benefit terms		-
Difference between expected and actual experience		4,156
Changes of assumptions		
Benefit payments, including refunds		(42,279)
Net changes in total pension liability		27,190
Total Pension liability, beginning of year		735,316
Total Pension liability, end of year		762,506
Plan fiduciary net position:		
Employer contributions		14,993
Employee contributions		4,937
Net investment income		31,261
Benefit payments, including refunds		(42,279)
Pension plan administrative expense		(248)
Net change in plan fiduciary net position		8,664
Plan fiduciary net position, beginning of year		608,691
Plan fiduciary net position, end of year		617,355
Net pension liability	$	145,151

(Continued)

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Level of percent of payroll, closed
Wage inflation	2.75%
Salary increases	2.75–7.75%
Investment rate of return	7.50% compounded annually
Post retirement cost-of-living increases	3% Simple
Mortality table	Based on RP-2014 Mortality Table for males and females using Project ion Scale MP-2017 from 2006 (94% for males and 84% for females)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition last updated for the 2011 valuation pursuant to an experience study for the period July 1, 2010–June 30, 2015

These assumptions are unchanged from the prior year.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in ATRS's target asset allocation as of June 30, 2020 are summarized below:

Asset class	Target allocation	Long-term expected real rate of return
Total equity	53 %	5.2 %
Fixed income	15	(0.1)
Alternatives	5	3.5
Real assets	15	5.1
Private equity	12	7.2
Total	100 %	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in ATRS's target asset allocation as of June 30, 2019 are summarized below:

Asset class	Target allocation	Long-term expected real rate of return
Total equity	53 %	5.1 %
Fixed income	15	1.4
Alternatives	5	4.2
Real assets	15	5.0
Private equity	12	6.3
Cash equivalents	—	0.6
Total	100 %	

Discount Rate: June 30, 2021

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. It incorporates a municipal bond rate of 2.45% taken from the "20-Year Municipal GO AA Index" as of June 26, 2020. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14.5% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate: June 30, 2020

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. It incorporates a municipal bond rate of 3.13% taken from the "20-Year Municipal GO AA Index" as of June 28, 2019. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14.00% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: June 30, 2021

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

Sensitivity of Discount Rate		
1% Decrease (6.50%)	Discount rate (7.50%)	1% Increase (8.50%)
$ 282,019	$ 189,535	$ 112,834

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: June 30, 2020

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

Sensitivity of Discount Rate		
1% Decrease (6.50%)	Discount rate (7.50%)	1% Increase (8.50%)
$ 238,641	$ 145,151	$ 67,615

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

UAMS reported payables to ATRS of $0 at June 30, 2021.

(c) Arkansas Public Employees Retirement System

Plan Description

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

Benefits Provided

APERS provides retirement, disability, and death benefits. Retirement benefits are determined as a percentage of the member's highest three-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

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

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

- At age 65 with 5 years of service
- At any age with 28 years of actual service
- At age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005).

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the joint and 75% survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5.00% of their salary. Employers are required to contribute at a rate established by the APERS Board based on an actuary's determination of a rate required to fund the plan. UAMS contributed 15.32% of applicable compensation for the fiscal year ended June 30, 2021. The gross payroll amount for UAMS employees covered by APERS for the year ended June 30, 2021 was $6,566,642. UAMS' and member's contributions for the year ended June 30, 2021 were $1,000,526 and $231,605, respectively.

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

At June 30, 2021 and 2020, UAMS reported a liability of $8,969,190 and $10,298,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. UAMS' proportion of the net pension liability was based on its share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2021 and 2020 UAMS' proportion was .3132% and .4269%.

(Continued)

For the year ended June 30, 2021, UAMS recognized pension expense credit of $447,898. At June 30, 2021, UAMS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred outflows of resources		Deferred inflows of resources
Differences between expected and actual experience	$	119,069	$	5,939
Changes in proportion and differences between employer contributions and share of contributions		112,376		153,675
Net difference between projected and actual earnings on pension plan investments		82,386		3,633,491
Change of assumptions		949,054		
UAMS contributions subsequent to the measurement date		1,000,526		
Total	$	2,263,411	$	3,793,105

Deferred outflows of resources related to pensions, resulting from UAMS contributions subsequent to the measurement date, totaled $1,000,526 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Year ending June 30:		
2022	$	(1,463,229)
2023		(972,147)
2024		(344,066)
2025		249,222
2026		—
Thereafter		—

For the year ended June 30, 2020, UAMS recognized pension expense of $818,662. At June 30, 2020, UAMS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred outflows of resources		Deferred inflows of resources
Differences between expected and actual experience	$	280,278	$	15,301
Changes of assumptions		558,966		395,886
Changes in proportion and differences between employer contributions and share of contributions		466,395		2,610,124
Net difference between projected and actual earnings on pension plan investments				78,221
UAMS contributions subsequent to the measurement date		1,145,472		
Total	$	2,451,111	$	3,099,532

Deferred outflows of resources related to pensions, resulting from UAMS contributions subsequent to the measurement date, totaled $1,145,472 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Year ending June 30:		
2021	$	(90,667)
2022		(1,165,234)
2023		(603,669)
2024		65,677
2025		—
Thereafter		—

Schedule of Changes in Net Pension Liability
Year ended June 30, 2021
Arkansas Public Employees Retirement System

Total pension liability at June 30, 2021:		
Service cost	$	621,471
Interest on total pension liability		2,473,164
Difference between expected and actual experience		6,289
Changes of benefit terms		—
Changes of assumptions		—
Benefit payments, including refunds		(1,889,598)
Net changes in total pension liability		1,211,326
Total pension liability, beginning of year		35,223,763
Total pension liability, end of year		36,435,089
Plan fiduciary net position:		
Employer contributions		936,264
Employee contributions		222,144
Net investment income		546,754
Benefit payments, including refunds		(1,889,598)
Pension plan administrative expense		(36,589)
Other		19,574
Net change in plan fiduciary net position		(201,451)
Plan fiduciary net position, beginning of year		27,667,350
Plan fiduciary net position, end of year		27,465,899
Net pension liability	$	8,969,190

Schedule of Changes in Net Pension Liability
Year Ended June 30, 2020
Arkansas Public Employees Retirement System

Total pension liability at June 30 2020:		
Service cost	$	809,208
Interest on total pension liability		3,240,642
Difference between expected and actual experience		256,520
Changes of benefit terms		(269)
Changes of assumptions		—
Benefit payments, including refunds		(2,439,957)
Net changes in total pension liability		1,866,144
Total pension liability, beginning of year		46,139,039
Total pension liability, end of year		48,005,183
Plan fiduciary net position:		
Employer contributions		1,250,523
Employee contributions		286,949
Net investment income		1,923,020
Benefit payments, including refunds		(2,439,957)
Pension plan administrative expense		(62,919)
Other		26,641
Net change in plan fiduciary net position		984,257
Plan fiduciary net position, beginning of year		36,722,565
Plan fiduciary net position, end of year		37,706,822
Net pension liability	$	10,298,361

(Continued)

Actuarial Assumptions

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

Actuarial cost method	Entry Age Normal
Amortization method	Level of percent of payroll, closed
Investment rate of return	7.15%
Salary increases	3.25% – 9.85%
Wage inflation	3.25%
Postretirement cost-of-living increases	3.00% Annual Compounded Increase
Mortality table	Based on RP-2006 Combined Healthy mortality table projected to 2020 using Scale MP-2017.
Average remaining service life of all members	4.0486

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Amortization method	Level of percent of payroll, closed
Investment rate of return	7.15%
Salary increases	3.25% – 9.85%
Wage inflation	3.25%
Postretirement cost-of-living increases	3.00% Annual Compounded Increase
Mortality table	Based on RP-2000 Combined Healthy mortality table projected to 2020 using Projection Scale BB
Average remaining service life of all members	4.1431

The long-term expected rate of return on pension plan investments of 7.15% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized below:

Asset class	Target allocation	Long-term expected real rate of return
Broad domestic equity	37 %	6.22 %
International equity	24	6.69
Real assets	16	4.81
Absolute return	5	3.05
Domestic fixed	18	0.57
Total	100 %	

The long-term expected rate of return on pension plan investments of 7.15% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized below:

Asset class	Target allocation	Long-term expected real rate of return
Broad domestic equity	37 %	6.20 %
International equity	24	6.33
Real assets	16	3.32
Absolute return	5	3.56
Domestic fixed	18	1.54
Total	100 %	4.80 %

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

Discount Rate at June 30 2021

A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. It incorporates a municipal bond rate of 2.45% based on the "Fidelity 20-Year Municipal GO AA Index" from the Bond Buyer Index of general obligation municipal bonds (based on the weekly rate closest to but not later than the measurement date).

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate at June 30, 2021

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

Sensitivity of Discount Rate		
1% Decrease (6.15%)	**Discount rate (7.15%)**	**1% Increase (8.15%)**
$ 13,660,740	$ 8,969,190	$ 5,097,599

Discount Rate at June 30, 2020

A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. It incorporates a municipal bond rate of 3.13% based on the "Fidelity 20-Year Municipal GO AA Index" from the *Bond Buyer Index* of general obligation municipal bonds (based on the weekly rate closest to but not later than the measurement date).

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate at June 30 2020:

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

Sensitivity of Discount Rate		
1% Decrease (6.15%)	Discount rate (7.15%)	1% Increase (8.15%)
$ 16,505,702	$ 10,298,361	$ 5,177,021

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

UAMS reported payables to APERS of $0 at June 30, 2021.

Retiree Health, Dental, and Life Insurance

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

(12) Postemployment benefits other than pensions

UAMS offers postemployment health (including prescription drugs) and dental benefits along with life insurance ($10,000 available coverage) to eligible retirees. Health and dental benefits are provided in the UA System's self-funded plan sponsored by the UA Board for current and retired employees of each of its campuses and related units. The plan is considered a single-employer, defined-benefit plan. The UA System manages and administers the plan. Although benefits are also provided under the UA System's plan for the UA Foundation and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the UA System for these private entities. No assets are accumulated in a trust.

Governmental entities recognize and match other postemployment benefit costs with related services received and also provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. Accordingly, UAMS accrued $2,597,000 expense credit and $1,013,000 in retiree healthcare expense during the fiscal years ended June 30, 2021 and 2020, respectively.

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

Participation

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

Benefit Provided

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

Required Contribution Ratio

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

Employees covered by benefit terms

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

	2020	2019
Inactive employees, beneficiaries:		
Or spouses of retirees:		
Medical	115	156
Life	715	691
Active employees:		
Medical	10,525	10,251
Life	10,848	10,581

Total OPEB liability for the year ended June 30, 2021 was $34,503,000, determined by actuarial valuations as of June 30, 2020, rolled forward. For the year ended June 30, 2020, total OPEB liability was $33,393,000, determined in the same manner.

(a) Summary of Key Actuarial Methods and Assumptions

University self-funded plan:

Valuation date	July 1, 2020 valuation for the fiscal year ended June 30, 2021
Valuation year	Liabilities were measured as of July 1, 2020 valuation date
Actuarial cost method	Entry Age Normal as of July 1, 2020 measurement date
Discount rate	2.21% as of July 1, 2020, compared to 3.50% as of July 1, 2019
Projected payroll growth rate	4.00% (same as prior year)
Percent of retirees electing coverage	55.00% medical and 75.00% life (same as prior year)
Rate of medical inflation	Measurement dates: July 1, 2020 6.50% grading to 3.12% over 19 yea and July 1, 2019, 6.75% grading to 4.00% over 15 years
Rate of pharmacy inflation	Measurement dates: July 1, 2020 7.50% grading to 3.12% over 19 yea and July 1, 2019, 8.5% grading to 4.00% over 15 years
Dental trend rate	Dental benefits were excluded from the valuation since expected retiree contributions are sufficient to fully cover expected costs
Mortality table	RP-2014 Fully Generational Mortality Table, using mortality improvement based on projection scale MP-2014 (Same Mortality table as prior year)

No experience study was made during the year.

The discount rate is based on high-quality AA/Aa or higher bond yields for 20-year tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO index. (Unchanged from prior year)

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

(b) *Changes in Total OPEB Liability*

Balance at June 30, 2019, rolled forward to 6/30/2020	$	33,393,000
Changes for the year:		
Service cost	$	2,228,000
Interest		1,231,000
Change of benefits		(4,372,000)
Difference between expected and actual experience		(1,225,000)
Change of assumptions		4,154,000
Contributions - employer		—
Contributions - member		—
Net investment income		—
Benefit payments		(906,000)
Administrative expense/rounding		—
Net changes		1,110,000
Balance at June 30, 2020, rolled forward to 6/30/2021	$	34,503,000

Balance at June 30, 2018, rolled forward to 6/30/2019	$	30,977,561
Changes for the year:		
Service cost	$	1,924,000
Interest		1,257,000
Change of benefits		—
Difference between expected and actual experience		(1,375,000)
Change of assumptions		1,435,000
Contributions - employer		—
Contributions - member		—
Net investment income		—
Benefit payments		(826,000)
Administrative expense/rounding		439
Net changes		2,415,439
Balance at June 30, 2019, rolled forward to 6/30/2020	$	33,393,000

(Continued)

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

The following presents UAMS' total OPEB liability, using the discount rate of 2.21% for fiscal year 2021 and 3.50% for fiscal year 2020, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

Sensitivity of Discount Rate, as of June 30, 2021

	1% Decrease (1.21%)	Discount rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$ 37,879,000	$ 34,503,000	$ 31,495,000

Sensitivity of Discount Rate, as of June 30, 2020

	1% Decrease (2.50%)	Discount rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	$ 37,832,000	$ 33,393,000	$ 29,732,000

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

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

Sensitivity to Changes in the Healthcare Cost Trend Rate, as of June 30, 2021

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB liability	$ 31,135,000	$ 34,503,000	$ 38,453,000

Sensitivity to Changes in the Healthcare Cost Trend Rate, as of June 30, 2020

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB liability	$ 30,644,000	$ 33,393,000	$ 36,603,000

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

For the years ended June 30, 2021 and 2020, respectively, UAMS recognized OPEB expense of $1,589,000 (credit) and $1,919,000.

(Continued)

At June 30, 2021, UAMS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ —	$ 2,849,000
Changes of assumptions	4,386,000	1,982,000
UAMS benefits paid subsequent to the measurement date	1,008,000	—
	$ 5,394,000	$ 4,831,000

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

Year ending June 30:	
2022	$ (676,000)
2023	(678,000)
2024	314,000
2025	595,000
2026	—
Thereafter	—

At June 30, 2020, UAMS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ —	$ 2,416,000
Changes of assumptions	1,338,000	2,972,000
UAMS benefits paid subsequent to the measurement date	906,000	—
	$ 2,244,000	$ 5,388,000

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

Year ending June 30:		
2021	$	(1,262,000)
2022		(1,262,000)
2023		(1,264,000)
2024		(272,000)
2025		10,000
Thereafter		—

(13) Affiliated Entities

The UA Foundation operates as a nonprofit benevolent corporation for charitable educational purposes. It was established to benefit the UA System, or its students, faculty, and staff. The Board of Directors of the UA Foundation includes four members who are also members, or former members, of the UA Board. Support by the UA Foundation on behalf of UAMS was $11,323,000 and $12,231,000 for the years ended June 30, 2021 and 2020, respectively. These amounts are included in Gifts and Capital gifts in the financial statements.

Based on unaudited information provided by the UA Foundation, during the years ended June 30, 2021 and 2020, revenue of $136,802,000 and $22,025,000, respectively, was received by the UA Foundation for the benefit of UAMS.

(14) Related-Party Transactions

Notes receivable from related parties at June 30, 2021 are as follows:

	2021 (In thousands)	2020 (In thousands)
University of Arkansas at Fayetteville	$ 593	$ 622
Arkansas State Hospital	978	1,566
University of Arkansas System (eVersity)	1,307	1,307
Total included in notes and student loans receivable (note 6)	$ 2,878	$ 3,495

Notes payable to related parties at June 30, 2021 are as follows:

	2021 (In thousands)	2020 (In thousands)
University of Arkansas System (Workday)	$ 12,446	$ 8,325

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

(15) Contingencies

Amounts received and expended by UAMS under various federal and state programs are subject to audit by governmental agencies. Management believes that adjustments, if any, which might result from such audits would not have a significant impact on the financial position of UAMS. Immunity provisions in Arkansas law prohibit suits naming the UA Board or UAMS as a defendant in Arkansas State courts. Employees of UAMS acting in good faith in the course and scope of their employment may be sued in state courts but only to the extent of maintained insurance coverage. UAMS maintains malpractice insurance for certain employees under a claims-made policy. Premiums are accrued based on estimated claims, with the final premium amount determined based on actual claims experience. The cost of this policy is included in supplies and other expenses. During each of the years ended June 30, 2021 and 2020, UAMS incurred costs of $4,258,000 and $3,585,000, respectively, for this insurance. A party may bring an action against UAMS through the Arkansas State Claims Commission (the Claims Commission). The Claims Commission may award a claim of up to $15,000 without further review or appropriation. Awards that the Claims Commission approves in excess of $15,000 must be approved and appropriated by the Arkansas State Legislature. Appropriations of this type, if any, reduce appropriations from the state to UAMS in the period in which the claim is appropriated.

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

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

In fiscal year 2006, the Arkansas Development Finance Authority (the Authority) issued $36,775,000 in Tobacco Settlement Revenue Bonds. The Authority has made the proceeds of the bonds available to the UA Board to fund an expansion to the Arkansas Cancer Research Center, now known as the Winthrop P. Rockefeller Cancer Institute. The bonds have an approximate yield to maturity of 4.77% to 5.10% and principal and accumulated interest are payable beginning in 2021 through 2031 for $22,158,000 of serial bonds and beginning in 2036 through 2046 for $14,617,000 of term bonds.

Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service (Debt Service Revenues) and are the primary source of payment for the bonds. In accordance with a loan agreement dated June 1, 2006 between the UA Board and the Authority, the UA Board will be required to make debt service payments on the Series 2006 Bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the Debt Service Revenues are insufficient to make such payments. Management believes the Debt Service Revenues will be sufficient to service the entire principal and interest due. *The Global Insights USA, Inc*. report, prepared in August 2006, on the *Forecast of U.S. Cigarette Consumption (2004–2046)* indicates that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60,067,000 from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27,600,000 in 2046 with the first $5,000,000 dedicated to pay the debt service on the above bond issue.

If Debt Service Revenues had been considered insufficient at June 30, 2021, UAMS would have incurred a liability of $76,888,000 related to the issue. This amount includes drawdown of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue.

The revenues pledged by UAMS to secure the loan agreement consist of inpatient service fees and fees collected from other ancillary, therapeutic, and diagnostic services provided within the walls of the Hospital but exclude (a) physician-generated revenues, (b) State appropriations, and (c) revenues restricted for other purposes.

(16) Functional Classification of Expenses

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

	Year ended June 30, 2021				
	Compensation and benefits	Supplies and other services	Scholarships and fellowships	Depreciation and amortization	Total
			(In thousands)		
Patient care	$ 757,203	$ 453,506	$ —	$ —	$ 1,210,709
Instruction	106,930	12,226	—	—	119,156
Research	99,618	56,789	—	—	156,407
Public services	21,376	8,802	—	—	30,178
Academic support	30,453	2,946	—	—	33,399
Student services	1,466	2,213	—	—	3,679
Institutional support	123,018	29,815	—	—	152,833
Operation and maintenance of plant	48,145	24,984	—	—	73,129
Scholarships and awards	—	—	1,362	—	1,362
Auxiliary	1,287	1,168	—	—	2,455
Depreciation and amortization	—	—	—	65,598	65,598
Other	699	1,701	—	—	2,400
	$ 1,190,195	$ 594,150	$ 1,362	$ 65,598	$ 1,851,305

	Year ended June 30, 2020				
	Compensation and benefits	Supplies and other services	Scholarships and fellowships	Depreciation and amortization	Total
			(In thousands)		
Patient care	$ 701,218	$ 392,825	$ —	$ —	$ 1,094,043
Instruction	105,244	9,834	—	—	115,078
Research	85,589	47,191	—	—	132,780
Public services	22,466	11,082	—	—	33,548
Academic support	29,756	8,507	—	—	38,263
Student services	1,382	2,240	—	—	3,622
Institutional support	112,736	31,273	—	—	144,009
Operation and maintenance of plant	38,521	13,390	—	—	51,911
Scholarships and awards	—	—	1,485	—	1,485
Auxiliary	1,215	1,248	—	—	2,463
Depreciation and amortization	—	—	—	67,184	67,184
Other	5,191	13,326	—	—	18,517
	$ 1,103,318	$ 530,916	$ 1,485	$ 67,184	$ 1,702,903

Retirement Benefits

(a) Arkansas Teacher Retirement System

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Level of percent of payroll, closed
Wage inflation	2.75%
Salary increases	2.75-7.75%
Investment rate of return	7.50% compounded annually
Postretirement cost-of-living increases	3% simple
Mortality table	Based on RP-2014 Mortality Table for males and females using Projection Scale MP-2017 from 2006 (94% for males and 84% for females)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2011 valuation pursuant to an experience study for the period July 1, 2010–June 30, 2015

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

Fiscal Ending June 30	UAMS Proportion of Net Pension Liability	UAMS Proportionate Share of Net Pension Liability	UAMS Covered Payroll	UAMS Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Net Position as a Percentage of Total Pension Liability
2017(a)	0.0102 %	$ 450,267	$ 247,312	182.06 %	76.75 %
2018(b)	0.0083 %	350,770	173,286	202.42 %	79.48 %
2019(c)	0.0058 %	209,653	107,058	195.83 %	82.78 %
2020(d)	0.0035 %	145,151	104,845	138.44 %	80.96 %
2021(e)	0.0033 %	189,535	80,236	236.22 %	74.91 %

(a) The amounts presented were determined as of June 30, 2016, rolled forward to June 30, 2017.
(b) The amounts presented were determined as of June 30, 2017, rolled forward to June 30, 2018.
(c) The amounts presented were determined as of June 30, 2018, rolled forward to June 30, 2019.
(d) The amounts presented were determined as of June 30, 2019, rolled forward to June 30, 2020.
(e) The amounts presented were determined as of June 30, 2020, rolled forward to June 30, 2021.

Schedule of UAMS' Contributions
Arkansas Teacher Retirement System

Fiscal Year Ended June 30		Contractually Required Contribution		Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)		UAMS Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$	34,624	$	(34,624)	$	—	$	247,312	14.00 %
2018		24,260		(24,260)		—		173,286	14.00 %
2019		14,988		(14,988)		—		107,058	14.00 %
2020		14,940		(14,940)		—		104,845	14.25 %
2021		11,634		(11,634)		—		80,236	14.50 %

Schedule of Changes In Net Pension Liability
Arkansas Teacher Retirement System

Total Pension Liability

Fiscal Year		Service Cost		Interest on Total Pension Liability		Changes of Benefit Items		Difference between Expected and Actual Experience		Changes of Assumptions		Benefit Payments, including Refunds		Net Changes in Total Pension Liability		Total Pension Liability, Beginning of Year		Total Pension Liability, End of Year
2017	$	3,119	$	146,244	$	—	$	(1,565)	$	—	$	(106,703)	$	41,095	$	1,757,712	$	1,798,807
2018		25,682		123,972		(39,151)		(6,409)		114,726		(92,103)		126,717		1,582,858		1,709,575
2019		18,197		86,681		—		(424)		—		(67,415)		37,039		1,180,352		1,217,391
2020		11,325		53,988		—		4,156		—		(42,279)		27,190		735,316		762,506
2021		11,084		53,853		—		(833)		—		(42,343)		21,761		733,680		755,441

Net Pension Liability

Fiscal Year		Employer Contributions		Employee Contributions		Net Investment Income		Benefit Payments, including Refunds		Pension Plan Expense		Net Changes in Plan Fiduciary Net Position		Plan Fiduciary Net Position, Beginning of Year		Plan Fiduciary Net Position, End of Year		Net Pension Liability
2017	$	34,624	$	7,861	$	4,264	$	(106,703)	$	(822)	$	(60,776)	$	1,437,316	$	1,376,540	$	450,267
2018		34,624		11,107		191,062		(92,103)		(653)		144,037		1,214,768		1,358,805		350,770
2019		24,456		7,995		105,086		(67,415)		(538)		69,584		938,154		1,007,738		209,653
2020		14,993		4,937		31,261		(42,279)		(248)		8,664		608,691		617,355		145,151
2021		14,940		5,126		(5,550)		(42,343)		(283)		(28,110)		594,016		565,906		189,535

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

(b) Arkansas Public Employees Retirement System

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Level of percent of payroll, closed
Investment rate of return	7.15%
Salary increases	3.25% – 9.85%
Wage inflation	3.25%
Postretirement cost-of-living increases	3.00% annual compounded increase
Mortality table	Based on RP-2006 Combined Healthy mortality table projected to 2020 using Projection Scale MP-2017
Average remaining service life of all members	4.0486

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

Fiscal Year Ending June 30	UAMS Proportion of Net Pension Liability	UAMS Proportionate Share of Net Pension Liability	UAMS Covered Payroll	UAMS Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Net Position as a Percentage of Total Pension Liability
2017(a)	0.5671 %	$ 13,560,583	$ 11,016,761	123.09 %	75.50 %
2018(b)	0.6177 %	15,963,746	9,954,115	160.37 %	75.65 %
2019(c)	0.5313 %	11,720,586	9,663,708	121.28 %	79.59 %
2020(d)	0.4269 %	10,298,361	7,599,668	135.51 %	78.55 %
2021(e)	0.3132 %	8,969,190	6,566,642	136.59 %	75.38 %

(a) The amounts presented were determined as of June 30, 2016, rolled forward to June 30, 2017.
(b) The amounts presented were determined as of June 30, 2017, rolled forward to June 30, 2018.
(c) The amounts presented were determined as of June 30, 2018, rolled forward to June 30, 2019.
(d) The amounts presented were determined as of June 30, 2019, rolled forward to June 30, 2020.
(e) The amounts presented were determined as of June 30, 2020, rolled forward to June 30, 2021.

Schedule of UAMS' Contributions
Arkansas Public Employees Retirement System

Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	UAMS Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 1,597,426	$ (1,597,426)	$ —	$ 11,016,761	14.50 %
2018	1,468,232	(1,468,232)	—	9,954,115	14.75 %
2019	1,480,805	(1,480,805)	—	9,663,708	15.32 %
2020	1,145,471	(1,145,471)	—	7,599,668	15.07 %
2021	1,000,526	(1,000,526)	—	6,566,642	15.23 %

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

Total Pension Liability

Fiscal Year	Service Cost	Interest on Total Pension Liability	Changes of Benefit Items	Difference between Expected and Actual Experience	Assumption Changes	Benefit Payments, including Refunds	Net Changes-Total Pension Liability	Total Pension Liability, Beginning of Year	Total Pension Liability, End of Year
2017	$ 959,039	$ 3,925,528	$ —	$ 16,517	$ —	$ (2,802,075)	$ 2,099,009	$ 43,128,201	$ 45,227,210
2018	1,078,999	4,442,513	—	388,257	2,570,780	(3,224,468)	5,256,081	60,306,236	65,562,317
2019	964,653	3,962,835	—	(36,983)	(956,897)	(2,893,548)	1,040,060	56,388,715	57,428,775
2020	809,208	3,240,642	(269)	256,520	—	(2,439,957)	1,866,144	46,139,039	48,005,183
2021	621,471	2,473,164	—	6,289	—	(1,889,598)	1,211,326	35,223,763	36,435,089

Net Pension Liability

Fiscal Year	Employer Contributions	Employee Contributions	Net Investment Income	Benefit Payments, including Refunds	Pension Plan Expense	Other	Net Changes in Plan Fiduciary Net Position	Plan Fiduciary Net Position, Beginning of Year	Plan Fiduciary Net Position, End of Year	Net Pension Liability
2017	$ 1,597,426	$ 423,792	$ (1,943,715)	$ (2,802,075)	$ (39,295)	$ 37,398	$ (2,726,469)	$ 34,393,096	$ 31,666,627	$ 13,560,583
2018	1,614,416	356,517	5,330,173	(3,224,468)	(58,662)	47,114	4,065,090	45,533,481	49,598,571	15,963,746
2019	1,467,945	337,020	4,156,663	(2,893,548)	(61,087)	42,550	3,049,543	42,658,646	45,708,189	11,720,586
2020	1,250,523	286,949	1,923,020	(2,439,957)	(62,919)	26,641	984,257	36,722,565	37,706,822	10,298,361
2021	936,264	222,144	546,754	(1,889,598)	(36,589)	19,574	(201,451)	27,667,350	27,465,899	8,969,190

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

Changes in Assumptions

There were no benefit changes during the year. Economic assumptions in the June 30, 2020 valuation included a 7.15% investment return assumption. The investment return assumption for the prior year was 7.50%.

(c) Postemployment benefits other than pensions

Actuarial Assumptions

University self-funded plan:	
Valuation date	July 1, 2020 valuation for the fiscal year ended June 30, 2021
Valuation year	Census data was collected as of February 2021. Liabilities were measured as of July 1, 2020 valuation date.
Actuarial cost method	Entry Age Normal as of July 1, 2020 measurement date
Discount rate	2.21% as of July 1, 2020, compared to 3.50% as of July 1, 2019
Projected payroll growth rate	4.00%
Percent of retirees electing coverage	55.00% medical and 75.00% life
Rate of medical inflation	Measurement dates: July 1, 2020 6.50% grading to 3.12% over 19 years and July 1, 2019, 6.75% grading to 4.00% over 15 years
Rate of pharmacy inflation	Measurement dates: July 1, 2020 7.50% grading to 3.12% over 19 years and July 1, 2019, 8.50% grading to 4.00% over 15 years
Dental trend rate	Dental benefits were excluded from the valuation since expected retiree contributions are sufficient to fully cover expected costs
Mortality table	RP-2014 Fully Generational Mortality Table, using mortality improvement based on projection scale MP-2014 (same as prior year

No experience study was made during the year.

The discount rate is based on high-quality AA/Aa or higher bond yields for 20-year tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO index.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%. Also, the rate of pharmacy inflation was changed to 7.50% grading to 3.12% over 19 years from 8.50% grading to 4.00% over 15 years.

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

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

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

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

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

Note: This is a 10-year schedule. Years after fiscal year 2021 are to be added as they become available.

APPENDIX C

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

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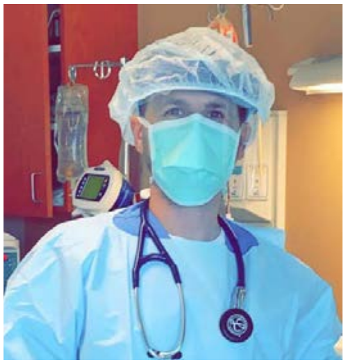
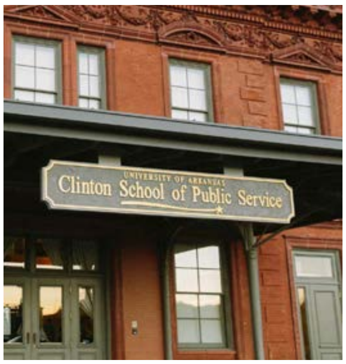


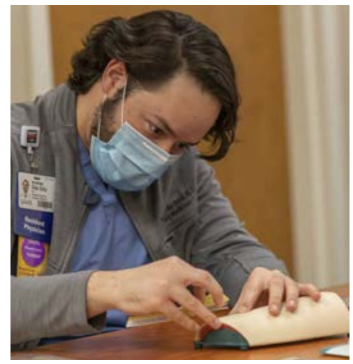




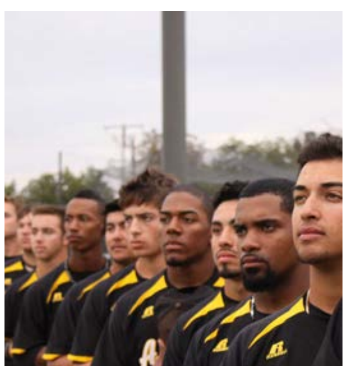
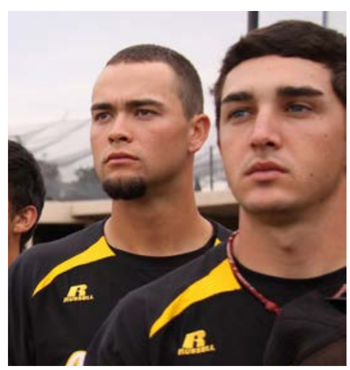
Consolidated financial statements

UNIVERSITY OF ARKANSAS SYSTEM

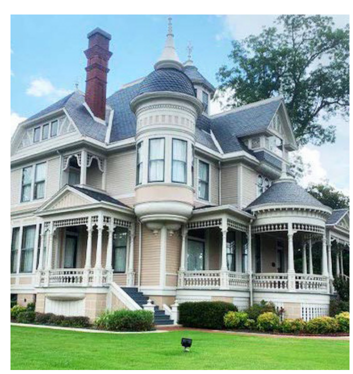
2021



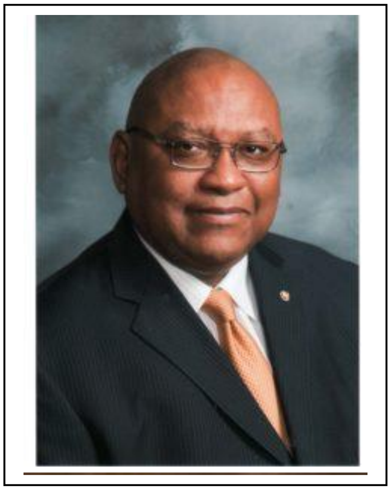






BOARD OF TRUSTEES



Dr. Stephen A. Broughton, Board Chairman

Dr. Stephen A. Broughton, *Chairman*

Kelly Eichler, *Assistant Secretary*

Morril Harriman, *Assistant Secretary*

C.C. "Cliff" Gibson, III, *Vice Chairman*

Sheffield Nelson

Tommy Boyer, *Secretary*

Steve Cox

Ed Fryar

Ted Dickey

Jeremy Wilson

ADMINISTRATIVE OFFICERS

Donald R. Bobbitt
President

Michael K. Moore
Vice President for Academic Affairs

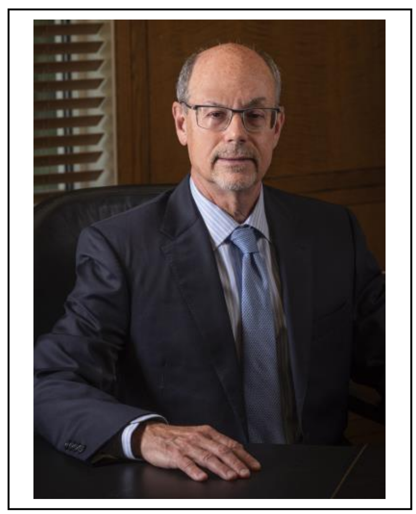
Steven Fulkerson
Vice President for Administration/CIO

Gina T. Terry
Vice President for Finance and Chief Financial Officer

Melissa K. Rust
Vice President for University Relations

Chris Thomason
Vice President for Planning and Development

JoAnn Maxey
General Counsel



Dr. Donald R. Bobbitt, President

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UNIVERSITY OF ARKANSAS SYSTEM

December 20, 2021

Board of Trustees and
President Donald R. Bobbitt:

It is my pleasure to transmit to you the Audited Financial Statements of the University of Arkansas System for the fiscal year ended June 30, 2021. The data presented, including the Management's Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, are presented on a consolidated basis and include all components of the System: UAF (University of Arkansas, Fayetteville, including the Division of Agriculture, Arkansas Archeological Survey, Criminal Justice Institute, and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCHT (University of Arkansas Community College at Hope-Texarkana), UACCM (University of Arkansas Community College at Morrilton), UAPTC (University of Arkansas Pulaski Technical College), UACCRM (University of Arkansas Community College at Rich Mountain), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System *e*Versity).

These statements were prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements used to prepare the consolidated report, except for the Medical Sciences campus and the discretely presented component units, were audited by Arkansas Legislative Audit. The financial statements from the Medical Sciences campus were audited by KPMG LLP. The consolidated financial statements received an unmodified audit opinion.

Sincerely,

Gina T. Terry

Gina T. Terry, CPA, CGMA
Vice President for Finance and Chief Financial Officer

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Arkansas System
Legislative Joint Auditing Committee

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Arkansas for Medical Sciences, a unit of the System, whose statements reflect total assets and revenues constituting 34% and 54%, respectively, of the related combined totals. Additionally, we did not audit the financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas for Medical Sciences, University of Arkansas Foundation, Inc., and University of Arkansas Fayetteville Campus Foundation, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc. were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

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

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

Other Matters

Prior Year Comparative Information

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to pensions, and certain information pertaining to postemployment benefits other than pensions on pages 8-19 and 98-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

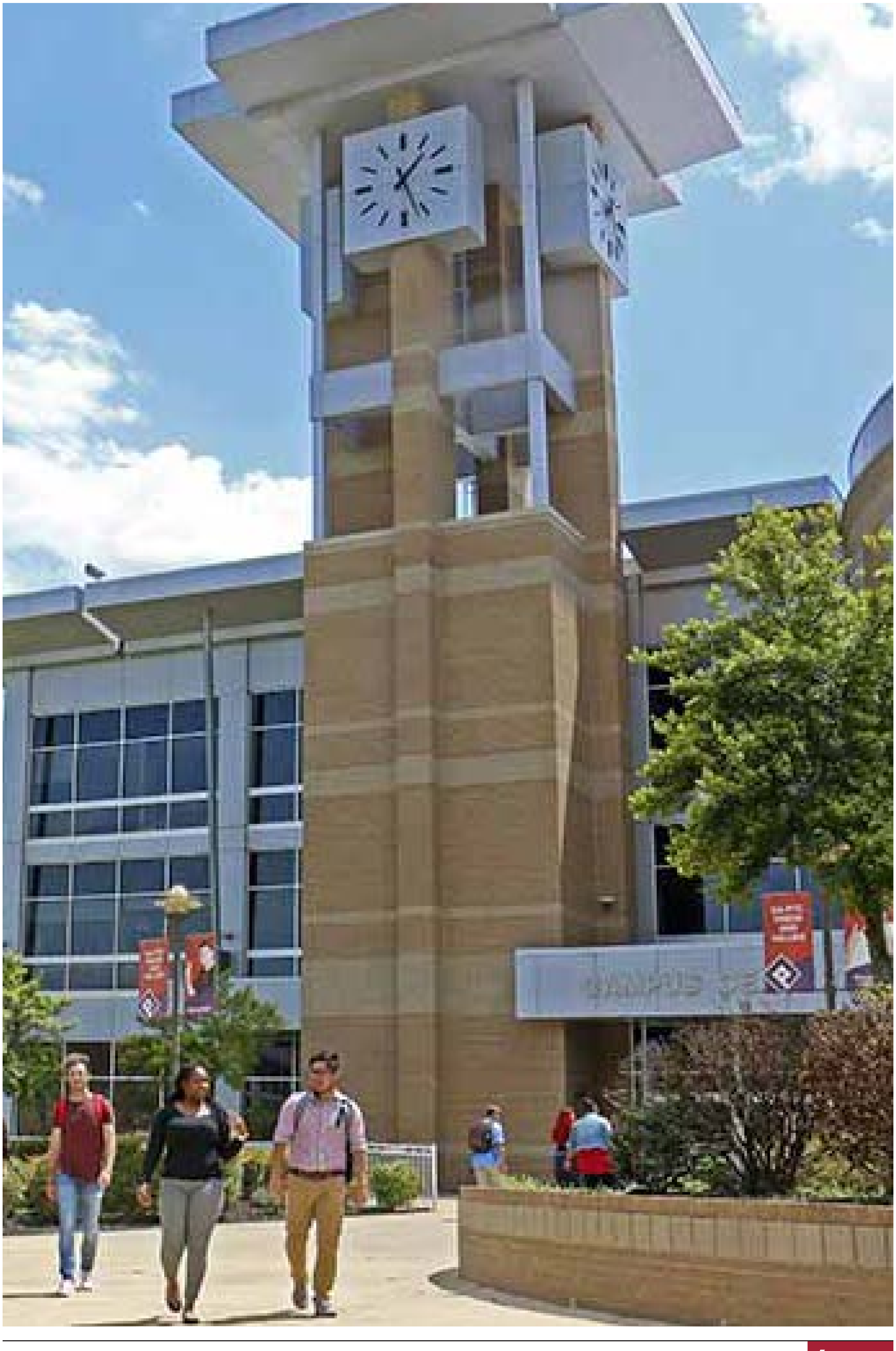
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Roger Norman

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

Little Rock, Arkansas
December 7, 2021
EDHE14121



Introduction

The University of Arkansas System ("the University") is pleased to present its financial statements for the fiscal year ended June 30, 2021, with comparative statements for the fiscal years ended June 30, 2020 and 2019.

The University of Arkansas System ("the University"), which prior to 1969 consisted of the Fayetteville and the Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College) and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts, a residential high school, joined the University on January 1, 2004. On February 1, 2017, Pulaski Technical College and Rich Mountain Community College joined the University becoming the University of Arkansas-Pulaski Technical College and the University of Arkansas Community College at Rich Mountain. In addition to these campuses, the University includes the System Administration, whose financial statements include *e*Versity, and the following units that are included in the financial statements of the Fayetteville campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Arkansas Archeological Survey, and Criminal Justice Institute.

All programs and activities of the University of Arkansas are governed by its ten-member Board of Trustees who are appointed by the Governor for ten-year terms, which has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the Criminal Justice Institute, the Director of the Arkansas Archeological Survey, and the Director of the Arkansas School for Mathematics, Sciences and the Arts, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

Overview of the Financial Statements and Financial Analysis

The University's financial statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. The financial statements included are the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the

Statements of Cash Flows. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes following this section.

The University has identified two legally separate foundations, the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc., that meet the criteria set forth for component units. These foundations provide financial support for the objectives, purposes, and programs of the University. Although the University does not control the timing, purpose or amount received by these Foundations, the resources (and income thereon), they hold and invest are dedicated to the benefit of the University. Because these resources held by the foundations can only be used by, or for the benefit of, the University, and are deemed material, they are considered component units and are discretely presented in the financial statement report. Additional information about component units is provided in Note 1.

Statements of Net Position

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

Net position is divided into three major categories. The first category, invested in capital assets, net of related debt, reflects the equity in property, plant and equipment owned by the University. The next category is restricted net position, which is divided into two subcategories, expendable and nonexpendable. The expendable category is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The corpus of nonexpendable restricted resources is only available for investment purposes. The final category is unrestricted net position which is available for any lawful purpose of the University.

Condensed Statements of Net Position

	June 30, 2021	June 30, 2020	June 30, 2019
ASSETS			
Current assets	$ 1,761,819,923	$ 1,558,982,603	$ 1,374,995,901
Capital assets, net	3,024,382,884	2,948,517,936	2,942,849,940
Other assets	581,324,706	481,550,346	321,856,512
Total Assets	$ 5,367,527,513	$ 4,989,050,885	$ 4,639,702,353
DEFERRED OUTFLOWS OF RESOURCES	$ 55,271,096	$ 47,357,564	$ 49,376,693
LIABILITIES			
Current liabilities	$ 497,675,458	$ 463,682,148	$ 383,767,844
Noncurrent liabilities	1,961,980,729	1,834,775,946	1,652,008,610
Total Liabilities	$ 2,459,656,187	$ 2,298,458,094	$ 2,035,776,454
DEFERRED INFLOWS OF RESOURCES	$ 35,133,166	$ 32,868,726	$ 33,351,146
NET POSITION			
Net Investment in Capital Assets	$ 1,484,710,808	$ 1,497,976,702	$ 1,499,325,092
Restricted			
Non-Expendable	108,310,863	86,833,488	84,931,511
Expendable	285,857,586	269,135,487	269,775,956
Unrestricted	1,049,129,999	851,135,952	765,918,887
Total Net Position	$ 2,928,009,256	$ 2,705,081,629	$ 2,619,951,446

The University's total assets increased $378.5 million, or 7.6%. Cash and cash equivalents increased $103.6 million, and investments increased by $60.8 million. Cash and cash equivalents increased $31.5 million at UAMS, $23.6 million at UAF, $26.0 million at UAFS and by $10.2 million at UACCHT. UAF increased investments $41.9 million, UAMS increased investments $28.7 million, UALR increased $4.5 million, and UASYS increased by $8.4 million net of a decrease of $27.2 million at UAFS. Deposits held in trust increased by $17.8 million of which UAMS increased by $69.3 million which is related to bond proceeds offset by UAF's decrease of $57.1 million. Patient accounts receivable at UAMS increased $27.6 million, while Accounts Receivable increased $94.3 million. Student accounts receivable decreased by $1.5 million, net of the UAMS credits owed to students, while Grants and contracts increased by $68.5 million and non-student accounts increased by $25.3 million. The increase of $75.9 million in Capital assets relates to additions of $289.4 million net of depreciation expense of $201.4 million offset by a decrease for assets disposed of $12.2 million. Fayetteville had an increase in capital asset additions of $136.3 million. Construction in progress increased by $114.7 million of which $33.1 million were placed into service. At UAF, the Student Success Center, the Windgate Art & Design District Buildings, Mullins Library Renovation, the Anthony Timberlands Center for Design & Material Innovation, the Institute for Integrative & Innovation Research and baseball and track athletic facilities are in progress. UAMS had an increase in capital asset additions of $123.0 million including construction in progress increases of $85.4 million of which $8.7 million moved into service. Progress at UAMS continues on the Energy Savings Project, the Surgical Hospital and Radiation Oncology Buildings as well as the implementation costs of Workday, the new ERP software for the UA System.

Deferred outflows of resources consist of deferred amounts on refinancing of debt and deferred amounts related to pensions and other post-employment benefits (OPEB). Overall, deferred outflows increased $7.9 million, or (16.7%). Deferred outflows related to OPEBs increased $8.9 million while pension increased $2.3 million. The amortization of the debt refunding, net of additions, was $3.3 million.

Total liabilities increased $161.2million, or 7.0%. Accounts payable and other accrued liabilities increased $59.7 million with UAMS increasing $47.3 million and UAF $12.7 million. The liability for bonds, notes, capital leases and installment contracts increased $93.4 million (see Note 10). Netted in that amount, UAMS issued $159.1 million of new bonded debt with a premium of $31.2 million, UAFS, UALR, UAM all executed refundings of bonds resulting in additions of $50.3 million offset by redemptions of previously issued bonds. UAF issued notes payable totaling $9.9 million related to Athletics in order to pay maturities of bonds in the Fall of 2020. UACCHT financed construction of an energy savings project and a new workforce center in Texarkana through two notes totaling $7.7 million. The additional debt is offset by a total of $166.9 million in repayments and refundings of bonds during fiscal 2021. The UAMS liability for estimated third party payor settlements decreased by $43.8 million with repayments of the advances from CMS. Unearned revenues, deposits and other increased $15.1 million with most of that being UAF for athletic ticket sales since those were limited in the prior year due to COVID-19 restrictions. Compensated absences increased $11.8 million primarily at UAMS for the allowance of carryover of leave related to healthcare workers during COVID-19. The UA Health Plan experienced an overall plan loss ratio of 94% compared to a loss ratio of 104% in the previous fiscal year (Note 14).

Deferred inflows of resources increased by $2.3 million in total with pension plans decreasing $2.1 million as a result of actuarially determined amounts. In addition, deferred inflows-other increased $4.4 million mostly related to irrevocable split interest agreements increasing $3.1 million at UAMS.

The increase in net position was $222.9 million, or 8.3%. The increase is the result of 2021 revenues, expenses and changes in net position. Net investments in capital assets decreased $13.3 million. Restricted net position, expendable and non-expendable, increased $38.2 million. Unrestricted net position increased $198.0 million. In total, UAF contributed $99.3 million, UAMS added $61.5 million, UALR added $22.1 million and UASYS added $14.1 million. These increases were offset by increases and decreases at the remaining campuses. Although unrestricted net position is not subject to externally imposed restrictions, the majority of the University's unrestricted net position is subject to internal designations to meet various specific commitments. These commitments include reserves established for future capital projects, other academic or research priorities; working capital for self-supporting auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position, as presented on the Statements of Net Position, is based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The statements present the revenues earned by the University, both operating and non-operating, and the expenses incurred by the University, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University. Operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for operating revenues and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. In accordance with GASB standards, significant recurring sources of University revenue such as state appropriations, gifts, investment income and certain grants and contracts are reported as non-operating revenues.

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

	Year Ended		
	June 30, 2021	**June 30, 2020**	**June 30, 2019**
Operating revenues			
Student tuition and fees	$ 393,886,555	$ 406,312,706	$ 403,004,046
Net patient services	1,344,980,000	1,215,037,000	1,301,036,000
Grants and contracts	380,138,762	335,124,725	329,385,879
Auxiliary enterprises	194,747,632	215,347,558	231,172,972
Other	321,780,255	277,197,491	250,952,769
Total operating revenues	2,635,533,204	2,449,019,480	2,515,551,666
Operating expenses			
Compensation and benefits	1,889,494,573	1,816,566,258	1,744,315,450
Supplies and services	937,358,635	908,182,573	913,937,918
Other	489,140,646	478,600,099	452,497,657
Total operating expenses	3,315,993,854	3,203,348,930	3,110,751,025
Operating Loss	(680,460,650)	(754,329,450)	(595,199,359)
Non-operating revenues and expenses			
State appropriations	482,450,404	487,654,627	434,202,736
Grants	273,735,809	198,973,689	150,237,502
Gifts	99,308,260	110,371,383	108,246,024
Other revenue	90,908,573	48,395,249	51,573,141
Non-operating expenses	(56,243,875)	(57,609,251)	(58,541,181)
Non-operating income	890,159,171	787,785,697	685,718,222
Income before other revenues and expenses	209,698,521	33,456,247	90,518,863
Other revenues and expenses			
Capital grants and gifts	11,546,319	42,681,960	62,034,926
Other, net	1,682,787	8,991,976	1,365,915
Other revenues and expenses	13,229,106	51,673,936	63,400,841
Increase in Net Position	222,927,627	85,130,183	153,919,704
Net Position, beginning of year	2,705,081,629	2,619,951,446	2,466,031,742
Net Position, end of year	$ 2,928,009,256	$ 2,705,081,629	$ 2,619,951,446

The 2021operating loss of $680.5 million highlights the University's dependence on non-operating revenues, including state appropriations, to meet the costs of operations and provide funds for the acquisition of capital assets.

Operating revenues increased $186.5 million, or 7.6%. Net student tuition and fees decreased $12.4 million, with UALR experiencing a decrease of $8.3 million. The rest of the campuses experienced small increases and decreases in net student tuition and fee revenue. Net patient services increased $129.9 million or 10.7% at UAMS as a result of increases in inpatient and outpatient volumes compared to last year when the pandemic caused the shutdown of non-emergent care at hospitals in the state which affected three months of fiscal year 2020. Grants and contracts increased $45.0 million, of which UAMS increased $36.0 million and UAF increased $6.2 million. Auxiliary revenues decreased $20.6 million due to campuses with Athletics, housing and food services impacted by the limitations on gatherings due to COVID-19. Other operating revenue increased $44.6 million, attributed to UAMS's increase for specialty and retail pharmacy activity of $29.7 million and UAF increase of $5.2 million.

Total operating expenses increased $112.6 million, or 3.5%. Compensation and benefits increased $72.9 million, or 4.0%, over the previous year. UAMS increased $86.9 million for increased staffing for the pandemic, as well as increases in compensation related to pressures on staffing. This increase is offset by decreases at a number of other campuses. The cost of supplies and services increased $29.2 million, UAF decreased $42.9 million due to travel being discontinued for the year, while UAMS increased $63.2 million as a result of increases in medical supplies, drugs and medicines for patient care. There were additional increases at other campuses. Scholarships and fellowships increased $18.2 million due primarily to an increase at UAF of $12.5 million. Depreciation decreased $5.2 million with UAF accounting for $2.5 million of the decrease while UAMS had a decrease of $1.6 million. The remaining change was spread throughout the campuses. The insurance plan expenses decreased $2.5 million due to lower claims in the current year.

Net non-operating revenues increased by $102.4 million, or 13,0%. State appropriations decreased $5.2 million at UAMS primarily due to an increase in the Medicaid match payments of $7.6 million and a decrease in gross state appropriations of $2.1 million for a total of $9.7 million offset by an increase at UAF of $2.7 million and other campuses. Federal grants increased $75.5 million due to the receipt of federal funds through the CARES Act for direct student aid at all traditional campuses, and at UAMS, $46.4 million to offset losses in patient revenues. Investment income increased $40.4 million with UAMS accounting for $17.2 million and UAF, $19.7 million.

Other changes in net position decreased $38.4 million, or 74.4%. Capital grants and gifts decreased $31.1 million with $24.8 million of the decrease related to UAF and $4.5 million at UAMS.

Gifts reported reflect only a portion of the gifts available to the University. Most gifts for the benefit of the University are made to the University of Arkansas Foundation, whose financial information is presented in Note 1.

Statements of Cash Flows

The Statement of Cash Flows provides information about the cash activity of the University during the year. The statement is divided into five parts. The first part shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. The third section deals with cash flows from capital and related activities, such as the acquisition and construction of capital assets and proceeds from, and payment of, capital asset debt. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and investment income received from these activities. The fifth section, not shown in the condensed statement below, reconciles the net cash used by operating activities to the net operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. This statement aids in the assessment of the University's ability to meet obligations as they become due, the need for external financing, and the ability to generate future cash flow.

Similar to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position, net cash used in operating activities does not reflect all resources available to the University because generally accepted accounting principles require state appropriations, gifts and grants to be reported as nonoperating financing activities. The net cash provided by the combination of operating and noncapital financing activities is a better depiction of the results achieved for the year. The net cash for 2021 is $329.1 million, a decrease of $17.2 million from the prior year. The changes are explained in the discussion in relation to the Statements of Revenues, Expenses and Changes in Net Position.

Condensed Statements of Cash Flows

	Year Ended		
	June 30, 2021	**June 30, 2020**	**June 30, 2019**
Cash provided (used) by:			
Operating activities	$ (536,685,507)	$ (455,052,811)	$ (355,322,445)
Noncapital financing activities	865,741,232	801,277,513	706,509,051
Net cash	329,055,725	346,224,702	351,186,606
Capital and related financing activities	(166,036,628)	(20,936,296)	(262,704,490)
Investing activities	(59,436,931)	(179,272,709)	(61,203,448)
Net change in cash	103,582,166	146,015,697	27,278,668
Cash, beginning of year	621,648,118	475,632,421	448,353,753
Cash, end of year	$ 725,230,284	$ 621,648,118	$ 475,632,421

Purchases of capital assets and repayments of long-term debt and related interest and fees exceeded debt proceeds, capital grants and gifts, and insurance proceeds during 2021 which was consistent with the previous years. Purchases of investments exceeded the proceeds from sales and maturities of investments and investment earnings in the current year which was also consistent with prior years. The University shifted cash to investments during the year as has been done in previous years. The overall cash position improved by $103.6 million for the year ended June 30, 2021.

Capital Assets and Long-Term Debt Activity

At June 30, 2021, the University had $3.0 billion of capitalized assets, net of accumulated depreciation of $3.2 billion. Capital additions in 2021 totaled $289.4 million which was offset by depreciation of $201.4 million, and $12.2 million of transfers and deletions, resulted in a net increase in capital assets of $75.9 million.

New debt issued for bonds, notes, capital leases and installment contracts offset by payments of principal was a net increase of $93.4 million for 2021. The University issued a total of $240.6 million in bonds for all campuses, with repayments, including refundings, of $146.4 million. More detailed information about debt activity was discussed previously and is presented in Note 10.

Economic Outlook

The University's net position increased $222.9 million for 2021. Moody's last reaffirmed the University's rating of Aa2 with a stable outlook on November 2, 2021. One of the University's greatest strengths is the diverse stream of revenue which funds its operations, including tuition, patient services revenue, state appropriations, investment income, grants and contracts, and support from individuals, foundations, and corporations. The 2021 fiscal year was impacted significantly by the pandemic. It continues to be a struggle for our campuses and the medical center, but through a number of protective measures, we have continued face-to-face classes as an option for students and have rebounded in patient services revenue in fiscal 2021. Because the Fayetteville campus and the Medical Sciences campus account for 74.4% of total consolidated net position and 89.7% of consolidated operating revenues, the discussion below is centered on these two campuses.

UAMS

UAMS closed fiscal year 2021 with an increase in net position of $61.5 million, exceeding the budgeted loss of $45.6M for the period. This amount includes $46.4 million in CARES Act funds that were not budgeted and are largely related to lost revenues in FY20. Additionally, investment income was $21.4 million better than budget due to market value improvements on investments, primarily endowments. These two items make up $67.7 million of the positive variance. Further, the FY21 budget assumed COVID-19 would continue to impact UAMS's financial performance at the same level of FY20 through the first quarter of FY21. As a result, budgeted volumes and related revenues and expenses were reduced in anticipation of the ongoing impact. Ultimately, clinical volumes and financial performance proved to be much better than anticipated.

UAMS has projected a balanced budget for FY22. Clinical volumes are projected to return to pre-pandemic levels. Growth in key strategic areas is also expected. Increases over the FY21 budget are also projected in retail and specialty pharmacy programs which have seen consistent growth and have been unimpacted by COVID-19. Funding for NCI designation for the Cancer Center will result in increased State Appropriations in FY22. Further, increases in investment income and grants and contract revenue are also included. FY22 operating expenses are projected to increase, primarily in compensation and benefits, medical supplies, and drugs and medicine expense. Interest on capital is also increasing related to the FY19 and FY21 bond issues.

The financial results for the first two months of FY22 have been less than budget by $1.6M. Through August, UAMS realized a decrease in net position of $5.3 million, versus a budgeted decrease of $3.7 million. Patient volumes have been less than projected due to the state's third COVID surge, as well as, a critical renovation on an inpatient unit which caused several beds to be unavailable for approximately six weeks. At the same time, UAMS has continued to see increased cost related to the pandemic, primarily in compensation and benefits as well as drugs and medicine expense. However, in recent weeks, the number of COVID cases in the state has been on the decline and UAMS believes it will still be able to achieve its budgeted goal for FY22. UAMS continues to focus on its efforts around resource optimization, with projects underway to drive efficiencies in processes that increase revenue and reduce expense. Additional measures including a hiring pause or a freeze on discretionary spending, which have proven to be effective in the past, can also be deployed if needed.

In summary, the economic outlook for UAMS is stable. However, it will require a continuing commitment to flex expenses with volume, to improve the performance and cost efficiency of operations, to manage within budget limits, and to carefully evaluate the financial opportunities and risks ahead.

UAF

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

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

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

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

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

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

For FY21, the Fayetteville campus's University Housing has returned to full capacity, which will return revenue generation to normal levels, and should directly drive additional campus dining revenue as well.

For the Spring 2020 semester, the Fayetteville campus's Athletics revenue was affected by the suspension of the baseball season, and the cancellation of the NCAA basketball tournaments. In 2021, athletic ticket revenues were impacted due to limitations on game attendance to approximately 20 percent of capacity. To combat the effects of the impacts on revenue, Athletics took a proactive approach by refinancing long-term debt issues as discussed in Note 10, and taken other actions aimed at cutting costs and improving operational efficiency. In addition, the Fayetteville campus Athletics received additional distributions from the Southeastern Conference as part of its efforts to help support member institutions. This additional disbursement was used to offset revenue losses attributable to measures taken to lessen impacts of the pandemic.

For FY21, Fayetteville campus Athletic events' attendance has returned to normal levels which will result in normal levels of athletic ticket revenue generation.

Financial and political support from state government remains a critical element to the continued financial health of the Fayetteville campus. In 2021, the total general revenue distribution from the State increased to $212.9 million from the $209.3 million reported in 2020. The forecast for 2022 indicate general revenue and Educational Excellence Trust Fund distributions from the State may increase 2.8%. If State revenue continues to be as strong as the State has reported in early 2022. Fayetteville campus management will continue to institute both internal and external efforts to maximize the state resources available, while seeking ways to minimize the risk of state funding levels not keeping pace with growth.

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

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

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

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

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

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

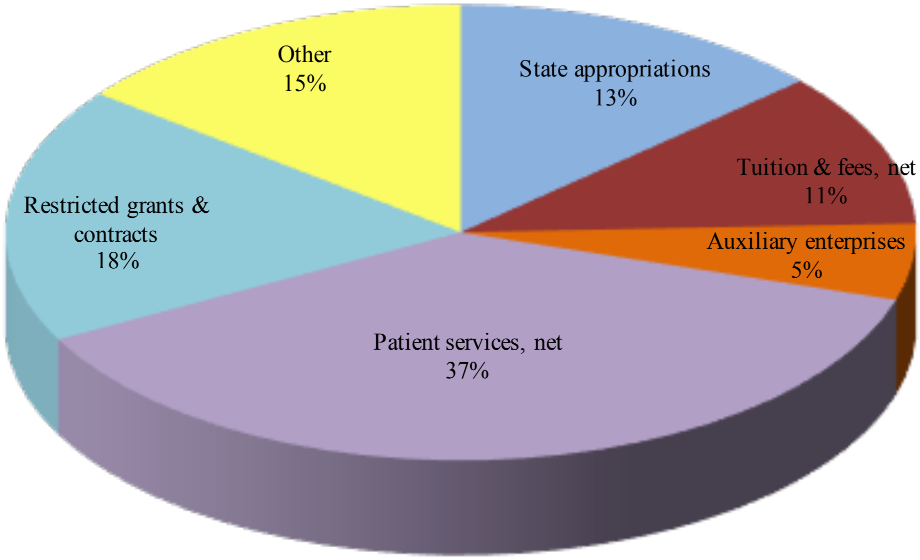
All Campuses

Financial support from state government for all campuses remains a critical element to the continued financial health of the University. For fiscal 2021, State appropriations were cut for all campuses, divisions and units of the University by 5% of the portion from the Revenue Stabilization Act but reinstated the last day of the fiscal year. Arkansas appears to have a healthy economy even as we encounter the uncertainties of our future due to the pandemic, as general revenue forecasts have been very positive, and the state budget remains balanced. As a result of these and other economic challenges, enrollment in higher education may remain flat or decrease at most campuses as has been the case this fall, so management will continue to budget conservatively and to emphasize cost containment.

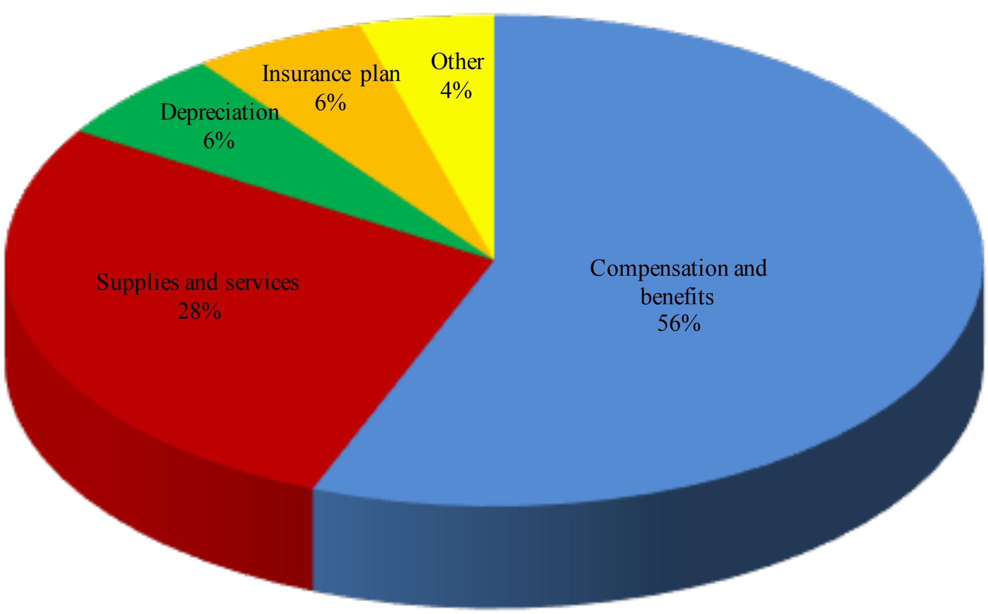
Preliminary data shows that the number of enrolled students (headcount) has decreased from the fall semester of 2020 to the fall semester of 2021, from 63,581 to 59,041. A change in the headcount numbers is due to being reported by the Arkansas Division of Higher Education excluding high school students who are concurrently enrolled. The number of full-time equivalent students has also decreased from 50,248 to 48,808.


University of Arkansas
Clinton School of Public Service
River Market Campus

2021 Revenues
$3.595 Billion



2021 Expenses
$3.372 Billion



FIVE YEAR SUMMARY OF KEY STUDENT DATA

Enrollment

Fall Semester	2021*	2020	2019	2018	2017
Undergraduate Students (Headcount)**	49,669	54,355	56,809	58,307	60,283
Graduate Students (Headcount)**	9,372	9,226	9,066	9,217	9,385
Total	59,041	63,581	65,875	67,524	69,668
Undergraduate Students (FTE)	42,334	43,785	45,620	46,898	47,700
Graduate Students (FTE)	6,474	6,463	6,792	6,293	6,332
Total	48,808	50,248	52,412	53,191	54,032

Degrees Awarded

Fiscal Year Ended June 30,	2021	2020	2019	2018	2017
Certificates	3,932	4,586	4,495	3,333	4,007
Associate	2,638	2,942	3,203	2,425	2,965
Baccalaureate	8,250	8,358	8,088	7,837	7,654
Post-Baccalaureate	424	381	353	292	168
Master's	2,088	2,052	2,037	2,029	2,097
Doctoral	289	283	273	282	249
First Professional	609	556	546	535	548
Total	18,230	19,158	18,995	16,733	17,688

*Preliminary Data Reported by ADHE.

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

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position
June 30, 2021
with comparative figures at June 30, 2020

	June 30, 2021	June 30, 2020
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 705,993,716	$ 596,157,895
Investments (Note 4)	586,654,939	616,466,613
Accounts receivable, net of allowances of $20,847,795 and $25,451,839 (Note 6)	243,839,715	149,543,090
Patient accounts receivable, net of allowances of $287,912,000 and $300,555,000	149,358,000	121,748,000
Inventories	41,183,054	34,421,501
Deposits and funds held in trust by others	4,667,724	5,258,862
Notes receivable, net of allowances of $228,000 and $192,000	5,145,337	5,092,701
Other assets	24,977,438	30,293,941
Total current assets	1,761,819,923	1,558,982,603
Non-Current		
Cash and cash equivalents (Note 4)	19,236,568	25,490,223
Investments (Note 4)	321,577,816	230,936,736
Notes receivable, net of allowance of $3,365,753 and $3,948,413	13,164,568	15,590,245
Deposits and funds held in trust by others	221,894,327	203,518,820
Other non-current assets	5,451,427	6,014,322
Capital assets, net of depreciation of $3,158,198,361 and $2,974,885,390 (Note 7)	3,024,382,884	2,948,517,936
Total non-current assets	3,605,707,590	3,430,068,282
TOTAL ASSETS	$ 5,367,527,513	$ 4,989,050,885
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding	$ 25,336,099	$ 28,593,419
Other postemployment benefits	14,277,000	5,358,000
Pensions	15,657,997	13,406,145
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 55,271,096	$ 47,357,564
LIABILITIES		
Current		
Accounts payable and other accrued liabilities (Note 6)	$ 234,786,700	$ 175,087,319
Unearned revenue	45,432,482	33,470,529
Funds held in trust for others	11,234,363	4,614,995
Liability for future insurance claims (Note 14)	16,710,600	17,684,300
Estimated third party payor settlements	90,169,000	133,981,000
Compensated absences payable - current portion (Note 9)	7,136,731	7,406,762
Liability for other postemployment benefits - current portion (Note 16)	2,379,000	2,266,000
Bonds, notes, capital leases and installment contracts payable - current portion (Note 10)	89,826,582	89,171,243
Total current liabilities	497,675,458	463,682,148
Non-Current		
Long term liability for payroll taxes	15,885,000	
Unearned revenues, deposits and other	3,503,458	382,682
Refundable federal advance - Perkins loans	10,775,916	12,626,914
Compensated absences payable (Note 9)	108,915,348	96,877,790
Liability for other postemployment benefits (Note 16)	74,224,000	72,481,000
Liability for pensions (Note 15)	58,956,833	55,472,005
Bonds, notes, capital leases and installment contracts payable (Note 10)	1,689,720,174	1,596,935,555
Total non-current liabilities	1,961,980,729	1,834,775,946
TOTAL LIABILITIES	$ 2,459,656,187	$ 2,298,458,094
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	$ 12,375,000	$ 12,408,000
Pensions	15,612,166	17,674,726
Other	7,146,000	2,786,000
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 35,133,166	$ 32,868,726
NET POSITION		
Net Investment in Capital Assets	$ 1,484,710,808	$ 1,497,976,702
Restricted		
Non-Expendable		
Scholarships and fellowships	13,559,135	14,076,415
Research	8,277,566	6,205,405
Other	86,474,162	66,551,668
Expendable		
Scholarships and fellowships	57,807,088	50,765,000
Research	75,600,439	57,478,429
Public service	34,828,794	15,849,659
Capital projects	72,773,563	110,918,544
Other	44,847,702	34,123,855
Unrestricted	1,049,129,999	851,135,952
TOTAL NET POSITION	$ 2,928,009,256	$ 2,705,081,629

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2021
with comparative figures for 2020

	Year Ended June 30, 2021	Year Ended June 30, 2020
Operating Revenues		
Student tuition & fees, net of scholarship allowances of $186,409,854 and $180,926,184	$ 393,886,555	$ 406,312,706
Patient services, net of contractual allowances of $2,047,386,000 and $1,956,936,000	1,344,980,000	1,215,037,000
Federal and county appropriations	14,677,645	17,386,531
Federal grants and contracts	236,322,506	211,576,228
State and local grants and contracts	88,180,136	74,623,130
Non-governmental grants and contracts	55,636,120	48,925,367
Sales and services of educational departments	61,056,572	58,076,871
Insurance plan	68,427,288	58,582,103
Auxiliary enterprises		
Athletics, net of scholarship allowances of $2,152,516 and $2,961,617	113,088,045	107,799,994
Housing/food service, net of scholarship allowances of $22,515,490 and $27,555,300	64,787,739	80,491,862
Bookstore, net of scholarship allowances of $751,622 and $697,170	3,039,243	10,676,014
Other auxiliary enterprises, net of scholarship allowances of $552,447 and $630,376	13,832,605	16,379,688
Other operating revenues	177,618,750	143,151,986
Total operating revenues	2,635,533,204	2,449,019,480
Operating Expenses		
Compensation and benefits	1,889,494,573	1,816,566,258
Supplies and services	937,358,635	908,182,573
Scholarships and fellowships	93,985,185	75,751,792
Insurance plan	193,786,948	196,303,903
Depreciation	201,368,513	206,544,404
Total operating expenses	3,315,993,854	3,203,348,930
Operating loss	(680,460,650)	(754,329,450)
Non-Operating Revenues (Expenses)		
State appropriations, net of Medicaid match payments of $59,747,000 and $52,127,000	482,450,404	487,654,627
Property and sales tax	15,530,892	14,477,798
Federal grants	225,242,235	149,694,131
State and local grants	48,328,944	48,031,850
Non-governmental grants	164,630	1,247,708
Gifts	99,308,260	110,371,383
Investment income (net)	69,026,975	28,583,041
Interest and fees on capital asset-related debt	(55,369,420)	(56,654,017)
Gain/loss on disposal of assets	(874,455)	(955,234)
Other	6,350,706	5,334,410
Net non-operating revenues	890,159,171	787,785,697
Income before other revenues and expenses	209,698,521	33,456,247
Other Changes in Net Position		
Capital appropriations	1,412,742	4,428,706
Capital grants and gifts	11,546,319	42,681,960
Adjustments to prior year revenues and expenses	336,054	(228,514)
Extraordinary item-impairment gain on flood damage, net	138,515	333,400
Other	(204,524)	4,458,384
Total other revenues and expenses	13,229,106	51,673,936
Increase in net position	222,927,627	85,130,183
Net Position, beginning of year	2,705,081,629	2,619,951,446
Net Position, end of year	$ 2,928,009,256	$ 2,705,081,629

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method
For The Year Ended June 30, 2021
with comparative figures for 2020

	Year Ended June 30, 2021	Year Ended June 30, 2020
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	$ 391,225,456	$ 403,440,900
Patient and insurance payments	1,267,730,000	1,334,067,000
Federal and county appropriations	13,054,789	14,269,925
Grants and contracts	327,825,908	325,291,045
Collection of loans and interest	1,675,585	6,890,413
Insurance plan receipts	67,602,076	59,085,359
Auxiliary enterprise revenues:		
Athletics	122,199,470	98,610,461
Housing and food service	68,087,978	80,699,342
Bookstore	3,691,382	9,320,341
Other auxiliary enterprises	13,599,103	16,757,726
Payments to employees	(1,621,198,935)	(1,561,313,217)
Payments of employee benefits	(210,497,877)	(233,064,316)
Payments to suppliers	(932,359,546)	(924,304,244)
Loans issued to students	(1,738,200)	(4,355,619)
Scholarships and fellowships	(91,270,979)	(75,531,093)
Payments of insurance plan expenses	(194,655,632)	(196,849,186)
Other	238,343,915	191,932,352
Net cash used by operating activities	(536,685,507)	(455,052,811)
Cash Flows from Noncapital Financing Activities		
State appropriations	481,998,484	482,308,716
Property and sales tax	15,383,185	14,479,673
Gifts and grants for other than capital purposes	362,557,613	303,017,775
Repayment of loans	1,078,000	737,000
Direct Lending, Plus and FFEL loan receipts	218,683,585	241,766,727
Direct Lending, Plus and FFEL loan payments	(219,016,144)	(240,768,186)
Other agency funds - net	5,065,200	(264,192)
Refunds to grantors	(8,691)	-
Net cash provided by noncapital financing activities	865,741,232	801,277,513
Cash Flows from Capital and Related Financing Activities		
Distributions from debt proceeds	263,829,246	226,376,051
Capital appropriations	1,626,344	4,244,887
Capital grants and gifts	20,374,994	38,345,366
Proceeds from sale of capital assets	2,037,147	6,206,655
Purchases of capital assets	(291,863,920)	(179,919,806)
Payment of capital related principal on debt	(109,362,037)	(84,322,720)
Payment of capital related interest and fees	(55,047,336)	(37,358,581)
Insurance proceeds	1,498,767	6,016,840
Payments to/from trustee for reserve	870,167	(524,988)
Net cash used by capital and related financing activities	(166,036,628)	(20,936,296)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	408,385,127	173,358,812
Investment income (net of fees)	7,302,337	8,927,097
Purchases of investments	(475,124,395)	(361,558,618)
Net cash used by investing activities	(59,436,931)	(179,272,709)
Net increase in cash	103,582,166	146,015,697
Cash, beginning of the year	621,648,118	475,632,421
Cash, end of year	$ 725,230,284	$ 621,648,118

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2021
with comparative figures for 2020

	Year Ended June 30, 2021	Year Ended June 30, 2020
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	$ (680,460,650)	$ (754,329,450)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	201,368,513	206,544,404
Other miscellaneous operating receipts	5,755,042	6,382,181
Adjustment to cash for amounts in transit within the system	(2,662,043)	(1,558,240)
Change in assets and liabilities:		
Receivables, net	(98,943,401)	1,158,728
Inventories	(6,761,552)	(1,297,907)
Prepaid expenses and other assets	(7,397,414)	2,984,768
Accounts payable and other accrued liabilities	62,925,987	(15,074,552)
Long term liability for payroll taxes	15,885,000	
Unearned revenue	14,305,025	(12,496,019)
Liability for future insurance claims	(973,700)	(570,500)
Loans to students and employees	1,738,096	2,814,902
Refundable federal advance	(1,851,002)	(3,709,221)
Compensated absences	11,767,526	12,135,094
OPEB liability	(3,389,000)	2,880,653
Pension related	(362,583)	(214,260)
Other	(47,629,351)	99,296,608
NET CASH USED BY OPERATING ACTIVITIES	$ (536,685,507)	$ (455,052,811)
Non-Cash Transactions		
Capital Gifts	$ 3,007,303	$ 20,990,136
Fixed assets acquired by incurring capital lease obligations	1,291,000	22,287,000
Capital outlay & maintenance paid directly from proceeds of debt	2,260,509	10,176,414
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	50,026,319	324,733,353
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	500,372	1,439,357
Payment of principal & interest on long-term debt from deposits with	10,013,534	7,317,379
Interest earned on deposits with trustees	674,753	3,097,975
Loss on disposal of assets	1,025,773	7,273,630
Valuation adjustment to capital assets	1,186,108	(34,939)
Value of goods received from sponsorship agreements with vendors	3,373,627	3,503,323
Note Proceeds used to directly pay bond interest and principal	9,890,760	

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Contributions receivable, net	$ 215,510,198	$ 61,908,066
Interest receivable	1,561,134	885,667
Investments, at fair value	1,871,514,209	1,365,656,164
Cash value of life insurance	1,375,367	1,314,689
Land	31,425	348,425
TOTAL ASSETS	$ 2,089,992,333	$ 1,430,113,011
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 9,383,700	$ 4,146,007
Annuity obligations	18,676,711	14,670,353
TOTAL LIABILITIES	28,060,411	18,816,360
NET ASSETS		
Without donor restrictions	142,638,166	117,129,631
With donor restrictions	1,919,293,756	1,294,167,020
TOTAL NET ASSETS	2,061,931,922	1,411,296,651
TOTAL LIABILITIES AND NET ASSETS	$ 2,089,992,333	$ 1,430,113,011

UNIVERSITY OF ARKANSAS
FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Contribution receivable, net	$ -	$ 4,780,000
Investments	748,157,500	560,054,472
TOTAL ASSETS	$ 748,157,500	$ 564,834,472
LIABILITIES AND NET ASSETS		
Accounts Payable	$ 1,562,542	$ 1,336,744
Net Assets with donor restrictions	746,594,958	563,497,728
TOTAL LIABILITIES & NET ASSETS	$ 748,157,500	$ 564,834,472

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2021 and 2020

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contributions	$ 12,605,336	$ 253,753,566	$ 266,358,902
Interest and dividends	521,035	3,122,674	3,643,709
Net realized and unrealized gains on investments	34,442,559	421,600,501	456,043,060
Net assets reclassifications, including released from or satisfaction of restrictions	50,894,210	(50,894,210)	-
Total revenues, gains and other support	98,463,140	627,582,531	726,045,671
Expenses and Losses:			
Program services:			
University System support	65,352,945	-	65,352,945
Supporting services:			
Management and general	1,786,125	-	1,786,125
Fundraising	5,625,426	-	5,625,426
Change in value of split-interest agreements	165,521	2,441,630	2,607,151
Provision for loss (recovery) on uncollectible contributions	24,588	14,165	38,753
Total supporting services	7,601,660	2,455,795	10,057,455
Total expenses and losses	72,954,605	2,455,795	75,410,400
Change in Net Assets	25,508,535	625,126,736	650,635,271
Net Assets, beginning of year	117,129,631	1,294,167,020	1,411,296,651
Net Assets, end of year	$ 142,638,166	$ 1,919,293,756	$ 2,061,931,922

Year Ended June 30, 2020		
Without Donor Restrictions	With Donor Restrictions	TOTAL
$ 10,798,581	$ 81,633,734	$ 92,432,315
3,242,527	5,233,112	8,475,639
11,989,165	12,741,719	24,730,884
48,293,571	(48,293,571)	-
74,323,844	51,314,994	125,638,838
66,614,918	-	66,614,918
1,975,745	-	1,975,745
6,551,200	-	6,551,200
(57,608)	238,969	181,361
2,330	92,151	94,481
8,471,667	331,120	8,802,787
75,086,585	331,120	75,417,705
(762,741)	50,983,874	50,221,133
117,892,372	1,243,183,146	1,361,075,518
$ 117,129,631	$ 1,294,167,020	$ 1,411,296,651

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Activities
Years Ended June 30, 2021 and 2020

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contribution	$ -	$ -	$ -
Interest and dividends		1,105,303	1,105,303
Net realized and unrealized gains on investments		204,772,197	204,772,197
Net assets released from restrictions	22,780,270	(22,780,270)	-
Total revenues, gains and other support	22,780,270	183,097,230	205,877,500
Expenses and Losses:			
Program services:			
Fayetteville campus support	22,780,270	-	22,780,270
Total program services	22,780,270	-	22,780,270
Change in Net Assets	-	183,097,230	183,097,230
Net Assets, beginning of year	-	563,497,728	563,497,728
Net Assets, end of year	$ -	$ 746,594,958	$ 746,594,958

Year Ended June 30, 2020		
Without Donor Restrictions	With Donor Restrictions	TOTAL
$ -	$ 171,450	$ 171,450
	3,561,648	3,561,648
	7,909,565	7,909,565
23,387,910	(23,387,910)	-
23,387,910	(11,745,247)	11,642,663
23,387,910	-	23,387,910
23,387,910	-	23,387,910
-	(11,745,247)	(11,745,247)
-	575,242,975	575,242,975
$ -	$ 563,497,728	$ 563,497,728

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Net Position by Campus
At June 30, 2021

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
ASSETS							
Current							
Cash and cash equivalents	$ 171,687,075	$ 44,118,193	$ 31,896,962	$ 314,429,000	$ 7,407,345	$ 21,019,997	$ 19,098,062
Investments	348,971,731	2,221,937	45,884,028	113,926,000	3,435,251	-	56,041,264
Accounts receivable	99,812,894	4,993,553	27,286,798	75,879,000	7,826,173	16,169,853	18,479,518
Patient accounts receivable				149,358,000			
Inventories	6,967,361		119,307	31,855,000	361,353	15,996	
Deposits and funds held in trust by others	4,245,729		345,937		5		
Notes receivable	2,425,547		30,848	2,750,000			
Other assets	11,188,365	467,033	554,475	11,752,000	312,315	25,401	159,972
Total current assets	645,298,702	51,800,716	106,118,355	699,949,000	19,342,442	37,231,247	93,778,816
Non-Current							
Cash and cash equivalents					4,245,579	13,350,576	
Investments	184,294,966	7,144,165	30,282,616	83,444,000	6,256,247	5,656,737	
Notes receivable	7,617,128	149,458	355,902	9,723,000	79,090	467,577	
Deposits and funds held in trust by others	3,961,913	62,221	1,714,426	209,187,000	6,846,257		
Other non-current assets	5,451,427		-				17,450,600
Capital assets	1,525,888,590	127,229,917	205,454,799	799,163,000	47,724,163	106,148,821	3,930,551
Total non-current assets	1,727,214,024	134,585,761	237,807,743	1,101,517,000	65,151,336	125,623,711	21,381,151
TOTAL ASSETS	$ 2,372,512,726	$ 186,386,477	$ 343,926,098	$ 1,801,466,000	$ 84,493,778	$ 162,854,958	$ 115,159,967
DEFERRED OUTFLOWS OF RESOURCES							
Debt refunding	$ 10,626,042	$ 2,299,687	$ 2,895,485	$ 3,977,000		$ 203,008	
Other postemployment benefits	5,804,000	216,000	955,000	5,394,000	279,000	570,000	$ 96,000
Pensions	3,247,054	518,053	1,627,353	2,322,000	759,231	243,369	209,573
Other							
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 19,677,096	$ 3,033,740	$ 5,477,838	$ 11,693,000	$ 1,038,231	$ 1,016,377	$ 305,573
LIABILITIES							
Current							
Accounts payable and other accrued liabilities	$ 61,663,720	$ 1,671,175	$ 7,610,734	$ 170,616,000	$ 1,766,315	$ 539,172	$ 4,007,411
Unearned revenue, deposits and other	32,539,195	871,455	4,164,159	5,936,000	81,766	99,223	165,709
Funds held in trust for others	3,265,550	281,892	681,228	3,410,000	246,827	2,825,515	
Liability for future insurance claims							16,710,600
Estimated third party payor settlements				90,169,000			
Refundable federal advance - Perkins loans - current portion							
Compensated absences payable - current portion	1,938,208	213,072	410,556	3,963,000	92,928	199,849	41,482
Liability for other postemployment benefits - current portion	747,000	65,000	189,000	1,008,000	63,000	57,000	20,000
Bonds, notes, capital leases and installment contracts payable - current	44,740,229	6,384,441	8,542,732	20,515,000	927,898	2,033,732	3,124,306
Total current liabilities	144,893,902	9,487,035	21,598,409	295,617,000	3,178,734	5,754,491	24,069,508
Non-Current							
Long term liability for payroll taxes				15,885,000			
Unearned revenues, deposits and other	3,131,123		297,179	30,000		45,156	
Refundable federal advance - Perkins loans	8,841,080			1,911,000	23,836		
Compensated absences payable	21,423,103	1,413,179	4,036,628	74,869,000	1,097,626	2,452,271	925,293
Liability for other post employment benefits	23,017,000	1,548,000	5,826,000	33,495,000	1,621,000	3,068,000	565,000
Liability for pensions	12,466,943	2,054,945	7,026,639	9,159,000	2,724,493	863,224	752,230
Bonds, notes, capital leases, installment contracts payable	798,287,206	46,233,351	92,354,442	563,385,000	33,493,532	28,908,451	27,546,672
Total non-current liabilities	867,166,455	51,249,475	109,540,888	698,734,000	38,960,487	35,337,102	29,789,195
TOTAL LIABILITIES	$ 1,012,060,357	$ 60,736,510	$ 131,139,297	$ 994,351,000	$ 42,139,221	$ 41,091,593	$ 53,858,703
DEFERRED INFLOWS OF RESOURCES							
Other postemployment benefits	3,198,000	$ 192,000	$ 1,191,000	$ 4,831,000	$ 341,000	$ 360,000	$ 93,000
Pensions	2,289,221	837,230	1,913,556	3,906,000	616,388	45,415	161,920
Other				7,146,000			
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 5,487,221	$ 1,029,230	$ 3,104,556	$ 15,883,000	$ 957,388	$ 405,415	$ 254,920
NET POSITION							
Net Investment in Capital Assets	$ 687,450,722	$ 76,911,812	$ 103,250,743	$ 423,450,000	$ 20,638,182	$ 75,150,077	$ 3,729,232
Restricted							
Non-Expendable							
Scholarships and fellowships	9,260,293	277,400	2,541,069	394,000	56,017		
Research	7,739,659		216,348		321,559		
Other	17,754,092	7,000	10,217,548	50,351,000	2,692	8,141,830	
Expendable							
Scholarships and fellowships	23,757,307	224,358	862,338	29,530,000	508,953	1,790,105	
Research	59,315,679		574,188	12,408,000	2,745,585	556,987	
Public service	27,527,910	30,705	6,499,301			770,878	
Capital projects	57,693,386	235,325		363,000	3,986,381	6,313,143	
Other	29,247,882	3,310,350	6,585,915	391,000	672,869	1,666,138	
Unrestricted	454,895,314	46,657,527	84,412,633	286,038,000	13,503,162	27,985,169	57,622,685
TOTAL NET POSITION	$ 1,374,642,244	$ 127,654,477	$ 215,160,083	$ 802,925,000	$ 42,435,400	$ 122,374,327	$ 61,351,917

See accompanying notes.

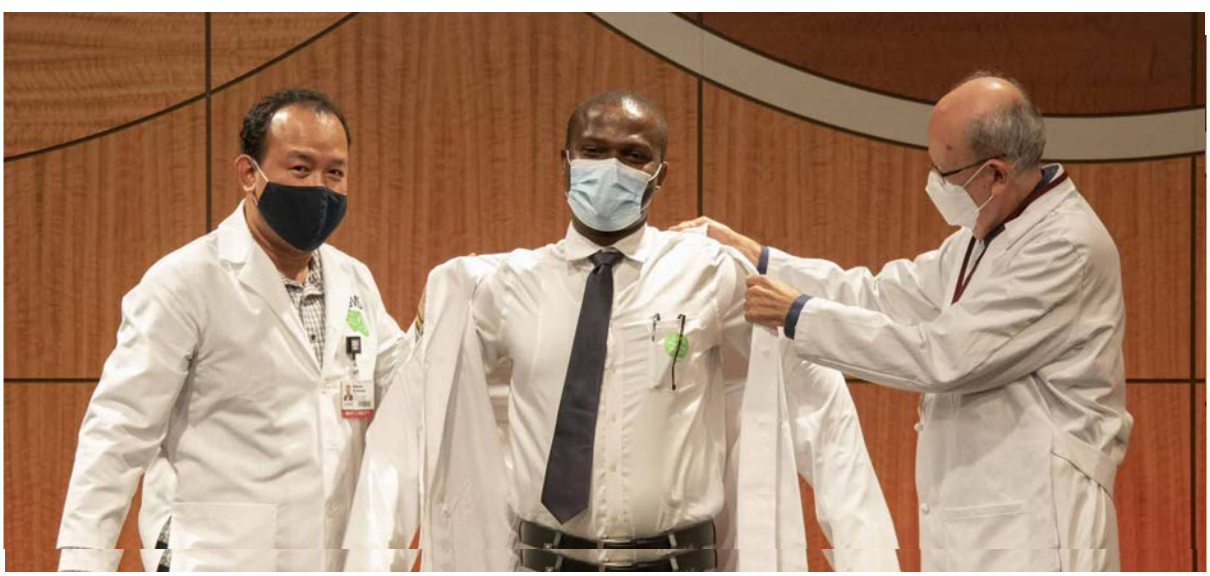
CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (See Note 19)	TOTAL
$ 4,650,891	$ 10,399,802	$ 3,644,508	$ 15,416,454	$ 7,417,984	$ 41,107,785	$ 1,945,180	$ 11,754,478		$ 705,993,716
847,415	3,522,484	-	2,253,262	3,669,763	5,881,804	-			586,654,939
1,344,930	1,498,161	1,067,566	1,945,115	1,725,239	3,347,128	797,442	99,704	$ (18,433,359)	243,839,715
									149,358,000
105,777	62,872	208,836	1,182,110			304,442			41,183,054
	1					76,052			4,667,724
						-		(61,058)	5,145,337
8,832	9,112	71,486		3,277	259,649	53,380	112,141	-	24,977,438
6,957,845	15,492,432	4,992,396	20,796,941	12,816,263	50,596,366	3,176,496	11,966,323	(18,494,417)	1,761,819,923
1,113,816				26,597	500,000				19,236,568
182,717		2,200,000			1,070,260	1,046,108			321,577,816
36,878	89,936	48,846	32,788	42,060			29,396	(5,507,491)	13,164,568
				102,889	19,621				221,894,327
								(17,450,600)	5,451,427
11,558,576	19,760,154	13,470,583	22,899,326	22,308,882	81,706,922	18,066,399	19,072,201		3,024,382,884
12,891,987	19,850,090	15,719,429	22,932,114	22,480,428	83,296,803	19,112,507	19,101,597	(22,958,091)	3,605,707,590
$ 19,849,832	$ 35,342,522	$ 20,711,825	$ 43,729,055	$ 35,296,691	$ 133,893,169	$ 22,289,003	$ 31,067,920	$ (41,452,508)	$ 5,367,527,513
$ 70,414	$ 753,767		$ 133,095	$ 1,944	$ 4,372,660	$ 2,997			$ 25,336,099
87,000	177,000	$ 68,000	76,000	136,000	302,000	87,000	$ 30,000		14,277,000
693,102	270,000	747,801	600,404	809,484	2,678,241	604,154	328,178		15,657,997
									-
$ 850,516	$ 1,200,767	$ 815,801	$ 809,499	$ 947,428	$ 7,352,901	$ 694,151	$ 358,178	$ -	$ 55,271,096
$ 441,906	$ 552,093	$ 160,866	$ 750,724	$ 710,612	$ 1,875,170	$ 558,389	$ 295,772	$ (18,433,359)	$ 234,786,700
462,639	342,809	118,213	11,119	136,628	464,098	39,279	190		45,432,482
53,842	14,249	15,045	57,103	160,094	134,652	29,016	59,350		11,234,363
									16,710,600
									90,169,000
									-
14,792	30,910	32,916	32,842	43,088	71,559	23,735	27,794		7,136,731
11,000	59,000	5,000	24,000	28,000	77,000	25,000	1,000		2,379,000
327,910	417,814	199,286	680,666	447,505	2,571,804	389,458	118,216	(1,594,415)	89,826,582
1,312,089	1,416,875	531,326	1,556,454	1,525,927	5,194,283	1,064,877	502,322	(20,027,774)	497,675,458
									15,885,000
									3,503,458
									10,775,916
281,043	474,007	271,176	351,519	335,541	617,894	248,646	118,422		108,915,348
504,000	1,042,000	447,000	345,000	738,000	1,258,000	534,000	216,000		74,224,000
2,425,781	1,011,430	2,610,061	2,484,713	2,733,205	9,583,321	2,071,273	989,575		58,956,833
2,831,862	9,255,326	1,141,037	9,276,167	9,926,575	74,361,588	13,228,266	915,433	(21,424,734)	1,689,720,174
6,042,686	11,782,763	4,469,274	12,457,399	13,733,321	85,820,803	16,082,185	2,239,430	(21,424,734)	1,961,980,729
$ 7,354,775	$ 13,199,638	$ 5,000,600	$ 14,013,853	$ 15,259,248	$ 91,015,086	$ 17,147,062	$ 2,741,752	$ (41,452,508)	$ 2,459,656,187
$ 188,000	$ 541,000	$ 54,000	$ 372,000	$ 222,000	$ 493,000	$ 255,000	$ 44,000		$ 12,375,000
410,096	284,510	401,983	526,115	702,887	2,923,279	386,307	207,259		15,612,166
									7,146,000
$ 598,096	$ 825,510	$ 455,983	$ 898,115	$ 924,887	$ 3,416,279	$ 641,307	$ 251,259	$ -	$ 35,133,166
$ 8,018,233	$ 10,709,810	$ 12,130,260	$ 20,661,419	$ 11,827,770	$ 9,580,724	$ 2,957,274	$ 18,244,550		$ 1,484,710,808
83,461					946,895				13,559,135
									8,277,566
									86,474,162
	294,179		86,500	501,076	123,365	128,907			57,807,088
									75,600,439
									34,828,794
1,113,358	1,131,726					34,452	1,902,792		72,773,563
98,295		686,935			2,060,509	34,802	93,007		44,847,702
3,434,130	10,382,426	3,253,848	8,878,667	7,731,138	34,103,212	2,039,350	8,192,738		1,049,129,999
$ 12,747,477	$ 22,518,141	$ 16,071,043	$ 29,626,586	$ 20,059,984	$ 46,814,705	$ 5,194,785	$ 28,433,087	$ -	$ 2,928,009,256

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position by Campus
For the Year Ended June 30, 2021

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Operating Revenues							
Student tuition & fees, net of scholarship allowances	$ 251,638,655	$ 14,021,409	$ 36,531,851	$ 49,819,000	$ 10,799,728	$ 9,140,164	$ 1,789,424
Patient services, net of contractual allowances				1,344,980,000			
Federal and county appropriations	13,009,645			1,668,000			
Federal grants and contracts	73,420,062	2,263,459	22,735,206	109,474,000	1,295,711	16,878,073	
State and local grants and contracts	20,298,666	1,844,641	8,381,687	46,143,000	1,349,378	2,060,595	
Non-governmental grants and contracts	22,860,829	2,516,904	2,623,711	25,806,000	1,016,301	332,706	
Sales and services of educational departments	19,391,946	159,243	565,498	38,993,000	506,008	156,779	5,027,972
Insurance plan							207,209,175
Auxiliary enterprises							
Athletics, net of scholarship allowances	107,281,179	29,871	4,150,195	-	614,345	1,004,215	
Housing/food service, net of scholarship allowances	45,401,767	2,227,345	4,990,053	6,199,000	2,013,895	3,413,989	
Bookstore, net of scholarship allowances	1,356,927	271,749	188,308		203,178	578	
Other auxiliary enterprises, net of scholarship allowances	9,684,016	107,021	734,678	2,657,000	575,667	55,212	
Other operating revenues	14,975,466	452,825	1,044,861	157,961,000	480,769	1,880,802	
Total operating revenues	579,319,158	23,894,467	81,946,048	1,783,700,000	18,854,980	34,923,113	214,026,571
Operating Expenses							
Compensation and benefits	537,518,637	41,248,322	104,433,091	1,190,195,000	25,864,133	41,800,368	8,966,219
Supplies and services	211,293,714	19,570,476	40,230,470	594,150,000	12,351,116	26,432,992	1,569,976
Scholarships and fellowships	39,824,877	5,649,421	12,885,882	1,362,000	6,935,002	6,825,080	977,706
Insurance plan							193,786,948
Depreciation	88,018,257	7,457,257	16,129,721	65,598,000	4,092,424	8,170,952	257,724
Total operating expenses	876,655,485	73,925,476	173,679,164	1,851,305,000	49,242,675	83,229,392	205,558,573
Operating income (loss)	(297,336,327)	(50,031,009)	(91,733,116)	(67,605,000)	(30,387,695)	(48,306,279)	8,467,998
Non-Operating Revenues (Expenses)							
State appropriations, net of Medicaid match payments	217,257,710	24,220,292	67,556,807	55,830,000	19,282,565	29,159,169	4,016,329
Property and sales tax		7,246,839	-	-		-	-
Federal grants	51,540,708	17,177,126	31,102,178	46,365,000	12,431,065	19,702,032	1,350,628
State and local grants	30,659,158	5,417,922	5,014,714	-	2,004,532	1,871,761	7,080
Non-governmental grants	29,012		-	-		-	32,133
Gifts	74,813,467	6,000	8,786,703	14,347,000	270,025	590,905	94,927
Investment income (net)	35,832,123	106,604	4,634,461	24,504,000	2,184,769	656,216	907,017
Interest and fees on capital asset-related debt	(28,126,526)	(1,586,012)	(3,707,052)	(14,608,000)	(1,456,869)	(997,457)	(895,106)
Gain (loss) on disposal of assets	221,774	(878,251)	-	(321,000)	245,450	(141,701)	-
Other	5,544,573	(155,488)	884,179		(119,675)		75,723
Net non-operating revenues	387,771,999	51,555,032	114,271,990	126,117,000	34,841,862	50,840,925	5,588,731
Income/Loss before other revenues and expenses	90,435,672	1,524,023	22,538,874	58,512,000	4,454,167	2,534,646	14,056,729
Other Changes in Net Position							
Capital appropriations	983,846	280,095	-	-		-	
Capital grants and gifts	8,043,572		13,600	2,961,000	26,703	-	
Adjustments to prior year revenues and expenses			-	-	336,054	-	
Extraordinary item-impairment gain on flood damage, net		138,515	-	-		-	
Other	(114,297)	324,072	(501,677)	(1,000)	(4)	(215,093)	
Total other revenues and expenses	8,913,121	742,682	(488,077)	2,960,000	362,753	(215,093)	-
Increase (decrease) in net position	99,348,793	2,266,705	22,050,797	61,472,000	4,816,920	2,319,553	14,056,729
Net Position, beginning of year	1,275,293,451	125,387,772	193,109,286	741,453,000	37,618,480	120,054,774	47,295,188
Net Position, end of year	$ 1,374,642,244	$ 127,654,477	$ 215,160,083	$ 802,925,000	$ 42,435,400	$ 122,374,327	$ 61,351,917

See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
$ 2,030,516	$ 874,758	$ 1,181,052	$ 1,129,668	$ 2,863,222	$ 11,240,390	$ 826,718			$ 393,886,555
									1,344,980,000
									14,677,645
1,076,290	1,927,251	993,673	1,340,282	608,851	1,975,537	2,334,111			236,322,506
999,198	1,110,640	743,000	1,129,304	1,358,144	1,551,985	593,544	$ 616,354		88,180,136
47,640	40,990	29,440		160,469		200,630	500		55,636,120
94,097	24,427	78,927	88,251	208,582	136,838	11,578	8,500	$ (4,395,074)	61,056,572
								(138,781,887)	68,427,288
2,379						5,861			113,088,045
39,470		71,412				430,808			64,787,739
119,478	32,502	224,561	354,688			287,274			3,039,243
	(1,327)	20,338							13,832,605
145,184	151,075	45,511	116,179	166,172	464,436	147,582	171,282	(584,394)	177,618,750
4,554,252	4,160,316	3,387,914	4,158,372	5,365,440	15,369,186	4,838,106	796,636	(143,761,355)	2,635,533,204
8,250,117	10,346,608	7,910,754	7,769,857	10,506,293	22,225,613	6,095,952	5,145,496	(138,781,887)	1,889,494,573
3,035,906	3,944,256	3,649,361	3,672,306	3,886,535	11,112,138	4,028,607	3,410,250	(4,979,468)	937,358,635
1,961,721	2,577,509	1,987,197	2,585,065	3,202,088	6,456,896	754,741			93,985,185
									193,786,948
814,825	1,223,368	778,870	1,459,664	1,520,340	4,402,899	858,421	585,791		201,368,513
14,062,569	18,091,741	14,326,182	15,486,892	19,115,256	44,197,546	11,737,721	9,141,537	(143,761,355)	3,315,993,854
(9,508,317)	(13,931,425)	(10,938,268)	(11,328,520)	(13,749,816)	(28,828,360)	(6,899,615)	(8,344,901)	-	(680,460,650)
4,826,427	10,486,053	4,924,663	6,947,570	6,695,675	17,686,419	3,887,870	9,672,855		482,450,404
1,352,403	2,080,969	1,765,284	1,709,171	891,469		484,757			15,530,892
3,732,119	3,909,900	3,715,640	4,920,375	9,038,705	17,652,191	2,504,568	100,000		225,242,235
466,928	140,646	396,639	299,293	632,691	1,059,044	358,536			48,328,944
			103,485						164,630
239,151				37,973	30,000	54,000	38,109		99,308,260
79,946	110,158	47,170	20,880	67,206	388,728	12,399	3,512	(528,214)	69,026,975
(120,844)	(353,071)	(12,595)	(100,864)	(381,837)	(2,962,551)	(474,146)	(27,633)	441,143	(55,369,420)
							(727)		(874,455)
16,000			184			(7,026)	25,165	87,071	6,350,706
10,592,130	16,374,655	10,836,801	13,900,094	16,981,882	33,853,831	6,820,958	9,811,281	-	890,159,171
1,083,813	2,443,230	(101,467)	2,571,574	3,232,066	5,025,471	(78,657)	1,466,380	-	209,698,521
6,088						142,713			1,412,742
	480,150				15,500	5,794			11,546,319
			-						336,054
									138,515
	304,772	(1,297)							(204,524)
6,088	784,922	(1,297)	-	-	15,500	148,507	-	-	13,229,106
1,089,901	3,228,152	(102,764)	2,571,574	3,232,066	5,040,971	69,850	1,466,380	-	222,927,627
11,657,576	19,289,989	16,173,807	27,055,012	16,827,918	41,773,734	5,124,935	26,966,707		2,705,081,629
$ 12,747,477	$ 22,518,141	$ 16,071,043	$ 29,626,586	$ 20,059,984	$ 46,814,705	$ 5,194,785	$ 28,433,087	$ -	$ 2,928,009,256



UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2021

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Cash Flows from Operating Activities							
Student tuition and fees (net of scholarships)	$ 250,896,581	$ 13,479,978	$ 35,983,252	$ 49,515,000	$ 10,759,008	$ 9,357,128	$ 1,806,598
Patient and insurance payments				1,267,730,000			
Federal and county appropriations	13,054,789						
Grants and contracts	84,548,031	6,053,323	16,306,383	177,951,000	3,324,838	21,317,183	
Collection of loans and interest	426,581			1,249,000	4		
Insurance plan receipts							204,978,377
Auxiliary enterprise revenues:							
Athletics	116,367,432	29,871	4,150,195		613,963	1,029,769	
Housing and food service	48,198,405	2,480,488	4,990,628	6,178,000	2,256,919	3,413,984	
Bookstore	1,802,560	263,373	359,737		247,793	318	
Other auxiliary enterprises	9,556,606	187,989	548,492	2,647,000	584,793	55,212	
Payments to employees	(425,331,678)	(33,354,410)	(84,380,538)	(954,767,000)	(20,580,338)	(34,367,934)	(6,820,907)
Payment of employee benefits	(109,346,194)	(8,592,608)	(20,767,709)	(175,789,000)	(5,742,803)	(7,874,269)	(1,748,565)
Payments to suppliers	(207,400,884)	(19,784,265)	(37,427,881)	(591,155,000)	(12,012,213)	(28,692,179)	(1,646,229)
Loans issued to students	(11,200)			(1,727,000)			
Scholarships and fellowships	(40,126,419)	(5,649,421)	(9,881,535)	(1,451,000)	(6,793,920)	(6,825,080)	(977,706)
Payments of insurance plan expenses							(194,655,632)
Other receipts and payments	36,476,984	834,345	1,488,331	194,984,000	838,396	2,088,767	4,488,909
Net cash used by operating activities	(220,888,406)	(44,051,337)	(88,630,645)	(24,635,000)	(26,503,560)	(40,497,101)	5,424,845
Cash Flows from Noncapital Financing Activities							
State appropriations	217,257,710	24,220,292	67,556,807	55,260,000	19,282,565	29,159,169	4,016,329
Property and sales tax		7,108,689					
Gifts and grants for other than capital purposes	155,628,337	22,729,086	44,965,866	60,626,000	12,939,115	14,901,542	1,509,768
Repayment of loans				1,078,000			
Direct Lending, Plus and FFEL loan receipts	119,663,025	13,762,923	46,088,755		11,163,279	12,387,494	2,200,101
Direct Lending, Plus and FFEL loan payments	(119,657,708)	(13,751,114)	(46,092,595)		(11,726,046)	(12,217,889)	(2,200,101)
Other agency funds - net	1,648,344	(996,032)	372,089	3,196,000	90,064	511,378	163,223
Refunds to grantors							
Intercompany debt payments/receipts							62,500
Net cash provided (used) by noncapital financing activities	374,539,708	53,073,844	112,890,922	120,160,000	31,748,977	44,741,694	5,751,820
Cash Flows from Capital and Related Financing Activities							
Distributions from debt proceeds	57,339,884		141,508	197,978,000		646,854	
Capital appropriations	983,846	299,785	-				
Capital grants and gifts	16,854,037	39,605	13,600	2,961,000			
Property taxes - capital allocation							
Proceeds from sale of capital assets	1,513,567				523,580		
Purchases of capital assets	(137,103,752)	(2,825,430)	(4,706,936)	(123,589,000)	(1,409,750)	(7,264,405)	(6,514,891)
Payment of capital related principal on debt	(30,680,073)	(6,394,265)	(8,834,102)	(57,223,000)	(635,000)	(2,008,032)	(1,555,893)
Payments of capital related interest and fees	(32,581,837)	(1,661,775)	(1,930,557)	(12,504,000)	(962,396)	(1,034,169)	(816,264)
Insurance proceeds		138,515	821,908		217,572		
Payments to/from trustee for reserve							
Net cash provided (used) by capital & related financing act	(123,674,328)	(10,403,565)	(14,494,579)	7,623,000	(2,265,994)	(9,659,752)	(8,887,048)
Cash Flows from Investing Activities							
Proceeds from sales and maturities of investments	169,811,724	36,487,689		200,189,000		1,260,350	5,000
Investment income (net of fees)	(90,244)	212,493	4,634,461	1,424,000	122,050	31,009	879,014
Purchases of investments	(176,068,593)	(9,329,902)	(4,513,830)	(273,267,000)	(350,000)	(2,500,720)	(8,357,433)
Net cash provided (used) by investing activities	(6,347,113)	27,370,280	120,631	(71,654,000)	(227,950)	(1,209,361)	(7,473,419)
Net increase/decrease in cash	23,629,861	25,989,222	9,886,329	31,494,000	2,751,473	(6,624,520)	(5,183,802)
Cash, beginning of the year	148,057,214	18,128,971	22,010,633	282,935,000	8,901,451	40,995,093	24,281,864
Cash, end of year	$ 171,687,075	$ 44,118,193	31,896,962	$ 314,429,000	$ 11,652,924	34,370,573	$ 19,098,062

See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations (Note 19)	TOTAL
$ 2,192,999	$ 1,034,554	$ 1,148,543	$ 1,077,183	$ 2,786,128	$ 10,455,193	$ 733,311			$ 391,225,456
									1,267,730,000
									13,054,789
1,825,149	3,421,211	1,753,549	2,123,076	2,145,444	3,389,823	3,075,488	$ 591,410		327,825,908
									1,675,585
								$ (137,376,301)	67,602,076
2,379						5,861			122,199,470
39,470		71,476				458,608			68,087,978
119,478	31,840	224,321	354,688			287,274			3,691,382
	(1,327)	20,338							13,599,103
(6,473,440)	(8,728,500)	(5,900,189)	(5,960,531)	(8,137,618)	(17,665,297)	(4,705,346)	(4,025,209)		(1,621,198,935)
(1,841,018)	(1,897,660)	(1,939,944)	(1,900,196)	(2,348,917)	(5,451,849)	(1,475,064)	(1,158,382)	137,376,301	(210,497,877)
(3,042,831)	(4,056,764)	(3,413,892)	(3,616,035)	(3,912,022)	(11,252,329)	(3,770,116)	(3,350,436)	2,173,530	(932,359,546)
									(1,738,200)
(1,961,721)	(2,618,189)	(1,987,197)	(2,585,066)	(3,202,088)	(6,456,896)	(754,741)			(91,270,979)
									(194,655,632)
221,750	176,358	130,916	211,538	367,003	601,274	69,571	201,346	(4,835,573)	238,343,915
(8,917,785)	(12,638,477)	(9,892,079)	(10,295,343)	(12,302,070)	(26,380,081)	(6,075,154)	(7,741,271)	(2,662,043)	(536,685,507)
4,826,427	10,604,133	4,924,663	6,947,570	6,695,675	17,686,419	3,887,870	9,672,855		481,998,484
1,472,542	2,124,833	1,754,082	1,561,687	883,652		477,700			15,383,185
4,501,765	3,869,894	4,330,603	5,324,819	9,434,369	18,741,235	2,917,105	138,109		362,557,613
									1,078,000
		1,053,930		1,467,507	10,896,571				218,683,585
		(1,006,613)		(1,467,507)	(10,896,571)				(219,016,144)
6,138	(4,702)	1,018	(42,468)	117,882	(2,601)	6,687	(1,820)		5,065,200
			(1,665)			(7,026)			(8,691)
							(150,000)	87,500	-
10,806,872	16,594,158	11,057,683	13,789,943	17,131,578	36,425,053	7,282,336	9,659,144	87,500	865,741,232
			7,723,000						263,829,246
200,000						142,713			1,626,344
	485,458				15,500	5,794			20,374,994
									-
									2,037,147
(137,788)	(2,069,275)	(154,644)	(730,324)	(596,832)	(1,302,101)	(3,092,896)	(365,896)		(291,863,920)
(313,196)	(429,773)	(244,716)	(415,850)	(445,725)	(2,388,353)	(342,383)	(104,364)	2,652,688	(109,362,037)
(121,743)	(322,547)	(12,941)	(59,861)	(410,665)	(2,567,753)	(474,338)	(27,633)	441,143	(55,047,336)
16,000	304,772								1,498,767
						870,167			870,167
(356,727)	(2,031,365)	(412,301)	6,516,965	(1,453,222)	(6,242,707)	(2,890,943)	(497,893)	3,093,831	(166,036,628)
		500,000	131,364						408,385,127
60,994	12,843	47,420	20,482	63,168	391,933	12,399	8,958	(528,643)	7,302,337
		(500,000)			(229,125)	(7,792)			(475,124,395)
60,994	12,843	47,420	151,846	63,168	162,808	4,607	8,958	(528,643)	(59,436,931)
1,593,354	1,937,159	800,723	10,163,411	3,439,454	3,965,073	(1,679,154)	1,428,938	(9,355)	103,582,166
4,171,353	8,462,643	2,843,785	5,253,043	4,005,127	37,642,712	3,624,334	10,325,540	9,355	621,648,118
$ 5,764,707	$ 10,399,802	$ 3,644,508	$ 15,416,454	$ 7,444,581	$ 41,607,785	$ 1,945,180	$ 11,754,478	$ -	$ 725,230,284

UNIVERSITY OF ARKANSAS SYSTEM
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2021

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:							
Operating revenue (loss)	$ (297,336,327)	$ (50,031,009)	$ (91,733,116)	$ (67,605,000)	$ (30,387,695)	$ (48,306,279)	$ 8,467,998
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:							
Depreciation expense	88,018,257	7,457,257	16,129,721	65,598,000	4,092,424	8,170,952	257,724
Other miscellaneous operating receipts	5,755,042						
Adjustment to cash for amounts in transit within the system							
Change in assets and liabilities:							
Receivables, net	(30,999,445)	(540,947)	(16,522,079)	(48,434,000)	(379,536)	2,281,461	(2,565,484)
Inventories	(2,158,865)	16,367	102,468	(4,622,000)	16,654	8,182	-
Prepaid expenses and other assets	(3,894,661)	(245,057)	61,750	(3,468,000)	206,165	(8,813)	(132,792)
Accounts payable and other accrued liabilities	10,632,388	(792,000)	2,142,339	51,804,000	268,073	(1,784,267)	190,064
Long term liability for payroll taxes				15,885,000			
Unearned revenue	10,860,888	257,675	2,021,121	767,000	(30,420)	43,537	(187,202)
Liability for future insurance claims							(973,700)
Loans to students and employees	1,738,096						
Refundable federal advance	(1,851,002)						
Compensated absences	695,042	(54,314)	80,043	11,921,000	(63,344)	(590,764)	80,739
OPEB liability	(2,409,000)	68,000	(653,000)	1,110,000	(189,000)	(355,000)	22,000
Pension related	61,181	(187,309)	(259,892)		(36,881)	56,849	265,498
Other				(47,591,000)		(12,959)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (220,888,406)	$ (44,051,337)	$ (88,630,645)	$ (24,635,000)	$ (26,503,560)	$ (40,497,101)	$ 5,424,845
Non-Cash Transactions							
Capital gifts		$ 6,000	$ 13,600	2,961,000	$ 26,703		
Fixed assets acquired by incurring capital lease obligations				1,291,000			
Capital outlay & maintenance paid directly from proceeds of debt			1,075,272				
Payment of bond proceeds/premium/accrued interest/debt service reerve directly into deposits with trustees/escrow		17,868,145	18,631,363		13,526,811		
Payment of bond issuance costs/underwriters' discount directly from bond proceeds and/or debt service reserves	43,664	155,942	163,637		137,129		
Payment of principal & interest on long-term debt from deposits with trustees	132		233		6,636,487		
Interest earned on deposits with trustees	192,494	29	7,236		4,730		
Loss on disposal of assets		563,799		321,000		$ 141,701	
Valuation adjustments to capital assets--increase (decrease)		1,186,108					
Value of goods received from sponsorship agreements with vendors	3,373,627						
Fixed assets transferred to another state agency							
Note Proceeds used to dirctly pay bond interst and principal	9,890,760						

See accompanying notes.

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations	TOTAL
$ (9,508,317)	$ (13,931,425)	$ (10,938,268)	$ (11,328,520)	$ (13,749,816)	$ (28,828,360)	$ (6,899,615)	$ (8,344,901)		$ (680,460,650)
814,825	1,223,368	778,870	1,459,664	1,520,340	4,402,899	858,421	585,791		201,368,513
									5,755,042
								$ (2,662,043)	(2,662,043)
(114,181)	411,642	80,050	(411,614)	(143,803)	(1,542,849)	(92,176)	29,560		(98,943,401)
24,347	(1,942)	32,337	(120,324)	46,103		(104,879)			(6,761,552)
3,803	(915)	36,711		72,462	(1,717)	(11,683)	(14,667)		(7,397,414)
53,668	62,251	(27,900)	241,917	18,577	(234,969)	265,434	86,412		62,925,987
									15,885,000
(41,779)	52,663	104,090	11,119	127,327	338,846	13,600	(33,440)		14,305,025
									(973,700)
									1,738,096
									(1,851,002)
(50,963)	16,698	15,824	(34,104)	14,720	(259,001)	6,466	(10,516)		11,767,526
(120,000)	(398,000)	(27,000)	(146,000)	(168,000)	6,000	(111,000)	(19,000)		(3,389,000)
20,812	(72,817)	53,207	31,802	(13,871)	(260,930)	278	(20,510)		(362,583)
			717	(26,109)					(47,629,351)
$ (8,917,785)	$ (12,638,477)	$ (9,892,079)	$ (10,295,343)	$ (12,302,070)	$ (26,380,081)	$ (6,075,154)	$ (7,741,271)	$ (2,662,043)	$ (536,685,507)
									$ 3,007,303
									1,291,000
	$ 131,756		$ 284,180			$ 769,301			2,260,509
									50,026,319
						-			500,372
	32			4,312	$ 2,775,835	596,503			10,013,534
	32			27	469,755	450			674,753
							$ (727)		1,025,773
									1,186,108
									3,373,627
									-
									9,890,760

Note 1: Summary of Significant Accounting Policies

The financial statements for the University of Arkansas ("the University") have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying notes to the financial statements are an integral part of the financial statements.

The following acronyms are used for the various campuses and divisions of the University as reported in the financial statements: UAF (University of Arkansas, Fayetteville, including the Division of Agriculture (UADA), which includes the Agricultural Experiment Station and Cooperative Extension Service, Arkansas Archeological Survey (AAS), Criminal Justice Institute (CJI), and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCHT (University of Arkansas Community College at Hope-Texarkana), UACCM (University of Arkansas Community College at Morrilton), University of Arkansas-Pulaski Technical College (UAPTC), University of Arkansas Community College at Rich Mountain (UACCRM), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System *e*Versity).

Basis of Presentation and Measurement Focus

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues and expenses at the date of the financial statements. Significant estimates affecting the financial statements include the determination of allowances for uncollectible accounts, patient services-related contractual adjustments and third-party payor settlements, and various investment risks and fair market valuations. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to cash and have a maturity at acquisition of three months or less.

Investments

Investments and funds held in trust by others of marketable securities are reported at fair value as established by major securities markets. The fair value of venture capital and other investments is based on the most current information reported to the University by the respective investment managers. Changes in unrealized gain (loss) on the carrying value are reported as a component of investment income on the statement of revenues, expenses and changes in net position.

Accounts Receivable

Receivables that represent charges due the University from various student fees, room and board, student fines, patient care services, and other charges are stated at estimated net realizable values; that is, the gross amount of the receivable is reduced by allowances for estimated uncollectible accounts and refunds or discounts. Receivables can also include unreimbursed expenses relating to research contracts with federal, state, and private agencies.

Patient Accounts Receivable

Patient accounts receivable are shown net of contractual allowances and an allowance for doubtful accounts. Credit balances representing refunds due are reported as accounts payable. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental care coverage and other collection indicators.

Inventories

Inventories are valued at the lower of cost or market, with cost generally being determined on a first-in, first-out (FIFO) or average-cost basis.

Capital Assets

Capital assets consisting of land, buildings, improvements, furniture, equipment, intangible assets, and construction in progress, are stated at cost or acquisition value at date of gift. Library holdings are generally valued using average prices for library acquisitions. If material, in previous years, interest on borrowings to finance facilities was capitalized during construction, net of any investment income earned through the temporary investment of project borrowings. Interest is no longer capitalized in accordance with Governmental Accounting Standards Board Statement No. 89. The University's capitalization policy includes all furniture, fixtures and equipment with a unit cost of $5,000 or more and an estimated useful life of one year or more. Intangible assets are capitalized when the cost is $500,000 or more for purchased software, $1,000,000 or more for internally developed software, or $250,000 or more for easements, land use rights, trademarks and copyrights, and patents.

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets -- generally 15-30 years for buildings, 15-20 years for infrastructure and land improvements, 3-10 years for equipment, 10 years for library holdings, and the applicable term for capital leases.

UAMS bases its estimated useful lives on guidelines established by the American Hospital Association (AHA) which may differ slightly from those shown above for the other campuses.

Deferred Outflows of Resources

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

Compensated Absences

Vested or accumulated vacation and sick leave of University employees are recorded as an expense and liability as the benefits are earned. Amounts recorded include salary expense as well as salary-related payments (e.g., FICA taxes, retirement, etc.). No liability is recorded for nonvested accumulated rights to receive sick leave benefits. The current portion of compensated absences is determined using the average balance paid annually in the prior two-year period.

Unearned Revenue

Unearned revenue consists primarily of student tuition and fees and athletic ticket sales related to future fiscal years, and amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase of net position that applies to future periods; therefore, these items will not be recognized as revenue until that period.

Pensions

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

Net Position

The University's net position is classified as follows:

- *Net investment in capital assets* - Capital assets, net of accumulated depreciation and outstanding principal balances of debt obligations related to those capital assets. However, unexpended debt proceeds at year-end are reported as net position restricted for capital projects.

- *Restricted:*

  Non-expendable – Portion subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

  Expendable – Portion whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. There is no formal policy requiring restricted net position to be used either before or after unrestricted net position is used for the same purpose. Responsible officials determine at the time funds are expended to use any unrestricted net position that may be available.
- *Unrestricted* – Portion that is not subject to externally imposed stipulations. This portion may be designated for specific purposes by management or the Board of Trustees or may be otherwise limited by contractual agreements with outside parties.

Classification of Revenues

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

- *Operating Revenue* – includes activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), patient services (net of contractual agreements), most federal, state, and local grants and contracts, revenues associated with auxiliary enterprises (net of scholarship discounts and allowances), interest on institutional student loans, and the University's self-funded insurance plans.
- *Non-Operating Revenue* – includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, interest on debt, and investment income.

Scholarship Discounts and Allowances

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

Net Patient Services Revenue

Patient care revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Retroactive adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period in which the related services are rendered and adjusted as final settlements are determined.

Charity Care

UAMS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because UAMS does not pursue collection of amounts determined to qualify as charity care, these amounts are accounted for as a reduction of patient services revenue at the time the services are rendered.

Grants and Contracts
The University has been awarded grants and contracts for operations for which the moneys have not been received or expended. These awards have not been reflected in the financial statements but represent commitments of sponsors to provide funds for specific research and training projects.

Federal research grants and contracts normally provide for the recovery of direct and indirect costs, subject to adjustment based upon review by the granting agencies. The University recognizes revenue associated with direct costs as the related costs are incurred. The recovery of indirect costs is recorded at predetermined rates negotiated with the federal government.

State Appropriations
State appropriations are reported as non-operating revenue, net of the Medicaid match payments required under various contracts between UAMS and the Arkansas Department of Human Services. The match payments were $59,747,000 and $52,127,000 for the fiscal years ended June 30, 2021, and 2020, respectively.

Component Units
In fiscal year 2021, there were two qualifying foundations determined to be component units for the University of Arkansas System: The University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. Although the University does not control the timing, or amount, of receipts from either of these foundations, the majority of resources or income thereon, which the foundations hold and invest, is restricted to the activities of the University by the donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, and their individual net assets are considered as having met the financial accountability criteria by management, these two foundations are considered component units and are discretely presented in the University's financial statements.

The University of Arkansas Foundation, Inc. is a separate not-for-profit organization, which operates for charitable educational purposes, including the administration and investment of gifts and other amounts received directly or indirectly for the benefit of the University of Arkansas. The Board of Directors has twenty-two members, four of which are current or previous members of the Board of Trustees of the University of Arkansas. During the years ended June 30, 2021 and 2020, the Foundation distributed $70,275,302 and $72,756,883, respectively, to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at *535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.*

The University of Arkansas Fayetteville Campus Foundation, Inc. is a not-for-profit charitable organization which was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School, and the University's library. The Board of Trustees of the Foundation is made up of seven members, including three members who are also employees of the University. During the years ended June 30, 2021 and 2020, the Foundation distributed $22,780,270 and $23,387,910, respectively, to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at *535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.*

Encumbrances

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

New Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal years identified below. In fiscal year 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which became effective immediately and delayed the implementation dates as indicated on the applicable statements below.

For the year ended June 30, 2021:

- Statement No. 84, *Fiduciary Activities, original date of FY ended 6/30/20; FY ending 6/30/21*
- Statement No. 90*, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61, original date of FY ended 6/30/20; FY ending 6/30/21*

Management has determined that Statements No. 84 and 90 did not materially impact the System.

For the year ending June 30, 2022:

- Statement No. 87, *Leases, original date of FY ended 6/30/21; FY ending 6/30/22*
- Statement No. 92, *Omnibus 2020, original date of FY ended 6/30/21; FY ending 6/30/22*
- Statement No. 93, *Replacement of Interbank Offered Rates, original date of FY ended 6/30/21; FY ending 6/30/22*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, implementation date of immediately and FY ended 6/30/22*

For the year ending June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations, original date of FY ended 6/30/21; FY ending 6/30/23*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements, original date of FY ended 6/30/22; FY ending 6/30/23*
- Statement No. 96, *Subscription-Based Information Technology Arrangements, implementation date of FY ended 6/30/23*

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

Note 2: Reporting Entity

The University of Arkansas System, which prior to 1969 consisted of the Fayetteville and Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College), and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute in Crossett and Great Rivers Technical Institute in McGehee merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts, a residential high school, joined the University on January 1, 2004. On February 1, 2017, Pulaski Technical College and Rich Mountain Community College became the sixth and seventh two-year colleges to join the UA System. In addition to these campuses, the University includes the System Administration, whose financial statements include *e*Versity, and the following units that are included in the financial statements of the Fayetteville campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Arkansas Archeological Survey, and the Criminal Justice Institute.

All programs and activities of the University of Arkansas System are governed by its Board of Trustees, which has been accorded constitutional status for the exercise of its powers and authority by Amendment 33 to the Arkansas Constitution. The Board of Trustees has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the CJI, the Director of AAS, and the Director of ASMSA, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

The financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the provisions of this statement, the University is an institution of higher education of the State of Arkansas (primary government).

Note 3: Net Patient Services Revenue and Charity Care

Patient care operations are included in the accompanying financial statements under accounting principles generally followed by governmental colleges and universities. Patient accounts receivable at June 30, 2021 and 2020 are recorded net of an allowance for doubtful accounts of $287,912,000 and $300,555,000, respectively.

Net patient services revenue for the years ended June 30, 2021 and 2020, are as follows:

GROSS PATIENT REVENUE	2021	2020
Gross patient revenue	3,460,967,000	3,219,647,000
Less: patient services contractual allowances	(2,047,386,000)	(1,956,936,000)
Less: provision for bad debt	(68,601,000)	(47,674,000)
TOTAL	$ 1,344,980,000	$ 1,215,037,000

UAMS provided approximately $38,231,000 and $39,954,000 in charity care, based on established rates, during the years ended June 30, 2021 and 2020, respectively. Because UAMS does not pursue collection of amounts determined to qualify as charity care, they are not included in gross patient revenue above. Net patient services revenue for the years ended June 30, 2021 and 2020, includes approximately $46,025,000 and $33,945,000, respectively, from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations. Net patient services revenue for the years ended June 30, 2021 and 2020, includes approximately $37,850,000 and $38,808,000, respectively, of net revenue from the Supplemental Medicaid program. Parking services for the years ended June 30, 2021 and 2020, valued at $774,000 and $905,000, respectively, were provided to patients and guests at no additional charge.

The Hospital, Faculty Group Practice (FGP), and Regional Campuses have agreements with governmental and other third-party payors that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with significant third-party payors is as follows:

Hospital:
Medicare – Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Some transplantation services are paid based upon a cost reimbursement methodology. Outpatient services are paid based on a prospective payment system where services are classified into groups called Ambulatory Payment Classifications (APC). Services in each APC are similar clinically and in terms of the resources they require. The Hospital is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audit by the Medicare fiscal intermediary. As of June 30, 2021, the Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2017.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost-reimbursement methodology. The Hospital is paid at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audits by the Medicaid audit contractor. The Hospital is required to pay the federal match for the difference in reimbursement between the Tax Equity and Fiscal Responsibility Act inpatient rate and full cost. For outpatient services, the Hospital is required to pay the federal match for the difference reimbursed between the outpatient prospective rates and full cost. As of June 30, 2021, the Hospital's Medicaid cost reports have been audited by the Medicaid audit contractor through June 30, 2013.

FGP and Regional Campuses:
Services rendered to both Medicare and Medicaid program beneficiaries are reimbursed on prospectively determined rates per unit of service.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net adjustments to estimated settlements resulted in no change to net patient services revenue for the years ended June 30, 2020 and 2019. Management believes that UAMS is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

The Hospital, FGP, and Regional Campuses have agreements with certain commercial insurance carriers and preferred provider organizations, which include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

Additionally, UAMS has agreements to provide healthcare professionals to independent healthcare providers at contractually determined rates. These providers are responsible for billing and collecting from patients and third-party payors, as applicable, for the services provided by UAMS staff supplied by these contracts.

Note 4: Cash, Cash Equivalents and Investments

A.C.A. §19-4-805 authorizes institutions of higher learning to determine the depositories and nature of investments of any of their cash funds which are not currently needed for operating purposes.

Cash and Cash Equivalents
Cash deposits are carried at cost. The following schedule reconciles the amount of deposits to the statement of net position at June 30, 2021:

Cash and Cash Equivalents	
Cash deposits at year end	$ 689,586,361
cash held on deposit in state treasury	32,950,298
cash equivalents	219,606,805
cash on hand	301,119
Less: cash/cash equiv shown as deposits held in trust on SNP	(217,214,299)
TOTAL	$ 725,230,284

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2021, no portion of the University's bank balances related to a Certificate of Deposit at a local bank were exposed to custodial credit risk.

Investments

Investments are reported at fair value, which, for reporting purposes, is market value. The following is a summary of the University's investments held at June 30, 2021:

Investment Type	Fair Value
Mutual & Money Market Funds	$ 258,390,778
Corporate & Municipal Bonds	49,904,294
External Investment Pool	217,213,807
Short-term Investment Fund Pool	284,898,233
Certificate of Deposits	33,420,579
U.S. Treasury & Government Sponsored Agencies	242,686,422
Commercial Paper	20,570,578
Other	22,868,920
Sub-Total	1,129,953,611
-shown as cash/cash equiv on Stmt of Net Position	(212,373,104)
-shown as deposits held in trust on Stmt of Net Position	(9,347,752)
Investments as reported on Stmt of Net Position	$ 908,232,755

The University is required to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes if interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following tables show these risks for the University's funds outside the external investment pool and short-term investment fund pool.

		Interest Rate Risk			
		Investment Maturies (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	over 5	More than 10
Commercial Paper	$ 20,570,578	$ 20,570,578	$ -	$ -	$ -
Bonds	49,904,294	3,898,749	42,986,217	2,935,137	84,191
U.S. Treasury & Agency Securities	242,686,422	6,553,180	215,305,454	19,930,248	897,540
			-	-	-
Totals	$ 313,161,294	$ 31,022,507	$ 258,291,671	$ 22,865,385	$ 981,731

Investment		Credit Risk				
Type	Fair Value	AAA	AA	A	B & below	Not Rated
Mutual Funds	$ 45,260,234	$ 8,207,642	$ -	$ 819,311	$ -	$ 36,233,281
Commercial Paper	20,570,578	-	-	-	-	20,570,578
Bonds	49,904,294	9,368,562	10,438	39,741,357	143,180	640,757
		-	-	-	-	-
Totals	$ 115,735,106	$ 17,576,204	$ 10,438	$ 40,560,668	$ 143,180	$ 57,444,616

External Investment Pool

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

The external investment pool is exempt from registration with the Securities and Exchange Commission. The University of Arkansas Board of Trustees and the University of Arkansas Foundation Board of Trustees were the sponsors of this investment pool and were responsible for operation and oversight for the pool. All participation in this investment pool is voluntary.

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

In 2018, the UA Foundation revised their investment policies to only allow endowed monies to be maintained in the investment pool. In response to the change, the UA System Investment Committee approved an agreement with Wilmington Trust to create a short-term investment pool for non-endowed investments. PFM Asset Management LLC was selected through a request for proposals to act as an investment advisor for the UA System for this pool designated as the Short-Term Investment Fund, or STIF (see below for additional information).

At June 30, 2021, four campuses and one division (UAF, Division of Agriculture, UALR, UAMS, and UAM) and six foundations participated in the Pool, whose net assets totaled $2,767,279,896. The Pool was combined with 7.85% of the net assets owned by the University of Arkansas and external portions as follows: 64.39% by the University of Arkansas Foundation, 26.00% by the Fayetteville Campus Foundation, 0.70% by the Walton Arts Foundation, 0.13% by the University of Arkansas Community College at Hope Foundation, 0.03% by the University of Arkansas Technical Development Foundation, and 0.90% by the Razorback Foundation. The following tables contain information on the risk disclosures of the Pool.

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Statement of Invested Assets
June 30, 2021

Investment Type	Fair Value*
Equities	**$ 618,424,885**
Common Stock	141,740,082
Funds - Common Stock	476,684,803
Fixed Income	**137,368,199**
Government Bonds	137,273,890
Corporate Bonds	94,284
Government Mortgage Backed Securities	25
Venture Capital and Partnerships	**1,131,097,894**
Partnerships	1,131,097,894
Hedge Fund	**517,126,115**
Hedge Equity	517,126,115
All Other	**444,099**
Recoverable Taxes	444,099
Cash/Cash Equivalents	**362,818,704**
Funds - Short Term Investments	354,903,872
Cash	1,855,866
Invested Cash	6,058,966
TOTAL	**$ 2,767,279,896**

*Includes accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - Moody's Quality Ratings
June 30, 2021

Investment Type & Fair Value*	Fair Value*	Aaa	NR	US Government
Corporate Bonds	$ 94,284		$ 94,284	
Funds - Short Term Investment	354,894,610	$ 354,894,311	299	
Government Bonds	137,270,624	137,270,624		
Govt. Mortgage Backed Securities	25			$ 25
Total	$ 492,259,543	$ 492,164,935	$ 94,583	$ 25

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Years to Maturity
June 30, 2021

Investment Type	Fair Value*	Less than 1	1+ to 6	6+ to 10	10+	Maturity not Determined
Corporate Bonds	$ 94,284				$ 94,284	
Funds - Short Term Investment	354,894,610					$ 354,894,610
Government Bonds	137,270,624		$ 137,270,624			
Government Mortgage Backed Securities	25			$ 25		
Total	$ 492,259,543	$ -	$ 137,270,624	$ 25	$ 94,284	$ 354,894,610

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2021

Investment Type		Fair Value*	Effective Duration
Corporate Bonds	$	94,284	N/A
Funds - Short Term Investment		354,894,610	N/A
Government Bonds		137,270,624	4.88
Government Mortgage Backed Securities		25	2.19
Total	$	492,259,543	

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk By Investment Type
June 30, 2021

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

*Includes accrued income

Short-Term Investment Fund Pool

This pool was created for campuses to invest funds on a short-term basis so that the funds would be accessible within a short period to them as needed. There are six campuses or divisions currently invested in the STIF. The breakdown by campus or division at June 30, 2021 is as follows: System-19.67%, UALR-15.40%, UAMS-37.73%, UAM-1.21%, PCCUA-1.10%, UACCM-1.29%, and the Division of Agriculture-23.60%. The following tables contain information on the risk disclosures of the STIF.

UNIVERSITY OF ARKANSAS SYSTEM SHORT-TERM INVESTMENT FUND POOL
Statement of Invested Assets
June 30, 2021

Investment Type	Fair Value*
Fixed Income	**$ 176,831,590**
International Developed Bonds	33,577,513
Corporate Bonds	39,897,286
U.S. Government Agency Bonds	57,037,924
U.S. Treasury Bonds	46,318,867
Cash/Cash Equivalents	**108,066,643**
Certificates of Deposit	49,077,667
Commercial Paper	58,371,264
Treasury Bills	499,722
Money Market Funds	117,990
TOTAL	**$ 284,898,233**

*includes accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Credit Risk
June 30, 2021

Investment Type	Fair Value*	AAA	AA	A	B & Below	Not Rated
International Developed Bonds	$ 33,427,143		$ 3,098,913	$ 25,327,930		$ 5,000,300
Corporate Bonds	39,559,847		2,001,980	25,345,142	12,212,725	
U.S. Government Agency Bonds	56,996,516	15,015,400	41,981,116			
U.S. Treasury Bonds	46,282,076	$ 46,282,076				
Total	$ 176,265,582	$ 61,297,476	$ 47,082,009	$ 50,673,072	$ 12,212,725	$ 5,000,300

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Interest Rate Risk - Investment Maturities (in Years)
June 30, 2021

Investment Type	Fair Value*	Less than 1	1 to 5
International Developed Bonds	$ 33,427,143	18,678,648	$ 14,748,495
Corporate Bonds	39,559,847	$ 20,294,316	19,265,531
U.S. Government Agency Bonds	56,996,516	34,053,120	22,943,396
U.S. Treasury Bonds	46,282,076	5,012,050	41,270,026
Total	$ 176,265,582	$ 78,038,134	$ 98,227,448

*Does not include accrued income

UNIVERSITY OF ARKANSAS SYSTEM
Short-Term Investment Fund
Interest Rate Sensitivity - Effective Duration
June 30, 2021

Investment Type		Fair Value*	Effective Duration
International Developed Bonds	$	33,427,143	0.61
Corporate Bonds		39,559,847	0.85
U.S. Government Agency Bonds		56,996,516	1.19
U.S. Treasury Bonds		46,282,076	0.98
Total	$	176,265,582	

*Does not include accrued income

Endowment Funds

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

The University does not have a uniform policy addressing the authorization and spending of investment income. Such policies have been established at the applicable campuses and include spending rates averaged over a specified period and compliance with donor restrictions. The computation of net appreciation on investments of donor-restricted endowments that were available for expenditure at June 30, 2021 and 2020, is as follows:

		June 30, 2021		June 30, 2020
Total Endowment	$	198,764,651	$	151,354,878
Less: Funds treated as endowment		(62,634,209)		(47,936,076)
Less: Non-expendable portion of endowment		(58,312,653)		(53,618,004)
Available for Expenditure	$	77,817,789	$	49,800,798

Note 5: Fair Value Measurement

The University's fair value hierarchy that prioritizes the inputs to valuation techniques gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date. Publicly traded equity securities and mutual funds are the primary investments included in Level 1 and are valued at the individual security's closing market price.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in pricing the asset developed based on market data obtained from independent sources. These types of sources would include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, models or other valuation methodologies. Level 2 investments include U.S. and international government debt securities valued at market corroborated prices and certain equity and fixed income investments in commingled investment vehicles reported at net asset value derived from the market prices of security holdings.

Level 3: Inputs that are unobservable. Unobserved inputs are those that reflect the University's own assumptions about what market participants would use in pricing the asset developed based on the best information available. These types of sources would include investment manager pricing for private equities, hedge funds and certain limited partnerships. Limited partner interests in private equity and other partnerships and hedge fund investments are included in Level 3 and are valued using the individual investment manager's reported estimates of fair value developed in accordance with reasonable valuation policies.

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

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

Summary of Investments by Fair Value Level

Investment by fair value level	Level 1	Level 2	Level 3	Total
Equity Securities:				
US	$ 2,989,271	$ 999,948	$ 379	$ 3,989,598
International	-	13,958	-	13,958
Fixed Income Securities:				
US Government Debt	16,379,719	251,007,484	-	267,387,203
Other Debt Securities	8,692,181	93,732,001	-	102,424,182
Commingled Funds:				
US Equity	86,262	2,020,201	-	2,106,463
International Equity	38,672	380,091	-	418,763
US Government Bonds	8,287,147	10,890	-	8,298,037
Non-US Government Bonds	48,007	-	-	48,007
Corporate Bonds	158,613	846,279	-	1,004,892
Exchange Traded Funds:				
Equity	835,000	-	-	835,000
Fixed Income	134,000	-	-	134,000
Other Partnerships:				
US (j)	-		-	-
International (k)	-			
Non-marketable alternatives	-	-	12,166,000	12,166,000
Marketable alternatives	-	-	520,001	520,001
Certificates of Deposit	9,166,857	5,916,305	-	15,083,162
Money markets and short-term investments	1,011,943	27,258	-	1,039,201
Total investments by fair value level	$ 47,827,672	$ 354,954,415	$ 12,686,380	415,468,467
Investments measured at NAV (net asset value)				
External Investment Pool - Total Return Pool - UA Foundation				217,213,807
Short-Term Investment Fund Pool - UA System				284,898,233
Total investments by NAV				502,112,040
TOTAL INVESTMENTS				$ 917,580,507

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a funds accounting technique or are provided by time deposit custodians. Securities classified in Level 3 are valued using par value on the face of the investments.

Investments Measured at the NAV at June 30, 2021:

	Fair Value	Redemption Frequency	Redemption Notice Period
External Investment Pool - UA Foundation Total Return Pool (1)	$ 217,213,807	Daily	7 - 30 days
Short-Term Investment Fund Pool - UA System (2)	284,898,233	Daily	0-3 days
Total Investments measured at the NAV	$ 502,112,040		

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

(2) This type includes investments in a short-term investment pool comprised of fixed income investments with a duration of two years or less. The pooled investments are allocated primarily to treasuries, government agency bonds, corporate bonds, commercial paper, negotiable certificates of deposit, and money-market funds. The assets in the STIF are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A three-day notice is requested for redemptions of any amount.

Note 6: Disaggregation of Accounts Receivable and Accounts Payable

Current accounts receivable balances, net of allowances, at June 30, 2021 and 2020, as shown on the Statements of Net Position, consist of the following:

ACCOUNTS RECEIVABLE	June 30, 2021	June 30, 2020
Student accounts	$ 18,206,348	$ 19,674,741
Non-student accounts	112,357,687	87,092,848
Grants and contracts	107,557,497	39,018,388
Property and sales taxes	2,836,151	2,818,769
Other	2,882,032	938,344
Total	$ 243,839,715	$ 149,543,090

Current accounts payable balances at June 30, 2021 and 2020, as shown on the Statements of Net Position, consist of the following:

ACCOUNTS PAYABLE	June 30, 2021	June 30, 2020
Trade related	$ 79,699,168	$ 44,372,037
Payroll related	124,138,342	85,942,009
Interest	8,470,625	8,649,785
Other	22,478,565	36,123,488
Total	$ 234,786,700	$ 175,087,319

Note 7: Capital Assets

The following table includes changes in capital assets for the year ended June 30, 2021:

CAPITAL ASSETS	June 30, 2020 Balance	Additions	Transfers	Deletions	June 30, 2021 Balance
Land	$ 120,422,856	$ 168,269	$ 609,269	$ 250,000	$ 120,950,394
Library Holdings	157,817,337	4,515,735	-	1,958,842	160,374,230
Construction in progress	112,807,159	209,390,869	(52,235,834)	153,079	269,809,115
Improvements and infrastructure	379,827,807	2,095,787	9,536,378	34,186	391,425,786
Buildings	4,186,964,236	12,986,718	41,857,775	2,461,158	4,239,347,571
Equipment	703,804,734	36,784,911	232,412	16,561,618	724,260,439
Intangibles - Software	182,039,926	123,200	-	3,982,000	178,181,126
Intangibles - Software in developmen	31,173,390	20,512,508	-	2,256,500	49,429,398
Intangibles - Leasehold improvemen	45,196,819	155,000	-	75,000	45,276,819
Intangibles - Radio License	67,809	-	-	-	67,809
Other	3,281,253	177,305	-	-	3,458,558
Total Capital Assets	5,923,403,326	286,910,302	-	27,732,383	6,182,581,245
Less accumulated depreciation:					
Library Holdings	137,606,232	4,226,129	-	1,958,117	139,874,244
Improvements and infrastructure	200,611,694	16,264,100	92,852	-	216,968,646
Buildings	1,884,932,651	131,344,267	(98,170)	361,381	2,015,817,367
Equipment	584,984,943	35,428,652	5,318	14,872,044	605,546,869
Intangibles - Software	139,397,248	10,234,762	-	791,000	148,841,010
Intangibles - Leasehold improveme	27,285,291	3,867,223	-	73,000	31,079,514
Intangibles - Radio License	-	-	-	-	-
Other	67,331	3,380	-	-	70,711
Total Accum Depreciation	2,974,885,390	201,368,513	-	18,055,542	3,158,198,361
Capital Assets, Net	$ 2,948,517,936	$ 85,541,789	$ -	$ 9,676,841	$ 3,024,382,884

The following table includes changes in capital assets for the year ended June 30, 2020:

CAPITAL ASSETS		June 30, 2019 Balance		Additions		Transfers		Deletions		June 30, 2020 Balance
Land	$	116,561,503	$	3,739,938	$	127,000	$	5,585	$	120,422,856
Library Holdings		148,599,410		2,270,455		7,554,426		606,954		157,817,337
Construction in progress		135,823,338		123,123,581		(145,848,067)		291,693		112,807,159
Improvements and infrastructure		361,586,346		4,108,587		14,132,874		-		379,827,807
Buildings		4,032,569,173		29,139,717		128,771,165		3,515,819		4,186,964,236
Equipment		702,987,556		37,195,346		(12,396,972)		23,981,196		703,804,734
Intangibles - Software		181,128,321		695,000		216,605		-		182,039,926
Intangibles - Software in developmen		10,548,426		20,841,569		(216,605)		-		31,173,390
Intangibles - Leasehold improvemen		29,610,819		533,000		15,213,000		160,000		45,196,819
Intangibles - Radio License		67,809		-		-		-		67,809
Other		12,532,391		26,914		1,000		9,279,052		3,281,253
Total Capital Assets		5,732,015,092		221,674,107		7,554,426		37,840,299		5,923,403,326
Less accumulated depreciation:										
Library Holdings		126,410,883		4,243,514		7,554,426		602,591		137,606,232
Improvements and infrastructure		184,437,603		16,271,750		(97,659)		-		200,611,694
Buildings		1,753,687,476		132,601,293		97,659		1,453,777		1,884,932,651
Equipment		569,357,121		40,058,046		(1,797,000)		22,633,224		584,984,943
Intangibles - Software		129,323,624		10,073,624		-		-		139,397,248
Intangibles - Leasehold improveme		22,779,494		2,843,797		1,797,000		135,000		27,285,291
Intangibles - Radio License		-		-		-		-		-
Other		3,168,951		452,380		-		3,554,000		67,331
Total Accum Depreciation		2,789,165,152		206,544,404		7,554,426		28,378,592		2,974,885,390
Capital Assets, Net	$	2,942,849,940	$	15,129,703	$	-	$	9,461,707	$	2,948,517,936

Library holdings, including old and rare books, valued at $1,243,000 and $1,226,000 at June 30, 2021 and 2020, respectively, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying Statements of Net Position.

Note 8: Short-Term Borrowing

The University had no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2021 or 2020.

Note 9: Compensated Absences

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. The University accrues the dollar value of leave benefits in accordance with generally accepted accounting principles which require accrual of salary-related payments directly and incrementally associated with compensated absences, such as employer's share of social security taxes, as well as applicable salary expenses. These leave benefits are payable upon retirement, termination, or death of employees, up to the maximum allowed.

Full-time, non-classified employees accrue annual leave at the rate of fifteen hours per month and full-time classified employees accrue at a variable rate (from eight to fifteen hours per month) depending upon the number of years of employment in state government. Employees who are less than full-time, but are at least 50% time, accrue annual leave at prorated amounts. Under the University's policy, an employee may carry accrued annual leave forward from one calendar year to another, up to a maximum of 240 hours (30 working days). Classified employees who meet the conditions to be considered retirees at the time of termination of employment, are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of Arkansas Code Annotated (A.C.A.) § 21-4-501. In accordance with A.C.A. § 21-4-505, two-year institutions may, at their discretion, provide to non-classified employees the same compensation for accumulated unused sick leave provided to classified employees. The Code also allows four-year institutions the same option. In no event shall an employee receive a sick leave amount upon separation that exceeds $7,500.

Changes in compensated absences are shown below:

COMPENSATED ABSENCES

Campus	Balance 6/30/20	Additions	Reductions	Balance 6/30/21	Current Portion
UAF	$ 22,666,269	$ 21,316,827	$ 20,621,785	$ 23,361,311	$ 1,938,208
UAFS	1,680,565	7,952	62,266	1,626,251	213,072
UALR	4,367,141	337,709	257,666	4,447,184	410,556
UAMS	66,911,000	72,906,000	60,985,000	78,832,000	3,963,000
UAM	1,253,897	787,941	851,284	1,190,554	92,928
UAPB	3,242,884	2,273,981	2,864,745	2,652,120	199,849
SYSTEM	886,036	905,711	824,972	966,775	41,482
CCCUA	346,798	306,933	357,896	295,835	14,792
PCCUA	488,219	608,541	591,843	504,917	30,910
UACCB	288,268	747,855	732,031	304,092	32,916
UACCHT	418,465	331,736	365,840	384,361	32,842
UACCM	363,909	340,348	325,628	378,629	43,088
UAPTC	948,454	613,361	872,362	689,453	71,559
UACCRM	265,915	148,149	141,683	272,381	23,735
ASMSA	156,732	3,017	13,533	146,216	27,794
TOTAL	$ 104,284,552	$ 101,636,061	$ 89,868,534	$ 116,052,079	$ 7,136,731

COMPENSATED ABSENCES

Campus	Balance 6/30/19	Additions	Reductions	Balance 6/30/20	Current Portion
UAF	$ 20,858,052	$ 1,853,889	$ 45,672	$ 22,666,269	$ 1,804,612
UAFS	1,527,127	321,734	168,296	1,680,565	207,368
UALR	4,138,651	425,051	196,561	4,367,141	445,171
UAMS	58,186,000	53,185,000	44,460,000	66,911,000	4,230,000
UAM	1,146,542	931,481	824,126	1,253,897	126,553
UAPB	2,376,176	2,731,887	1,865,179	3,242,884	223,149
SYSTEM	758,086	802,347	674,397	886,036	33,724
CCCUA	433,235	270,003	356,440	346,798	17,340
PCCUA	481,322	386,210	379,313	488,219	26,656
UACCB	300,327	316,590	328,649	288,268	29,780
UACCHT	383,307	410,911	375,753	418,465	33,134
UACCM	327,065	328,732	291,888	363,909	58,941
UAPTC	864,123	736,438	652,107	948,454	122,270
UACCRM	235,669	261,226	230,980	265,915	16,481
ASMSA	133,776	45,510	22,554	156,732	31,583
TOTAL	$ 92,149,458	$ 63,007,009	$ 50,871,915	$ 104,284,552	$ 7,406,762

Note 10: Bonds, Notes, Capital Leases and Installment Contracts Payable

The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Separate accounting is not required for these facilities under the provisions of the debt instruments; accordingly, segment reporting is not required for financial reporting purposes. A summary of long-term debt by campus is shown below. Total debt of $1,785,115,106 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of $1,779,546,756 shown on the Statement of Net Position. This is due to an elimination entry of $5,568,350 to account for two loans between UA campuses (see Note 19).

UNIVERSITY OF ARKANSAS FAYETTEVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/30/2010	9/15/2020	1.00% to 4.82%	$ 23,965,000	$ 23,965,000	$ -
6/29/2011	11/1/2040	2.00% to 5.00%	101,225,000	98,710,000	2,515,000
6/29/2011	11/1/2022	3.00% to 5.00%	8,895,000	5,190,000	3,705,000
4/17/2012	11/1/2032	1.00% to 5.00%	56,965,000	13,100,000	43,865,000
9/13/2012	11/1/2042	2.00% to 5.00%	60,540,000	59,190,000	1,350,000
5/16/2013	11/1/2042	1.00% to 5.00%	54,450,000	9,500,000	44,950,000
5/16/2013	9/15/2027	1.00% to 5.00%	30,355,000	13,320,000	17,035,000
6/30/2014	11/1/2043	2.00% to 5.00%	24,730,000	3,130,000	21,600,000
6/30/2014	11/1/2043	0.85% to 4.50%	5,020,000	705,000	4,315,000
2/12/2015	11/1/2036	2.00% to 5.00%	70,360,000	16,110,000	54,250,000
2/12/2015	9/15/2022	2.00% to 5.00%	14,180,000	10,770,000	3,410,000
8/27/2015	11/1/2045	1.02% to 4.40%	7,510,000	770,000	6,740,000
8/27/2015	11/1/2021	2.00% to 5.00%	36,675,000	32,755,000	3,920,000
4/5/2016	11/1/2046	3.00% to 5.00%	93,590,000	11,045,000	82,545,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	5,355,000	9,925,000
10/19/2016	9/15/2036	5.0%	24,845,000	-	24,845,000
10/19/2016	9/15/2034	1.192% to 3.388%	90,000,000	7,145,000	82,855,000
8/17/2017	11/1/2047	2.00% to 5.00%	95,805,000	4,540,000	91,265,000
7/26/2018	11/1/2048	5.0%	20,385,000	615,000	19,770,000
7/26/2018	11/1/2038	2.65% to 4.00%	6,560,000	475,000	6,085,000
8/22/2019	11/1/2049	5.0%	59,655,000	1,410,000.00	58,245,000
8/22/2019	9/15/2034	5.0%	24,900,000	-	24,900,000
11/5/2019	11/1/2042	1.762% to 3.401%	139,220,000	1,360,000.00	137,860,000
11/30/1991	7/1/2023	3.32% to 5.50%	8,213,139	5,800,170	2,412,969
11/29/1995	11/1/2034	2.00% to 5.00%	2,690,557	1,643,274	1,047,283
9/11/2020	9/15/2028	1.81%	5,207,424	-	5,207,424
9/11/2020	9/15/2028	1.38%	4,727,000	-	4,727,000
7/31/2015	7/1/2023	1.9700%	4,935,766	3,306,972	1,628,794
7/31/2015	11/19/2023	1.99%	16,969,012	11,698,281	5,270,731
7/31/2015	1/8/2023	1.95%	6,844,590	5,159,073	1,685,517
Various	Various	Various	3,472,895	2,400,073	1,072,822
	Net unamortized premium/discount		114,997,383	40,972,488	74,024,895
TOTALS			$ 1,233,167,766	$ 390,140,331	$ 843,027,435

UNIVERSITY OF ARKANSAS AT FORT SMITH

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2010	12/1/2021	2.0%-4.0%	$ 29,895,000	$ 26,800,000	$ 3,095,000
6/1/2014	12/1/2031	2.0%-3.5%	5,295,000	1,730,000	3,565,000
6/1/2014	6/1/2039	2.0%-5.0%	10,930,000	2,040,000	8,890,000
10/20/2016	12/1/2034	2.0%-5.0%	19,500,000	1,945,000	17,555,000
10/20/2020	12/1/2030	0.353%-1.884%	10,715,000	1,430,000	9,285,000
10/20/2020	12/1/2035	4.0%-5.0%	5,765,000	355,000	5,410,000
2/29/2012	1/1/2022	0.0%	2,166,500	1,949,850	216,650
	Net unamortized premium/discount		4,974,267	1,044,029	3,930,238
		TOTALS	$ 89,240,767	$ 37,293,879	$ 51,946,888

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/1/2012	5/1/2022	2.0%-5.0%	$ 14,880,000	$ 14,395,000	$ 485,000
9/19/2012	12/1/2022	1.0%-5.0%	13,850,000	12,330,000	1,520,000
4/24/2013	12/1/2024	1.0%-5.0%	10,770,000	6,585,000	4,185,000
4/24/2013	12/1/2024	.530%-2.884%	6,530,000	4,180,000	2,350,000
8/1/2013	10/1/2030	2.0%-5.0%	28,740,000	9,165,000	19,575,000
2/24/2016	10/1/2029	2.0%-5.0%	22,475,000	4,950,000	17,525,000
4/6/2016	10/1/2034	2.0%-5.0%	24,490,000	4,565,000	19,925,000
9/19/2017	10/1/2037	2.0%-5.0%	6,510,000	665,000	5,845,000
1/11/2017	1/1/2027	0.00%	2,000,000	800,000	1,200,000
4/29/2020	1/1/2030	0.00%	633,792	100,000	533,792
10/20/2020	6/30/2037	.439%-2.532%	18,795,000	-	18,795,000
Various	Various		139,380	13,938	125,442
	Net unamortized premium/discount		14,167,687	7,310,641	6,857,046
		TOTALS	$ 163,980,859	$ 65,059,579	$ 98,921,280

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
12/21/2010	12/1/2030	2.0% - 5.0%	$ 42,680,000	$ 42,680,000	$ -
11/15/2011	7/1/2034	2.0% - 4.25%	8,985,000	3,055,000	5,930,000
5/14/2013	11/1/2034	1.0% - 5.0%	112,665,000	26,190,000	86,475,000
12/17/2014	3/1/2036	2.0% - 5.0%	86,035,000	12,210,000	73,825,000
10/24/2019	3/1/2032	5.0%	48,615,000	-	48,615,000
10/25/2019	3/1/2042	2.906% to 3.35%	97,470,000	-	97,470,000
10/28/2020	12/1/2030	5.00%	24,325,000	2,390,000	21,935,000
4/20/2021	12/1/2045	5.00%	95,295,000	-	95,295,000
4/20/2021	12/1/2041	2.71%-3.10%	41,845,000	-	41,845,000
Various	Various	Various	63,287,000	52,225,000	11,062,000
Various	Various	Various	67,494,000	37,738,000	29,756,000
	Net unamortized premium/discount		75,561,000	16,315,000	59,246,000
		TOTALS	$ 764,257,000	$ 192,803,000	$ 571,454,000

UNIVERSITY OF ARKANSAS AT MONTICELLO

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
12/1/2012	10/1/2037	2.5%-4.0%	$	8,650,000	$	2,120,000	$	6,530,000
3/30/2017	12/1/2041	5.0%		11,270,000				11,270,000
3/30/2017	12/1/2023	1.94%-2.99%		1,765,000		690,000		1,075,000
10/1/2020	12/1/2035	4.00%-5.00%		5,185,000				5,185,000
10/1/2020	10/1/2037	.487%-2.568%		7,035,000				7,035,000
	Net unamortized premium/discount			3,397,152		559,913		2,837,239
		TOTALS	$	37,302,152	$	3,369,913	$	33,932,239

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
6/1/2014	12/1/2035	2.0%-5.0%	$	15,160,000	$	2,080,000	$	13,080,000
12/15/2016	1/1/2035	2.51%		17,245,359		2,004,905		15,240,454
12/15/2016	2/1/2023	3.78%		2,808,029		1,661,198		1,146,831
	Net unamortized premium/discount			1,105,422		351,724		753,698
		TOTALS	$	36,318,809	$	6,097,827	$	30,220,982

UNIVERSITY OF ARKANSAS SYSTEM ADMINISTRATION

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
11/17/2014	11/17/2024	0.22%	$	500,000		298,681	$	201,319
4/1/2016	4/1/2026	1.75%		2,487,749				2,487,749
12/1/2016	12/1/2026	1.75%		2,487,749				2,487,749
10/26/2018	11/1/2028	3.0%		27,000,000		1,505,839		25,494,161
			$	32,475,498	$	1,804,520	$	30,670,978

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
1/25/2008	3/30/2023	2.91%	$	2,000,000	$	1,814,601	$	185,399
6/13/2013	5/1/2035	1.0% - 3.625%		3,930,000		1,045,000		2,885,000
	Net unamortized premium/discount			141,059		51,686		89,373
		TOTALS	$	6,071,059	$	2,911,287	$	3,159,772

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
7/25/2015	12/1/2038	2.0% - 4.0%	$	11,270,000	$	2,050,000	$	9,220,000
	Net unamortized premium/discount			272,074		70,893		201,181
		TOTALS	$	11,542,074	$	2,120,893	$	9,421,181

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Issue Date	Maturity Date	Interest Rate		Amount Issued		Maturities to Year-End		Outstanding Year-End
10/1/2016	10/1/2026	0.68%	$	2,000,000	$	783,773	$	1,216,227
	Net unamortized premium/discount							-
		TOTALS	$	2,000,000	$	783,773	$	1,216,227

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
3/27/2012	4/1/2022	0.20%	$ 1,100,000	$ 989,008	$ 110,992
6/1/2013	10/1/2038	1.00% - 3.625%	2,590,000	595,000	1,995,000
5/1/2021	5/1/2031	0.18%	2,923,000		2,923,000
5/6/2021	5/6/2041	2.15%	4,800,000		4,800,000
	Net unamortized premium/discount		111,731	110,419	1,312
		TOTALS	$ 11,524,731	$ 1,694,427	$ 9,830,304

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/16/2010	5/1/2022	2.0% - 3.5%	$ 2,030,000	$ 1,835,000	$ 195,000
7/30/2010	8/1/2020	0.38%	800,000	800,000	-
2/23/2016	5/1/2046	2.0-5.0%	10,000,000	620,000	9,380,000
	Net unamortized premium/discount		831,585	32,505	799,080
		TOTALS	$ 13,661,585	$ 3,287,505	$ 10,374,080

UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
7/1/2015	6/30/2037	2.0%-5.0%	$ 25,875,000	$ 4,900,000	$ 20,975,000
11/5/2019	9/1/2040	1.796%-3.452%	56,685,000	1,670,000	55,015,000
	Net unamortized premium/discount		508,859		508,859
		TOTALS	$ 83,068,859	$ 6,570,000	$ 76,498,859

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
8/15/2012	4/1/2042	1.0% - 4.15%	$ 4,830,000	$ 965,000	$ 3,865,000
12/6/2017	9/25/2022	2.0%	825,000	68,124	756,876
7/15/2019	6/30/2024	2.6% - 4.15%	54,440	20,022	34,418
7/25/2019	4/1/2049	2.6% - 4.15%	8,250,000	370,000	7,880,000
	Net unamortized premium/discount		1,040,368	35,781	1,004,587
		TOTALS	$ 14,999,808	$ 1,458,927	$ 13,540,881

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES AND THE ARTS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/1/2020	3/31/2030	2.5%	$ 1,000,000	$ 100,000	$ 900,000
	Net unamortized premium/discount				
		TOTALS	$ 1,000,000	$ 100,000	$ 900,000

Schedule of Changes in Debt

BONDS

Campus	Balance 6-30-20	Additions	Reductions	Balance 6-30-21	Current Portion
UAF	$ 780,565,000	$ -	$ 34,615,000	$ 745,950,000	$ 34,585,000
Net unamortized prem/disc	79,890,491	-	5,865,596	74,024,895	4,741,611
UAFS	54,190,000	16,480,000	22,870,000	47,800,000	5,855,000
Net unamortized prem/disc	3,617,163	1,357,104	1,044,029	3,930,238	312,791
UALR	95,620,000	18,795,000	24,210,000	90,205,000	7,545,000
Net unamortized prem/disc	9,226,428		2,369,382	6,857,046	669,856
UAMS	350,540,000	159,075,000	38,225,000	471,390,000	9,935,000
Net unamortized prem/disc	33,128,000	31,236,000	5,118,000	59,246,000	-
UAM	25,940,000	12,220,000	7,065,000	31,095,000	760,000
Net unamortized prem/disc	1,650,718	1,397,439	210,918	2,837,239	167,898
UAPB	13,690,000		610,000	13,080,000	630,000
Net unamortized prem/disc	803,944		50,246	753,698	50,246
CCCUA	3,040,000		155,000	2,885,000	160,000
Net unamortized prem/disc	95,834		6,461	89,373	6,461
PCCUA	9,590,000		370,000	9,220,000	380,000
Net unamortized prem/disc	212,677		11,496	201,181	11,496
UACCB					
Net unamortized prem/disc					
UACCHT	2,330,000		335,000	1,995,000	85,000
Net unamortized prem/disc	3,188		1,876	1,312	76
UACCM	9,980,000		405,000	9,575,000	415,000
Net unamortized prem/disc	831,585		32,505	799,080	32,505
UAPTC	78,470,000		2,480,000	75,990,000	2,540,000
Net unamortized prem/disc	540,663		31,804	508,859	31,804
UACCRM	12,025,000	-	280,000	11,745,000	285,000
Net unamortized prem/disc	1,040,368	-	35,781	1,004,587	35,781
TOTAL	$ 1,567,021,059	$ 240,560,543	$ 146,398,094	$ 1,661,183,508	$ 69,235,525

NOTES

Campus	Balance 6-30-20	Additions	Reductions	Balance 6-30-21	Current Portion
UAF	$ 4,763,322	$ 9,934,424	$ 1,303,070	$ 13,394,676	$ 1,286,912
UAFS	433,300		216,650	216,650	216,650
UALR	1,400,000	633,792	300,000	1,733,792	300,000
UAMS	15,192,000		4,130,000	11,062,000	3,604,000
UAM					
SYSTEM	32,226,871	-	1,555,893	30,670,978	3,124,306
CCCUA	342,224		156,825	185,399	161,449
UACCB	1,414,167	-	197,940	1,216,227	199,286
UACCHT	221,762	7,723,000	110,770	7,833,992	595,590
UACCM	40,725		40,725	-	-
UACCRM	835,995	-	44,701	791,294	46,006
ASMSA	1,000,000	-	100,000	900,000	100,000
TOTAL	$ 57,870,366	$ 18,291,216	$ 8,156,574	$ 68,005,008	$ 9,634,199

CAPITAL LEASES

Campus	Balance 6-30-20	Additions	Reductions	Balance 6-30-21	Current Portion
UAF	$ 1,849,877	$ -	$ 777,055	$ 1,072,822	$ 378,603
UAFS	348,063		348,063	-	-
UALR	6,740	139,380	20,678	125,442	27,876
UAMS	34,670,000	1,291,000	6,205,000	29,756,000	5,479,000
UAPB	17,678,367		1,291,083	16,387,284	1,353,486
TOTAL	$ 54,553,047	$ 1,430,380	$ 8,641,879	$ 47,341,548	$ 7,238,965

INSTALLMENT CONTRACTS

Campus	Balance 6-30-20	Additions	Reductions	Balance 6-30-21	Current Portion
UAF	$ 12,259,990	$ -	$ 3,674,948	$ 8,585,042	$ 3,748,103

The current portion shown above for bonds, notes, capital leases, and installment contracts differs from the statement of net position by $30,210 which is the current portion of elimination entries related to intercompany debt (see Note 19).

Future Principal and Interest Payments

Total long-term debt principal and interest payments are shown below. Interest payments for variable rate debt have been calculated using the rate in effect at the financial statement date, though actual rates will vary. Total debt of $1,785,115,106 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of $1,779,546,756 shown on the Statement of Net Position. This is due to an elimination entry of $5,568,350 to account for two loans between UA campuses (see Note 19).

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON BONDS PAYABLE

Year Ended June 30,	Principal	Interest	Total
2022	$ 63,175,000	$ 62,258,897	$ 125,433,897
2023	66,515,000	59,035,447	125,550,447
2024	64,415,000	56,292,017	120,707,017
2025	66,665,000	53,717,317	120,382,317
2026	67,280,000	51,036,002	118,316,002
2027-2031	358,830,000	210,906,685	569,736,685
2032-2036	360,605,000	135,742,282	496,347,282
2037-2041	262,980,000	71,538,121	334,518,121
2042-2046	176,390,000	27,434,006	203,824,006
2047-2051	24,075,000	1,649,875	25,724,875
Subtotal	1,510,930,000	729,610,649	2,240,540,649
+ Net unamortized premiums/discounts	150,253,508	-	150,253,508
GRAND TOTALS	$ 1,661,183,508	$ 729,610,649	$ 2,390,794,157

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON NOTES PAYABLE

Year Ended June 30,	Principal	Interest	Total
2022	$ 9,634,199	$ 1,530,304	$ 11,164,503
2023	9,241,449	1,305,754	10,547,203
2024	8,144,507	1,067,809	9,212,316
2025	9,730,902	842,645	10,573,547
2026	8,153,581	631,457	8,785,038
2027-2031	20,235,261	1,023,507	21,258,768
2032-2036	1,467,288	249,792	1,717,080
2037-2041	1,397,821	91,471	1,489,292
TOTALS	$ 68,005,008	$ 6,742,739	$ 74,747,747

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON CAPITAL LEASES

Year Ended June 30,	Principal	Interest	Total
2022	$ 7,238,965	$ 1,325,844	$ 8,564,809
2023	5,757,174	1,139,218	6,896,392
2024	5,096,783	971,347	6,068,130
2025	4,716,337	822,479	5,538,816
2026	4,331,680	693,351	5,025,031
2027-2031	12,316,260	2,092,189	14,408,449
2032-2036	7,067,349	597,827	7,665,176
2037-2041	817,000	45,000	862,000
TOTALS	$ 47,341,548	$ 7,687,255	$ 55,028,803

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON INSTALLMENT CONTRACTS

Year Ended June 30,	Principal	Interest	Total
2022	$ 3,748,103	$ 142,183	$ 3,890,286
2023	3,577,210	67,571	3,644,781
2024	1,259,729	8,939	1,268,668
TOTALS	$ 8,585,042	$ 218,693	$ 8,803,735

Capitalization of Assets held under Capital Leases

The capitalized value of capital assets held under capital leases totaled $47,341,548 at June 30, 2021. The present value of the net minimum lease payments is as follows:

	Cost	Accumulated Depreciation	Net
Improvements/Infrastructure	$ 5,845,660	$ 4,827,507	$ 1,018,153
Buildings	45,021,359	14,660,393	30,360,966
Equipment	66,247,396	46,331,767	19,915,629
		TOTAL	$ 51,294,747

Total Minimum Lease Payments	$ 55,028,803
Less: Amount representing interest	7,687,255
Total Present Value of Net Minimum Lease Payments	$ 47,341,548

Pledged Revenues

For purposes of extinguishing the University’s long-term debt issues, certain revenues have been pledged as security. The following is a summary of the gross revenues collected during the fiscal year ended June 30, 2021, that are pledged:

BOND SERIES	REVENUE SOURCE		FY21 REVENUE
UNIVERSITY OF ARKANSAS FAYETTEVILLE			
Series 2011A&B Various Facilities	Student Tuition and Fees	$	330,448,683
Series 2012A Various Facilities	Sales and Services		7,424,615
Series 2012B Various Facilities	Residential Life		58,278,641
Series 2013 Various Facilities	Bookstore		4,697,152
Series 2014A&B Various Facilities	Student Health Services		2,289,707
Series 2015A Various Facilities	Transit and Parking		6,256,788
Series 2015B Various Facilities	Other Auxiliaries		301,748
Series 2015C Various Facilities			
Series 2016A Various Facilities			
Series 2016B Various Facilities			
Series 2017 Various Facilities			
Series 2018A Various Facilities			
Series 2018B Various Facilities			
Series 2019A Various Facilities			
Series 2019B Various Facilities			
Maturity dates range from November 2021 through November 2049		$	409,697,334
	FY21 Principal and Interest	$	51,036,461
	% of Revenues Pledged		12.46%
	Remaining Principal & Interest	$	902,338,044
Series 2010 Athletic Refunding	Men's Athletics	$	107,226,260
Series 2013 Athletic Facilities			
Series 2015 Athletic Facilities			
Series 2016A Athletic Facilities			
Series 2016B Athletic Facilities			
Series 2019A Athletic Facilities			
Maturity dates range from September 2022 through September 2036		$	107,226,260
	FY21 Principal and Interest	$	5,829,014
	% of Revenues Pledged		5.44%
	Remaining Principal & Interest	$	202,071,677

UNIVERSITY OF ARKANSAS AT FORT SMITH			
Series 2010 Student Fee Revenue	Student Fees	$	37,037,085
Series 2014A Student Fee Revenue			
Series 2014B Student Fee Revenue			
Series 2016 Refunding			
Series 2020A Revenue Bonds			
Series 2020B Revenue Bonds			
Maturity dates range from December 2021 through June 2039		$	37,037,085
	FY21 Principal and Interest	$	7,508,417
	% of Revenue Pledge		20.27%
	Remaining Principal & Interest	$	60,968,856

UNIVERSITY OF ARKANSAS AT LITTLE ROCK			
Series 2013A Revenue Refunding Series 2013B Taxable Revenue Refunding Series 2013 Student Fee Revenue Capital Series 2016, Student Fee Revenue Refunding Series 2017, Student Fee Revenue Series 2020 Various Facilities Refunding Taxable	Student Fees	$	69,200,021
		$	69,200,021
Maturity dates range from December 2024 through October 2037			
	FY21 Principal and Interest	$	7,182,011
	% of Revenue Pledge		10.38%
	Remaining Principal & Interest	$	82,465,078
Series 2012A Student Housing Revenue Series 2012B Student Housing Refunding Series 2016 Auxiliary Enterprises Revenue	Auxiliaries	$	11,770,045
		$	11,770,045
Maturity dates range from May 2022 through Ocotober 2034			
	FY21 Principal and Interest	$	3,174,981
	% of Revenue Pledge		26.98%
	Remaining Principal & Interest	$	29,370,828

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES			
Series 2010 Various Facilities Refunding Series 2013 Various Facilities Series 2014 Various Facilities Series 2019 A Various Facilities Series 2019 B Various Facilities Series 2020A Various Facilities Series 2021A Various Facilities Series 2021B Various Facilities	Clinical and Patient Revenue	$	1,021,367,000
		$	1,021,367,000
Maturity dates range from December 2030 through December 2045			
	FY21 Principal and Interest	$	29,703,000
	% of Revenue Pledge		2.91%
	Remaining Principal & Interest	$	735,631,000
Series 2011 Refunding Parking System	Parking Fees	$	2,683,000
		$	2,683,000
Maturity date is July 2034			
	FY21 Principal and Interest	$	586,000
	% of Revenue Pledge		21.84%
	Remaining Principal & Interest	$	7,613,000

UNIVERSITY OF ARKANSAS AT MONTICELLO			
Series 2017B Taxable Various Facilities	Student Fees	$	26,571,284
Series 2017A Tax-Exempt Various Facilities	Sales and Services		
Series 2020A Taxable Various Facilities	Auxiliary Enterprises		
Series 2020B Tax Exempt Various Facilities			
		$	26,571,284
Maturity dates range from December 2023 through December 2041			
	FY21 Principal and Interest	$	1,174,641
	% of Revenue Pledge		4.42%
	Remaining Principal & Interest	$	35,678,319
Series 2012 Auxiliary Facilities	Auxiliary Enterprises	$	5,996,725
		$	5,996,725
Maturity date is October 2037			
	FY21 Principal and Interest	$	400,383
	% of Revenue Pledge		6.68%
	Remaining Principal & Interest	$	8,707,632

UNIVERSITY OF ARKANSAS AT PINE BLUFF			
Series 2014A Various Facilities	Student Tuition and Fees	$	29,583,832
	Auxiliary Revenues		
		$	29,583,832
Maturity date is December 2035			
	FY21 Principal and Interest	$	1,170,443
	% of Revenue Pledge		3.96%
	Remaining Principal & Interest	$	17,415,035

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2013	Student Fees	$	3,963,495
Maturity date is May 2035			
	FY21 Principal and Interest	$	264,487
	% of Revenue Pledge		6.67%
	Remaining Principal & Interest	$	3,705,493

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2015 Refunding	Student Fees	$	2,311,596
Maturity date is December 2038			
	FY21 Principal and Interest	$	683,586
	% of Revenue Pledge		29.57%
	Remaining Principal & Interest	$	12,259,941

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA			
Series 2013 Student Fee Refunding	Student Fees	$	2,824,193
		$	2,824,193
Maturity date is October 2038			
	FY21 Principal and Interest	$	149,850
	% of Revenue Pledge		5.31%
	Remaining Principal & Interest	$	2,714,606

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON			
Series 2010 Student Fee Refunding Series 2016 Student Fee	Student Fees	$	6,167,665
		$	6,167,665
Maturity dates are May 2022 through May 2046			
	FY21 Principal and Interest	$	815,063
	% of Revenue Pledge		13.22%
	Remaining Principal & Interest	$	15,440,425

UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE			
Series 2015 Student Tuition and Fee Series 2019 Student Tuition and Fee	Student Tuition and Fees	$	22,870,417
		$	22,870,417
Maturity dates are June 2037 through September 2040			
	FY21 Principal and Interest	$	5,007,376
	% of Revenue Pledge		21.89%
	Remaining Principal & Interest	$	105,361,225

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN			
Series 2019 Various Facilities Revenue	Student Tuition and Fees and Sales and Services	$	2,665,126
		$	2,665,126
Maturity date is April 2049			
	FY21 Principal and Interest	$	490,700
	% of Revenue Pledge		18.41%
	Remaining Principal & Interest	$	13,066,050
Series 2012 Refunding and Capital Maturity date is April 2042	Property Taxes	$	484,757
	FY21 Principal and Interest	$	276,153
	% of Revenue Pledge		56.97%
	Remaining Principal & Interest	$	5,734,440

New Bonds Payable and Refundings

For the year ended June 30, 2021:

On September 11, 2020, the University, Fayetteville campus entered a loan agreement with Regions Bank in the amount to $18,664,000. The overall loan consisted of two parts, one a tax-exempt loan in the amount of $4,727,000 with an interest rate of 1.38% and the other a taxable loan in the amount of $13,937,000 with an interest rate of 1.81%. The purpose of the loan is to pay for and/or refund a portion of the debt service for multiple series of bonds benefitting the **University of Arkansas, Fayetteville** Department of Athletics for the amounts due in 2020 and 2021.

On October 1, 2020, the University of Arkansas Board of Trustees issued $5,185,000 in Various Facilities Revenue Bonds Refunding Series 2020A (**Monticello Campus**). These bonds with interest rates of 4% to 5% were issued to refund $6,430,000 of outstanding Various Facilities Revenue Refunding Bonds, Series 2012, with interest rates of 3% to 4%. Bond proceeds of $6,582,439 (including a premium of $1,397,439), less the Underwriters' discount of $8,037, resulted in a net deposit to the Escrow Deposit fund of $6,574,402 to retire the 2012 bonds on November 2, 2020. The amount of $6,430,000 in principal and $94,310 in accrued interest was paid on that date from the Escrow Deposit fund. The remaining premium proceeds paid issuance costs. The University completed the refunding to reduce its total debt service payments over a period of fifteen years by $930,100, and to have an economic gain (difference between the present values of the old and new debt service payments) of $916,802.

On October 1, 2020, the University of Arkansas Board of Trustees also issued $7,035,000 in Various Facilities Revenue Bonds Taxable Refunding Series 2020B (**Monticello Campus**). These bonds with interest rates of .487% to 2.568% were issued to refund $6,530,000 of outstanding Auxiliary Facilities Revenue Bonds, Series 2012 with interest rates of 2.5% to 4%. Bond proceeds of $7,035,000, less the Underwriters' Discount of $10,904, resulted in a deposit to the Escrow Deposit fund of $7,024,096 to retire the 2012 bonds on October 1, 2022, the call date for these 2012 bonds. The total amount to be refunded for principal for these 2012 bonds is $6,530,000 and interest payments are $441,458. The remaining bond proceeds paid issuance costs. The University completed the refunding to reduce its total debt service payments over a period of seventeen years by $370,030, and to have an economic gain (difference between the present values of the old and new debt service payments) of $361,128.

On October 20, 2020, the University closed the Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (**Fort Smith Campus**) Taxable Refunding Series 2020A with a par amount of $10,715,000. The bonds provide resources of $10,607,843 plus University deposits and funds held in trust by others of $2,419 to advance refund $10,065,000 of outstanding Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (**Fort Smith Campus**) Series 2012. The amount of each refunded series represents all the outstanding maturities starting with the December 1, 2020 until final maturity. After the regularly scheduled debt service payments were made on December 1, 2020, there are remaining balances of $8,905,000 for Series 2012 representing bonds with maturity dates through December 1, 2021. The remaining bond proceeds paid issuance costs. The University completed the refunding to reduce its total debt service payments over a period of ten years by $713,422, and to have an economic gain (difference between the present values of the old and new debt service payments) of $665,830.

On October 20, 2020, the University closed the Board of Trustees of the University of Arkansas Student Fee Revenue Bonds **(Fort Smith Campus**) Tax-Exempt Refunding Series 2020B with a par amount of $5,765,000. The bonds provide resources of $7,063,606 (including a premium of $1,357,104) plus University deposits and funds held in trust by others of $18,910 to current refund $6,930,000 of outstanding Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (**Fort Smith Campus**) Series 2010B. The escrow account paid the principal amount of $310,000 due on December 1, 2020 plus accrued interest. The remaining outstanding balance of $6,620,000 was redeemed via the escrow account on the same day. The remaining bond proceeds paid issuance costs. The University completed the refunding to reduce its total debt service payments over a period of fifteen years by $1,668,046, and to have an economic gain (difference between the present values of the old and new debt service payments) of $1,517,686.

On October 20, 2020, the University closed the Various Facilities Revenue Bonds (**UA Little Rock Campus**) Taxable Refunding Series 2020 Bonds with a principal amount of $18,795,000. Proceeds from this sale were used to (a) refund certain maturities of the Board's Auxiliary Enterprises Capital Improvement Revenue Bonds (**UALR Campus**), Series 2012A totaling $11,550,000, (b) advance refund certain maturities of the Board's Auxiliary Enterprises Refunding Revenue Bonds (**UALR Campus**), Series 2012B totaling $7,245,000, and pay costs of issuance. The University completed the refunding to reduce its total debt service payments over a period of sixteen years by $2,618,791, and to have an economic gain (difference between the present values of the old and new debt service payments) of $2,171,804. The Series 2012A and the Series 2012B Bonds, both tax-exempt issues, were secured by and payable from auxiliary enterprises revenues of the UALR. The Series 2020 Bonds are taxable issues which are secured by "Pledged Revenues" which are, except as set forth below, (a) all tuition and fees revenues collected by the UALR, (b) all sales and services revenues derived from projects at UALR funded with bonds issued pursuant to the Act and (c) auxiliary enterprises revenues derived from the operations of residence halls, or other student housing facilities operated by UALR, athletic gate receipts, and other revenues derived from intercollegiate athletics at UALR, and revenues from the operation of the bookstore or other auxiliary operations at UALR; provided, however, that such Pledged Revenues are subject to previous pledges to Senior Bonds and that such Pledged Revenues shall not include any fees authorized or imposed by UALR and dedicated to a specific purpose.

On October 28, 2020, the University closed the Various Facility Revenue Refunding Bonds, (**UAMS Campus**) Tax Exempt Series 2020A with a principal amount of $24,325,000 and a coupon rate of 5%. Proceeds from this sale were used to refund the Various Facility Revenue Refunding Bonds, (UAMS Campus) Series 2010A totaling $30,410,000 and pay costs of issuance. The University completed the refunding to reduce its total debt service payments over a period of eleven years by $6,221,805, net present value. The escrow account advance refunded all maturities on the call date of December 1, 2020. The remaining bond proceeds paid the costs of issuance.

On April 20, 2021, the University closed the Various Facilities Revenue Bonds, (**UAMS Campus**) Tax Exempt Series 2021A with a principal amount of $95,295,000 with a coupon rate of 5%.

Proceeds from this sale will be used for the construction of a new Surgical Hospital, a new Radiation Oncology Center and other capital improvements along with the costs of issuance.

On April 20, 2021, the University closed the Various Facilities Revenue Bonds, (**UAMS Campus**) Taxable Series 2021B with a principal amount of $41,845,000 with various interest rates of 2.714%-3.097%. Proceeds from this sale will be used for a portion of the construction of a new Radiation Oncology Center along with the costs of issuance.

For the year ended June 30, 2020:
On July 25, 2019, the University closed the Board of Trustees of the University of Arkansas Various Facilities Revenue Refunding and Improvement Bonds (**Rich Mountain Campus**) Series 2019 with a par amount of $8,250,000. The bonds provide resources of $7,500,808 for the acquisition, construction, furnishing and equipping of a student housing facility on the Mena campus, the construction, renovation, expansion, equipping, and furnishing of classroom and student facilities on the Mena campus and the acquisition, construction, improvement, renovation, equipping and/or furnishings of other qualifying capital projects. The funding for an account for interest during construction of $199,431 was also provided. In addition, the bonds provide resources of $1,603,443 for the current refunding of the Board of Trustees of Rich Mountain Community College Student Tuition and Fee Revenue Bonds, Series 2012.

On August 22, 2019, the University issued $59,655,000 in Various Facility Revenue Bonds (**Fayetteville Campus**), Series 2019A, with interest rates of 4.0% to 5.0%. A portion of the bond proceeds were used to accomplish the current refunding of Series 2009 Bonds. Net bond proceeds and premiums of $42,662,014 from Series 2019A along with $1,889,889 of cash from the University was deposited into an escrow account to retire the bonds. All outstanding bonds dated December 15, 2009 were refunded on November 1, 2020. The refunding resulted in a difference between the reacquisition price and then net carrying amount of the old debt of $20,234. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2039. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by $10,034,385 and to obtain a net present value economic gain of $8,124,671. The escrow account was closed out when the refunded bonds were redeemed as of November 1, 2020. The remaining proceeds were provided to fund various capital improvements. Project include renovation, furnishing, and equipping of Mullins Library; acquisition, construction, and equipping of intramural sports facilities, Student Success Center, north chilled water plant and utility systems; and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment or real property for the campus.

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

The University issued tax exempt Various Facility Revenue Bonds (**Medical Sciences Campus**), Series 2019A, on October 24, 2019. The issue provided $48,615,000 for infrastructure and an energy conservation project. The bonds bear interest rates of 5%. Principal payments are made annually until March 2032. Interest payments are made semiannually. The University also issued taxable Various Facility Revenue Bonds (**Medical Sciences Campus**), Series 2019B, on October 24, 2019. The issue provided $97,470,000 for infrastructure and an energy conservation project. The bonds bear various interest rates from 2.906% to 3.45%. Principal payments are made annually until October 2042.

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

On November 5, 2019, the University issued $56,685,000 of the Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (**Pulaski Technical College Campus**), Taxable Refunding Series 2019A. The bonds, with interest rates of 1.796% to 3.452%, were issued to accomplish the taxable advance refunding of $59,465,000 of the Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (**Pulaski Technical College Campus**), Series 2011 as well as to pay the costs of issuing the bonds. Net bond proceeds of $63,254,472 including University contributions of $805,000 and the release of the 2011 escrow account balance of $5,847,542. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,084,115, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through fiscal year 2041. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by $18,306,944 and to obtain an economic gain of $12,759,696 (including the funds released from escrow of $5,847,542, net of funds on hand of $1,431). The escrow account had a balance of $57,535,314 and the remaining, outstanding defeased bonds had a balance of $56,660,000 as of June 30, 2021.

Note 11: Commitments

The University has contracted for the construction and renovations of several facilities. At June 30, 2021, the estimated remaining costs to complete these facilities are shown below.

Campus		Contract Balance
UAF	$	94,173,367
UAFS		2,594,223
UAMS		201,122,000
UAM		675,719
UAPB		7,198,970
UACCB		15,000
UACCHT		7,691,266
ASMSA		88,492
	$	313,470,545

The University has entered into various operating leases for buildings and equipment. It is expected that in the normal course of business such leases will continue to be required. Total operating leases expense in the fiscal years ended June 30, 2021 and 2020, were $12,431,779 and $11,027,376, respectively. Below are the scheduled payments for each of the five succeeding fiscal years and thereafter.

Operating Leases		
Year Ended June 30,		Amount
2022	$	7,868,429
2023		5,762,746
2024		4,726,546
2025		3,665,615
2026		2,961,571
2027-2031		8,352,361
2032-2036		1,124,000
2037-2041		603,000

Note 12: Income Taxes

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

Note 13: Risk Management

The University of Arkansas Risk Management Program provides insurance coverage for all campuses within the University of Arkansas System. The role of the System Office is to analyze and recommend insurance coverage, but it is ultimately a campus decision on specific coverage requirements.

Property coverage was provided through Travelers' Insurance Company. A specific wind and hail deductible buy-back policy was purchased separately through Lloyds. Settled property claims for the year exceed premiums paid by over $4M with additional continuing open claims for the period projected at over $6M.

Auto coverage, through Cypress Insurance, a Berkshire Hathaway company, has a physical damage deductible of $1,000 and provides coverage against liability losses up to $1,000,000 per occurrence.

The Medical Sciences campus separately maintains malpractice insurance for certain employees under a claims-made policy.

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

The University maintains worker's compensation coverage through the State of Arkansas program. Premiums are paid through payroll and are based on a formula calculated by the Arkansas Department of Finance and Administration. The types of benefits and expenditures that are paid include the following: medical expenses, hospital expenses, death benefits, disability and claimant's attorney fees.

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

Exclusive of property insurance coverage, there have been no reductions in insurance coverage from the prior fiscal year. The aggregate annual property coverage limit was reduced from $1.5B to $1B with the July 2020 renewal.

Note 14: Employee Benefits

Insurance Plans

The Board of Trustees of the University of Arkansas System sponsors self-funded health (including prescription coverage) and dental benefit plans for University employees and their eligible dependents. All campuses participate in the health and dental plans. The plans are also offered to employees of the University of Arkansas Winthrop Rockefeller Institute, the University of Arkansas Foundation, Inc., the Razorback Foundation, Inc., the Walton Arts Center Council, Inc., and the University of Arkansas Technology Development Foundation.

At June 30, 2021, a total of 17,775 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2021, there were three health plan design offerings: the Classic Plan, the Premier Plan and the Health Savings Plan. Within the System subsidy guidelines for the health plan, each campus makes its contribution determination based on budget considerations. A total of 19,490 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2021. Campus subsidies for dental vary from 0% to 100% by campus and by enrollment tier. Retirees, and former employees through COBRA, participate on a fully contributory basis in the health and dental plans. Medicare-eligible retirees are not eligible to continue in the University's health plan but may elect a fully-insured Medicare Advantage Plan which includes Part D drug coverage.

The University health and dental plans are accounted for on the accrual basis. The System administration estimates the medical, pharmacy and dental claims liability to be $16,710,600 at June 30, 2021. This liability is established for incurred but not paid (IBNP) claims, and includes a related accrual for claim adjustment expenses, which are expenses incurred in the ultimate settlement of the claim. The claims and claims adjustment accrual for health, pharmacy and dental is based on the calculation prepared by Segal Consulting.

The System administration purchases specific reinsurance to reduce its exposure to large claims. In a fiscal year, after paying claims of more than $1,125,000 for any one covered individual, the University pays an aggregating specific deductible of $200,000, on the first claim exceeding $1,125,000 in paid claims, before being reimbursed from the reinsurance company. The plan has not purchased any annuity contracts on behalf of claimants. If needed, the University would make arrangements through its reinsurance carrier.

The funding levels for the Plan were established based upon anticipated year-end loss ratios of 100%. As of June 30, 2021, the loss ratio for the health plan was 94% and the loss ratio for the dental plan was 99%.

The System administration retains and accounts for all of the risk financing associated with the self-insurance plan's activities in accordance with GAAP.

Reconciliation of Changes in the Liability for Future Insurance Claims

	FY21	FY20
Unpaid claims and claim adjustment expenses at beginning of year	$ 17,684,300	$ 18,254,800
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	176,498,281	180,355,506
Adjustment in provision for insured events of prior years	(4,229,730)	(3,042,502)
Total incurred claims and claim adjustment expenses	172,268,551	177,313,004
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	159,787,681	162,671,206
Claims and claim adjustment expenses attributable to insured events of prior years	13,454,570	15,212,298
Total Payments	173,242,251	177,883,504
Total unpaid claims and claim adjustment expenses at end of year	**$ 16,710,600**	**$ 17,684,300**

The liability for future insurance claims includes health, pharmacy and dental incurred but not paid (IBNP) claims/claim adjustment expenses only.

Retirement Plans

Over ninety-seven percent of all employees of the University participate in the University of Arkansas Retirement Program (URP). The URP is a defined contribution 403(b) and 457(b) program as defined by the Internal Revenue Service Code. The authority under which the URP's benefits provisions are established or amended is through the President of the University through the Board of Trustees. Arkansas Code Annotated authorizes participation in the plan. Active recordkeeper/vendors to the URP include Teachers Insurance Annuity Association (TIAA) and Fidelity Investments.

The URP is a contributory plan with the required employee contribution and the University matching contribution, within IRS match limits. All campuses transitioned to a uniform contribution formula by July 2021. That contribution formula requires an employer base contribution equal to 5% of an employee's eligible salary to their TIAA or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice, with a required employee contribution of 5%. Varying existing different contribution formulas at the two-year campuses were closed to new participants effective June 30, 2020.

The University makes a one-for-one contribution for employee contributions in excess of 5%, with a maximum total University contribution of 10% of eligible salary up to the IRS match limit, which at June 30, 2021, was $29,000. Employee contributions in excess of 10% are allowed by the plans in accordance with Internal Revenue Service regulations, but the University does not match these additional contributions.

All benefits attributable to plan contributions made by the participant are immediately vested in the participant, and contributions made by the University are cliff vested upon completion of two consecutive years of URP participation. The University's TIAA and Fidelity contributions for the fiscal years 2021 and 2020 were $114,214,508 and $108,838,634, respectively. The participants' contributions for the fiscal years 2021 and 2020 were $138,020,284 and $127,904,057, respectively.

Other than a small number of employees enrolled in federal retirement programs due to their position and funding, the remaining benefits eligible employees of the University participate in one of the two State-sponsored defined benefit retirement plans which are closed to new University participant enrollment. Current University employees who are participants in the Arkansas Public Employees Retirement System (APERS) or the Arkansas Teachers Retirement System (ATRS) continue in that participation. Current University employees who are current APERS or ATRS participants and who transfer without a break in service between University System campuses may continue in APERS participation.

APERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of Arkansas. The University's required contribution rate was an amount equal to 15.32% of eligible salary in fiscal year 2021. Those employees hired after July 1, 2005, must be contributory unless they had prior service as a state employee. Employees hired before that date may be contributory. The University's contributions for the fiscal years 2021 and 2020 were $4,135,494 and $4,474,936, respectively. Participants' contributions for the fiscal years 2021 and 2020 were $1,098,127 and $1,187,504, respectively. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. APERS issues a publicly available financial report, which may be obtained by writing: APERS, One Union National Plaza, 124 W. Capitol, 5th Floor, Little Rock, AR 72201.

ATRS is a cost-sharing multi-employer defined benefit pension plan. The University contributed an amount equal to 14.50% of all covered employees' salaries in fiscal year 2021. Under certain conditions, covered employees may voluntarily contribute 6% of their salary. The University's contributions for the fiscal years 2021 and 2020 were $1,335,201 and $1,416,960, respectively. Participants' contributions for the fiscal years 2021 and 2020 were $463,203 and $504,001, respectively. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. ATRS issues a publicly available financial report, which may be obtained by writing: ATRS, 1400 W. 3rd Street, Little Rock, AR 72201.

The University has, from time to time, negotiated voluntary early retirement agreements with faculty and staff which may include the provision of a stipend and healthcare or other benefits for future periods. The amount of liability established for these type agreements was $707,813 at June 30, 2021.

NOTE 15: Defined Benefit Pension Plans

Arkansas Public Employees Retirement System (APERS)

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

Benefits Provided
Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 4 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The 93rd State of Arkansas General Assembly, in Act 370, amended the law concerning the number of years used in the computation of the final average compensation (FAC) to five years for members first hired on or after July 1, 2022. Members hired prior to July 1, 2022 have their FAC computed using their highest 3-year average compensation. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, prior to 7/1/2001	2.11%

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

Members are eligible for full retirement benefits under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years credited service.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55, or at any age with 25 years of service. The plan also provides disability and survivor benefits.

Effective July 1, 2016, new employees of the University are no longer eligible to participate in the Arkansas Public Employees Retirement System (APERS). Existing APERS participants are allowed to continue APERS participation.

Contributions

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

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

At June 30, 2021, the University reported a liability of $40,877,027 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The university's proportion of the net pension liability was based on the university's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2021, the university's proportion was 1.427%, which was a decrease of 0.228% from its proportion measured as of June 30, 2020.

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For the year ended June 30, 2021, the University recognized pension expense of $3,606,845. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred outflows		Deferred inflows	
Diff - expected & actual experience	$	542,650	$	(27,069)
Changes of assumptions		512,149		(700,368)
Net difference in projected/actual earnings		4,325,282		-
Changes in proportion		388,718		(9,357,506)
University contributions subsequent to measurement date		4,135,494		-
	$	9,904,293	$	(10,084,943)

Deferred outflows of resources of $4,135,494, related to pensions resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

	June 30	
2022	$	(3,724,834)
2023		(1,999,395)
2024		191,203
2025		1,216,394
2026		
Thereafter		
	$	(4,316,632)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return*	7.15%
Salary Increases	3.25% – 9.85% including inflation
Wage Inflation	3.25%
Post-retirement cost-of-living increases	3% Annual Compounded Increase
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Table	Based on RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.
Average Service Life of All Members	4.0486

*Net of investment and administrative expenses.

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

Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24	6.69
Real Assets	16	4.81
Absolute Return	5	3.05
Domestic Fixed	18	0.57
Total	100%	

The total real rate of return expected is 4.93% with the actuary's price inflation assumption of 2.50% resulting in a Net Expected Rate of Return of 7.43%.

Discount Rate

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

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

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

Sensitivity of Discount Rate

1% Decrease	Discount Rate	1% Increase
6.15%	7.15%	8.15%
$ 62,258,318	$ 40,877,027	$ 23,232,119

Pension Plan Fiduciary Net Position

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

Arkansas Teacher Retirement System (ATRS)

Plan Description

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

Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 7 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

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

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

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

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

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with 5 years of service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected the Joint & 100% Survivor option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to $10,000 and up to $6,667 for noncontributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. Employers are required to contribute at a rate established by the Board of ATRS based on an actuary's determination of a rate required to fund the plan. The University contributed 14.50% of applicable compensation for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the University reported a liability of $18,079,806 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the total contributions of all participating employers. At June 30, 2021, the University's proportion was 0.319%, which was a decrease of 0.053% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the University recognized pension expense of $834,471. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ATRS	Deferred outflows	Deferred inflows
Diff - expected & actual experience	239,679	(145,819)
Changes of assumptions	1,176,419	-
Net difference in projected/actual earnings	2,972,005	-
Changes in proportion	30,852	(5,381,368)
University contributions subsequent to measurement date	1,335,201	-
	$ 5,754,156	$ (5,527,187)

Deferred outflows of resources related to pensions of $1,335,201, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

	June 30
2022	$ (1,120,361)
2023	(401,808)
2024	135,254
2025	393,238
2026	(114,554)
Thereafter	-
	$ (1,108,231)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Amortization Period	30 years
Asset Valuation Method	4-year smoothed market for funding purposes; 20% corridor
Wage Inflation	2.75%
Salary Increases	2.75 – 7.75% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study for the period July 1, 2010 – June 30, 2015.
Mortality Table	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality headcount weighted tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006: Healthy Annuitant: Male-101% Female-91% Disabled Annuitant:Male-99% Female-107% Employee Mortality:Male-94% Female-84%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class included in the pension plan's target asset allocation as of June 30, 2020, these best estimates are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53%	5.2%
Fixed Income	15	-.1
Alternatives	5	3.5
Real Assets	15	5.1
Private Equity	12	7.2
Cash Equivalents	0	-1.0
Total	100%	

Discount Rate

A single discount rate of 7.50% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 6.50% and 14.50% of active member payroll, respectively. Although not all members contribute, the member and employer rates are scheduled to increase by 0.25% increments ending in fiscal year 2023. The ultimate member and employer rates will be 7% and 15%, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.50%	7.50%	8.50%
$ 26,901,887	$ 18,079,806	$ 10,763,317

Pension Plan Fiduciary Net Position

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

NOTE 16: Other Postemployment Benefits (OPEB)

The University offers postemployment health (including prescription drugs) and dental benefits, along with life insurance ($10,000 available coverage), to eligible retirees. Employees retiring on or after January 1, 2021, will not be eligible for life insurance coverage. Health and dental benefits are provided in the University's self-funded plan sponsored by the Board of Trustees of the University of Arkansas System for current and pre-65 retired employees. The plan is considered a single-employer, defined benefit plan. The System Administration manages and administers the plan. Although benefits are also provided under the University's plan for the employees of the University of Arkansas Foundation, Inc., the University of Arkansas Winthrop Rockefeller Institute, the Walton Arts Center Foundation, Inc., the Razorback Foundation, Inc., and the University of Arkansas Technology Development Foundation, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the accompanying consolidated financial report. No assets are accumulated in a trust. Retirees pay 100% of premiums for all campuses with the following exceptions:

> UACCRM, who paid 83% of the premium for single coverage for a closed group of employees through 1/1/19, but none of the premium for a spouse or unmarried dependent. Employees who retire currently and since December 31, 2018, will pay 100% of premiums for single and spouse coverage.

Employer costs are funded on a pay-as-you-go basis for all campuses. Retirees qualify for postemployment benefits as follows:

> Employees must have a combination of age and years of service of at least 70 with at least 10 years of coverage under the plan. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death.

Retirees pay 100% of the fully insured premium directly to United Healthcare. As a result, no liabilities for Medicare eligible retiree benefits are included in this valuation.

Employees Covered by Benefit Terms

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

Employees covered by Benefit Terms	**Medical**	**Life**
Inactive employees or beneficiaries currently receiving benefit payments	307	2,176
Active employees	19,023	19,984
Total Employees covered by Benefit Terms	19,330	22,160

Total OPEB Liability

Total OPEB liability as of June 30, 2021 was $76,603,000, determined by actuarial valuations as of July 1, 2020, rolled forward.

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2020 valuation for the year ended June 30, 2021
Valuation year	Census data collected as of February 2021
Actuarial cost method	Entry Age Normal

Amortization method	Level percent of payroll
Remaining amortization period	30 years rolling
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	2.21%
Rate of salary increase for amortization	4.00%
Medical inflation rate	6.50% grading to 3.12% over 19 years
Pharmacy inflation rate	7.50% grading to 3.12% over 19 years
Retiree contribution inflation rate	6.77% grading to 3.12% over 19 years

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2019 was 3.50%, the unfunded rate determined as of June 30, 2019 based on the Bond Buyer 20-year-Bond GO Index. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2020 was 2.21%, the unfunded rate determined as of June 30, 2020 based on the Bond Buyer 20-year-Bond GO Index.

Mortality Rates:

Healthy	RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014
Disabled	RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014

General Overview of the Valuation Methodology

The Entry Age Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the Plan benefits if it were paid from each member's entry into the Plan until termination or retirement. The unfunded liability is amortized over a rolling 30-year period. The amortization method is a level percentage of pay.

The claims costs were developed from the active premium rates for the period July 1, 2020 to June 30, 2021. 67.9 percent of the premium was assumed to be for medical, 25.4% for pharmacy, and 6.7% for expenses.

The dental rates are set to match projected costs. Based on a comparison of the recent dental claims plus fees, the dental rates are set at a level sufficient to cover projected costs. Retirees pay 100% of the budget rate for coverage. Therefore, the cost for dental coverage was excluded from this valuation.

Changes in Actuarial Assumptions and Methods since the Prior Valuation

The claim costs and trends were updated to reflect changes in benefits and experience and our expectation for the future costs. The initial retiree contribution was adjusted to reflect current contribution rates.

The discount rate changed from 3.50% to 2.21%.

The report does not reflect future changes in benefits, penalties, taxes (including future excise taxes), or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations. It does reflect all ACA costs to date.

Changes in the Total OPEB Liability

The table below shows the changes in the total OPEB liability (TOL) during the measurement period ended on June 30, 2021.

	2021
Balances at 6/30/2019 (Reporting Date 6/30/2020)	**$ 74,747,000**
Changes for the year:	
Service cost	4,510,000
Interest (includes interest on service cost)	2,736,000
Changes of benefit terms	(10,108,000)
Differences between expected and actual experience	(2,196,000)
Changes of assumptions	9,159,000
Benefit payments, including refunds of member contributions	(2,245,000)
One time rounding (OPEB report will be 000s going forward)	
Net changes in total OPEB liability	**1,856,000**
Balances at 6/30/2020 (Reporting Date 6/30/2021)	**$ 76,603,000**

During the measurement year, the TOL increased by approximately $1.9 million. The service cost, changes in assumptions and interest cost increased the TOL by approximately $16.4 million while changes in benefit terms, benefit payments and actual experience decreased the TOL by approximately $14.5 million.

The discount rate changed from 3.50% to 2.21% between June 30, 2019 and June 30, 2020.

Sensitivity of the Total OPEB Liability

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the TOL to the discount rate.

Sensitivity of Total OPEB Liability to Changes in Discount Rate

1% Decrease	Discount Rate	1% Increase
1.21%	2.21%	3,21%
$83,995,000	$76,603,000	$70,028,000

Changes in the healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trends.

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates

1% Decrease	Healthcare Trend	1% Increase
$69,735,000	$76,603,000	$84,644,000

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

For the year ended June 30, 2021, the University recognized OPEB expense of $4,717,000. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,261,000	$ 7,685,000
Changes in assumptions	9,637,000	4,690,000
Contributions subsequent to the measurement date	2,379,000	-
Total	**$ 14,277,000**	**$ 12,375,000**

The $2,379,000 reported as deferred outflows of resources resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the financial statements as follows:

Year ended June 30:	
2022	$ (1,810,000)
2023	(939,000)
2024	764,000
2025	1,126,000
2026	513,000
Thereafter	(131,000)

Note 17: Functional Classifications of Operating Expenses

The following is a reconciliation of the natural classifications as presented in the statement of revenues, expenses, and changes in net position to the functional classifications for fiscal year 2021:

Functional Classifications	Natural Classifications Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	$ 409,057,736	$ 48,485,695	$ 14,355	$ -	$ -	$ 457,557,786
Research	195,187,919	101,533,031	-	-	-	296,720,950
Public Service	83,527,400	42,546,932	-	-	-	126,074,332
Academic Support	91,077,950	28,028,935	-	-	-	119,106,885
Student Services	53,762,100	18,863,191	20,560	-	-	72,645,851
Institutional Support	196,187,303	57,376,351	-	-	-	253,563,654
Scholarships/Fellowship	99,613	1,771,756	92,143,730	-	-	94,015,099
Plant Operations	72,536,071	88,474,773	-	-	-	161,010,844
Auxiliary Enterprises	76,609,643	95,070,971	1,806,540	-	-	173,487,154
Depreciation	-	-	-	-	201,368,513	201,368,513
Patient Care	710,749,838	453,506,000	-	-	-	1,164,255,838
Other	699,000	1,701,000	-	-	-	2,400,000
Insurance expenses	-	-	-	193,786,948	-	193,786,948
TOTAL	$ 1,889,494,573	$ 937,358,635	$ 93,985,185	$ 193,786,948	$ 201,368,513	$ 3,315,993,854

The following is a reconciliation of the natural classifications as presented in the statement of revenues, expenses, and changes in net position to the functional classifications for fiscal year 2020:

Functional Classifications	Natural Classifications Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	$ 409,396,772	$ 51,405,478	$ -	$ -	$ -	$ 460,802,250
Research	181,231,031	93,476,432				274,707,463
Public Service	85,876,179	46,353,732				132,229,911
Academic Support	91,753,701	40,256,938				132,010,639
Student Services	54,975,253	20,857,979				75,833,232
Institutional Support	185,119,462	56,674,089				241,793,551
Scholarships/Fellowship	(88,701)	123,083	72,901,804			72,936,186
Plant Operations	64,247,766	81,851,956				146,099,722
Auxiliary Enterprises	79,212,367	111,031,886	2,849,988			193,094,241
Depreciation					206,544,404	206,544,404
Patient Care	659,651,428	392,825,000				1,052,476,428
Other	5,191,000	13,326,000				18,517,000
Insurance expenses				196,303,903		196,303,903
TOTAL	$ 1,816,566,258	$ 908,182,573	$ 75,751,792	$ 196,303,903	$ 206,544,404	$ 3,203,348,930

Note 18: Other Organizations

There are several entities, in addition to those identified as component units in Note 1, which are related to the University. The purposes of these organizations are varied, but all were established to benefit the University, or its students, faculty and staff in some manner.

The Razorback Foundation, Inc. was incorporated on October 17, 1980, for the sole purpose of supporting intercollegiate athletics at the Fayetteville campus. Audited financial statements for the year ended June 30, 2021, are presented below in summary form and include the accounts of its wholly owned subsidiaries, Sports Shows, Inc., Cato Springs Road LLC, TSSD LLC, and Hog Wild Productions, LLC.

THE RAZORBACK FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash and investments	$	43,897,002
Other assets		28,640,375
Total Assets	$	72,537,377
Liabilities and Net Assets		
Liabilities	$	292,595
Net Assets		72,244,782
Total Liabilities and Net Assets	$	72,537,377

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	32,680,893
Expenditures and Other Deductions		(22,808,062)
Total Increase in Net Assets	$	9,872,831

Arkansas Alumni Association, Inc. was incorporated in 1960 for the purpose of providing various services to the members, consisting of graduates, former students and friends, in connection with the promotion and furtherance of the Fayetteville campus. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash and investments	$	5,885,176
Other assets		12,359,287
Total Assets	$	18,244,463
Liabilities and Net Assets		
Liabilities	$	1,477,929
Net Assets		16,766,534
Total Liabilities and Net Assets	$	18,244,463

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	6,958,117
Expenditures and Other Deductions		(3,245,308)
Total Increase in Net Assets	$	3,712,809

Arkansas 4-H Foundation, Inc. was incorporated in 1951. The purposes and objectives of the Foundation are exclusively educational. The Foundation was formed to encourage and support such purposes that will meet the needs and advance the interests of 4-H youth programs throughout the State of Arkansas. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash and investments	$	5,945,624
Other assets		4,153,557
Total Assets	$	10,099,181
Liabilities and Net Assets		
Liabilities	$	360,976
Net Assets		9,738,205
Total Liabilities and Net Assets	$	10,099,181

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	2,397,063
Expenditures and Other Deductions		(1,493,188)
Total Increase in Net Assets	$	903,875

University of Arkansas Technology Development Foundation was incorporated in May 2003 and is considered a supporting organization of the Fayetteville campus. Its mission is to stimulate a knowledge-based economy in the state of Arkansas through partnerships that lead to new opportunities for learning and discovery, build and retain a knowledge-based workforce, and spawn the development of new technologies that enrich the economic base of Arkansas. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

UNIVERSITY OF ARKANSAS TECHNOLOGY
DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash and investments	$	2,854,019
Other assets		15,719,227
Total Assets	$	18,573,246
Liabilities and Net Assets		
Liabilities	$	11,999,411
Net Assets		6,573,835
Total Liabilities and Net Assets	$	18,573,246

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	6,417,376
Expenditures and Other Deductions		(1,913,112)
Total Increase in Net Assets	$	4,504,264

University of Arkansas Fort Smith Foundation, Inc. operates as a nonprofit corporation whose primary activity is providing support to the Fort Smith campus. Audited financial statements for the year ended June 30, 2020, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2020

Assets		
Cash and investments	$	100,084,770
Other assets		338,704
Total Assets	$	100,423,474
Liabilities and Net Assets		
Liabilities	$	856,509
Net Assets		99,566,965
Total Liabilities and Net Assets	$	100,423,474

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2020

Income and Other Additions	$	6,138,330
Expenditures and Other Deductions		(4,598,931)
Total Increase in Net Assets	$	1,539,399

The University of Arkansas at Little Rock Alumni Association is utilized to receive and disburse funds obtained from gifts, activity fees and receipts from special projects. The Association operates as a nonprofit benevolent corporation for charitable educational purposes. The assets of the Association are held by The University of Arkansas Foundation, Inc.

Trojan Athletic Foundation, Inc. is a non-profit entity established to support the athletic department at the Little Rock campus. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash	$	150,289
Other Assets		53,396
Total Assets	$	203,685
Liabilities and Net Assets		
Liabilities	$	253
Net Assets		203,432
Total Liabilities and Net Assets	$	203,685

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	187,505
Expenditures and Other Deductions		(228,523)
Total Decrease in Net Assets	$	(41,018)

University of Arkansas at Pine Bluff/AM&N Alumni Association, Inc. was organized to foster and promote the general welfare and growth of the University of Arkansas at Pine Bluff. Unaudited financial statements for the year ended December 31, 2020, are presented below in summary form.

UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION-UNAUDITED
As of December 31, 2020

Assets		
Cash & investments	$	559,144
Other assets		61,468
Total Assets	$	620,612
Liabilities and Net Assets		
Liabilities	$	46,617
Net Assets		573,995
Total Liabilities and Net Assets	$	620,612

CONDENSED STATEMENT OF ACTIVITIES-UNAUDITED
FY Ended December 31, 2020

Income and Other Additions	$	174,687
Expenditures and Other Deductions		(76,526)
Total Increase in Net Assets	$	98,161

University of Arkansas at Pine Bluff Scholarship Endowment Fund was created to provide scholarships to a culturally diverse student population at the University of Arkansas at Pine Bluff.

Financial information include in the Form 990 for the year ended December 31, 2020, are presented below in summary form.

UNIVERSITY OF ARKANSAS-PINE BLUFF
SCHOLARSHIP ENDOWMENT FUND
PER FORM 990
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2020

Assets		
Cash & investments	$	5,181,076
Total Assets	$	5,181,076
Liabilities & Net Assets		
Liabilities	$	-
Net Assets		5,181,076
Total Liabilities & Net Assets	$	5,181,076

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2020

Income and Other Additions	$	412,629
Expenditures and Other Deductions		(249,859)
Total Increase in Net Assets	$	162,770

Cossatot Community College of the University of Arkansas Foundation, Inc. was rolled into the University of Arkansas Foundation effective July 1, 2020.

Phillips Community College Foundation was rolled into the University of Arkansas Foundation effective January 1, 2020.

University of Arkansas Community College at Hope Foundation, Inc. operates for the sole benefit of the Hope campus. Audited financial statements for the year ended June 30, 2020, are presented below in summary form.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2020

Assets		
Cash and investments	$	3,069,497
Other Assets		44,420
Total Assets	$	3,113,917
Liabilities and Net Assets		
Liabilities	$	-
Net Assets		3,113,917
Total Liabilities and Net Assets	$	3,113,917

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2020

Income and Other Additions	$	570,595
Expenditures and Other Deductions		(501,360)
Total Increase in Net Assets	$	69,235

Rich Mountain Community College Foundation, Inc. operates for the sole benefit of the Rich Mountain campus. Audited financial statements for the year ended June 30, 2020, are presented below in summary form.

RICH MOUNTAIN COMMUNITY COLLEGE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2020

Assets		
Cash and investments	$	4,255,297
Other assets		1,138,687
Total Assets	$	5,393,984
Liabilities and Net Assets		
Liabilities	$	-
Net Assets		5,393,984
Total Liabilities and Net Assets	$	5,393,984

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2020

Income and Other Additions	$	403,938
Expenditures and Other Deductions		(283,038)
Total Increase in Net Assets	$	120,900

University of Arkansas Winthrop Rockefeller Institute (prior to June 11, 2012, known as the University of Arkansas Winthrop Rockefeller Center d/b/a/ Winthrop Rockefeller Institute) is an educational conference center incorporated in January 2005. The Institute's mission is to provide extended learning for youth and adults and conferences focused on enriching and informing Arkansas leaders. Audited financial statements for the year ended June 30, 2021, are presented below in summary form.

UNIVERSITY OF ARKANSAS WINTHROP ROCKEFELLER CENTER, INC.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets	
Cash and investments	$ 147,984,954
Receivables	660,871
Other	67,300
Property and Equipment, Net	23,189,515
Total Assets	$ 171,902,640
Liabilities and Net Assets	
Liabilities	$ 1,458,985
Net Assets	170,443,655
Total Liabilities and Net Assets	$ 171,902,640

CONDENSED CONSOLIDTED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$ 42,441,750
Expenditures and Other Deductions	(6,103,759)
Total Increase in Net Assets	$ 36,337,991

Delta Student Housing, Inc. (Delta) is a nonprofit corporation organized in Arkansas. Delta was created for the purpose of facilitating the financing for construction of student housing facilities on the various campuses of the University. Unaudited financial statements for the year ended June 30, 2021, are presented below in summary form.

DELTA STUDENT HOUSING, INC.
UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021

Assets		
Cash	$	14,437
Property and equipment		-
Total Assets	$	14,437
Liabilities and Net Assets		
Liabilities	$	-
Net Assets		14,437
Total Liabilities and Net Assets	$	14,437

UNAUDITED CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2021

Income and Other Additions	$	25,007
Expenditures and Other Deductions		(25,690)
Total Decrease in Net Assets	$	(683)

Note 19: Elimination of Inter-Company Transactions

The consolidated financial statements were prepared from financial statements submitted by each campus and the System Administration of the University. The inclusion of inter-company transactions in the consolidated financial statements is not considered materially significant to distort the amounts presented in the consolidated financial statements with the following exceptions, which were eliminated.

FY21 - Statement of Net Position
An elimination entry was made to reduce accounts receivable and accounts payable by $18,433,359, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, amounts owed between campuses, and interest due from a System Administration loan for eVersity from the campuses.

Three loans between University entities were eliminated to reduce assets and liabilities: (1) $593,051 (current portion $30,210) to reflect a loan from UAMS to UAF, and (2) $4,975,498 to reflect a loan from the campuses to *e*Versity and (3) inter-institutional loans between the System Administration and 11 campuses to assist in financing the ERP implementation costs. The following schedule details the balance of the loans at June 30, 2021 which were eliminated against current and long-term debt (current portion $1,564,205) and Other non-current assets:

Campus	Balance at June 30,2021
UAFS	$ 670,904
UALR	1,975,893
UAM	489,191
UAMS	12,445,802
UAPB	721,201
PCCUA	251,959
UACCB	124,096
UACCHT	126,529
UAPTC	434,533
UACCRM	76,843
ASMSA	133,649
	$ 17,450,600

FY21 - Statement of Revenues, Expenses, and Changes in Net Position

As explained in Note 14, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation and benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of $138,781,887.

An elimination entry was made for billings by System Administration to the campuses for services rendered to reduce operating sales and services revenue and operating supplies/services expense in the amount of $4,209,920. An elimination entry for services provided among campuses in the amount of $769,548. These amounts decreased operating sales and services, other operating revenues and operating supplies/services.

An elimination entry for the System Administration's interest expense for a loan from the campuses was made to decrease other non-operating revenues (expenses) and investment income in the amount of $87,071. An elimination entry for the System Administration's interest income for the loans referred to above with 11 campuses was made to decrease interest expense and investment income in the amount of $441,143.

FY20 - Statement of Net Position

An elimination entry was made to reduce accounts receivable by $16,232,638, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, amounts owed between campuses, and interest due from a System Administration loan for eVersity from the campuses. Accounts payable was reduced by $16,373,283, representing these billed amounts.

Four loans between University entities were eliminated to reduce assets and liabilities: (1) $150,000 (current portion $150,000) to reflect a loan to ASMSA by the System Administration; and (2) $621,821 (current portion $28,770) to reflect a loan from UAMS to UAF, and (3) $4,975,498 to reflect a loan from the campuses to *e*Versity and (4) inter-institutional loans between the System Administration and 11 campuses to assist in financing the ERP implementation costs.

The following schedule details the balance of the loans at June 30, 2020 which were eliminated against current and long-term debt (current portion $971,061) and notes receivable:

Campus	Balance at June 30,2020
UAFS	$ 510,693
UALR	1,416,164
UAM	358,937
UAMS	8,325,346
UAPB	504,723
PCCUA	178,675
UACCB	93,550
UACCHT	95,868
ASMSA	87,350
UAPTC	342,886
UACCRM	58,744
	$ 11,972,936

FY20 - Statement of Revenues, Expenses, and Changes in Net Position

As explained in Note 14, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation and benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of $130,394,138.

An elimination entry was made for billings by System Administration to the campuses for services rendered to reduce operating sales and services revenue and operating supplies/services expense in the amount of $4,142,544. An elimination entry for services provided among campuses in the amount of $827,616. These amounts decreased operating sales and services, other operating revenues and operating supplies/services.

An elimination entry for the System Administration's interest expense for a loan from the campuses was made to decrease other non-operating revenues (expenses) and investment income in the amount of $87,071. An elimination entry for the System Administration's interest income for the loans referred to above with 11 campuses was made to decrease interest expense and investment income in the amount of $190,245.

FY21 and FY20 - Statements of Cash Flows

The effects of the elimination entries described above to the statement of net position and the statement of revenues, expenses and changes in net position are also reflected in the statement of cash flows.

Note 20: Joint Endeavor

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

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

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

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

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

Note 21: Related Parties

The following are significant related party transactions other than those with component units discussed in Note 1.

The Interim Chancellor for the Fayetteville campus is a member of the Board of Directors of Arvest Bank Fayetteville, one of 16 autonomous community-oriented banks which comprise Arvest Bank Group, Inc., based in Bentonville, Arkansas. At June 30, 2021, bank balances held at Arvest Bank Group, Inc. banks total $25,117,117 at UAF (book balances included on the Statements of Net Position were $23,817,062).

Note 22: Contingencies

The University has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel that these matters will be resolved without material adverse effect on the future operations or financial position of the University.

Immunity provisions in Arkansas law prohibit suits naming the Board of Trustees of the University of Arkansas System as a defendant in Arkansas State courts. Employees of UAMS acting in good faith in the course and scope of their employment may be sued in state courts, but only to the extent of maintained insurance coverage. UAMS maintains malpractice insurance for certain employees under a claims-made policy. Premiums are accrued based on estimated claims, with the final premium amount determined based on actual claims experience. The cost of this policy is included in supplies and other expenses. UAMS incurred costs of $4,258,000 and $3,585,000 for this insurance during the years ended June 30, 2021 and 2020, respectively. A party may bring an action against the University through the Arkansas State Claims Commission (the Claims Commission). The Claims Commission may award a claim of up to $15,000 without further review or appropriation. Awards that the Claims Commission approves in excess of $15,000 must be approved and appropriated by the Arkansas State Legislature. Appropriations of this type, if any, reduce appropriations from the state to the University in the period in which the claim is appropriated.

In the fiscal year ended June 30, 2006, the Arkansas Development Finance Authority (the Authority) issued $36,775,000 in Tobacco Settlement Revenue Bonds. The Authority made the proceeds of the bonds available to the University of Arkansas Board of Trustees (UA Board) to fund an expansion to the Arkansas Cancer Research Center, now known as the Winthrop P. Rockefeller Cancer Institute, on the campus of the University of Arkansas for Medical Sciences (UAMS). The bonds have an approximate yield to maturity of 4.77% to 5.10% and principal and accumulated interest are payable beginning in 2021 through 2031 for $22,158,000 of serial bonds and beginning in 2036 through 2046 for $14,617,000 of term bonds.

Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a Loan Agreement dated June 1, 2006, between the UA Board and the Authority, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the debt service revenues will be sufficient to service the entire principal and interest due. The *Global Insights USA, Inc.* report, prepared in August 2006, on the *Forecast of U.S. Cigarette Consumption (2004-2046)* indicated that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60,067,457 from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27.6 million in 2046 with the first $5 million dedicated to pay the debt service on this bond issue.

If debt service revenues had been considered insufficient at June 30, 2021, the University would have incurred a liability of $76,888,000 related to the issue. This amount includes drawdown of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue. The revenues pledged by UAMS to secure the Loan Agreement consist of inpatient service fees and fees collected from other ancillary, therapeutic, and diagnostic services provided within the walls of the hospital but exclude physician-generated revenues, State appropriations, and revenues restricted for other purposes.

Note 23: Subsequent Events

On August 30, 2021, the University entered into an Asset Purchase Agreement to acquire the assets and assume certain liabilities (consisting primarily of service and vendor contracts, any liabilities to students, and office lease obligations) of Grantham University ("Grantham"), a for-profit online institution of higher education with approximately 4,000 active students and more than 60 degree programs. The acquisition was closed on November 1, 2021 with a net transfer to the sellers of $890,797 due to amounts receivable from the Department of Defense. Grantham was founded in 1951 to serve World War II veteran educational needs. It began offering exclusively online programs in the late 1990s. Grantham has maintained a focus on military students, and current or past service members currently make up approximately 67% of Grantham's student body. Grantham is accredited through the Distance Education Accrediting Commission, the Accrediting Board of Engineering and Technology, the Commission of Collegiate Nursing Education, the Accrediting Commission for Education in Nursing, and the International Accreditation Council for Business Education. Grantham will join the System as the "University of Arkansas – Grantham." In association with the purchase, the University entered into a Revolving Line of Credit agreement with Regions Commercial Equipment Finance, LLC on October 29, 2021. The amount of the line is a maximum of $8 million for a 24 moth period with a fluctuating interest rate of 129 basis points over the BSBY rate. The Board contemplates that eventually the University of Arkansas – Grantham will be merged with eVersity.

On August 18, 2021, the University executed an installment contract loan agreement with Regions Bank in the amount of $10,840,896 for the Fayetteville campus. The financing is intended to pay costs associated with a project intended to install certain energy conservation and facility improvements across the University of Arkansas, Fayetteville campus as well as costs of issuance of the loan. The loan will begin amortizing immediately for a term of ten years at a rate of 1.23%. Final maturity for the loan is August 15, 2031. Debt service on the loan will be supported by guaranteed energy savings resulting from the implementation of the energy conservation measures.

Proceeds net of issuance costs totaling $10,815,896 were received by the University on August 20, 2021.

At its regular meeting on September 17, 2021, the University of Arkansas Board of Trustees approved a resolution to refund all or any portion of outstanding principal balances of four separate bond issues of the Fayetteville campus, Series 2012A, Series 2013A, Series 2014A and Series 2015A. On December 1, 2021, the University completed the refunding of all outstanding maturities of the aforementioned bond issues by issuing $175,645,000 of Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021.

Employee Benefits

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

	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	1.427%	1.656%	2.008%	2.198%	2.202%	1.659%	1.462%
University's proportionate share of net pension liability	$ 40,877,027	$ 39,944,209	$ 44,294,023	$ 56,807,517	$ 52,660,632	$ 30,550,726	$ 20,737,110
University's covered payroll**	29,263,785	32,838,844	36,710,317	$ 40,658,901	$ 39,968,417	$ 29,241,762	$ 24,610,760
University's proportionate share of the net pension liability as a percentage of its covered payroll	139.68%	121.64%	120.66%	139.72%	131.76%	104.48%	84.26%
Plan fiduciary net position as a percentage of the total pension liability	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

The amounts presented for each fiscal year were determined as of June 30 of the previous year.
*Information is presented for those years for which it is available until a full 10-year trend is compiled.
'**Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

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

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 4,135,494	$ 4,474,936	$ 5,079,699	$ 5,446,489	$ 5,847,656	$ 5,122,338	$ 4,316,084
Contributions in relation to the contractually required contribution	(4,135,494)	(4,474,936)	(5,079,699)	(5,446,489)	(5,847,656)	(5,122,338)	(4,316,084)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 26,989,144	$ 29,263,785	$ 32,838,844	$ 36,710,317	$ 40,658,901	$ 35,350,993	$ 29,241,762
Contributions as a percentage of covered payroll	15.32%	15.29%	15.47%	14.84%	14.38%	14.49%	14.76%

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

Schedule of University's Proportional Share of the Net Pension Liability
Arkansas Teacher Retirement System
Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.319%	0.372%	0.447%	0.540%	0.589%	0.395%	0.437%
University's proportionate share of net pension liability	$ 18,079,806	$ 15,527,796	$ 16,258,099	$ 22,688,366	$ 26,000,421	$ 12,850,498	$ 11,467,444
University's covered payroll**	$ 10,026,138	$ 11,429,162	$ 13,540,283	$ 15,932,158	$ 17,474,936	$ 11,516,407	$ 11,527,065
University's proportionate share of the net pension liability as a percentage of its covered payroll	180.33%	135.86%	120.07%	142.41%	148.79%	111.58%	99.48%
Plan fiduciary net position as a percentage of the total pension liability	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

The amounts presented for each fiscal year were determined as of June 30 of the previous year.
*Information is presented for those years for which it is available until a full 10-year trend is compiled.
'**Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

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

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,335,201	$ 1,416,960	$ 1,616,340	$ 1,899,208	$ 2,210,329	$ 1,448,084	$ 1,612,297
Contributions in relation to the contractually required contribution	(1,335,201)	(1,416,960)	(1,616,340)	(1,899,208)	(2,210,329)	(1,448,084)	(1,612,297)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 9,232,685	$ 10,026,138	$ 11,429,162	$ 13,540,283	$ 15,932,158	$ 10,392,131	$ 11,516,407
Contributions as a percentage of covered payroll	14.46%	14.13%	14.14%	14.03%	13.87%	13.93%	14.00%

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

Other Postemployment Benefits

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2020 valuation for the year ended June 30, 2021
Valuation year	Census data collected as of February 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30 years rolling
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	2.21%
Rate of salary increase for amortization	4.00%
Medical inflation rate	6.50% grading to 3.12% over 19 years
Pharmacy inflation rate	7.50% grading to 3.12% over 19 years
Retiree contribution inflation rate	6.77% grading to 3.12% over 19 years

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2019 was 3.50%, the unfunded rate determined as of June 30, 2019 based on the Bond Buyer 20-year-Bond GO Index. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2020 was 2.21%, the unfunded rate determined as of June 30, 2020 based on the Bond Buyer 20-year-Bond GO Index.

Mortality Rates:

Healthy	RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014
Disabled	RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability	2021	2020	2019	2018
Service cost	$ 4,510,000	$ 4,026,000	$ 3,952,830	$ 4,589,055
Interest (includes interest on service cost)	2,736,000	2,831,000	2,568,932	2,320,787
Changes of benefit terms	(10,108,000)	-	832,130	
Differences between expected and actual experience	(2,196,000)	(3,245,428)	(3,266,590)	
Changes of assumptions	9,159,000	3,132,000	(690,230)	(13,904,426)
Benefit payments, including refunds of member contributions	(2,245,000)	(2,180,000)	(2,018,583)	(2,109,079)
Net change in total OPEB liability	**1,856,000**	**4,563,572**	**1,378,489**	**(9,103,663)**
Total OPEB liability - beginning	**74,747,000**	**70,183,428**	**68,804,939**	**77,908,602**
Total OPEB liability - ending	**$ 76,603,000**	**$ 74,747,000**	**$ 70,183,428**	**$ 68,804,939**
Covered employee payroll	$ 1,351,363,000	$ 1,328,526,000	$ 1,309,045,000	$ 1,320,436,000

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

	2021	2020	2019	2018
Total OPEB liability as a percentage of covered employee payroll	**5.67%**	**5.63%**	**5.36%**	**5.21%**

Notes to Schedule:

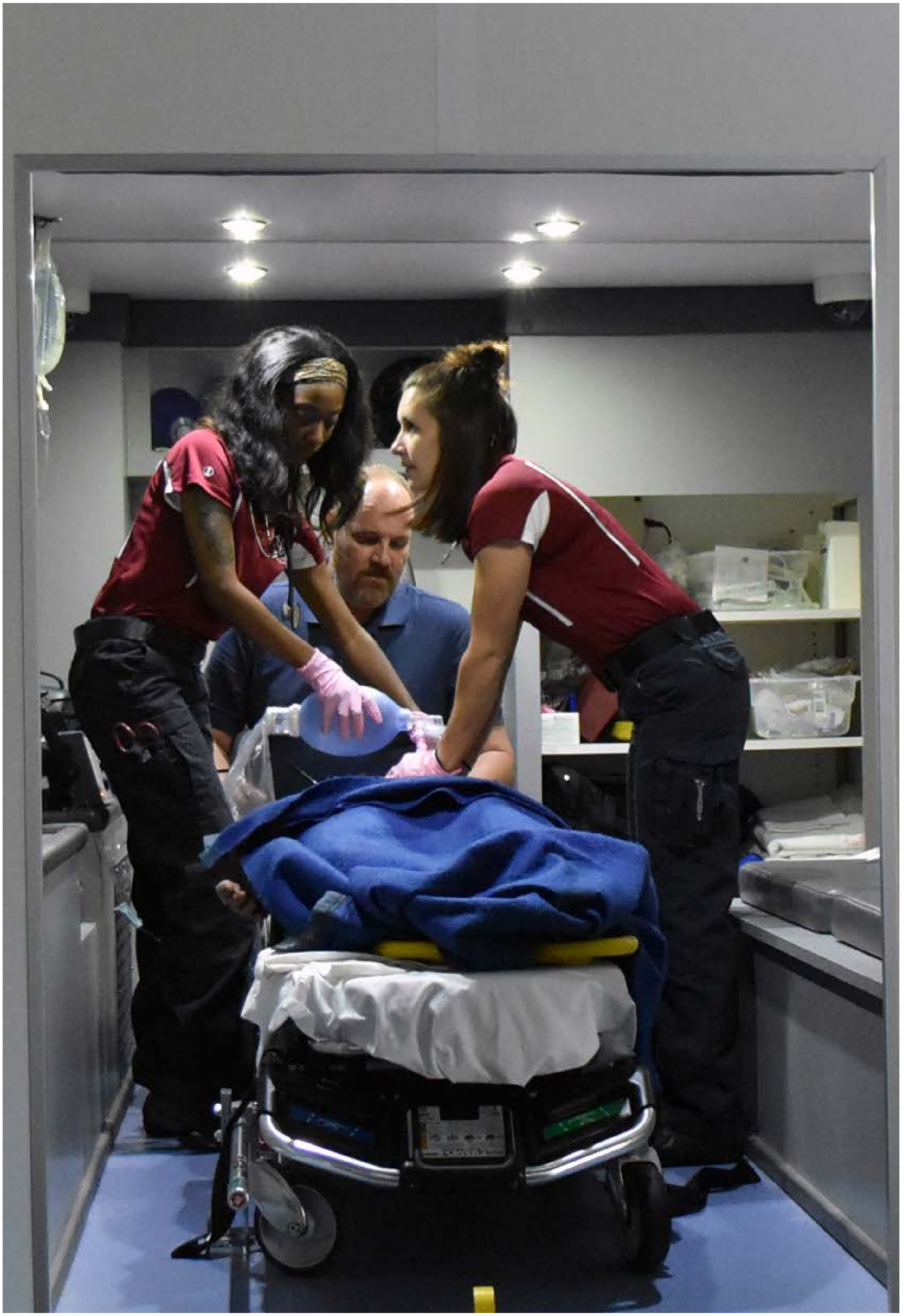
No assets for the Plan are accumulated in a trust.

Change of Assumptions:

During the measurement year, the total OPEB Liability (TOL) increased by approximately $1.9 million. The service cost and interest cost increased the TOL by approximately $7.2 million while benefit payments decreased the TOL by approximately $2.2 million.
The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020 which resulted in a loss of $8.4 million. An additional $0.8 million loss is reflected due to claims experience. This created an assumption loss of $9.2 million, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan. The actual experience decreased the liability by $2.2 million due to changes in population, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan.

Change of Benefits:

There was a benefit change of $10.1 million which decreased the liabilities and was recognized immediately during 2021.



The University of Arkansas System is a comprehensive, publicly-supported higher education system composed of unique institutions, units and divisions that share the singular goal of serving Arkansas residents and others by developing and sharing knowledge to impact an ever-changing world. The System provides access to academic and professional education and develops intellectual growth and cultural awareness in its students, staff and faculty. The System further promotes an atmosphere of excellence that honors the heritage and diversity of our state and nation, and provides students, researchers and professionals with tools to promote responsible stewardship of human, natural and financial resources at home and abroad.

Enrollment listed by campus are the preliminary official 11th-day headcounts as provided in September 2021 to the Arkansas Division of Higher Education for Fall 2021.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE

Established: 1871
Enrollment: 29,068
www.uark.edu

Founded in 1871, the University of Arkansas, Fayetteville (U of A) is the flagship institution of the University of Arkansas System. U of A is the state's foremost partner, resource and catalyst for education and economic development and is a university for the integration of student engagement, scholarship, research and innovation that collectively transforms lives while advancing Arkansas and building a better world.

As Arkansas's first land-grant university, U of A has a mandate to teach, conduct research and perform outreach. The university offers baccalaureate, master's, doctoral, professional and specialist degree programs, including a Juris Doctor degree and an LL.M. in Agriculture and Food Law. The Carnegie Foundation for the Advancement of Teaching places U of A in its highest category for research activity, a classification shared by only 3 percent of universities nationwide. Research activity is a significant academic element at the university and an economic engine for the state.

UNIVERSITY OF ARKANSAS AT FORT SMITH

Established: 1928
Joined System: 2002
Enrollment: 5,444
www.uafs.edu

The University of Arkansas at Fort Smith (UAFS) was established in 1928 in response to the need for an institution of higher education to improve the local workforce. UAFS continues that tradition today as the premier regional institution for western Arkansas. By connecting education with careers, UAFS focuses on preparing students to succeed in the workforce as well as in elite post-graduate programs.

UAFS prides itself on highly accredited programs and exceptional faculty who continually adapt curricula to respond to the needs of business and industry. Students across disciplines experience hands-on learning in facilities equipped with leading-edge technology. Internship and mentor opportunities pair students with practitioners, developers, and executives from local start-ups to Fortune 500 companies. Employers seek out UAFS graduates, knowing they leave the institution fully prepared to succeed in high-demand fields.

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Established: 1927
Joined System: 1969
Enrollment: 8,297
www.ualr.edu

The University of Arkansas at Little Rock is a metropolitan research university that improves students' lives with real opportunities for social mobility and advances the community and state. The university's location in the state's center of government, business and culture gives students unparalleled internship, community service, and career opportunities. The university offers baccalaureate, master's, doctoral, professional and specialist degree programs, including a Juris Doctor degree.

A community partner, UA Little Rock is a major component of the city and the state's growing profile as a regional leader in research, technology transfer, economic development and job creation. More than one hundred different degree programs are offered in the classroom and online, including in-demand fields such as nursing, engineering, cybersecurity, business, criminal justice, computer science and education.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Established: 1879
Enrollment: 3,088
www.uams.edu | www.uamshealth.com

The University of Arkansas for Medical Sciences (UAMS) is the only health sciences university in Arkansas. It is the state's largest public employer with more than 10,000 employees working across the state. Clinical affiliates include Arkansas Children's, the Central Arkansas Veterans Healthcare System and Baptist Health. It is the only adult Level 1 trauma center in the state. UAMS includes UAMS Health, a statewide health system that encompasses all of UAMS' clinical enterprise including its hospital, regional clinics and clinics it operates or staffs in cooperation with other providers.

With its combination of education, research and clinical programs, UAMS has a unique capacity to lead health care improvement in the state. The university includes colleges of Medicine, Nursing, Pharmacy, Health Professions and Public Health and a Graduate School; a 535-bed UAMS Medical Center; eight Regional Campuses, (each with a Family Medical Center); a statewide network of Centers on Aging; the Translational Research Institute; the Winthrop P.

Rockefeller Cancer Institute; the Jackson T. Stephens Spine & Neurosciences Institute; the Donald W. Reynolds Institute on Aging; the Harvey & Bernice Jones Eye Institute; the Psychiatric Research Institute; and the Institute for Digital Health & Innovation.

UNIVERSITY OF ARKANSAS AT MONTICELLO

Established: 1909
Joined System: 1971
Enrollment: 2,673
www.uamont.edu

Founded in 1909 as the Fourth District Agricultural School, and later known as Arkansas A&M, the University of Arkansas at Monticello (UAM) joined the System in 1971. It is one of the region's few remaining open access universities and is often named among the most affordable and best values nationwide. Located in southeast Arkansas, UAM offers baccalaureate and master's degree programs at its main residential campus in Monticello. Several of the graduate programs are available in a hybrid or online format. Additionally, the university offers two-year associate degrees, technical certificates, an advanced technical certificate, and certificates of proficiency through its Colleges of Technology in Crossett and McGehee. The region's industries depend on UAM to continue offering cutting-edge technical education and training.

UAM has established a reputation for academic excellence in areas such as forestry, nursing, teacher education, business and social sciences. Students pursuing pre-professional studies are accepted into their respective programs, including medical, veterinary, and pharmacy school, at rates over 95% each year. The University is home to the Arkansas Forest Resources Center, which brings together interdisciplinary expertise from across the UA System. Among UAM's popular offerings are the associate of applied science degrees in hospitality and tourism, baccalaureate degrees in agriculture, fine arts and humanities, and master's degrees in music, education, forestry, debate and creative writing.

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Established: 1873
Joined System: 1972
Enrollment: 2,748
www.uapb.edu

An 1890 land-grant institution, the University of Arkansas at Pine Bluff (UAPB) is the second-oldest university and the only public historically black university in Arkansas. The institution's historic mission is to teach in areas related to agriculture and the mechanical arts, as well as scientific and classical studies and help solve economic, agricultural and other problems in the community, state and region.

UAPB offers thirty undergraduate programs, eight master's degrees, and a doctorate program in Aquaculture/Fisheries, one of the country's leading programs that also supports Arkansas's $165 million aquaculture and baitfish industry. The university's bachelor's degree program in regulatory science is a designated Center of Excellence by the U.S. Department of Agriculture. Other areas of emphasis at UAPB include teacher education, business development and student leadership development and its NSF-funded Science, Technology, Engineering and Math (STEM) Academy.

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Established: 1975
Joined System: 2001
Enrollment: 1,361
www.cccua.edu

University of Arkansas Cossatot has campuses in De Queen, Nashville, Ashdown, and Lockesburg that support our mission and our newly minted five-point 2025 Strategic Plan. The campus adheres to its vocational training roots by offering certificates of proficiency, technical certificates, associate degrees, and non-credit workforce training in high-demand skilled and technical programs, while still offering a full roster of associate transfer degrees. Each semester, students can select from more than 75 online courses at UA Cossatot. It also collaborates with several universities to offer bachelor- and master's-level degrees. UA Cossatot is accredited by the Higher Learning Commission (HLC), Accreditation Council for Business Schools & Programs (ACBSP), Accreditation Council for Occupational Therapy Education (ACOTE), and the Commission on Accreditation in Physical Therapy Education (CAPTE). It is the only Hispanic Serving Institution (HSI) in Arkansas and now offers 64 percent of all courses using only open educational resources (OER), which eliminates the need for students to purchase or rent textbooks.

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Established: 1964
Joined System: 1996
Enrollment: 1,244
www.pccua.edu

The first community college established in Arkansas, Phillips Community College of the University of Arkansas (PCCUA) is a multi-campus, two-year college serving Eastern Arkansas in Helena-West Helena, DeWitt, and Stuttgart. PCCUA offers adult education, technical certification and associate degrees in academic, occupational/technical and continuing education programs and partners with other colleges and universities to offer bachelor's and master's degrees. We are accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, the National League for Nursing Accrediting Commission, the National Accrediting Agency for Clinical Library Sciences, and the Accreditation Council for Business Schools and Programs. PCCUA is committed to helping every student succeed providing quality, affordable, and accessible education.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Established: 1975
Joined System: 1997
Enrollment: 1,113
www.uaccb.edu

The University of Arkansas Community College at Batesville (UACCB) serves a multi-county area in north central Arkansas, offering associate degrees, technical certificates, certificates of proficiency, adult education (GED and ESL) and kids' college. Accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, the campus has expanded program offerings and student services in order to meet its student-focused mission. Supported by an Independence County sales tax, UACCB provides affordable access to technical education and college transfer programs that meet the diverse higher education needs of the citizens of northeast Arkansas.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA

Year Established: 1965
Joined System: 1996
Enrollment: 1,220
www.uaht.edu

Serving Southwest Arkansas, the University of Arkansas Community College at Hope-Texarkana (UACCHT) offers the first two years of a traditional college education transferable to a four-year university, as well as an array of certificate programs to prepare students for an ever-changing workforce. UACCHT is an accredited, open-access institution that connects students and community partners to quality education and supports a culture of academic, occupational, personal growth and enrichment programs throughout Southwest Arkansas. UACCHT is supported by a Hempstead County sales tax. UACCHT opened the Texarkana Instructional Facility in 2012 becoming a regional contributor to the educational needs of Southwest Arkansas. The Texarkana facility has enabled the College to expand programs in both the technical and industrial areas, as well as the health professions.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Established: 1963
Joined System: 2001
Enrollment: 1,962
www.uaccm.edu

Originally established as a vocational-technical school and then a technical college, the University of Arkansas Community College at Morrilton (UACCM) is a two-year institution offering university-transfer and career-specific training programs, adult education, workforce education and community outreach programs. UACCM offers an associate of arts and an associate of science degrees designed for university transfer, as well as associate of applied science degrees, technical certificates and certificates of proficiency designed for immediate entry into the job market.

UACCM has transfer agreements with all state universities, and in collaboration with individual four-year colleges, has also developed 2+2 plans that ensure a smooth transfer to specific academic degree programs.

UACCM is supported by a Conway County sales tax. Construction was completed in the spring of 2018 on the 53,843-square-foot Workforce Training Center (WTC) and is considered one of the premier technical training facilities in the state.

UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE

Established: 1945
Joined System: 2017
Enrollment: 4,426
www.uaptc.edu

The University of Arkansas-Pulaski Technical College (UA-PTC) is a two-year technical college based in North Little Rock with a mission to serve its community's education needs through technical programs, university-based transfer programs and specialized programs for business and industry. Originally founded as a vocational-technical school, UA-PTC has evolved through the years to meet the varying educational needs of the citizens of central Arkansas. In addition to its main campus in North Little Rock, the college has four additional locations in Pulaski and Saline Counties.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN

Established: 1983
Joined System: 2017
Enrollment: 719
www.uarichmountain.edu

The University of Arkansas Community College at Rich Mountain's (UACCRM) main campus in Mena is situated on a pristine 40-acre campus at the foot of Arkansas' second highest peak, Rich Mountain, with satellite campuses located in Waldron and Mount Ida.

A two-year public community college offering six associate degrees, seven associate workforce degrees, fifteen technical/certificate programs and a growing list of athletic programs, as well as an adult education program, UA Rich Mountain provides transformative education to all learners with an average 14:1 student to faculty ratio.

Originally founded as a vocation-technical school, Rich Mountain became a community college in 1983, and has continued to evolve to meet the needs of its students and community. The main campus includes a 13,000 s.f. event venue and on-campus residential housing.

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES AND THE ARTS

Established: 1993
Joined System: 2004
asmsa.org

The Arkansas School for Mathematics, Sciences and the Arts (ASMSA) is the state's premier high school focusing on excellence in mathematics, science and the arts. Located in Hot Springs, ASMSA is one of seventeen public residential high schools in the country specializing in the education of gifted and talented students who have an interest and aptitude for mathematics, science and the arts. All classes are taught at the college level, and the school offers nearly 70 concurrent courses. Through the school's "college bridge" program, ASMSA graduates average 50 hours of college credit while finishing high school.

UNIVERSITY OF ARKANSAS CLINTON SCHOOL OF PUBLIC SERVICE

Established: 2004
www.clintonschool.uasys.edu

Located on the grounds of the William J. Clinton Presidential Center and Park in Little Rock, the University of Arkansas Clinton School of Public Service is the first graduate school in the nation to offer a Master of Public Service (MPS) degree, both in a classic campus setting and online. As part of the school's unique curriculum, students complete hands-on public service projects, including local work in Arkansas communities and international projects across the world.

The model is unique in higher education because most of the school's financial investment is in scholarship and service and not in infrastructure and overhead. Little Rock's River Market serves as its student union. The Central Arkansas Main Library is the school library. When there is a need for auditorium space, the school accesses the Clinton Library, the Statehouse Convention Center or the Ron Robinson Theater – all of which are within walking distance.

The school's curriculum is enhanced with a national and international speaker series which brings in leaders and scholars from the arts, business, education, government, international development, nonprofits, philanthropy and public service and are free and open to the public. The speakers have included United States presidents and ambassadors, Pulitzer Prize recipients, and Nobel Prize winners.

DIVISION OF AGRICULTURE

Established: 1959

www.division.uaex.edu

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

The Division of Agriculture has earned patents in a variety of research programs in food science, animal science, plant pathology, horticulture, biological and agricultural engineering, poultry science, crop, soil, and environmental sciences; and the Rice Research and Extension Center. Volunteers are an extremely important component of delivering Extension programs, particularly in 4-H, Extension Homemakers and Master Gardeners.

ARKANSAS ARCHEOLOGICAL SURVEY

Established: 1967
https://archeology.uark.edu/

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

Arkansas Archeological Survey databases contain information on more than 50,000 archeological sites and 8,000 projects, available to qualified professional archeologists at state and federal agencies, colleges and universities, and federally recognized tribes. The Survey's curation facility, managed jointly with the University of Arkansas Museum, provides a secure, state-of-the-art home for both Survey and University artifact collections. Students and teachers across Arkansas use the Survey's educational websites to learn about our state's prehistoric and historic cultural heritage.

CRIMINAL JUSTICE INSTITUTE

Established: 1988
www.cji.edu

The Criminal Justice Institute (CJI) is a campus of the University of Arkansas System that serves a unique population of non-traditional students—certified law enforcement professionals who are actively employed within the state's law enforcement organizations. The Institute is committed to making communities safer by supporting law enforcement professionals through training, education, resources and collaborative partnerships.

Utilizing both online learning opportunities and classroom-based instruction, CJI provides an educational experience designed to enhance the performance and professionalism of law enforcement in progressive areas of policing, including law enforcement leadership and management, forensic sciences, computer technologies and related crimes, traffic safety, illicit drug investigations and school safety. In addition, the Institute develops and delivers curriculum in cyberterrorism and sexual assault management and investigation through the National Center for Rural Law Enforcement (NCRLE), a division of CJI committed to helping rural law enforcement agencies effectively combat crime in their communities.

UNIVERSITY OF ARKANSAS SYSTEM *e*VERSITY

Established: 2014
Enrollment: 550
www.eVersity.edu

The University of Arkansas System *e*Versity is a fully accredited, 100 percent-online institution created by the UA Board of Trustees in March 2014 to serve students who are unable to access traditional higher education campuses and to help adult working learners earn credentials and degrees. The mission of *e*Versity is to provide high-quality online courses, affordable tuition and workforce-relevant degree programs, along with using data analytics to help promote student success to earn credentials. *e*Versity began offering classes in partnership with existing UA System institutions in the spring of 2016 and is now a fully self-sustaining operation that processes financial aid, enrolls, promotes and graduates students within its unique schedule of seven annual abbreviated sessions.

Faculty from across the UA System develop and deliver rigorous certificate and degree programs in tandem with *e*Versity's international award-winning instructional design team to provide students with high-quality online coursework through free Open Educational Resources. There are never any fees or additional charges for books. *e*Versity currently enjoys an incredibly high student success rate with more than 90 percent of its students succeeding in their classes.

UNIVERSITY OF ARKANSAS SYSTEM
www.uasys.edu

The System administration carries out the governance and administration of the University of Arkansas System in accordance with policies of the Board and the President.

The System administration includes the activities that further the efforts to meet the goals of the strategic plan for the UA System and to achieve its comprehensive mission. In this capacity, the System office provides the oversight and development of policies and procedures to assist the campuses and units; provides oversight of the preparation of annual operating budgets and financial reports to the Board; prepares the consolidated annual financial statements; administers a program of employee benefits and risk management; provides legal advice and representation; provides internal audits and risk assessments of the fiscal operations of the campuses and entities; and coordinates public and media relations, communications, and governmental relations activities on behalf of the System, campuses and entities. The System Office further provides administrative staff support for the Board and President. Academic Affairs provides leadership and guidance to assist campuses and entities to meet statewide goals in student retention and graduation.


150
YEARS


Clinton School of Public Service


NEVER FORGET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UNIVERSITY OF
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UNIVERSITY OF ARKANSAS, FAYETTEVILLE
Charles Robinson, *Interim Chancellor*
Ann Bordelon, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS AT FORT SMITH
Terisa Riley, *Chancellor*
Carey Tucker, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS AT LITTLE ROCK
Christy Drale, *Chancellor*
Jerry Ganz, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES
Cam Patterson, *Chancellor*
Amanda George, *Vice Chancellor for Finance and Administration and CFO*

UNIVERSITY OF ARKANSAS AT MONTICELLO
Peggy Doss, *Chancellor*
Alex Becker, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS AT PINE BLUFF
Laurence Alexander, *Chancellor*
Carla Martin, *Vice Chancellor for Finance and Administration*

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS
Steve Cole, *Chancellor*
Charlotte Johnson, *Vice Chancellor for Business and Financial Services*

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS
G. Keith Pinchback, *Chancellor*
Stan Sullivant, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE
Zachary Perrine, *Interim Chancellor*
Mandy Walker, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE
Christine Holt, *Chancellor*
Cindy Lance, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON
Lisa Willenberg, *Chancellor*
Jeff Mullen, *Vice Chancellor for Finance and Operations*

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Margaret Ellibee, *Chancellor*
Charlette Moore, *Vice Chancellor of Finance and CFO*

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN
Phillip Wilson, *Chancellor*
Kate Miller, *Vice Chancellor of Finance & Administration*

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES, & THE ARTS
Corey Alderdice, *Director*
Ashley Smith, *Director of Finance*

UNIVERSITY OF ARKANSAS SYSTEM *e*Versity
Michael Moore, *Chief Academic Officer*

This report was prepared by the Office of Finance and Administration and is available on the University of Arkansas System's website at www.uasys.edu

APPENDIX D

Form of Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Board of Trustees of the University of Arkansas (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., in connection with the issuance of the Issuer's Parking System Revenue Bonds (UAMS Campus), Refunding and Improvement Series 2022A and Taxable Improvement Series 2022B, dated February 15, 2022 (collectively, the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of February 15, 2022 (the "Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Issuer and The Bank of New York Mellon Trust Company, N.A., in its capacity as the Trustee and as the initial Dissemination Agent, covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and The Bank of New York Mellon Trust Company, N.A., for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). Neither the Trustee nor the Dissemination Agent shall have any liability with respect to the content of any disclosure provided hereunder and the Dissemination Agent shall be responsible only for sending notices hereunder.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

"Disclosure Representative" shall mean the Vice Chancellor for Finance and Chief Financial Officer of UAMS or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

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

"Financial Obligation" shall mean a

(A) debt obligation;

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

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

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

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

"State" shall mean the State of Arkansas.

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

SECTION 3. Provision of Annual Reports. (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than December 31 of each year (or 180 days after the end of the Issuer's fiscal year if the Issuer's fiscal year changes), commencing with the report after the end of the fiscal year ending June 30, 2022, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report shall be filed in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and UAMS may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted not more than 60 days after becoming available. If the Issuer's or UAMS's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f). The Annual Reports and audited financial statements may be posted on the EMMA System on the Issuer's customized EMMA issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." So long as such Annual Reports and audited financial statements shall be posted as set forth in the previous sentence within the time-period set forth in this Section 3, the Issuer shall be deemed to have complied with this Section 3.

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Issuer and the Dissemination Agent to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that the Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice thereof with the MSRB in substantially the form set forth in Exhibit A hereto or in the form as prescribed by the MSRB.

(d) On or prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee specifying filings made by it pursuant to Section 3 of this Disclosure Agreement and stating the date it was provided to the MSRB.

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

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

(a) Information of the type set forth in the Official Statement dated January 13, 2022 relating to the Bonds (the "Official Statement") under the caption **UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**, **Pledged Revenues**, for the fiscal year then ended and the four prior fiscal years, to the extent that such information is available.

(b) The annual audited financial statements of the Issuer and of UAMS, each prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board or applicable State law.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed on the EMMA system or any successor MSRB internet website or otherwise submitted to the MSRB or Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. (a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds within ten (10) business days of the occurrence thereof:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on the debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events adversely affecting the tax status of the Bonds;

7. modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the Issuer or UAMS;

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

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. incurrence of a Financial Obligation of the Issuer or UAMS, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or UAMS, any of which affect security holders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or UAMS, any of which reflect financial difficulties.

(b) The Dissemination Agent shall, within three (3) business days of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

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

(d) If the Issuer has determined that the occurrence of a Listed Event must be reported under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f). The Issuer may submit to the Dissemination Agent the form of the notice to be provided pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be required to be reported under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer in writing to report the occurrence of a Listed Event, the Dissemination Agent shall file in a timely manner not in excess of three (3) business days after receiving notification from the Issuer of the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Issuer. If the Issuer has provided a form of the notice as set forth in subsection (d) of this Section, the Dissemination Agent shall file the Issuer's form of notice. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Such notices may be posted on the EMMA System on the Issuer's customized EMMA issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." So long as such notices shall be posted as set forth in the previous sentence within the time-period set forth in this Section 5(f), the Issuer shall be deemed to have complied with this Section 5(f). Notwithstanding the foregoing, notice of the Listed Events described in subsections (a)(8) and (9) need not be given any earlier than the notice for the underlying event is given to registered owners of affected Bonds pursuant to the terms of the Indenture.

(g) The Trustee shall provide the Issuer with notice of the occurrence of the change of name of the Trustee in a timely manner which will allow the Issuer to make a filing of a Listed Event within the time-frame set forth in this Section.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent upon thirty (30) days written notice to the then current Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time upon thirty (30) days written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent; provided that, the Trustee has specifically agreed to assume such duties in a separate written agreement. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested in writing by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" with respect to the Bonds, or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented with respect to the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Prior to executing any amendment or waiver, there shall be delivered to the Trustee and the Dissemination Agent an opinion of counsel, upon which the Trustee and Dissemination Agent shall conclusively rely, to the effect that such amendment or waiver is authorized or permitted by the terms of this Disclosure Agreement.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written request of the Participating Underwriter or the Owners of at least 25% in aggregate principal amount of Outstanding Bonds and upon receiving indemnity satisfactory to the Trustee, shall), or any Owners or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article IX of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall not be liable for any action taken or neglected to be taken in performing or attempting to perform its obligations hereunder other than for its gross negligence or willful misconduct. Notwithstanding any provision herein to the contrary, in no event shall the Dissemination Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement and no implied covenants or obligations shall be read into this Disclosure Agreement against the Dissemination Agent. Unless prohibited by law, the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorney's fees, costs and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive the termination of this Disclosure Agreement or the sooner resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given in writing as follows:

To the Issuer:	Board of Trustees of the University of Arkansas 2404 North University Avenue Little Rock, Arkansas 72207 Attention: Vice President for Finance and Chief Financial Officer Telephone/Fax: 501-686-2500/501-686-2939
with a copy to:	University of Arkansas for Medical Sciences 4301 West Markham Street Little Rock, Arkansas 72205 Attention: Vice Chancellor for Finance and Chief Financial Officer Telephone/Fax: 501-686-5670/501-686-8137
and a copy to:	University of Arkansas System General Counsel 2404 North University Avenue Little Rock, Arkansas 72207 Attention: General Counsel Telephone/Fax: 501-686-2520/501-686-2517
To the Dissemination Agent or the Trustee:	The Bank of New York Mellon Trust Company, N.A. 601 Travis Street, The Chase Center Houston, Texas 77002 Attention: Corporate Trust Fax: 732-667-4584

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Governing Law. The provisions of this Disclosure Agreement shall be governed by the laws of the State, without regard to conflict of law principles.

[Signature page follows.]

Dated: February 15, 2022.

BOARD OF TRUSTEES OF THE
UNIVERSITY OF ARKANSAS

By ___________________________
President

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

By ___________________________
Authorized Officer

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

By ___________________________
Authorized Officer

EXHIBIT A

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

Name of Issuer:	Board of Trustees of the University of Arkansas
Name of Bond Issue:	Board of Trustees of the University of Arkansas Parking System Revenue Bonds (UAMS Campus), Refunding and Improvement Series 2022A and Taxable Improvement Series 2022B
Date of Issuance:	February 15, 2022

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement between the Issuer and the undersigned dated February 15, 2022.

Dated: ______________________, ____

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

By:__________________________________
Authorized Officer

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BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS • PARKING SYSTEM REVENUE BONDS (UAMS CAMPUS)
REFUNDING AND IMPROVEMENT SERIES 2022A AND TAXABLE IMPROVEMENT SERIES 2022B

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Product group from well managed forests, controlled sources and recycled wood or fiber.

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