

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 29, 2025**

**NEW ISSUE  
(Book Entry Only)**

**RATING: Moody's: "Aa2" (Stable Outlook)†**

*In the opinion of bond counsel, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, and (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. In bond counsel's further opinion, under existing law, interest on the Bonds is exempt from all present State, county and municipal taxation in the State of Arkansas (See TAX MATTERS herein.).*



**\$12,680,000\***  
**BOARD OF TRUSTEES OF THE  
UNIVERSITY OF ARKANSAS  
STUDENT TUITION AND FEE REVENUE BONDS  
(UNIVERSITY OF ARKANSAS –  
PULASKI TECHNICAL COLLEGE),  
REFUNDING SERIES 2025**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside front cover**

The Bonds are general obligations only of the Board of Trustees of the University of Arkansas (the "Board"). The Bonds will be secured by a specific pledge of, and payable first from, Pledged Revenues (as defined herein). Neither the faith and credit nor the taxing power of the State of Arkansas (the "State") are pledged to the payment of the principal of or the interest on the Bonds, and the Bonds are not secured by a mortgage or lien on any lands or buildings of the State or the Board. The Board has no taxing power. The pledge of the Pledged Revenues in favor of the Bonds is on a parity with the pledge of Pledged Revenues in favor of certain outstanding obligations (as described herein). See **SECURITY FOR THE BONDS** herein. The Bonds are being issued for the purpose of current refunding certain outstanding bonds and paying costs of issuance of the Bonds (see **PURPOSES FOR THE BONDS** herein).

See **Appendix A – THE UNIVERSITY OF ARKANSAS SYSTEM AND THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE** hereto for information regarding the Board, the System (as defined herein), and UA-PTC (as defined herein).

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

Interest on the Bonds is payable semiannually on March 1 and September 1, commencing March 1, 2026. All such interest payments shall be payable to the person in whose name such Bonds are registered on the bond registration books maintained by Bank OZK, Little Rock, Arkansas, as Trustee (the "Trustee"). Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of DTC participants or indirect participants, as more fully described herein.

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

*The Bonds are offered when, as and if issued, subject to the approval of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, bond counsel. It is expected that the Bonds will be available for delivery at the facilities of DTC in New York, New York on or about November 25, 2025.*

**Stephens Inc.**

**Crews&Associates**

Dated: \_\_\_\_\_, 2025

† See DESCRIPTION OF RATING herein.

\* Preliminary; subject to change.

**\$12,680,000\***  
**BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS**  
**STUDENT TUITION AND FEE REVENUE BONDS**  
**(UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE)**  
**REFUNDING SERIES 2025**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS\***

| <u>Year</u><br><u>(September 1)</u> | <u>Principal</u><br><u>Amount</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>CUSIP</u> † |
|-------------------------------------|-----------------------------------|--------------------------------|--------------|----------------|
| 2026                                | \$1,260,000                       |                                |              |                |
| 2027                                | 1,090,000                         |                                |              |                |
| 2028                                | 1,140,000                         |                                |              |                |
| 2029                                | 1,200,000                         |                                |              |                |
| 2030                                | 1,265,000                         |                                |              |                |
| 2031                                | 1,320,000                         |                                |              |                |
| 2032                                | 1,375,000                         |                                |              |                |
| 2033                                | 1,450,000                         |                                |              |                |
| 2034                                | 1,525,000                         |                                |              |                |
| 2035                                | 515,000                           |                                |              |                |
| 2036                                | 540,000                           |                                |              |                |

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\* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included solely for the convenience of the registered owners of the Bonds. The Board and the Underwriters are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the Board on the Bonds and by the Underwriters on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

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

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

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

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

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

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

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## SUMMARY STATEMENT

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

### **The Bonds**

The Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (University of Arkansas – Pulaski Technical College), Refunding Series 2025, in the aggregate principal amount of \$12,680,000\* (the "Bonds"), to be dated as of the date of their delivery, will be issued under the authority of the Constitution and laws of the State of Arkansas (the "State"), including particularly Arkansas Code of 1987 Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and pursuant to a resolution duly adopted by the Board of Trustees of the University of Arkansas (the "Board") on September 26, 2025. The Bonds will be issued under and secured by a Trust Indenture, dated as of the date of delivery of the Bonds (the "Indenture"), between the Board and Bank OZK, Little Rock, Arkansas, as trustee (the "Trustee"). See **SUMMARY OF THE INDENTURE** herein.

### **Redemption\***

The Bonds are subject to redemption prior to maturity, at the option of the Board, from funds from any source, on and after September 1, 2035, in whole or in part (from such maturities and interest rates as may be determined by the Board and by lot within a maturity) at any time, at the redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date, as described herein. See **REDEMPTION** herein.

### **Use of Proceeds**

As described herein, the proceeds from the sale of the Bonds will be used to provide a portion of the funds necessary to current refund the Board of Trustees of Pulaski Technical College Student Tuition and Fee Refunding Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), and to pay costs of issuance of the Bonds. See **PURPOSES FOR THE BONDS** herein. The Board is obligated to make payments on the Series 2015 Bonds pursuant to the Agreement of Merger and Plan of Transition dated as of July 28, 2016 by and between the Board and the Board of Trustees of Pulaski Technical College, under which Pulaski Technical College merged into the University of Arkansas System.

### **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 Pledged Revenues (as hereinafter defined) and the funds and accounts held pursuant to the Indenture. To the extent the Pledged Revenues are insufficient to pay obligations under the Indenture, the Board shall pay such obligations from any other moneys available to it in accordance with the Constitution and laws of the State. The Bonds are equally and ratably secured, and the pledge of Pledged Revenues in favor of the Bonds is on a parity with the pledge in favor of the Board's Student Tuition and Fee Revenue Bonds (University of Arkansas – Pulaski Technical College), Taxable Refunding Series 2019A (the "Series 2019 Bonds"), to the extent outstanding.

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\* Preliminary; subject to change.

The term "Pledged Revenues" is defined as the gross revenues derived from the student tuition and fees payable by the students of the University of Arkansas – Pulaski Technical College.

See **Appendix A – THE UNIVERSITY OF ARKANSAS SYSTEM AND THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE** hereto and **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS** herein.

The Indenture permits the issuance of additional bonds and obligations secured by a pledge of the Pledged Revenues on a parity with pledge of Pledged Revenues securing the Bonds and subordinate to the pledge of Pledged Revenues securing the Bonds. See **SUMMARY OF THE INDENTURE, Additional Parity Bonds and Subordinate Obligations** herein.

The Board has covenanted that it shall use due diligence to ensure collection of the Pledged Revenues until all Bonds have been retired in full. The Board has further covenanted that it will take all action necessary to maintain Pledged Revenues at a level equal to not less than 110% of the maximum annual principal and interest on the Bonds, the Series 2019 Bonds, and any Additional Parity Bonds (as defined under **SUMMARY OF THE INDENTURE, Additional Bonds and Subordinate Obligations** herein). See **SUMMARY OF THE INDENTURE, Pledged Revenues; Permitted Encumbrances; Rate Covenant** herein.

**There is no debt service reserve securing the Bonds.**

[Remainder of page intentionally left blank.]

## OFFICIAL STATEMENT

**\$12,680,000\***

**BOARD OF TRUSTEES OF THE  
UNIVERSITY OF ARKANSAS  
STUDENT TUITION AND FEE REVENUE BONDS  
(UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE),  
REFUNDING SERIES 2025**

### INTRODUCTION

This Official Statement of the Board of Trustees of the University of Arkansas (the "Board"), including the cover page, inside cover page, Summary Statement, and Appendices, is furnished with respect to the sale by the Board of its Student Tuition and Fee Revenue Bonds (University of Arkansas – Pulaski Technical College), Refunding Series 2025, in the aggregate principal amount of \$12,680,000\* (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 – Pulaski Technical College ("UA-PTC"). The financial data with regard to the Board and UA-PTC has been provided from the records of the Board and UA-PTC.

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 26, 2025.

The Bonds are general obligations only of the Board. The Bonds are equally and ratably secured by a Trust Indenture to be dated as of the date of delivery of the Bonds (the "Indenture"), between the Board and Bank OZK, Little Rock, Arkansas, as trustee (the "Trustee"). The Indenture establishes the terms and conditions upon which the Bonds are issued. The Bonds will be payable from Pledged Revenues (defined below) and, to the extent Pledged Revenues are insufficient, from such other moneys as are available to the Board under the Constitution and laws of the State. The Bonds are secured by a pledge of the Pledged Revenues on a parity with the pledge of Pledged Revenues in favor of the Board's Student Tuition and Fee Revenue Bonds (University of Arkansas – Pulaski Technical College), Taxable Refunding Series 2019A (the "Series 2019 Bonds"), to the extent outstanding. The Indenture permits the issuance of "Additional Parity Bonds" (as defined under **SUMMARY OF THE INDENTURE, Additional Parity Bonds and Subordinate Obligations** herein) secured by a pledge of the Pledged Revenues on a parity with the pledge in favor of the Bonds and obligations with a pledge of the Pledged Revenues that is subordination to the pledge in favor of the Bonds (see **SUMMARY OF THE INDENTURE, Additional Parity Bonds and Subordination Obligations** 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, Pledged Revenues; Permitted Encumbrances; Rate Covenant** herein.

The term "Pledged Revenues" is defined as the gross revenues derived from the student tuition and fees payable by the students of UA-PTC.

See **APPENDIX A – THE UNIVERSITY OF ARKANSAS SYSTEM AND THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE** hereto and **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS** herein.

Descriptions of the Board, the Bonds, the System (as defined in Appendix A hereto), UA-PTC, the Indenture and other documents are included in this Official Statement. Such descriptions do not purport to be

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\* Preliminary; subject to change.

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.

### **PURPOSES FOR THE BONDS**

The proceeds of the Bonds will be used, along with funds contributed by UA-PTC to current refund the Board of Trustees of Pulaski Technical College Student Tuition and Fee Refunding Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), and to pay costs of issuance. The Board is obligated to make payments on the Series 2015 Bonds pursuant to the Agreement of Merger and Plan of Transition dated as of July 28, 2016 by and between the Board and the Board of Trustees of Pulaski Technical College, pursuant to which Pulaski Technical College merged into the System.

A portion of the proceeds from the sale of the Bonds, along with funds contributed by UA-PTC, will be deposited in an escrow fund with the trustee for the Series 2015 Bonds and invested in United States Treasury Obligations and applied on December 26, 2025 (or the first practicable date thereafter) to redeem the Series 2015 Bonds at a price of par plus accrued interest. The Series 2015 Bonds were issued to current refund the Board of Trustees of Pulaski Technical College Student Tuition and Fee Revenue Bonds, Series 2004 (the "Series 2004 Bonds") and to current refund the Board of Trustees of Pulaski Technical College Student Tuition and Fee Revenue Bonds, Series 2006 (the "Series 2006 Bonds"). The Series 2004 Bonds were issued to (i) acquire, renovate, and furnish what is now UA-PTC's Little Rock South Campus, including acquisition of the land, (ii) to acquire, renovate, and furnish UA-PTC's Little Rock West Campus, which is no longer operating, and (iii) to acquire furnishings and equipment for the Campus Center on UA-PTC's main campus. The Series 2006 Bonds were issued to construct and renovate the Transportation Technology Center on UA-PTC's Little Rock South Campus.

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## USE OF PROCEEDS\*

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

### Proceeds:

|                        |                  |
|------------------------|------------------|
| Par Amount of Bonds    | \$12,680,000     |
| UA-PTC Contribution    | 2,457,780        |
| Original Issue Premium | <u>1,439,119</u> |
| Total Proceeds:        | \$16,576,899     |

### Uses:

|                                              |                |
|----------------------------------------------|----------------|
| Refunding of Series 2015 Bonds               | \$16,383,365   |
| Costs of Issuance and Underwriters' Discount | <u>193,534</u> |
| Total Uses:                                  | \$16,576,899   |

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 March 1 and September 1 of each year commencing March 1, 2026, at the rates set forth on the inside cover page of this Official Statement, and will mature on September 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 (whether or not a business day) immediately preceding the month in which any interest payment date on the Bonds occurs. Interest will be payable by check drawn upon the Trustee or by wire transfer if requested by a Registered Owner of Bonds in the principal amount of \$1,000,000 or more.

## REDEMPTION

The Bonds shall be subject to redemption prior to maturity, in the principal amount of \$5,000 or any integral multiple thereof, as follows:

### **Optional Redemption\***

The Bonds are subject to redemption prior to maturity, at the option of the Board, from funds from any source, on and after September 1, 2035, in whole or in part (from such maturities and interest rates as may be determined by the Board and by lot within a maturity) at any time, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

So long as the Bonds are issued in book-entry-only form, if fewer than all the Bonds of a particular maturity are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry-only form, notice of redemption will be mailed, first class mail, postage prepaid, or sent via other standard means, including electronic or

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\* Preliminary; subject to change.

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 Bonds.**

In the event that the Bonds are converted to certificated form, selection of fewer than all Bonds of a maturity and interest rate of a series 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.

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## 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 will be secured by a pledge of, and 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 obligations under the Indenture, the Board shall pay such obligations from any other moneys available to it in accordance with the Constitution and laws of the State. See **Appendix A – THE UNIVERSITY OF ARKANSAS SYSTEM AND THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE** hereto and **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS** herein.

The Bonds will be secured by a pledge of the Pledged Revenues on a parity with the pledge of Pledged Revenues in favor of the Series 2019 Bonds (collectively, the "Existing Parity Bonds"). The term "Pledged Revenues" is defined as the gross revenues derived from the student tuition and fees payable by the students of UA-PTC.

Pledged Revenues for certain prior fiscal years are set out in Appendix A hereto under **THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE, Pledged Revenues**. Debt service schedules for the Existing Parity Bonds are set out in Appendix A hereto under **THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE, Debt Service Requirements for Bonds and Existing Parity Bonds**.

The Indenture permits the issuance of additional bonds and obligations secured by a pledge of the Pledged Revenues on a parity with pledge of Pledged Revenues securing the Bonds and subordinate to the pledge of Pledged Revenues securing the Bonds. See **SUMMARY OF THE INDENTURE, Additional Parity Bonds and Subordinate Obligations** herein.

The Board has covenanted (i) to promptly pay the principal of and interest on the Bonds, (ii) that it shall use due diligence to ensure collection of the Pledged Revenues until all Bonds have been retired in full, (iii) take all action necessary to maintain Pledged Revenues at a level equal to not less than 110% of the maximum annual principal and interest on the Bonds, the Existing Parity Bonds, and any Additional Parity Bonds (as defined under **SUMMARY OF THE INDENTURE, Additional Parity Bonds and Subordinate Obligations** herein), (iv) not to pledge the Pledged Revenues as security for any other indebtedness or borrowing and not to create any charges upon or liens against (except those created by the Indenture) on the Pledged Revenues, except as permitted to secure additional bonds as permitted pursuant to the Act (see **SUMMARY OF THE INDENTURE, Additional Parity Bonds and Subordinate Obligations**), and (v) to promptly discharge all claims and judgments which will become liens against the Pledged Revenues. See also **SUMMARY OF THE INDENTURE, Pledged Revenues; Permitted Encumbrances; Rate Covenant** herein.

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

**No debt service reserve will secure the Bonds.**

## BOOK-ENTRY ONLY SYSTEM

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing 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](http://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

### Application of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

Refunding. Proceeds of the Bonds, along with a contribution by UA-PTC, necessary to accomplish the refunding of the Series 2015 Bonds shall be deposited into a special fund in the name of the Board designated "Escrow Fund" held by the trustee for the Series 2015 Bonds and applied to the redemption of the Series 2015 Bonds on December 26, 2025 (or the earliest practicable date thereafter) at a price of par plus accrued interest.

Cost of Issuance. The balance shall be deposited to the credit of an account created and designated "Series 2025 Cost of Issuance Fund" (the "Cost of Issuance Fund") and used to pay costs of issuing the Bonds and accomplishing the refunding. Moneys remaining in the Cost of Issuance Fund on February 1, 2026 will be transferred to the Bond Fund and used to pay interest on the Bonds.

### Disposition of Pledged Revenues

The Bonds are secured by a pledge of, and are payable from, the Pledged Revenues, and by moneys in the various funds and accounts created pursuant to the Indenture. The pledge of Pledged Revenues to the Bonds is on a parity with the pledge of Pledged Revenues in favor of the Series 2019 Bonds, to the extent outstanding. The Board has pledged the Pledged Revenues to the payment of the principal of, premium, if any, and interest on the Bonds. To the extent the Pledged Revenues and the Trust Estate established pursuant to the Indenture are insufficient to pay the obligations of the Board pursuant to the Indenture, the Board has covenanted to pay such obligations from such other moneys as are available to the Board under the Constitution and laws of the State.

### Bond Fund

The Board has established with the Trustee a special fund in the name of the Board designated "Series 2025 Bond Fund" (the "Bond Fund"). Amounts credited to the Bond Fund shall be expended solely (i) to pay the principal of, premium, if any, and interest on the Bonds; (ii) to pay the fees and expenses of the Trustee; and (iii) to make required payments with respect to arbitrage rebate as described in the Indenture. The Vice Chancellor (as hereinafter defined) of UA-PTC shall deposit or cause to be deposited into the Bond Fund, from Pledged Revenues, no later than 4:00 p.m. on the fifteenth day of the month next preceding each interest payment date, each redemption date, and the maturity date of the Bonds, any sums required, in addition to amounts already on deposit in the Bond Fund, to equal the amounts necessary to make the payments described in the preceding sentence.

The Bonds, the Existing Parity Bonds, and any Additional Parity Bonds shall be specifically secured by a parity pledge of all Pledged Revenues. The obligation to make payments into the Bond Fund as described above, the obligation to make payments into the bond funds for the outstanding Existing Parity Bonds (collectively, the "Existing Parity Bond Fund") required by the trust indentures securing the Existing Parity Bonds (collectively, the "Parity Indentures"), and the obligation to make payments into the bond fund for any Additional Parity Bonds (the "Additional Parity Bond Fund") shall be on a parity. If Pledged Revenues and such other moneys are insufficient to make the payments into the Bond Fund, the Existing Parity Bond Fund, and any Additional Parity Bond Funds, the available moneys shall be distributed between the Bond Fund, the Existing Parity Bond Fund, and any Additional Parity Bond Funds in proportion for the required payments.

## **Pledged Revenues; Permitted Encumbrances; Rate Covenant**

In the Indenture, the Board covenants that it shall use due diligence to ensure collection of the Pledged Revenues until all Bonds secured by the Indenture have been retired in full. The Board covenants not to pledge the Pledged Revenues as security for any other indebtedness or borrowing and not to create any charges upon or liens against the Pledged Revenues, except as described below under **Additional Parity Bonds and Subordinate Obligations**, as long as the Bonds are outstanding and to promptly discharge all claims and judgments which will become liens against the Pledged Revenues.

In the Indenture, the Board covenants that it will take all action necessary to maintain Pledged Revenues at a level equal to not less than 110% of the maximum annual principal and interest on the Bonds, the Existing Parity Bonds, and any Additional Parity Bonds, each to the extent outstanding.

## **Additional Parity Bonds and Subordinate Obligations**

No additional bonds or other obligations of indebtedness may be issued with a prior pledge of the Pledged Revenues. "Additional Parity Bonds" may be issued ranking on a parity of pledge of the Pledged Revenues provided that Pledged Revenues, as so certified by the Vice Chancellor for Finance of UA-PTC (the "Vice Chancellor"), for the then preceding fiscal year, equaled no less than 110% of the maximum annual debt service on the then outstanding Bonds, the then outstanding Existing Parity Bonds, any then outstanding Additional Parity Bonds, and the Additional Parity Bonds then proposed to be issued.

The Board is authorized to issue bonds, notes or other obligations secured by a pledge of Pledged Revenues which is in all respects junior and subordinate to the pledge of Pledged Revenues in favor of the Bonds ("Subordinate Obligations"); provided, however, that before Subordinate Obligations are issued, the Board will deliver to the Trustee a certificate signed by the Vice Chancellor to the effect that the amount of Pledged Revenues received during the immediately preceding fiscal year was in an amount at least equal to 100% of the aggregate amount of (1) the amount of principal and interest due on the Bonds then outstanding, the Existing Parity Bonds then outstanding, and any Additional Parity Bonds then outstanding on the next two ensuing interest payment dates; and (2) maximum annual debt service on all other Subordinate Obligations during the term of the Bonds, computed with regard to all outstanding Bonds, Existing Parity Bonds, Additional Parity Bonds, and other Subordinate Obligations outstanding as of the time immediately following the issuance of the Subordinate Obligations proposed to be issued.

## **Investment of Funds**

Moneys held for the credit of the Bond Fund and the Cost of Issuance Fund shall, pursuant to the written direction of the Vice Chancellor, be invested and reinvested by the Trustee in Permitted Investments which shall mature, or which shall be subject to redemption by the holder thereof, at the option of the holder, not later than the date or dates when the money held for the credit thereof will be required for the purposes intended.

"Permitted Investments" shall mean any of the following:

- (a) Government Obligations;
- (b) Direct obligations of an agency, instrumentality or government-sponsored enterprise created by an act of the United States Congress and authorized to issue securities or evidences of indebtedness, regardless of whether the securities or evidences of indebtedness are guaranteed for repayment by the United States Government;
- (c) Money market funds, including funds of the Trustee or its affiliates, (i) rated (at the time of purchase) in the highest rating category for this type of investment by S&P or Moody's or (ii) comprised exclusively of Government Obligations and/or the obligations described in clause (b) above;

(d) (i) Federal funds, or banker's acceptances, maturing in not more than 360 days, issued or accepted by commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of not lower than A-1 by S&P or P-1 by Moody's, (ii) U.S. dollar denominated certificates of deposit issued by commercial banks or savings and loans and fully insured by the Federal Deposit Insurance Corporation, or (iii) U.S. dollar denominated certificates of deposit issued by commercial banks or savings and loans, provided (a) the payment of principal of and interest on the certificate is fully secured by a pledge of Government Obligations or other securities authorized by Arkansas law to secure public funds, and (b) the Trustee receives an opinion of counsel satisfactory to the Trustee to the effect that the certificate holder holds a valid and legally effective security interest in the pledged Government Obligations or other securities authorized by Arkansas law to secure public funds;

(e) Senior debt obligations and mortgage-backed securities of the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System, and the Federal National Mortgage Association, and guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association;

(f) U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a financial institution, non-profit or other entity which have a rating of at least "A-" by S&P or "A3" by Moody's on the date of purchase;

(g) U.S. dollar denominated commercial paper issued or guaranteed by a corporation, company, financial institution, trust or other entity which have a rating of at least "A-1" by S&P or "P-1" by Moody's on the date of purchase;

(h) Deposit accounts, negotiable certificates of deposit, and bankers' acceptances with commercial banks which have a rating on their short term certificates of deposit on the date of purchase of at least "A-1" by S&P or "P-1" by Moody's (ratings on holding companies are not considered as the rating of the bank);

(i) Investment agreements with or guaranteed by banks, other financial institutions, insurance companies or other entities which are (i) rated (in the case of an insurance company, with respect to its claims-paying ability) not lower than the following categories by S&P or Moody's: if the investment agreement has a term of one year or less, A-1 or P-1; if the investment agreement has a term of more than one year, AA- or A-1, or Aa3 or P-1; provided, however, that should the rating required above be reduced, such institution shall be permitted to deposit collateral with the Trustee, in such amount and under such circumstances as are acceptable to each rating agency then maintaining a rating on the Bonds; or (ii) fully collateralized with Government Obligations;

(j) Tax-Exempt Obligations;

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

"Government Obligations" shall mean 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.

"Tax-Exempt Obligations" shall mean (a) obligations the interest on which is excluded from gross income of the owner thereof for federal income tax purposes under Section 103(a) of the Code, that are rated in the two highest long-term or short-term rating categories by S&P or Moody's, and are not private activity bonds under the Code; and (b) United States Treasury Obligations-State and Local

Government Series. If a bond rating agency other than S&P or Moody's is maintaining a rating on the Bonds, ratings comparable to those described above shall be required for such obligations.

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

#### **Events of Default and Remedies of Bondholders**

The Indenture defines "Events of Default" as:

- (a) Payment of the principal and premium, if any, on any of the Bonds shall not be made when the same shall become due and payable; or
- (b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or
- (c) The Board shall for any reason be rendered incapable of fulfilling its obligations under the Indenture; or
- (d) Any proceeding shall be instituted, with the consent or acquiescence of the Board, for the purpose of adjusting the claims of creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of Pledged Revenues; or
- (e) The Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or the Indenture, and such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Board by the Trustee, which may give such notice in its discretion and shall give such notice upon the written request of the registered owners of not less than 20% in principal amount of the Bonds then outstanding; provided, however, that if the default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by or on behalf of the Board within the applicable period and diligently pursued until the default is corrected; or
- (f) An event of default shall occur under the Parity Indentures or any subsequent trust indenture securing any Additional Parity Bonds.

Upon the happening and continuance of any Event of Default, the Trustee may, and upon written request of the registered owners of not less than 20% in principal amount of the Bonds then outstanding shall, by a notice in writing to the Board, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and immediately payable, and upon such declaration the same shall become and be immediately due and payable.

Upon the happening and continuance of any Event of Default, the Trustee may proceed, and upon the written request of the owners of not less than 20% in principal amount of the Bonds then outstanding shall proceed, subject to the provisions of the Indenture giving the Trustee the right to indemnity, to protect and enforce its rights and the rights of the owners 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 therein granted or for the enforcement of any proper legal or equitable remedy, including mandamus, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

If at any time the moneys in the Bond Fund shall not be sufficient to pay the principal of or the interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturities as

provided above), such moneys then available or thereafter becoming available for such purposes after payment of the fees and expenses of the Trustee, whether through the exercise of the remedies provided above or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due, in the order of maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such 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 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 became due, and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege; 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 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 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), in the event that the principal shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provisions of paragraph (a) above.

Whenever moneys are to be applied by the Trustee as aforesaid, 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 owners of not less than 20% 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 the prior 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 date of the Bonds shall have been deposited with the Trustee (whether upon or prior to the maturity or 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.

## **THE UNIVERSITY OF ARKANSAS SYSTEM AND THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE**

Information regarding the Board, the University of Arkansas System, and UA-PTC is contained in **Appendix A – THE UNIVERSITY OF ARKANSAS SYSTEM AND THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE** hereto. Such information should be read in its entirety.

## **FINANCIAL STATEMENTS**

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, 2024, which consolidated financial statements have been audited by the Arkansas Legislative Audit of the State of Arkansas, as indicated in its report dated December 4, 2024, which report is also included in **Appendix C**. Each year UA-PTC is audited independently as part of the consolidated financial statement audit of the System. Financial information regarding UA-PTC is included in the audited consolidated financial statements for the System attached hereto as **Appendix C**. The notes set forth in **Appendix C** are an integral part of the consolidated financial report, and the report's financial statements and notes should be read in their entirety. Audited financial statements of the University of Arkansas System for prior fiscal years may be obtained at the University of Arkansas System's website (currently <http://www.uasys.edu/system-administration/finance-and-administration/financial-statements/>) or at the Arkansas Legislative Audit's website (currently <http://www.arklegaudit.gov/> using the search term "University of Arkansas"). These financial statements should be read in their entirety.

## **TAX MATTERS**

### **Federal Law**

In the opinion of Friday, Eldredge & Clark, LLP, bond counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of bond counsel is subject to the condition that the Board comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal tax purposes under Section 103 of the Code. These requirements generally relate to arbitrage, the use of proceeds of the Bonds, and restrictions on the ownership and use of the capital improvements being refinanced with proceeds of the Bonds. The Board has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. It cannot be predicted whether or in what form any such proposals or clarifications might be enacted or approved or whether, if enacted or approved, it would apply to bonds issued before enactment or approval. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any enacted, pending or proposed federal or state tax legislation, regulations, clarifications or litigation, as to which Bond Counsel expresses no opinion.

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

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

## **State Law**

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

## **CONTINUING DISCLOSURE**

### **General**

The Board has entered into a Continuing Disclosure Agreement with Bank OZK (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](http://www.emma.msrb.org), and may be obtained on the EMMA website on the Board's customized issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." Though the method to access the Board's EMMA issuer page may change in the future due to changes in the website, the Board's EMMA issuer page can currently be accessed through the "Browse Issuers" tab by selecting Arkansas as the state and scrolling down or using the "Search within list" function to locate the "Board of Trustees of the University of Arkansas Financial Information" page. If an interested party is unable to access the Board's EMMA issuer page, assistance can be obtained by contacting the Vice President for Finance and Chief Financial Officer of the System.

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

### **Past Compliance**

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

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

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

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 November 21, 2024, East Arkansas CC was merged into the System (see **THE UNIVERSITY OF ARKANSAS SYSTEM, Generally, University of Arkansas – East Arkansas Community College** in Appendix A hereto). During the past five years, East Arkansas CC, on behalf of the St. Francis County Community College District, has been an obligated person with respect to continuing disclosure agreements entered into in connection with the St. Francis County Community College District Limited Tax General Obligation Refunding Bonds (East Arkansas Community College), Series 2021 and the St. Francis County Community College District General Obligation Refunding Bonds (East Arkansas Community College), Series 2016 (which were refunded by the 2021 issue) (collectively, the "EACC Obligated Bonds"). The Board was not initially the obligated person with respect to the continuing disclosure agreements entered into in connection with the EACC Obligated Bonds, and, as such, the Board had no obligation to make filings with respect to the EACC Obligated Bonds prior to the fiscal year ending June 30, 2025. By virtue of the merger, the Board became the obligated person for post-merger disclosure with respect to the EACC Obligated Bonds beginning with the fiscal year ending June 30, 2025. In each year prior to the fiscal year ended June 30, 2024, East Arkansas CC had instances of failure to comply with its obligations under the EACC 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. On November 26, 2024, such past-due annual reports and audited financial statements (to the extent available) were posted on the EMMA page for the outstanding EACC Obligated Bonds. The information regarding East Arkansas CC and the EACC Obligated Bonds 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 the System and by UA-PTC to perform professional services in the capacity of financial advisor. In its role as financial advisor to the System and UA-PTC, PFM has provided advice on the plan of financing and structure of the Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. PFM has not independently verified the factual information contained in this Official Statement, but relied on the information supplied by UA-PTC, the System, and other sources and the Board's certification as to the Official Statement.

## **LEGAL AND LEGISLATIVE MATTERS AND OTHER CONSIDERATIONS**

### **Legal Opinions**

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. The proposed opinion of Bond Counsel is attached as Appendix B 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.

See the information under the caption **THE UNIVERSITY OF ARKANSAS SYSTEM, ARE-ON Litigation** in Appendix A hereto.

### **Factors Affecting the Board's Funding**

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

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

In its 2025 regular session, the Arkansas General Assembly adopted the Arkansas ACCESS Act (the "ACCESS Act"), which introduces a "return on investment" metric into the Productivity-Based Funding Model beginning in the 2026-2027 academic year. Rules regarding implementation of the return on investment metric will be promulgated by the Arkansas Division of Higher Education. At this time, the System is unable to predict any effect of the ACCESS Act's changes to the Productivity-Based Funding Model on System campuses.

In addition, the ACCESS Act implements certain limitations on the types of programs, teaching practices, and admissions practices commonly referred to as "diversity, equity, and inclusion" for Arkansas public institutions of higher education, including the campuses of the System. A violation of these limitations can jeopardize State funding. The System is in compliance with the requirement of the ACCESS Act.

From time to time, the Arkansas General Assembly implements individual and income tax decreases because of a number of factors, including budget surpluses. There can be no assurance that decreased taxation will not eventually result in funding decreases for State institutions of higher education.

## **Factors Related to UAMS**

### General.

The Board has previously issued bonds secured by revenues attributable to in-patient services and other ancillary, therapeutic and diagnostic services (the "UAMS Hospital Revenue Bonds") provided at hospital facilities of the University of Arkansas for Medical Sciences ("UAMS"). As of June 30, 2025, approximately \$537,895,000 in aggregate principal amount of UAMS Hospital Revenue Bonds was outstanding (the outstanding bonds amount does not include the Arkansas Development Finance Authority Tobacco Settlement Revenue Bonds, Series 2006 (Arkansas Cancer Research Center Project), which are secured in part by UAMS revenues (see Note 23 to Appendix C hereto)). The Board has also issued its \$32,390,000 Parking System Revenue Bonds (UAMS Campus), Refunding and Improvement Series 2022A and Taxable Improvement Series 2022B, which are secured by parking revenues of UAMS. The UAMS Hospital Revenue Bonds and other bonds issued for the benefit of UAMS, like the Bonds, are general obligations of the Board, and to the extent the revenues pledged to such obligations are insufficient to pay debt service thereon, the Board is obligated to pay debt service from any other moneys available in accordance with the Constitution and laws of the State.

It should be noted that approximately 35% of the Board's fiscal year 2024 and approximately 35% (unaudited) of the Board's fiscal year 2025 operating and non-operating revenues were derived from patient care services provided through UAMS and the UAMS Medical Center (the "Medical Center"). While this exposes the Board to the healthcare sector's challenges, the Board believes that the Medical Center's substantial scale, specialty services not provided elsewhere in the State, and strong inpatient and outpatient utilization levels mitigate the overall healthcare risk to the Board's revenues. As further set forth below, however, legislative mandates, public policy considerations, and the COVID-19 pandemic have had and may continue to have a significant financial impact on UAMS.

### The Health Reform Law and the Arkansas Private Option Program.

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

A significant component of the Affordable Care Act is reformation of the sources and methods by which consumers pay for health care for themselves and their families, and by which employers procure health insurance for their employees and dependents of their employees and, as a consequence, expansion in the overall number of consumers of health care services. The Affordable Care Act was designed, in substantial part, to make available, or subsidize the premium costs of, health care insurance for some of the millions of uninsured (or underinsured) consumers, in particular those who fall below certain income levels. The Affordable Care Act proposed to accomplish that objective through various provisions, including the following: (i) the creation of active markets (referred to as exchanges) in which individuals and small employers can purchase health care insurance for themselves and their families or their employees and dependents; (ii) the provision of means tested subsidies for premium costs to certain individuals and families based upon their income relative to federal poverty levels; (iii) the requirement that individual consumers obtain, and certain employers provide, a minimum level of health care insurance, and the provision of a penalty in the form of taxes on consumers and employers that do not comply with these mandates; (iv) the expansion of private commercial insurance coverage generally through reforms such as prohibition on denials of coverage for pre-existing conditions and elimination of lifetime

or annual cost caps; and (v) the expansion of existing public programs for individuals and families, including the Medicaid program. The Affordable Care Act has produced some of the results expected from its passage – an increase in utilization of health care services by those who were avoiding or rationing their health care. Although bad debt expenses and/or charity care may have been reduced as a result of some provisions of the Affordable Care Act, increased utilization has also resulted in increased variable and fixed costs of providing such health care services, which costs may or may not be offset by increased revenues.

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

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

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

The Work Requirement, the first of its kind in the nation, became effective in June of 2018, and required non-exempt beneficiaries to report 80 hours each month of work, work training, education, or community service. The reporting process, which required the submission of hours through an online portal, proved to be controversial. In August 2018, Arkansas Works had 265,223 total enrollees. By December 2018, 18,000 beneficiaries had been removed from the program. In March of 2019, the Work Requirement was struck down by a federal judge in the United States District Court for the District of Columbia (*Gresham v. Azar*). In February of 2020, a federal appeals court panel for the United States Court of Appeals for the District of Columbia Circuit unanimously upheld the lower court's ruling striking down the Work Requirement. The Trump Administration petitioned the United States Supreme Court to hear an appeal of the decision and that petition was granted in December 2020. Oral arguments originally set for late March were cancelled at the request of the acting U.S. Solicitor General. The Biden administration reversed the position of the Trump administration regarding waiver approvals for work requirements in conjunction with the Medicaid program. On March 17, 2021, CMS revoked

the waiver previously issued to Arkansas. The Supreme Court dismissed the pending appeal as moot on April 18, 2022.

Because the earlier decision did not grant a stay, the Work Requirement was not in effect after March of 2019 and individuals who lost eligibility for Arkansas Works coverage are currently eligible to reapply. Reauthorization and appropriation of the program for 2019 was impacted as a result of the initial decision by the federal judge; although the bill to fund the Division of Medical Services, which implements the state Medicaid program, passed the Senate, it failed in the House of Representatives, achieving only 58 votes (75 required). Brought before the chamber again, the bill received the 75 votes needed to fund the program for 2019. Since the Medicaid Expansion in 2013, it has proven difficult to achieve the 75 necessary votes necessary for the Division of Medical Services' appropriation. Reauthorization was extended for another year without controversy in April 2020. In 2021, the reauthorization and appropriation bill passed on its fifth try in the House, eventually receiving 78 votes to pass, though it passed on the first vote in the Senate. Reauthorization was extended without controversy in 2022, 2023, 2024, and 2025.

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

Given these developments, legislation known as the Arkansas Health and Opportunity for Me Act ("ARHOME") has been enacted by the Arkansas General Assembly and signed by the Governor. ARHOME retains the private insurance model for purchasing health insurance plans for participants that exists in the current Arkansas Works program, but makes the private option available only to those applicants who meet certain work requirements similar to those previously included in the Arkansas Works program. Otherwise qualifying applicants who do not satisfy such work requirement incentives will nevertheless be covered under ARHOME on a fee-for-service basis, under which providers are generally reimbursed for services at a lesser rate than by private insurers. CMS approved some provisions of ARHOME on December 21, 2021. CMS did not approve the State's request to continue to require individuals with income above 100 percent of the federal poverty level to pay a share of the premiums for their coverage. CMS has approved a provision relating to Life360 HOMES for additional support for pregnant women. The provisions of ARHOME approved by CMS became effective January 1, 2022. CMS approved other provisions of ARHOME on January 17, 2025, including the remaining provisions of Life360 HOMES, which would provide additional aid for people with mental illnesses and young people at risk for long-term poverty. Life360 HOMES focusing on the health of certain key groups are: Maternal Life360, focusing on high-risk pregnancies, new moms, and babies; Rural Life360, focusing on Arkansans living with mental illness or substance abuse issues in rural communities; and Success Life360, focusing on young adults that at risk of long-term poverty poor health outcomes.

Governor Sarah Huckabee Sanders announced on February 15, 2023 that she had directed the Arkansas Department of Human Services to implement a work requirement for able-bodied adults who receive enhanced Medicaid coverage through ARHOME. Implementation of the work requirement would require an amendment to the ARHOME Section 1115 Medicaid Demonstration Waiver to be approved by CMS. The proposed amendment to the Section 1115 Medicaid Demonstration Waiver was filed for CMS approval on June 2, 2023 and remains under CMS review. The amendment request was subsequently withdrawn on March 19, 2025.

The Arkansas Department of Human Services Division of Medical Services filed the most recent amendment request to the ARHOME Section 1115 Medicaid Demonstration Waiver on March 26, 2025 entitled "Pathway to Prosperity." This re-establishes work and community engagement requirements for the Medicaid expansion population and reflects lessons learned from the State's efforts in 2018-2019 to institute work

requirements then known as "Arkansas Works." The amendment requests addresses additional efforts to provide clear communication and outreach to make sure beneficiaries understand the requirements and how to comply, as compared to the earlier program implementation. The amendment request specifically addresses the analysis of the court and concerns raised in *Gresham v. Azar*, which struck down the state's initial work requirements. Finally, the request addresses the recent U.S. Supreme Court decision in *Loper Bright Enterprises v. Raimondo*, which significantly changes the standards for which courts are to evaluate administrative actions and is discussed more fully below. The requested amendments to the waiver remain pending.

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.

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 regarding the timing of the obligation to reimburse overpayments. Further, the Affordable Care Act authorizes the Secretary of Health and Human Services ("HHS") to exclude a provider's participation in the Medicare, Medicaid and the Children's Health Insurance Program programs, as well as to suspend payments to a provider, pending an investigation of a credible allegation of fraud against the provider. The potential for increased legal exposure due to the Affordable Care Act's enhanced compliance and regulatory requirements, disclosure and transparency obligations, quality of care expectations and extraordinary enforcement provisions could increase the UAMS's operating expenses.

With expanded health insurance coverage under the Affordable Care Act, UAMS has benefitted from reduced charity care write-offs and bad debt expenses. A portion of those gains, however, have been offset by the increase in high deductible insurance plans under which insured patients are more likely to fail to make payment. UAMS has also benefitted from the expansion of the Medicaid program and increased Medicaid reimbursement for services provided by employed physicians. Conversely, the Affordable Care Act has resulted in lower Medicare reimbursements and reduced Medicare and Medicaid DSH funding. The new reimbursement

methodologies have resulted in increased pressures for greater operational efficiency. Also, since commercial and managed care insurers have experienced increased regulation and fees, UAMS's negotiations with those insurers have become more difficult.

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

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

Several attempts to repeal and/or replace the Affordable Care Act have been made since its passage. While past attempts have not been successful in gaining the approval of both chambers of Congress, certain portions of the Affordable Care Act have been repealed or their implementation delayed. As a result of the passage of the Tax Cuts and Jobs Act of 2017, the Affordable Care Act's requirement that individuals obtain health insurance or pay a penalty was 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 ranged from a decrease of -1.77% to an increase of 5.87%. Approved rate changes for 2022 ranged from no increase to an increase of 8.2%. Approved rate changes for 2023 ranged from an increase of 7.1% to 13.7%. Approved rate changes for 2024 range from a decrease of 1.7% to an increase of 9.5% for an overall weighted average increase of 4.1% on the individual market and 5.4% for small group plans. The Arkansas Insurance Department has approved average rate hikes of 6.2% for individual market plans and 10.2% for small group plans for the 2025 plan year. 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.

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.

On July 4, 2025, H.R.1 - One Big Beautiful Bill Act was signed into law and became Public Law No: 119-21 ("OBBB"). The OBBB is expected to result in major reductions in federal healthcare spending to offset part of the costs of extending expiring tax cuts. A cost estimate from the Congressional Budget Office predicts a reduction in federal Medicaid spending over the next ten years by an estimated \$793 billion (while some estimates exceed \$1 trillion), and an increase of approximately 10 million uninsured individuals. Additionally, the expiration of enhanced premium tax credits for ACA Marketplace enrollees and insurance payers is expected to result in additional loss of coverage and a significant growth in premium costs for both the insured and their employers. The OBBB does include \$50 million in funding for state grants through a Rural Health Transformation Program to provide assistance to rural hospitals who are adversely impacted by the increase in uninsured populations. The major sources of Medicaid spending cuts involve implementing work and reporting requirements for ACA expansion coverage, limiting and reducing provider taxes in expansion states, revising the payment limit for state directed payments, and increasing the frequency of eligibility determinations for ACA expansion coverage. This legislation represents the most significant changes to date in rolling back benefits put in place by the Affordable Care Act, most notably impacting states who have elected to expand Medicaid.

UAMS is unable to predict the impact of any executive or legislative agendas that may be pursued in the future. Any legislative or executive actions to repeal, replace, cut-back, or limit the Affordable Care Act or related laws could have an adverse impact on UAMS and its revenues, and such impact could be material.

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 a material amount of 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.

On June 28, 2024, in *Loper Bright Enterprises v. Raimondo*, No. 22-451 and *Relentless, Inc. v. Department of Commerce*, No. 22-1219, the U.S. Supreme Court overturned the decades-old *Chevron* doctrine of judicial deference to a federal agency's interpretation of an ambiguous statute. The decision came in response to a pair of cases brought by two fishing vessel operators challenging federal regulations on fishery management in federal waters. Although the underlying cases were not health care related, the decision may significantly affect the highly regulated health care industry. An amicus brief filed by a coalition of health care entities stated that "[o]verruling *Chevron* would have an enormous impact on the administration of federal programs – including Medicare, Medicaid, and CHIP – that are crucial to public health." Although the Court overruled the *Chevron* doctrine, the decision emphasized that prior decisions that relied on the *Chevron* framework are not overturned. Additionally, the Court stated that a court may look to the federal agency's interpretation of a statute, as reflected in regulation or other agency action, for guidance in interpreting its meaning.

At this time, management of UAMS is unable to predict the potential impact of this ruling on UAMS or the health care industry in general. However, the ruling is expected to result in a delay or chill in future federal agency rulemaking and an increase in litigation challenging existing and future federal rules and regulations governing health care. Some have argued that federal agencies under HHS, such as the CMS, have exceeded the authority granted by Congress in the statutes governing government funded health programs such as Medicare and Medicaid. Therefore, the rules and regulations promulgated by such agencies may be particularly susceptible to challenge under the new ruling. While less judicial deference to federal agencies may be welcome to some in the health care industry, it may introduce uncertainty in the federal regulatory framework governing health care and a potentially disparate body of case law across jurisdictions that could make it more difficult for health care providers, such as UAMS, to fully comply with the federal laws governing health care.

#### Effect of COVID-19 on UAMS.

As with most healthcare institutions, the COVID-19 pandemic had a significant impact on UAMS and its financial condition, and the COVID-19 pandemic resulted in decreased revenues and increased expenses for UAMS. For the fiscal year ended June 30, 2020, UAMS's change in net position was a loss of \$15.7 million, with a total reduction in net position of approximately \$60 million attributed to COVID-19 before relief funding. For the fiscal year ended June 30, 2021, UAMS's change in net position was an increase of approximately \$61.5 million, with a total reduction in net position of approximately \$50 million attributed to COVID-19 before relief funding. For the fiscal year ended June 30, 2022, UAMS's change in net position was a decrease of approximately \$31.8 million, with a total reduction in net position of approximately \$20 million attributed to COVID-19 before relief funding. For the fiscal year ended June 30, 2023, UAMS's change in net position was a decrease of approximately \$46.4 million. For the fiscal year ended June 30, 2024, UAMS's change in net position was an increase of approximately \$146,000. For the fiscal year ended June 30, 2025, UAMS's change in net position was a decrease of approximately \$6.1 million (unaudited). Relief funding recognized during the fiscal years ended June 30, 2020, June 30, 2021 and June 30, 2022 was approximately \$34.1 million, \$46.4 million and \$36.8 million, respectively. No additional relief funding was received during the fiscal years ended June 30, 2023, June 30, 2024, or June 30, 2025.

## Cybersecurity

The System and its campuses rely on a complex technology environment to conduct their operations. As a recipient and provider of personal, private and sensitive information, the System and its campuses face multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, and other attacks on computers and other sensitive digital networks, systems, and assets. Universities and healthcare institutions such as UAMS have been targeted by outside third parties, including technically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide services to the System and its campuses, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The System and its campuses use a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. Despite its efforts, no assurances can be given that the security and operational control measures employed by the System and its campuses will be successful in guarding against any and each cyber threat and attack, especially because the techniques used are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber-attacks have not had a material impact on the financial condition, results or business of the System or any System campus; however, the System is not able to predict the severity of these attacks. The results of any attack on the System's or a campus's computer and information technology systems could impact its operations for an unknown period of time, damage the System's and campus's digital networks and systems, and damage the System's and a campus's reputation, financial performance, and customer or vendor relationships, perhaps materially. Such an attack could also result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the System's or a campus's reputation and relationships could adversely affect the System or a campus and their financial condition.

Cybersecurity incidents have occurred across System campuses in the past several years, but only a few constituted actual breaches and non were material. Actions taken in response to these incidents include: (i) establishing a System-wide cybersecurity program for issuing mandatory security requirements, guidance regarding critical risk and technical assistance; (ii) procuring a third-party risk assessment tool; (iii) obtaining a System-wide cybersecurity insurance policy; (iv) requiring all campuses to upgrade certain software subscriptions to include cybersecurity and anti-ransomware tools; (v) requiring semi-annual written cybersecurity risk assessments, based on National Institute of Science and Technology (NIST) standards, to be provided to the Board of Trustees, President and Campus Chancellors; and (vi) adopting a Board policy requiring cybersecurity incidents to be reported to the System CIO and CISO, Internal Audit and General Counsel. State law requires the reporting of cybersecurity incidents to Arkansas Legislative Audit.

On February 21, 2024, Change Healthcare, one of the nation's largest health payment processing companies, experienced a cyberattack which compromised many of its services and systems. As a result, Change Healthcare took the affected systems offline which led to a significant disruption of claims processing and cash flow to healthcare organizations that utilize its services. Change Healthcare provides UAMS with clearinghouse services for hospital and professional clinical claims submission, payment management, and pre-billing eligibility verification as well as pharmacy claims submission and eligibility verification.

As a result of the disconnection, UAMS took immediate action to mitigate the financial impact by implementing an alternative clearinghouse vendor for commercial claims submission, establishing a direct connection to Medicare, and manually keying claims directly to Medicaid. Payment management was limited to those payers in which UAMS could independently secure an electronic remittance advice.

To mitigate the cash flow impact, which decreased weekly clinical cash flow by as much as 50%, UAMS received a Medicare accelerated payment of \$16.4 million and \$13.2 million from the Change Healthcare

(CHC) Temporary Funding Assistance Program. The Medicare accelerated payment has been repaid in full. The repayment of funding from the CHC Temporary Funding Assistance Program was repaid on December 5, 2024.

## **UNDERWRITING**

Under a Bond Purchase Agreement (the "Agreement") entered into by and between the Board and the underwriters listed on the cover page (collectively, the "Underwriters"), the Bonds are being purchased at a purchase price of \$\_\_\_\_\_ (the principal amount of the Bonds [plus] [net] original issue [premium] of \$\_\_\_\_\_ and less Underwriters' discount of \$\_\_\_\_\_). The Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Bonds or any proceedings in connection with the issuance thereof and the absence of material adverse changes in the financial or operating condition of the Board.

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

Certain of the Underwriters and their affiliates together comprise full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Such activities may involve or relate to assets, securities and/or instruments of the Board, the System and certain of its campuses, and/or UA-PTC (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the Board, the System and certain of its campuses, and/or UA-PTC. The Underwriters and their affiliates may have, from time to time, engaged, and may in the future engage, in transactions with, and performed and may in the future perform, various investment banking services for the Board, the System and certain of its campuses, and/or UA-PTC for which they received or will receive customary fees and expenses. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Board, the System and certain of its campuses, and/or UA-PTC and any affiliates thereof in connection with such transactions and/or services. In addition, the Underwriters and their affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the Board, the System and certain of its campuses, and/or UA-PTC 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, Chair of the University of Arkansas Board of Trustees, is the spouse of an officer of Stephens Inc., one of the Underwriters.

## **DESCRIPTION OF RATING**

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

The Board has furnished to the above rating agency certain information and materials, some of which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions furnished to and obtained and made by the rating agencies. There is no assurance that a rating will remain for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Neither the

Board nor the Underwriters have undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of a rating or to oppose any such revision or withdrawal. Any downward change in or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

### **FORWARD-LOOKING STATEMENTS**

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

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

### **MISCELLANEOUS**

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

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

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

DATED: As shown on the Cover Page hereof.

### **BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS**

By: \_\_\_\_\_  
President of the University of Arkansas System

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**APPENDIX A –  
THE UNIVERSITY OF ARKANSAS SYSTEM AND  
THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE**

**THE UNIVERSITY OF ARKANSAS SYSTEM**

**Generally**

The University of Arkansas was established in Fayetteville as a land grant institution, originally named "Arkansas Industrial University," by legislative act of the General Assembly in 1871. Classes at the University of Arkansas commenced January 22, 1872 and, in 1899, the institution's name was changed to the University of Arkansas (the "University"). Since then, either through mergers or other authority of the Board, the University has established multiple campuses, divisions, or units, which collectively are referred to as the University of Arkansas System (the "System"). The System's campuses, divisions, and units (other than UA-PTC, which is described under **THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE**) 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 100 fields of study and doctoral degrees in approximately 59 different areas. Fayetteville is the county seat of Washington County.

University of Arkansas for Medical Sciences ("UAMS"). Founded in 1879 as the University of Arkansas Department of Medicine, the University of Arkansas Medical Center was established by the Board as a campus of the University in 1975. In 1981, the name was changed to the University of Arkansas for Medical Sciences. UAMS is comprised of the College of Medicine, the College of Pharmacy, the College of Nursing, the College of Health Professions, the College of Public Health, the Graduate School, the regional Area Health Education Centers, the Outpatient Center (formerly known as the Ambulatory Care Center) and Level 1 Trauma Center, the Winthrop P. Rockefeller Cancer Institute, the Harvey and Bernice Jones Eye Institute, the Jackson T. Stephens Spine and Neurosciences Institute, the Psychiatric Research Institute, the Translational Research Institute, the Orthopaedic and Spine Hospital, and the Donald W. Reynolds Institute on Aging. Students attend classes in Little Rock and at the Northwest Regional Campus in Fayetteville.

University of Arkansas at Little Rock ("UA Little Rock"). UA Little Rock was founded in 1927 as Little Rock Junior College and, in 1957, became a four-year institution called Little Rock University. In 1969, Little Rock University merged into the System and the school adopted the name University of Arkansas at Little Rock. The UA Little Rock William H. Bowen School of Law offers the professional degree of Juris Doctor, and UA Little Rock now offers over 60 other graduate and professional programs and approximately ten 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 33 Bachelor's Degree programs, 8 Associate Degree programs, 11 Master's Degree programs, and one doctoral program among the following academic schools: Agriculture, Fisheries, and Human Sciences, Business and Management, Education, and Arts and Sciences.

University of Arkansas at Fort Smith ("UAFS"). UAFS was first established as Fort Smith Junior College in 1928 as an extension of the local public school system. Until 1950, it operated within the public school system and offered primarily college-parallel courses. In 1950, it was separated from the public school system and incorporated as a private, nonprofit educational institution. UAFS has experienced several name changes since its founding. In 1966, the College was renamed Westark Junior College, in 1972 it became Westark Community College, and in 1998 it became Westark College. On January 1, 2002, pursuant to the Merger Agreement and Plan of Transition dated December 15, 2000, Westark College became the University of Arkansas at Fort Smith. UAFS offers approximately two Master's Degree programs and approximately 37 Bachelor's Degree programs. In addition, UAFS offers associates degrees in applied science, general studies, art, and science in 21 academic fields), as well as approximately 49 programs under which students can earn a technical certificate or a certificate of proficiency.

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

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

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

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

Cossatot Community College of the University of Arkansas ("CCCUA"). Cossatot Vocational Technical School was created by the Arkansas General Assembly in 1975 and was constructed on 40 acres of

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

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

University of Arkansas – East Arkansas Community College ("UAEACC"). The entity that is now UAEACC was established in 1974 as a public two-year community college ("East Arkansas CC") with a mission to provide post-secondary educational opportunities to the citizens of St. Francis County, Arkansas and surrounding areas. UAEACC is located in Forrest City, Arkansas. In 2017, the Arkansas General Assembly approved the merger of Crowley's Ridge Technical Institute (a public technical college located on a campus adjacent to the UAEACC campus in Forrest City, Arkansas) into East Arkansas CC. Effective November 21, 2024, East Arkansas CC became part of the System and was designated "University of Arkansas – East Arkansas Community College."

### **Other Programs, Locations and Entities**

Other System-affiliated programs, locations and entities are as follows:

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

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

University of Arkansas System eVersity ("eVersity"). In 2014, the Board established eVersity, the System's first 100% online institution. In May, 2022, the Board approved the elimination of the degree programs offered by eVersity and the closure of its operations in order to facilitate the integration of eVersity and UA-Grantham (as defined below under University of Arkansas – Grantham), the newest System campus, into a single entity. This integration has been completed, and the surviving entity will continue to operate as University of Arkansas - Grantham. As part of the integration, all eVersity assets and liabilities have been transitioned to UA-Grantham, and eVersity students have been allowed to transfer to UA-Grantham without any restriction or detriment.

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

Arkansas Archeological Survey. The mission of the Arkansas Archeological Survey is to study and protect the 13,000-year archeological heritage of Arkansas, to preserve and manage information and collections from archeological sites and to communicate what is learned to the people of the State. The survey has 10

research stations across the State, each with a full-time PhD archeologist associated with regional higher education institutions and state parks. The archeologists conduct research, assist other state and federal agencies and are available to local officials, amateur archeologists, landowners, educators and students in need of information about archeology or archeological sites.

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

Arkansas School for Mathematics, Sciences and the Arts ("ASMSA"). ASMSA is the State's premier high school focusing on excellence in math, science and the arts. Located in Hot Springs, ASMSA is one of 15 residential high schools in the country specializing in the education of gifted and talented students who have an interest and aptitude for mathematics and science. All classes are taught at the college level, and the school offers nearly 60 concurrent courses. Through ASMSA's Concurrent Core program, all students graduate high school with an average of at least 50 hours of college credit. In fall 2025, ASMSA launched its Online Academy to provide its coursework in virtual format for Arkansas students who are unable to relocate to Hot Springs.

University of Arkansas – Grantham ("UA-Grantham"). On August 30, 2021, the Board entered into an Asset Purchase Agreement to acquire the assets and assume certain liabilities (consisting primarily of service and vendor contracts, any liabilities to students, and office lease obligations) of Grantham University ("Grantham"), a for-profit online institution of higher education with approximately 4,000 active students and more than 60 degree programs. The acquisition was closed on November 1, 2021, and Grantham became known as the "University of Arkansas – Grantham." In order to fund the cost of the acquisition and associated expenses, the Board entered into an unsecured \$8,000,000 variable rate revolving line of credit with Regions Commercial Equipment Finance, LLC. Grantham was founded in 1951 to serve World War II veteran educational needs. It began offering exclusively online programs in the late 1990s. Grantham has maintained a focus on military students, and current or past service members currently make up approximately 67% of its student body. UA-Grantham is accredited through the Distance Education Accrediting Commission. UA-Grantham is also accredited by the Accrediting Board of Engineering and Technology, the Commission of Collegiate Nursing Education, and the International Accreditation Council for Business Education. In May 2022, the Board approved the integration of eVersity with UA-Grantham, and such integration has been completed. UA-Grantham is the surviving institution and has assumed all of the assets and liabilities of eVersity. eVersity students have been allowed to transfer to UA-Grantham without restriction or detriment.

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

Merger and Plan of Transition with North Arkansas College. The Board and the Board of Trustees of North Arkansas College ("NAC"), a two-year community college located in Harrison, Boone County, Arkansas in the north-central part of the State, have entered into an Agreement of Merger and Plan of Transition dated as of July 24, 2025 (the "NAC Agreement"). Pursuant to the NAC Agreement, it is contemplated that NAC will become a campus of the System and will be known as North Arkansas College of the University of Arkansas. The merger will not become effective until approval and confirmation of continued accreditation is received from the Higher Learning Commission of the North Central Association. The System anticipates that this approval and confirmation will be considered in March 2026, with the merger to become effective in mid-2026.

Once the merger is completed, the Board and the System will assume NAC's liabilities. NAC has outstanding three bond issues that are secured by collections of a property tax levied in Boone County, Arkansas (the "NAC Property Tax"), including the Board of Trustees of North Arkansas College Special Obligation Refunding Bonds, Series 2019 (the "NAC 2019 Bonds"), the Board of Trustees of North Arkansas College Special Obligation Capital Improvement Bonds, Series 2022 (the "NAC 2022 Bonds"), and the Board of Trustees of North Arkansas College Special Obligation Capital Improvement Bonds, Series 2025 (the "NAC 2025 Bonds" and, together with the NAC 2019 Bonds and the NAC 2022 Bonds, the "NAC Property Tax Bonds"). As of June 30, 2025, the NAC Property Tax Bonds were outstanding in the following principal amounts: \$4,865,000 for the NAC 2019 Bonds; \$1,760,000 for the NAC 2022 Bonds; and \$2,250,000 for the NAC 2025 Bonds. After the merger, the NAC Property Tax Bonds will continue to be secured by and payable from the NAC Property Tax, but the NAC Property Tax Bonds will not be general obligations of the Board.

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## Board of Trustees

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

| <u>Name and Office</u>             | <u>Business or Profession</u>            | <u>Term Expires</u> |
|------------------------------------|------------------------------------------|---------------------|
| Kelly Eichler, Chair*              | Attorney                                 | 2026                |
| Steve Cox, Vice Chair              | Business Executive                       | 2028                |
| Ed Fryar, PhD, Secretary           | Business Executive                       | 2029                |
| Kevin Crass, Assistant Secretary** | Attorney                                 | 2033                |
| Ted Dickey                         | Business Executive                       | 2030                |
| Jeremy Wilson                      | Business Executive                       | 2031                |
| Nathaniel Todd                     | State Government                         | 2032                |
| Scott Ford                         | Business Executive                       | 2034                |
| Randy Lawson                       | Business Executive                       | 2027                |
| Judd Deere                         | Government Management and Communications | 2035                |

\* Ms. Eichler is the spouse of an officer of Stephens Inc., one of the Underwriters.

\*\* Mr. Crass is a partner with Friday, Eldredge & Clark, LLP, bond counsel.

## System Administration

The current officers of the System are:

| <u>Name</u>        | <u>Office</u>                               |
|--------------------|---------------------------------------------|
| Jay B. Silveria*   | President                                   |
| Tara Smith         | Vice President for Finance and CFO          |
| Michael Moore, PhD | Vice President for Academic Affairs         |
| Deacue Fields, PhD | Vice President for Agriculture              |
| Melissa K. Rust    | Vice President for University Relations     |
| Steven Fulkerson   | Vice President for Administration and CIO   |
| Chris Thomason     | Vice President for Planning and Development |
| David Curran       | General Counsel                             |

\* Retired Lieutenant General Jay B. Silveria became President of the System effective January 15, 2025.

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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## Student Enrollment-All Campuses

Preliminary enrollment for the fall semesters of the school years indicated below for each campus of the System (expressed as full-time equivalents and including concurrent enrollment) was as follows:<sup>(1)</sup>

|                                                                         | <u>Fall 2021-22</u> | <u>Fall 2022-23</u> | <u>Fall 2023-24</u> | <u>Fall 2024-25</u> | <u>Fall 2025-26</u> |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| University of Arkansas, Fayetteville                                    | 25,193              | 26,976              | 28,335              | 29,807              | 30,429              |
| University of Arkansas at Little Rock <sup>(2)</sup>                    | 5,567               | 5,430               | 5,372               | 5,434               | 5,611               |
| University of Arkansas for Medical Sciences                             | 2,727               | 2,785               | 2,886               | 3,027               | 3,063               |
| University of Arkansas at Monticello                                    | 2,072               | 2,040               | 2,093               | 2,130               | 2,253               |
| University of Arkansas at Pine Bluff                                    | 2,503               | 2,080               | 1,854               | 1,901               | 1,854               |
| Phillips Community College of the University of Arkansas                | 715                 | 710                 | 785                 | 723                 | 755                 |
| University of Arkansas Community College at Hope - Texarkana            | 726                 | 669                 | 686                 | 663                 | 729                 |
| University of Arkansas Community College at Batesville                  | 743                 | 729                 | 835                 | 673                 | 635                 |
| University of Arkansas Community College at Morrilton                   | 1,322               | 1,291               | 1,429               | 1,404               | 1,535               |
| Cossatot Community College of the University of Arkansas                | 824                 | 811                 | 818                 | 791                 | 828                 |
| University of Arkansas at Fort Smith                                    | 4,158               | 4,112               | 4,213               | 4,195               | 4,334               |
| University of Arkansas Community College at Rich Mountain               | 525                 | 471                 | 521                 | 578                 | 603                 |
| University of Arkansas-Pulaski Technical College                        | 3,065               | 2,922               | 2,888               | 2,973               | 3,090               |
| University of Arkansas System eVersity <sup>(3)</sup>                   | 574                 | --                  | --                  | --                  | --                  |
| University of Arkansas - Grantham <sup>(3)</sup>                        | --                  | 3,868               | 2,655               | 2,588               | 2,725               |
| University of Arkansas – East Arkansas Community College <sup>(4)</sup> | --                  | --                  | --                  | 729                 | 734                 |
| Total, All Campuses                                                     | <u>50,714</u>       | <u>54,894</u>       | <u>55,370</u>       | <u>57,616</u>       | <u>59,178</u>       |

<sup>(1)</sup>Based on preliminary fall enrollment reports published by the Arkansas Division of Higher Education.

<sup>(2)</sup> Includes full-time equivalent numbers for the University of Arkansas Clinton School of Public Service.

<sup>(3)</sup> On November 1, 2021, the acquisition and integration of Grantham University into the System was finalized. In 2022, eVersity was integrated into UA-Grantham, and eVersity students were transferred to UA-Grantham. See **THE UNIVERSITY OF ARKANSAS SYSTEM, Other Programs, Locations and Entities**, University of Arkansas System eVersity and University of Arkansas System – Grantham herein. Prior to the System’s acquisition, Grantham University reported a total full-time equivalent enrollment of 3,782 students in school year 2021-22. UA-Grantham has a different enrollment cycle than other System campuses, with courses starting at the beginning of each month.

<sup>(4)</sup> Effective November 21, 2024, East Arkansas CC was merged into the System. See **THE UNIVERSITY OF ARKANSAS SYSTEM, Generally**, University of Arkansas – East Arkansas Community College herein. Prior to the merger into the System, East Arkansas CC reported a total full-time equivalent enrollment (including concurrent enrollment) of 600 students, 580 students, 591 students, and 607 students in the school years 2020-21, 2021-22, 2022-23, and 2023-24, respectively.

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## **ARE-ON Litigation**

The Arkansas Research and Education Optical Network ("ARE-ON") is an unincorporated membership consortium with a mission of promoting, developing, and applying leading technologies to support and enhance research, education, public safety, health care, and economic development in the State. The System is a member of ARE-ON, and certain of ARE-ON's administrative processes are supported by the System.

An information technology company and a financial institution filed a claim in the Arkansas Claims Commission against the System seeking \$7,275,000 plus interest and fees for alleged breach of two June 2020 contracts between ARE-ON and the information technology company. The contracts were for security software and monitoring services to be offered by ARE-ON to its member institutions, including the System. The information technology company alleges that the System is a party to the contract. The System has denied that it is liable to the claimants. The Arkansas Claims Commission is holding the claim against the System in abeyance while the information technology company and the financial institution pursue their claims against ARE-ON in Arkansas state court. The Arkansas Attorney General, on behalf of ARE-ON, has filed a motion to dismiss, and a hearing on the motion is scheduled for November 18, 2025. The System estimates that its maximum liability is approximately \$8,000,000.

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## THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE

### Administrative Officers

The current administrative officers of UA-PTC are:

| <u>Name</u>        | <u>Office</u>                                             |
|--------------------|-----------------------------------------------------------|
| Summer DeProw, PhD | Chancellor                                                |
| Rita Fleming       | Vice Chancellor for Finance                               |
| Ana Hunt, EdD      | Provost and Vice Chancellor of Academic Affairs           |
| John Lewis, EdD    | Vice Chancellor of Enrollment Management and Student Life |
| Wayne Floyd        | Chief Information Officer                                 |
| Michele Granger    | Interim Vice Chancellor of Advancement                    |

### General Information

The institution now known as UA-PTC was established in October 1945 as the Little Rock Vocational Technical School, under the supervision of the Little Rock Public Schools. In October 1969, administration of the school was transferred to the State Board of Vocational Education and the school was renamed Pulaski Vocational Technical School. Early in the 1970's, 137 acres declared surplus by the Veterans Administration was transferred to the North Little Rock School District, and the school was given 40 acres for a new site. The school moved from 14th and Scott in Little Rock to its present location at 3000 West Scenic Drive, North Little Rock, Arkansas in January 1976.

The Arkansas General Assembly, by Act No. 1244 of 1991, designated Pulaski Vocational Technical School as Pulaski Technical College, effective July 1, 1991, which merged with and became part of the Arkansas Technical and Community College system under the coordination of the Arkansas Higher Education Coordinating Board. Effective February 1, 2017, the institution became part of the System and was designated "University of Arkansas – Pulaski Technical College."

UA-PTC is now a comprehensive, two-year college that serves the educational needs of central Arkansas through more than 100 occupational/technical degree and certificate programs, a university-transfer curriculum, and specialized programs for business and industry.

### The Campuses and Facilities

The main campus of UA-PTC is located at 3000 West Scenic Drive in North Little Rock, Arkansas, and is situated on approximately 50.07 acres. Buildings on the main campus include the Administration Building, the Industrial Technology Building, the Business Building, the Facilities Building, the Science Building, Ottenheimer Library, the Information Technology Center, the Allied Health Education Center, the Campus Center (a 91,919 square-foot facility housing student services, UA-PTC's business office, a bookstore, an advising and career center, food service, classrooms, and student services offices), the Business Technology Center, and the Center for Humanities and the Arts (a 87,724 square foot facility featuring classrooms, labs, offices, art studios, a black box theater, and a 500-seat performing arts theater).

UA-PTC has a Little Rock South site at 13000 Interstate 30, Little Rock, Arkansas, which is situated on approximately 23.21 acres. Located on the Interstate 30 site are UA-PTC's Culinary Arts and Hospitality Management Center building, along with an approximately 159,900 square foot Transportation Technology Center building that houses technical and general education programs.

UA-PTC has an Aerospace Technology Center of approximately 36,600 square feet that is located at the North Little Rock Airport at 1600 West Maryland Avenue, North Little Rock, Arkansas.

UA-PTC's Little Rock West building is located at 8901 Kanis Rd in Little Rock. The three-story building is rented by UAMS for a Head Start program, and is no longer utilized by UA-PTC. The building is 34,632 square feet. At this time, UA-PTC is exploring options and opportunities for the building, including the sale of the building.

The facilities presently operated by UA-PTC are as follows:

| <u>Facility</u>                                                                   | <u>Year Built</u>     | <u>Square Feet</u> |
|-----------------------------------------------------------------------------------|-----------------------|--------------------|
| Administration/Main Building<br>(including classrooms, labs and student services) | 1976/1980             | 49,600             |
| Industrial Technology Building                                                    | 1984                  | 20,000             |
| Aerospace Technology Center-A&B Building                                          | 1985/1990/2009        | 36,600             |
| Business Building                                                                 | 1985                  | 10,000             |
| Facilities Building                                                               | 1987/1989/2010        | 16,000             |
| Science Building/Ottenheimer Library                                              | 1996/2006             | 38,456             |
| Information Technology Center                                                     | 1999                  | 41,379             |
| Allied Health Education Center                                                    | 2002                  | 36,500             |
| Campus Center                                                                     | 2006                  | 91,919             |
| Little Learners Academy Building <sup>(1)</sup>                                   | 1995                  | 6,000              |
| Little Rock-South (Interstate 30)<br>(Transportation Technology Center)           | 2005/2008 (purchased) | 159,900            |
| Business Technology Center                                                        | 2011                  | 20,405             |
| Culinary Arts & Hospitality Management                                            | 2013                  | 56,701             |
| Center for Humanities and Arts                                                    | 2015                  | 87,724             |
| Little Rock West Building <sup>(1)</sup>                                          | 2005 (purchased)      | 34,632             |

<sup>(1)</sup> These facilities are not currently operated by UA-PTC; both are leased to UAMS for a Head Start Program.

## Accreditations

UA-PTC is fully accredited by the Higher Learning Commission, a regional accreditation agency recognized by the U.S. Department of Education. Accreditation was reaffirmed for a ten-year period in 2020. UA-PTC's Automotive Technology program is certified as a master-level training program by the Automotive Service Excellence Foundation (ASE). The Aviation Maintenance Technology programs are certified by the Federal Aviation Administration (FAA). The Cosmetology program is licensed by the Cosmetology Section of the Arkansas Department of Health. The Culinary Arts and Baking and Pastry Arts programs are accredited by the American Culinary Federation Education Foundation (ACFEF). The Hospitality Management program is accredited by the Accreditation Commission for Programs in Hospitality Administration (ACPHA). Courses in Wine and Spirits are accredited by the London, England Wine and Spirits Education Trust (WSET). The Dental Assisting program is accredited by the Commission on Dental Accreditation of the American Dental Association (CODA). The Diesel Technology program is accredited by the ASE in Inspection, Maintenance, and Minor Repair for medium/heavy truck. The Respiratory Therapy program is accredited through the Commission on Accreditation for Respiratory Care (CoARC). The Practical Nursing program is approved by the Arkansas Board of Nursing (ASBN). The Occupational Therapy Assistant program is accredited by the Accreditation Council for Occupational Therapy Education (ACOTE). The Early Childhood Program is accredited by the National Association for the Education of the Young Child (NAEYC). The Radiography program is accredited by the Joint Review Committee on Education in Radiologic Technology (JRCERT). The Emergency Medical Sciences programs are approved by the Arkansas Department of Health (ADH) Section of Emergency Medical Services.

(EMS). The Emergency Medical Sciences – Paramedic program is accredited by the Commission on Accreditation of Allied Health Education Programs (CAAHEP) upon the recommendation of the Committee on Accreditation of Educational Programs for the Emergency Medical Services Professions (CoAEMSP). The Health Information Technology program is accredited by the Commission on Accreditation for Health Informatics and Information Management Education (CAHIM). The Medication Assistant certificate program is approved by the Arkansas State Board of Nursing (ASBN). The Nursing Assistant program is approved by the Arkansas Department of Human Services, Division of Medical Services, Office of Long-Term Care. The Surgical Technology program is accredited by the Commission on Accreditation of Allied Health Education Programs (CAAHEP) upon the recommendation of the Accreditation Review Committee in Surgical Technology and Surgical Assisting (ARC/STSA). The Advanced Manufacturing programs are accredited by the National Institute of Metalworking Skills (NIMS). UA-PTC is also approved by the Arkansas State Approving Agency for veterans training.

### **Degree Programs and Certificates**

UA-PTC offers the Associate of Arts (AA) the Associate of Science (AS) degrees in Business, Education, Liberal Arts and Sciences, Technology and Engineering, and the Associate of General Studies (A.G.S.). UA-PTC offers Associate of Applied Science degrees in the following occupational programs: Allied Health, Aviation Maintenance Technology, Baking and Pastry Arts, Business, Computer Information Systems, Culinary Arts, Digital Media Production, Drafting and Design, Construction Technology, Advanced Manufacturing, Early Childhood Development, Emergency Medical Sciences, General Technology, Health Information Technology, Heating, Ventilation, Air Conditioning and Refrigeration, Hospitality Management, Occupational Therapy Assistant, Paralegal Technology, Respiratory Therapy, Crime Scene Investigation, Law Enforcement Administration, and Surgical Technology.

Technical Certificates are awarded in: Accounting, Electrical Systems, Automotive Service Technology, Aviation Maintenance Airframe, Aviation Maintenance Power Plant, Baking and Pastry Arts, Collision Repair Technology, Computer Information Systems, Culinary Arts, Cybersecurity, Dental Assisting, Diesel Technology, Emergency Medical Sciences – Paramedic, Dietary Management, Digital Marketing, Digital Media Production, Drafting and Design Technology, Early Childhood Development, Mechanical Systems, Entrepreneurship, Heating Ventilation Air Conditioning and Refrigeration, Hospitality Management, Insurance, Machining, Professional Medical Coding, Office Supervision Management, Office Technology, Paralegal Technology, Practical Nursing, Pre-Health Care Studies, Teaching, Education, Law Enforcement Administration, Crime Scene Investigation, Electrical Lineworker Technology, and Welding Technology. UA-PTC also offers certificates of proficiency in various program areas and non-credit accelerated training for business and industry.

### **Employees**

UA-PTC had 329 full-time employees and 202 part-time employees, as follows, as of June 30, 2025:

| <u>Category</u>              | <u>Full-Time</u> | <u>Part-Time</u> |
|------------------------------|------------------|------------------|
| Chancellor and staff         | 1                | N/A              |
| Instructors                  | 129              | 131              |
| Other non-teaching personnel | 199              | 71               |

## Student Enrollment

Total student enrollment (expressed as full-time equivalent) at UA-PTC for the academic years listed below (among all campuses) by semester has been as follows:<sup>(1)</sup>

| <u>Year</u> | <u>FTE Enrollment</u> |               |
|-------------|-----------------------|---------------|
|             | <u>Fall</u>           | <u>Spring</u> |
| 2020-2021   | 3,286                 | 2,896         |
| 2021-2022   | 3,060                 | 2,671         |
| 2022-2023   | 2,904                 | 2,557         |
| 2023-2024   | 2,892                 | 2,627         |
| 2024-2025   | 2,973                 | 2,852         |
| 2025-2026   | 3,188                 | N/A           |

<sup>(1)</sup> Based on latest available data, which in some cases is an update from the preliminary fall enrollment reports published by the Arkansas Division of Higher Education.

## Tuition and Fees

The tuition and fee charges for students are as follows for the years indicated, based on the maximum credit hours possible in each of the years per semester:

| <u>Fiscal<br/>Year Ended<br/>June 30</u> | <u>Tuition<br/>Per Semester<sup>(1)</sup></u> | <u>Tuition Rate</u> | <u>Mandatory<br/>Fee Rate</u> |
|------------------------------------------|-----------------------------------------------|---------------------|-------------------------------|
| 2022                                     | 2,835.00                                      | 134.00              | 55.00                         |
| 2023                                     | 2,910.00                                      | 138.00              | 56.00                         |
| 2024                                     | 3,030.00                                      | 142.00              | 60.00                         |
| 2025                                     | 3,150.00                                      | 145.00              | 65.00                         |
| 2026                                     | 3,255.00                                      | 145.00              | 72.00                         |

Tuition is paid on a per-credit-hour basis. The tuition per semester in the chart listed above is based on 15 hours. Fee revenue of UA-PTC primarily consists of the following mandatory fees: a student support fee and a facility/IT/security fee.

<sup>(1)</sup> Note: Annual reports filed before the annual report for the fiscal year ended June 30, 2023 presented tuition per semester on the basis of 21 hours rather than 15 hours.

## Pledged Revenues

The term "Pledged Revenues" is defined as the gross revenues derived from the student tuition and fees payable by the students of UA-PTC.

Pledged Revenues for fiscal years indicated have been as follows:

| <u>Fiscal Year</u><br><u>(June 30)</u> | <u>Gross Tuition &amp;</u><br><u>Fee Revenues</u> | <u>Scholarships</u><br><u>Disc &amp;</u><br><u>Allowance<sup>(1)</sup></u> | <u>Net Tuition &amp;</u><br><u>Fee Revenues</u> |
|----------------------------------------|---------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------|
| 2020-21                                | \$22,870,417                                      | \$11,630,027                                                               | \$11,240,390                                    |
| 2021-22                                | 20,541,821                                        | 11,317,633                                                                 | 9,224,188                                       |
| 2022-23                                | 21,335,413                                        | 11,277,083                                                                 | 10,058,330                                      |
| 2023-24                                | 24,129,914                                        | 10,133,552                                                                 | 13,996,362                                      |
| 2024-25 <sup>(2)</sup>                 | 24,532,344                                        | 15,032,026                                                                 | 9,500,318                                       |

<sup>(1)</sup> In accordance with GASB Statements No. 34 and 35 and NACUBO Advisory Report 2000-05, scholarship allowances include both institutional scholarships and external grants, such as Pell, which are applied to tuition and fees.

<sup>(2)</sup> Unaudited information prepared by UA-PTC.

A significant percentage of UA-PTC's students (approximately 62% for the fall 2025 semester) receive financial aid such as Pell grants from the United States government. Any disruption in the federal government or any event which jeopardizes the willingness or ability of the federal government to continue to provide federal financial aid to students attending colleges such as UA-PTC could have a material adverse impact on UA-PTC and its finances.

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### Debt Service Requirements for Bonds\*

Set forth below are the debt service requirements for the Bonds for each fiscal year ending June 30:

| <u>Fiscal Year<br/>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt<br/>Service</u> |
|---------------------------------------|------------------|-----------------|-------------------------------|
| 2026                                  | --               | \$169,066.67    | \$ 169,066.67                 |
| 2027                                  | \$1,260,000      | 602,500.00      | 1,862,500.00                  |
| 2028                                  | 1,090,000        | 543,750.00      | 1,633,750.00                  |
| 2029                                  | 1,140,000        | 488,000.00      | 1,628,000.00                  |
| 2030                                  | 1,200,000        | 429,500.00      | 1,629,500.00                  |
| 2031                                  | 1,265,000        | 367,875.00      | 1,632,875.00                  |
| 2032                                  | 1,320,000        | 303,250.00      | 1,623,250.00                  |
| 2033                                  | 1,375,000        | 235,875.00      | 1,610,875.00                  |
| 2034                                  | 1,450,000        | 165,250.00      | 1,615,250.00                  |
| 2035                                  | 1,525,000        | 90,875.00       | 1,615,875.00                  |
| 2036                                  | 515,000          | 39,875.00       | 554,875.00                    |
| 2037                                  | 540,000          | 13,500.00       | 553,500.00                    |

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(\*) Preliminary; subject to change. Assumes a true interest cost of 2.70% for the Bonds.

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## Debt Service Requirements for Bonds and Existing Parity Bonds

Set forth below are the debt service requirements for the Bonds and the Existing Parity Bonds (being the Series 2019 Bonds) for each fiscal year ending June 30.

| Fiscal Year<br>(Ending<br>June 30) | Bonds*          | Series 2019<br>Bonds <sup>(1)</sup> | Total           |
|------------------------------------|-----------------|-------------------------------------|-----------------|
| 2026                               | \$ 169,066.67   | \$ 3,233,446.00                     | \$ 3,402,512.67 |
| 2027                               | 1,862,500.00    | 3,147,962.00                        | 5,010,462.00    |
| 2028                               | 1,633,750.00    | 3,144,957.00                        | 4,778,707.00    |
| 2029                               | 1,628,000.00    | 3,148,827.00                        | 4,776,827.00    |
| 2030                               | 1,629,500.00    | 3,150,169.00                        | 4,779,669.00    |
| 2031                               | 1,632,875.00    | 3,139,139.00                        | 4,772,014.00    |
| 2032                               | 1,623,250.00    | 3,149,524.00                        | 4,772,774.00    |
| 2033                               | 1,610,875.00    | 3,155,751.00                        | 4,766,626.00    |
| 2034                               | 1,615,250.00    | 3,153,330.00                        | 4,768,580.00    |
| 2035                               | 1,615,875.00    | 3,152,734.00                        | 4,768,609.00    |
| 2036                               | 554,875.00      | 4,216,923.00                        | 4,771,798.00    |
| 2037                               | 553,500.00      | 4,215,509.00                        | 4,769,009.00    |
| 2038                               |                 | 5,153,804.00                        | 5,153,804.00    |
| 2039                               |                 | 5,154,332.00                        | 5,154,332.00    |
| 2040                               |                 | 5,152,422.00                        | 5,152,422.00    |
| TOTAL                              | \$16,129,316.67 | \$55,468,829.00                     | \$71,598,145.67 |

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\* Preliminary; subject to change. Assumes a true interest cost of 2.70% for the Bonds.

<sup>(1)</sup> In conjunction with the issuance of the Bonds, UA-PTC is planning to use approximately \$4,856,067 in available reserves to accomplish the defeasance of approximately \$5,240,000 of the September 1, 2040 maturity of the Series 2019 Bonds (the "Defeased Series 2019 Bonds"). Such funds will be deposited into an escrow fund with the trustee for the Series 2019 Bonds and invested in United States treasury obligations that will produce a cash flow sufficient to pay interest on the Defeased Series 2019 Bonds as due and to pay the principal due at maturity of the Defeased Series 2019 Bonds on September 1, 2040. The defeasance is anticipated to occur on or prior to the date the Bonds are issued. Debt service for the Series 2019 Bonds set forth in this table excludes debt service on the Defeased Series 2019 Bonds.

## Debt Service Coverage

Pledged Revenues (including scholarship allowance) for the fiscal year ended June 30, 2025, were \$24,532,344<sup>(1)</sup> Combined maximum annual debt service for the Bonds and the Existing Parity Bonds (the Series 2019 Bonds) is \$5,154,332<sup>(2)</sup> (in the fiscal year ending June 30, 2039). Accordingly, the Pledged Revenues for the fiscal year ended June 30, 2025 equaled or exceeded 4.76<sup>(1)(2)</sup> times the combined maximum annual debt service on the Bonds and the Existing Parity Bonds.

<sup>(1)</sup> Unaudited information prepared by UA-PTC. See **THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE, Pledged Revenues** herein.

<sup>(2)</sup> Preliminary; subject to change. Assumes a true interest cost of 2.70% for the Bonds. See **THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE, Debt Service Requirements for Bonds and Existing Parity Bonds** herein.

## Other Indebtedness

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 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. UA-PTC's participation in the ERP Loan requires it to repay approximately \$485,961.20 over ten years at a rate of 3.10% per annum. The amount owed by UA-PTC at June 30, 2025 is \$256,048.68. On July 28, 2021, an additional internal loan of \$5.8 million was approved by the Board to finance the extension of the implementation of the Workday Finance and Human Capital Management to July 1, 2022. The repayment period for this portion of the loan is for seven years at 3.10%, payable semi-annually.

The Board, on behalf of UA-PTC, has entered into three subscription based information technology agreements (the "SBITAs"), as follows:

| <u>Dated Date</u> | <u>Interest Rate</u> | <u>Annual Payment</u>  | <u>Maturity Date</u> |
|-------------------|----------------------|------------------------|----------------------|
| 7/1/2022          | 2.230%               | \$234,970              | 11/30/2024           |
| 7/1/2022          | 2.230                | 103,383 <sup>(1)</sup> | 4/25/2028            |
| 7/1/2023          | 4.492                | 108,702                | 11/30/2029           |

<sup>(1)</sup> Payments range from \$100,342 per year to \$103,383 per year.

For additional information concerning the outstanding debt of the Board and its campuses and component units as of June 30, 2024, see Note 10 to the audited consolidated financial statements of the University of Arkansas System for the fiscal year ended June 30, 2024, attached hereto as Appendix C.

On August 28, 2024, the Board issued its \$102,140,000 Various Facility Revenue Bonds (Fayetteville Campus), Series 2024A (\$29,845,000) and Refunding Series 2024B (\$72,295,000), for the purpose of financing improvements for the Fayetteville campus of the University of Arkansas and for funding the purchase of certain bonds through a tender offer for debt service savings. On September 12, 2024, the Board issued its \$7,170,000 Student Fee Revenue Bonds (Fort Smith Campus), Refunding Series 2024 for the purpose of refunding bonds for debt service savings. On November 5, 2024, Board issued its \$10,215,000 Student Fee Revenue Bonds (University of Arkansas Community College at Morrilton), Series 2024, for the purpose of financing improvements at the University of Arkansas Community College at Morrilton. On January 30, 2025, the Board issued its \$59,230,000 Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2025 for the purpose of refunding bonds for debt service savings. The Board has authorized, but not yet issued, its Various

Facilities Revenue Bonds (Pine Bluff Campus), Refunding Series 2025 (the "Pine Bluff Bonds"), for the purpose of refunding bonds for debt service savings. The maximum authorized principal amount of the Pine Bluff Bonds is the amount necessary to accomplish the refunding.

The Board has entered into a long-term solar services agreement (the "Solar Agreement") with Scenic Hill Solar XXXVI, LLC ("Scenic Hill"), under which the System has agreed to purchase, for an agreed-upon rate, the entire output of solar energy facilities to be constructed and installed by Scenic Hill for a term of 25 years from the date that the solar energy facilities are placed in service. The power purchased under the Solar Agreement is anticipated to provide a significant portion of the needs of the entire System and its campuses, assuming current electricity usage. The Board is not a party to, or a guarantor of, the financing arrangements obtained and being obtained by Scenic Hill for the construction and installation of the solar energy facilities. The Board anticipates that over the course of the Solar Agreement the System and its campuses will recognize significant savings over the amount that would have been spent on electricity through traditional arrangements.

As part of the merger of what is now UAEACC into the System (see **THE UNIVERSITY OF ARKANSAS SYSTEM, Generally, University of Arkansas – East Arkansas Community College** herein), the Board and the System have assumed East Arkansas CC's liabilities. The St. Francis Community College District has issued its Limited Tax General Obligation Refunding Bonds (East Arkansas Community College), Series 2021 (the "EACC Property Tax Bonds"), which are secured by a pledge of collections of a property tax levied within St. Francis County, Arkansas (the "EACC Property Tax"). The EACC Property Tax Bonds, which as of June 30, 2025 were in the outstanding principal amount of \$2,720,000, will continue to be secured by and payable from the EACC Property Tax.

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## APPENDIX B

### FORM OF OPINION OF BOND COUNSEL

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

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

Bank OZK  
Little Rock, Arkansas

Re:     \$ \_\_\_\_\_ Board of Trustees of the University of Arkansas Student Tuition and Fee  
Revenue Bonds (University of Arkansas – Pulaski Technical College), Refunding Series  
2025

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of Trustees of the University of Arkansas (the "Issuer") of its \$ \_\_\_\_\_ Student Tuition and Fee Revenue Bonds (University of Arkansas – Pulaski Technical College), Refunding Series 2025 (the "Bonds"), dated \_\_\_\_\_, 2025, pursuant to Arkansas Code of 1987 Annotated, Title 6, Chapter 62, Subchapter 3 (the "Act") and a Trust Indenture dated as of \_\_\_\_\_, 2025 (the "Indenture"), between the Issuer and Bank OZK, as trustee thereunder (the "Trustee").

The Bonds are secured by a pledge of, and payable first from, Pledged Revenues as described in the Indenture. The pledge of Pledged Revenues in favor of the Bonds is on a parity with the pledge of Pledged Revenues in favor of the Issuer's Student Tuition and Fee Revenue Bonds (University of Arkansas – Pulaski Technical College), Taxable Refunding Series 2019A (the "Series 2019 Bonds"), to the extent outstanding. The Bonds are general obligations only of the Issuer and do not constitute an indebtedness for which the full faith and credit of the State of Arkansas (the "State") or any of its revenues are pledged and the Bonds are not secured by a mortgage or lien on any land or building belonging to the State or the Issuer.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. Regarding questions of fact material to the opinions below, 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 them by independent investigation.

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

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

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

(3) Pursuant to the Act, the Indenture creates a valid lien on the Pledged Revenues, as defined in the Indenture, for the security of the Bonds on a parity with the pledge of Pledged Revenues in favor of the Series 2019 Bonds, to the extent outstanding.

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

(5) Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

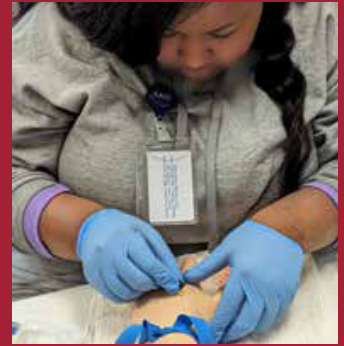
Very truly yours,

FRIDAY, ELDREDGE & CLARK, LLP

## **APPENDIX C**

Audited Consolidated Financial Statements of the University of Arkansas System  
for the Fiscal Year Ended June 30, 2024

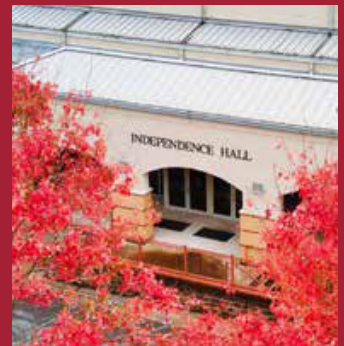
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# Consolidated financial statements

UNIVERSITY OF ARKANSAS SYSTEM

# 2024



## BOARD OF TRUSTEES



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**Kelly Eichler, *Chairman***

**Steve Cox, *Vice Chairman***

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**Michael K. Moore**

*Vice President for Academic Affairs*

**Steven Fulkerson**

*Vice President for Administration/CIO*

**Tara M. Smith**

*Vice President for Finance and Chief Financial Officer*

**Melissa K. Rust**

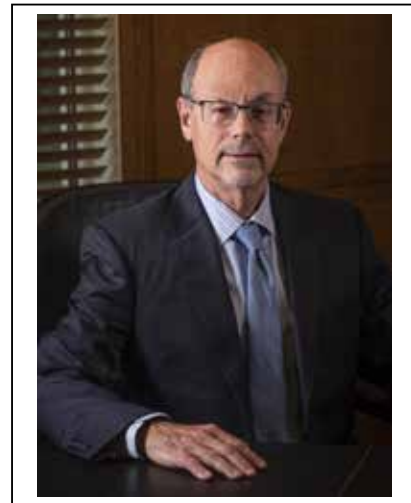
*Vice President for University Relations*

**Chris Thomason**

*Vice President for Planning and Development*

**David Curran**

*General Counsel*



*Dr. Donald R. Bobbitt, President*

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UNIVERSITY OF ARKANSAS SYSTEM

December 2, 2024

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, 2024. 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 the University of Arkansas Grantham).

These statements were prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements used to prepare the consolidated report, except for the Medical Sciences campus and the discretely presented component units, were audited by Arkansas Legislative Audit. The financial statements from the Medical Sciences campus were audited by FORVIS, LLP. The consolidated financial statements received an unmodified audit opinion.

Sincerely,

  
Tara M. Smith

Vice President for Finance and Chief Financial Officer



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



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

Kevin William White, CPA, JD  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

University of Arkansas System  
Legislative Joint Auditing Committee

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Arkansas System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Arkansas for Medical Sciences (UAMS), a unit of the System, whose statements reflect total assets and revenues constituting 32% and 66%, respectively, of the related combined totals. Additionally, we did not audit the financial statements of University of Arkansas Foundation, Inc. (Foundation) and the University of Arkansas Fayetteville Campus Foundation, Inc. (UAF Campus Foundation) 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 UAMS, the Foundation, and the UAF Campus Foundation, is based solely on the report of the other auditors. The financial statements of the Foundation and the UAF Campus Foundation were not audited in accordance with *Government Auditing Standards*.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

## ***Report on Comparative Information***

We have previously audited the University's 2023 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 29, 2023. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, 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 postemployment benefits other than pensions, and certain information pertaining to pensions on pages 8-16, 109-111, and 107-108 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Net Position by Campus (Schedule 2), the Schedule of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), and the Schedule of Cash Flows – Direct Method – by Campus (Schedule 4) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Net Position by Campus, the Schedule of Revenues, Expenses, and Changes in Net Position by Campus, and the Schedule of Cash Flows – Direct Method – by Campus are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024 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



Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
December 4, 2024  
EDHE14124

# UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis (UNAUDITED)

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## ***Introduction***

The University of Arkansas System ("the University") is pleased to present its financial statements for the fiscal year ended June 30, 2024, with comparative statements for the fiscal year ended June 30, 2023.

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 University of Arkansas Grantham, which was acquired in November 2021, and the following units that are included in the financial statements of the Fayetteville campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Arkansas Archeological Survey, and Criminal Justice Institute.

All programs and activities of the University of Arkansas are governed by its ten-member Board of Trustees who are appointed by the Governor for ten-year terms, which has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the Criminal Justice Institute, the Director of the Arkansas Archeological Survey, and the Director of the Arkansas School for Mathematics, Sciences and the Arts, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

## ***Overview of the Financial Statements and Financial Analysis***

The University's financial statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows. The financial statements included are the Statements of Net Position, the

## UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis (UNAUDITED)

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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.

**UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis  
(UNAUDITED)**

**Condensed Statements of Net Position**

|                                  | June 30, 2024           | June 30, 2023           | June 30, 2022           |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                    |                         |                         |                         |
| Current assets                   | \$ 1,740,453,034        | \$ 1,554,916,733        | \$ 1,591,275,370        |
| Capital assets, net              | 3,452,198,480           | 3,379,056,006           | 3,229,795,333           |
| Other assets                     | 651,952,599             | 745,212,257             | 733,319,661             |
| Total Assets                     | <u>\$ 5,844,604,113</u> | <u>\$ 5,679,184,996</u> | <u>\$ 5,554,390,364</u> |
| DEFERRED OUTFLOWS OF RESOURCES   | <u>\$ 36,459,349</u>    | <u>\$ 43,224,591</u>    | <u>\$ 41,248,560</u>    |
| <b>LIABILITIES</b>               |                         |                         |                         |
| Current liabilities              | \$ 477,595,825          | \$ 422,797,626          | \$ 463,694,008          |
| Noncurrent liabilities           | 2,100,584,540           | 2,142,313,982           | 2,050,544,690           |
| Total Liabilities                | <u>\$ 2,578,180,365</u> | <u>\$ 2,565,111,608</u> | <u>\$ 2,514,238,698</u> |
| DEFERRED INFLOWS OF RESOURCES    | <u>\$ 96,506,656</u>    | <u>\$ 84,631,328</u>    | <u>\$ 61,915,517</u>    |
| <b>NET POSITION</b>              |                         |                         |                         |
| Net Investment in Capital Assets | \$ 1,612,633,016        | \$ 1,578,867,669        | \$ 1,514,117,223        |
| Restricted                       |                         |                         |                         |
| Non-Expendable                   | 121,329,742             | 115,577,635             | 114,449,418             |
| Expendable                       | 320,989,808             | 302,260,634             | 297,130,567             |
| Unrestricted                     | 1,151,423,875           | 1,075,960,713           | 1,093,787,501           |
| Total Net Position               | <u>\$ 3,206,376,441</u> | <u>\$ 3,072,666,651</u> | <u>\$ 3,019,484,709</u> |

The University's total assets increased \$165.4 million, or 2.9%. Cash and cash equivalents increased \$55.1 million, and investments increased by \$26.5 million. UAMS accounted for \$37.7 million of the increase in cash and cash equivalents, with a \$18.9 million increase at UALR, and a \$17.7 million increase at UAF, with a net \$19.2 million decrease across the remaining campuses. UAF increased investments \$33.5 million, UAPTC increased investments \$21.3 million, and UACCHT increased \$3.1 million, with a net decrease of \$31.4 million across the remaining campuses. Deposits held in trust decreased by \$72.6 million of which UAMS decreased by \$51.8 million and UAF decreased by \$20.2, which are related to bond proceeds, with a net decrease of \$0.63 million across the remaining campuses. Patient accounts

receivable at UAMS increased \$53.0 million and Accounts Receivable, net of allowances, decreased by \$0.53 million. Student accounts receivable decreased by \$0.76 million, Grants and contracts decreased by \$15.2 million, while non-student accounts increased by \$8.7 million. The increase of \$73.1 million in Capital assets relates to additions of \$376.8 million net of depreciation expense of \$274.9 million offset by a decrease for assets disposed of \$28.8 million. Fayetteville had an increase in capital asset additions of \$234.5 million including construction in progress increases of \$177.7 million with \$26.4 million placed into service. At UAF, Anthony Timberlands Center for Design & Material Innovation, Arkansas Union Interior Fit Out for Student Organizations, Fine Arts Restoration, I3R

## UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis (UNAUDITED)

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Research Facility, Mullins Library Renovation, MUSiC National Research Fabrication Facility, Nano Clean Room Fit-Out, North Chilled Water Plant Modernization, Windgate Galleries, and Yocum Hall Renovation. UAMS had an increase in capital asset additions of \$91.7 million including construction in progress increases of \$21.3 million with \$41.4 million moved into service. Progress at UAMS continues for the Northwest Arkansas Orthopaedic and Sports Medicine Facility, and the CISCO Network Refresh.

Deferred outflows of resources consist of deferred amounts on refinancing of debt and deferred amounts related to pensions and other post-employment benefits (OPEB). Overall, deferred outflows decreased \$6.8 million, or (15.6%). Deferred outflows related to OPEBs decreased \$2.5 million while pension decreased \$2.4 million. The decrease in amortization of the debt refunding, net of additions, was \$1.9 million.

Total liabilities increased \$13.1 million, or 0.5%. Accounts payable and other accrued liabilities increased \$41.9 million with UAF increasing \$19.6 million and UAMS increasing \$17.9 million. The liability for bonds, notes, leases and installment contracts decreased \$40.3 million (see Note 10). Netted in that amount, UAF issued \$132.7 million of new bonded debt with a net premium of \$8.9 million, UALR issued \$13.7 million of new bonded debt with a net premium of \$1.2 million, and UAMS issued \$64.6 million of new bonded debt with a net premium of \$8.9 million. UAMS issued notes payable totaling \$30.0 million. UAMS and UAF executed \$41.8 and \$12.4 million in leases, respectively. Also included in the net increase is a \$8.1 million increase related to Subscription-

Based Information Technology Arrangement (SBITA). The additional debt is offset by a total of \$362.8 million in repayments during fiscal 2024. Unearned revenues, deposits and other increased \$10.2 million primarily related to UAF unearned athletic related revenue. Compensated absences decreased \$2.0 million. The funding levels for the UA Health Plan were established based upon anticipated year-end loss ratios of 100%. As of June 30, 2024, the loss ratio for the health plan was 102% and the loss ratio for the dental plan was 101% (Note 14).

Deferred inflows of resources increased by \$11.9 million in total with pension plans decreasing \$2.6 million as a result of actuarially determined amounts. In addition, deferred inflows-other increased \$18.5 million primarily related to the recognition of lease receivables and recognition of Split-Interest agreements at UAMS.

The increase in net position was \$133.7 million, or 4.4%. The increase is the result of 2024 revenues, expenses and changes in net position. Net investments in capital assets increased \$33.8 million. Restricted net position, expendable and non-expendable, increased \$24.5 million. Unrestricted net position increased \$75.4 million. In total, UAF increased \$108.4 million, while UAMS increased \$0.1 million. These changes 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

## UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis (UNAUDITED)

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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.



# UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis (UNAUDITED)

## Condensed Statements of Revenues, Expenses, and Changes in Net Position

|                                                  | Year Ended       |                  |                  |
|--------------------------------------------------|------------------|------------------|------------------|
|                                                  | June 30, 2024    | June 30, 2023    | June 30, 2022    |
| Operating revenues                               |                  |                  |                  |
| Student tuition and fees                         | \$ 443,643,138   | \$ 419,446,446   | \$ 395,594,545   |
| Net patient services                             | 1,447,793,000    | 1,325,665,000    | 1,334,667,000    |
| Grants and contracts                             | 556,754,958      | 534,163,370      | 452,951,749      |
| Auxiliary enterprises                            | 274,726,176      | 269,652,731      | 251,769,963      |
| Other                                            | 407,297,645      | 367,202,495      | 330,867,221      |
| Total operating revenues                         | 3,130,214,917    | 2,916,130,042    | 2,765,850,478    |
| Operating expenses                               |                  |                  |                  |
| Compensation and benefits                        | 2,150,134,107    | 2,046,782,066    | 1,931,932,469    |
| Supplies and services                            | 1,267,606,019    | 1,233,597,778    | 1,113,851,320    |
| Other                                            | 573,909,791      | 535,962,131      | 532,528,023      |
| Total operating expenses                         | 3,991,649,917    | 3,816,341,975    | 3,578,311,812    |
| Operating Loss                                   | (861,435,000)    | (900,211,933)    | (812,461,334)    |
| Non-operating revenues and expenses              |                  |                  |                  |
| State appropriations                             | 528,679,499      | 532,901,085      | 512,628,121      |
| Grants                                           | 175,902,351      | 200,717,934      | 303,612,155      |
| Gifts                                            | 181,156,843      | 146,840,596      | 117,073,996      |
| Other revenue                                    | 118,559,572      | 73,852,539       | (26,494,412)     |
| Non-operating expenses                           | (62,035,377)     | (52,897,800)     | (54,743,029)     |
| Non-operating income                             | 942,262,888      | 901,414,354      | 852,076,831      |
| Income before other revenues and expenses        | 80,827,888       | 1,202,421        | 39,615,497       |
| Other revenues and expenses                      |                  |                  |                  |
| Capital grants and gifts                         | 50,817,675       | 44,651,821       | 53,183,888       |
| Other, net                                       | 2,064,227        | 3,653,586        | 7,070,463        |
| Other revenues and expenses                      | 52,881,902       | 48,305,407       | 60,254,351       |
| Increase in Net Position                         | 133,709,790      | 49,507,828       | 99,869,848       |
| Net Position, beginning of year                  | 3,072,666,651    | 3,019,484,709    | 2,928,009,256    |
| Cumulative effect of GASB No. 94 and 96 adoption | -                | 4,194,796        |                  |
| Cumulative effect of GASB No. 87 adoption        | -                | -                | 558,735          |
| Other                                            | -                | (520,682)        | (8,953,130)      |
| Net Position, beginning of year, as restated     | 3,072,666,651    | 3,023,158,823    | 2,919,614,861    |
| Net Position, end of year                        | \$ 3,206,376,441 | \$ 3,072,666,651 | \$ 3,019,484,709 |

The 2024 operating loss of \$861.4 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 \$214.1 million, or 7.3%. Net student tuition and fees increased \$24.2 million, with UAF experiencing an increase of \$19.1 million and an increase of \$5.5 million for UALR. The rest of the campuses experienced small increases and decreases in net student tuition and fee revenue. Net patient services increased

\$122.1 million or 9% for UAMS. Grants and contracts increased \$22.6 million, of which UAF increased \$22.2 million. Auxiliary revenues increased \$5.1 million. Other operating revenue increased \$27.8 million, of which UAMS contributed \$27.5 million to the increase.

Total operating expenses increased \$175.3 million, or 4.6%. Compensation and benefits increased \$103.3 million, or 5.1%, over the previous year. The cost of supplies and services increased \$34.0 million, UAMS and UAF increased \$38.4 million and \$10.9 million, respectively. Increases at UAF are mainly attributed to

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general cost escalation due to inflation offset by continuing cost containment efforts. Increases at UAMS are largely due to increases in medical supplies and drugs and medicines for patient care. Scholarships and fellowships increased \$1.9 million. Depreciation increased \$14.8 million with UAMS accounting for \$8.0 million of the increase and UAF had an increase of \$4.2 million. The remaining change was spread throughout the campuses. The insurance plan expenses increased \$21.3 million due primarily to increased claims expenses in the health plan. Expenses are tied to an increase in catastrophic claims, utilization, increases in pharmacy expenses and the introduction of a wellness program.

Net non-operating revenues increased by \$40.8 million, or 4.5%. State appropriations decreased \$4.2 million with UAMS decrease net of Medicaid match of \$10.9 million. UAF had an increase of \$4.8 million. The remaining change was spread throughout the campuses. Federal grants decreased \$26.3 million primarily due to the end of the federal government's HEERF funds. Investment income increased \$45.7 million with UAF accounting for \$35.7 million.

Other changes in net position increased \$4.6 million, or 9.5%. Capital grants and gifts increased \$6.2 million.

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.

### *Economic Outlook*

The University's net position increased \$133.7 million for 2024. Moody's last reaffirmed the University's rating of Aa2 with a stable outlook on July 22, 2024. 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 2024 fiscal year remains impacted by challenges related to rising cost due to inflation. It continues to be a struggle for our medical center to overcome record levels of inflation in labor and supplies; however, UAMS remains focused on driving efficiencies in processes that increase revenue and reduce expense. Because the Fayetteville campus and the Medical Sciences campus account for 73.5% of total consolidated net position and 89.9% of consolidated operating revenues, the discussion below is centered on these two campuses.

### **UAMS**

UAMS closed fiscal year 2024 with a increase in net position of \$146,000, compared to the budgeted loss of \$8,100,000 and a fiscal year 2023 decrease in net position of \$46,408,000. This was a year-over-year improvement of \$46,554,000. Over the past year, UAMS implemented several initiatives that have resulted in improved financial performance. This work will continue into fiscal year 2025. As such, the fiscal 2025 budget for UAMS is an increase in net position of \$3,800,000.

Budgeted operating revenues are expected to increase by \$26,000,000, or

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1.3%, over fiscal year 2024. The UAMS fiscal year 2025 budget assumes a 3.2% increase in revenue as a result of volume growth in both inpatient and outpatient services in addition to revenue cycle improvements. The College of Medicine is projecting estimated growth of 1.6%. Grants and contracts revenue are also projected to see an increase from fiscal year 2024.

Fiscal year 2025 operating expenses are budgeted to increase \$16,500,000 over fiscal year 2024. The increase in overall spending is due to increases in compensation and benefits; increased cost of medical supplies, drugs, and medicine; and an increase in depreciation expenses for capital projects across UAMS.

Nonoperating revenue for fiscal year 2025 includes an increase of \$19,300,000 in State Appropriations (net of Medicaid Match). National Cancer Institute (NCI) spending is expected to be more than fiscal year 2024, primarily due to large capital expenditures budgeted in fiscal year 2025. Additionally, a decrease in the Medicaid Match is projected. Investment income is budgeted at \$7,900,000 for fiscal year 2025 which only represents interest and realized income. UAMS does not budget unrealized market gains or losses. Interest expense of \$24,100,000 is budgeted for fiscal year 2025, which is consistent with prior year.

The financial results for the first two months of fiscal year 2025 have been better than budget by \$5,300,000. Through August, UAMS realized an increase in net position of \$6,200,000 versus a budgeted increase of \$890,000. Patient volumes have been more than projected and are the primary driver of this variance. Overall, operating revenue

has exceeded budget by 5.6% and operating expenses have exceeded budget by 3.3%. This resulted in operating income being \$7,300,000 better than budget. Nonoperating revenue, including Appropriations and Gift Revenue, was less than projected for the first two months.

UAMS' overall financial performance depends on the margin it generates from the clinical enterprise to subsidize its other mission areas of research and education. However, the healthcare industry continues to experience significant financial challenges. To address these challenges, UAMS continues to identify areas where it can become more efficient with its resources. For fiscal year 2025, UAMS has identified initiatives aimed at increasing clinical volumes, improving revenue cycle, and reducing cost through supply chain initiatives. UAMS believes these efforts will continue to improve its financial performance and expects to end the fiscal year within its budget.

### UAF

Financial and political support from state government remains a critical element to the continued financial health of the University. In 2024, the total general revenue distribution from the State increased to \$230.2 million from the \$225.1 million reported in 2023. The forecast for 2025 indicates general revenue and Educational Excellence Trust Fund distributions from the State may increase 0.4%. If state revenue continues to be as strong as the State has reported in early 2024, management will continue to institute both internal and external efforts to maximize state resources available while seeking ways to

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minimize the risk of state funding levels not keeping pace with growth.

In 2017, The Arkansas Legislature enacted Act 148 which adopted a productivity-based funding model for most state-supported higher education institutions. As provided in the Act, the Arkansas Division of Higher Education developed a productivity-based funding model with measures for effectiveness, affordability, and efficiency. That model was first used to determine funding recommendations for the 2018-19 academic year and resulted in a small increase in university funding based on those measures. The University does not anticipate material changes in its funding level over the short term based on this funding policy.

The University continues to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue support necessary to offer a high-quality university experience. Diverse revenue sources, including state appropriations, tuition, and fees (net of scholarship allowance), private support, and sponsored grants and contracts all contribute to support the mission of teaching, research, and service. For the 2024-2025 academic year, enrollment and state appropriations are anticipated to exceed budget. Tuition and mandatory fee increases of 3.7% for undergraduate resident students and 4.1% for undergraduate non-resident students were necessary in 2025 to maintain the facilities, faculty and other support needed to fulfill our mission.

The University continues to see strong philanthropic support. The University's overall endowment balance increased 9.2% to \$1.67 billion as of June 30, 2024.

U of A alumni and friends continued to bolster funding for student and faculty support, capital improvements and programs through a tradition of private gift support, and saw \$92.3 million in new gifts and received \$118.8 million in cash payments on existing commitments in fiscal year 2024. This tally includes gifts of cash, gifts-in-kind, planned gifts and new pledges received from July 1, 2023, through June 30, 2024. Approximately \$14.8 million was directed by donors for use as endowment when received.

Preliminary figures indicate that the University enrolled 33,610 students for the Fall 2024 semester. This represents an overall increase of 4.6% over the previous year. The University also continues to set new records for retention and graduation rates. University enrollment has increased 25.6%, or by 6,856 students, over the past ten years. Enrollment exceeded 33,000 for the first time ever and the Fall 2024 term enrolled the second largest incoming freshman class in the history of the University. The number of incoming freshmen, 6,614, is up from the previous year, it is the University's best prepared freshman class and includes a record number of Arkansans with an increase of 2.8% over the preceding fall. Over the last five years, the number of Arkansans in the incoming class increased by 10.9%.

Preliminary numbers indicate another strong incoming freshman class for the Fall 2025 semester as well. The applicant growth experienced in fiscal year 2024 and expected in fiscal year 2025 on top of three years of very stable enrollment numbers illustrates the continuing strength and value proposition of the University.

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In FY23, the University of Arkansas launched its “150 Forward” strategic planning process, a reflection of having concluded its sesquicentennial celebration and forward momentum into the future. This campuswide, collaborative effort to map out where we are as a land-grant institution and align the entire campus to three critical pillars: student success, research excellence and employer of choice initiatives.

Due to our strong net position as discussed above, high level of liquidity, indications of stable state support, continuing high levels of philanthropic support, a positive enrollment outlook, and our conservative budgeting approach to the 2024-2025 year, we have a high level of confidence that the University will maintain its strong position in the future.

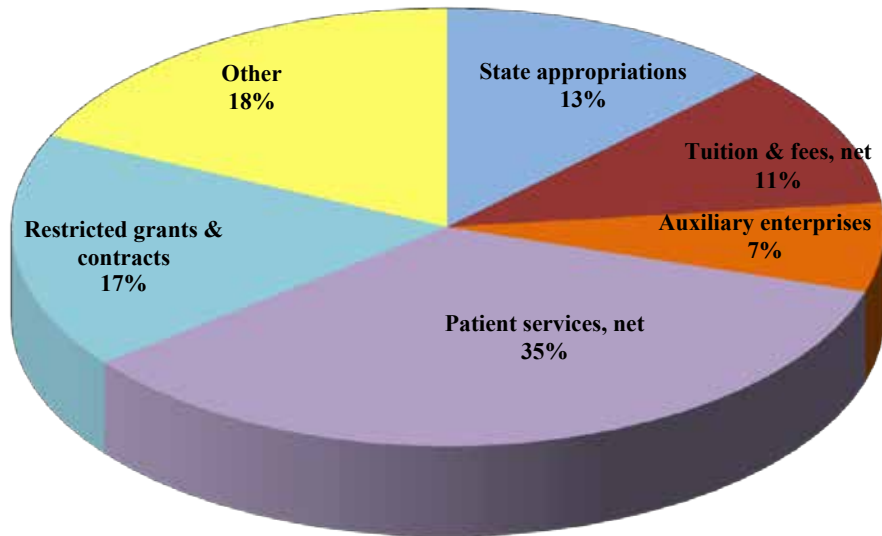
### All Campuses

Financial support from state government for all campuses remains a critical element to the continued financial health of the University. Arkansas appears to have a healthy economy, as general revenue forecasts have been very positive, and the state budget remains balanced. As a result of these and other economic challenges, enrollment in higher education may remain flat or decrease at most campuses as has been the case this fall, so management will continue to budget conservatively and to emphasize cost containment.

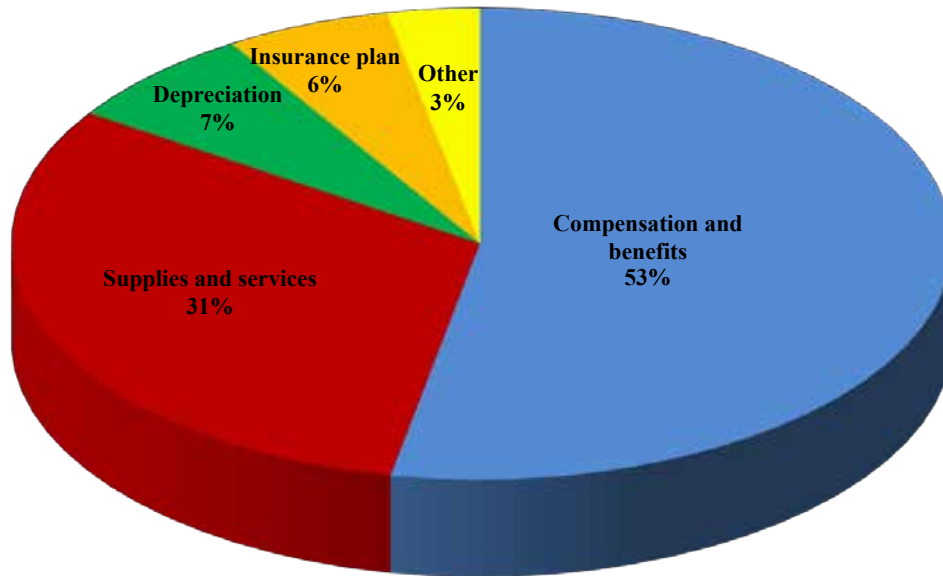
Preliminary data shows that the number of enrolled students (headcount) has increased from the fall semester of 2023 to the fall semester of 2024, from 64,293 to 65,287. The number of full-time equivalent students has also increased from 53,829 to 54,492.



**2024 Revenues**  
**\$4.187 Billion**



**2024 Expenses**  
**\$4.053 Billion**



## FIVE YEAR SUMMARY OF KEY STUDENT DATA

| Enrollment                           |        |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|
| Fall Semester                        | 2024*  | 2023*  | 2022*  | 2021   | 2020   |
| Undergraduate Students (Headcount)** | 55,697 | 54,518 | 55,197 | 49,669 | 54,355 |
| Graduate Students (Headcount)**      | 9,590  | 9,775  | 10,165 | 9,372  | 9,226  |
| Total                                | 65,287 | 64,293 | 65,362 | 59,041 | 63,581 |
| Undergraduate Students (FTE)**       | 47,701 | 46,823 | 46,651 | 42,334 | 43,785 |
| Graduate Students (FTE)**            | 6,790  | 7,006  | 7,196  | 6,474  | 6,463  |
| Total                                | 54,491 | 53,829 | 53,847 | 48,808 | 50,248 |

| Degrees Awarded            |        |        |        |        |        |
|----------------------------|--------|--------|--------|--------|--------|
| Fiscal Year Ended June 30, | 2024*  | 2023*  | 2022*  | 2021*  | 2020   |
| Certificates               | 5,155  | 5,182  | 5,427  | 4,476  | 4,586  |
| Associate                  | 3,606  | 3,548  | 3,351  | 2,785  | 2,942  |
| Baccalaureate              | 8,138  | 8,197  | 8,545  | 8,433  | 8,358  |
| Post-Baccalaureate         | 522    | 417    | 510    | 458    | 381    |
| Master's                   | 2,521  | 2,448  | 2,312  | 2,095  | 2,052  |
| Doctoral                   | 258    | 267    | 326    | 289    | 283    |
| First Professional         | 616    | 568    | 566    | 609    | 556    |
| Total                      | 20,816 | 20,627 | 21,037 | 19,145 | 19,158 |

Preliminary Data Reported by the Arkansas Division of Higher Education (ADHE).

\*ADHE provided corrected number of degrees awarded for 2021 and 2022. University of Arkansas Grantham enrollment and degrees awarded are not included in ADHE data but are included in the above charts for 2022, 2023 and 2024.

\*\*Excludes High School Concurrent enrollment.



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Net Position June 30, 2024 with comparative figures at June 30, 2023, as restated

|                                                                                     | June 30, 2024           | June 30, 2023           |
|-------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                                                                       |                         |                         |
| <b>Current</b>                                                                      |                         |                         |
| Cash and cash equivalents (Note 4)                                                  | \$ 430,111,811          | \$ 369,846,111          |
| Investments (Note 4)                                                                | 667,155,180             | 612,130,712             |
| Accounts receivable, net of allowances of \$48,864,997 and \$54,472,327 (Note 6)    | 263,981,045             | 267,468,895             |
| Patient accounts receivable, net of allowances of \$297,586,000 and \$297,136,000   | 256,130,000             | 203,128,000             |
| Inventories                                                                         | 43,682,483              | 44,437,521              |
| Deposits and funds held in trust by others                                          | 26,296,267              | 24,483,489              |
| Notes receivable, net of allowances of \$396,000 and \$396,000                      | 1,645,887               | 1,529,865               |
| Other assets                                                                        | 51,450,361              | 31,892,140              |
| Total current assets                                                                | 1,740,453,034           | 1,554,916,733           |
| <b>Non-Current</b>                                                                  |                         |                         |
| Cash and cash equivalents (Note 4)                                                  | 9,945,885               | 15,154,875              |
| Investments (Note 4)                                                                | 410,997,792             | 439,532,448             |
| Accounts receivable, net of allowances of \$0 and \$0                               | 59,178,000              | 56,220,633              |
| Notes receivable, net of allowance of \$3,926,000 and \$3,824,674                   | 9,725,327               | 11,503,113              |
| Deposits and funds held in trust by others                                          | 129,819,004             | 204,200,446             |
| Other non-current assets                                                            | 32,286,591              | 18,600,742              |
| Capital assets, net of depreciation of \$3,703,088,763 and \$3,527,376,341 (Note 7) | 3,452,198,480           | 3,379,056,006           |
| Total non-current assets                                                            | 4,104,151,079           | 4,124,268,263           |
| <b>TOTAL ASSETS</b>                                                                 | <b>\$ 5,844,604,113</b> | <b>\$ 5,679,184,996</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                               |                         |                         |
| Debt refunding                                                                      | \$ 16,139,736           | \$ 18,034,374           |
| Other postemployment benefits                                                       | 6,526,000               | 9,002,000               |
| Pensions                                                                            | 13,793,613              | 16,188,217              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                         | <b>\$ 36,459,349</b>    | <b>\$ 43,224,591</b>    |
| <b>LIABILITIES</b>                                                                  |                         |                         |
| <b>Current</b>                                                                      |                         |                         |
| Accounts payable and other accrued liabilities (Note 6)                             | \$ 237,170,956          | \$ 195,311,224          |
| Unearned revenue                                                                    | 72,683,609              | 66,437,024              |
| Funds held in trust for others                                                      | 8,691,164               | 10,480,830              |
| Liability for future insurance claims (Note 14)                                     | 23,431,000              | 18,873,600              |
| Compensated absences payable - current portion (Note 9)                             | 8,978,563               | 8,874,281               |
| Liability for other postemployment benefits - current portion (Note 16)             | 2,243,000               | 2,221,000               |
| Bonds, notes, leases and installment contracts payable - current portion (Note 10)  | 124,397,533             | 120,599,667             |
| Total current liabilities                                                           | 477,595,825             | 422,797,626             |
| <b>Non-Current</b>                                                                  |                         |                         |
| Unearned revenues, deposits and other                                               | 6,122,377               | 2,196,544               |
| Refundable federal advance - Perkins loans                                          | 3,508,000               | 4,586,466               |
| Compensated absences payable (Note 9)                                               | 105,761,643             | 107,914,547             |
| Liability for other postemployment benefits (Note 16)                               | 72,978,000              | 68,561,000              |
| Liability for pensions (Note 15)                                                    | 41,300,750              | 44,065,625              |
| Bonds, notes, leases and installment contracts payable (Note 10)                    | 1,870,913,770           | 1,914,989,800           |
| Total non-current liabilities                                                       | 2,100,584,540           | 2,142,313,982           |
| <b>TOTAL LIABILITIES</b>                                                            | <b>\$ 2,578,180,365</b> | <b>\$ 2,565,111,608</b> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                |                         |                         |
| Other postemployment benefits                                                       | \$ 12,231,000           | \$ 16,224,000           |
| Pensions                                                                            | 8,278,624               | 10,872,381              |
| Other                                                                               | 75,997,032              | 57,534,947              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                          | <b>\$ 96,506,656</b>    | <b>\$ 84,631,328</b>    |
| <b>NET POSITION</b>                                                                 |                         |                         |
| Net Investment in Capital Assets                                                    | \$ 1,612,633,016        | \$ 1,578,867,669        |
| <b>Restricted</b>                                                                   |                         |                         |
| Non-Expendable                                                                      |                         |                         |
| Scholarships and fellowships                                                        | 18,070,651              | 16,811,946              |
| Research                                                                            | 47,428,304              | 44,844,056              |
| Other                                                                               | 55,830,787              | 53,921,633              |
| Expendable                                                                          |                         |                         |
| Scholarships and fellowships                                                        | 43,564,072              | 39,516,902              |
| Research                                                                            | 89,381,474              | 83,952,296              |
| Public service                                                                      | 30,162,993              | 27,428,315              |
| Capital projects                                                                    | 78,266,508              | 73,074,200              |
| Other                                                                               | 79,614,761              | 78,288,921              |
| Unrestricted                                                                        | 1,151,423,875           | 1,075,960,713           |
| <b>TOTAL NET POSITION</b>                                                           | <b>\$ 3,206,376,441</b> | <b>\$ 3,072,666,651</b> |

See accompanying notes.

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Revenues, Expenses, and Changes in Net Position For The Year Ended June 30, 2024 with comparative figures for 2023, as restated

|                                                                                          | Year Ended<br>June 30, 2024 | Year Ended<br>June 30, 2023 |
|------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Operating Revenues                                                                       |                             |                             |
| Student tuition & fees, net of scholarship allowances of \$222,320,441 and \$219,487,092 | \$ 443,643,138              | \$ 419,446,446              |
| Patient services, net of contractual allowances of \$2,805,556,000 and \$2,542,802,000   | 1,447,793,000               | 1,325,665,000               |
| Federal and county appropriations                                                        | 14,281,000                  | 14,867,271                  |
| Federal grants and contracts                                                             | 342,059,340                 | 319,477,994                 |
| State and local grants and contracts                                                     | 71,617,437                  | 78,969,136                  |
| Non-governmental grants and contracts                                                    | 143,078,181                 | 135,716,240                 |
| Sales and services of educational departments                                            | 80,024,598                  | 72,965,823                  |
| Insurance plan                                                                           | 80,488,949                  | 74,658,164                  |
| Auxiliary enterprises                                                                    |                             |                             |
| Athletics, net of scholarship allowances of \$3,205,946 and \$4,163,077                  | 135,848,495                 | 134,299,812                 |
| Housing/food service, net of scholarship allowances of \$25,312,823 and \$21,988,626     | 112,563,183                 | 111,218,919                 |
| Bookstore, net of scholarship allowances of \$471,998 and \$411,887                      | 3,730,686                   | 3,396,632                   |
| Other auxiliary enterprises, net of scholarship allowances of \$774,686 and \$691,211    | 22,583,812                  | 20,737,368                  |
| Other operating revenues                                                                 | 232,503,098                 | 204,711,237                 |
| Total operating revenues                                                                 | 3,130,214,917               | 2,916,130,042               |
| Operating Expenses                                                                       |                             |                             |
| Compensation and benefits                                                                | 2,150,134,107               | 2,046,782,066               |
| Supplies and services                                                                    | 1,267,606,019               | 1,233,597,778               |
| Scholarships and fellowships                                                             | 67,824,041                  | 65,948,170                  |
| Insurance plan                                                                           | 231,222,807                 | 209,957,487                 |
| Depreciation                                                                             | 274,862,943                 | 260,056,474                 |
| Total operating expenses                                                                 | 3,991,649,917               | 3,816,341,975               |
| Operating loss                                                                           | (861,435,000)               | (900,211,933)               |
| Non-Operating Revenues (Expenses)                                                        |                             |                             |
| State appropriations, net of Medicaid match payments of \$66,623,000 and \$61,074,000    | 528,679,499                 | 532,901,085                 |
| Property and sales tax                                                                   | 9,946,318                   | 10,418,556                  |
| Federal grants                                                                           | 126,233,086                 | 152,556,943                 |
| State and local grants                                                                   | 47,952,694                  | 46,705,873                  |
| Non-governmental grants                                                                  | 1,716,571                   | 1,455,118                   |
| Gifts                                                                                    | 181,156,843                 | 146,840,596                 |
| Investment income (net)                                                                  | 96,829,221                  | 51,136,967                  |
| Interest and fees on capital asset-related debt                                          | (62,660,627)                | (60,353,649)                |
| Gain/loss on disposal of assets                                                          | 625,250                     | 7,455,849                   |
| Other                                                                                    | 11,784,033                  | 12,297,016                  |
| Net non-operating revenues                                                               | 942,262,888                 | 901,414,354                 |
| Income before other revenues and expenses                                                | 80,827,888                  | 1,202,421                   |
| Other Changes in Net Position                                                            |                             |                             |
| Capital appropriations                                                                   | 1,635,434                   | 3,139,001                   |
| Capital grants and gifts                                                                 | 50,817,675                  | 44,651,821                  |
| Adjustments to prior year revenues and expenses                                          | (413,701)                   | 366,494                     |
| Extraordinary item-impairment gain on flood damage, net                                  | 842,101                     |                             |
| Other                                                                                    | 393                         | 148,091                     |
| Total other revenues and expenses                                                        | 52,881,902                  | 48,305,407                  |
| Increase in net position                                                                 | 133,709,790                 | 49,507,828                  |
| Net Position, beginning of year, as originally reported                                  | 3,072,666,651               | 3,019,484,709               |
| Cumulative effect of GASB No. 94 and 96 adoption                                         |                             | 4,194,796                   |
| Other                                                                                    |                             | (520,682)                   |
| Net Position, beginning of year, restated                                                | \$ 3,072,666,651            | \$ 3,023,158,823            |
| Net Position, end of year                                                                | \$ 3,206,376,441            | \$ 3,072,666,651            |

See accompanying notes.

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method For The Year Ended June 30, 2024 with comparative figures for 2023, as restated

|                                                           | Year Ended<br>June 30, 2024 | Year Ended<br>June 30, 2023 |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| Cash Flows from Operating Activities                      |                             |                             |
| Student tuition and fees (net of scholarships)            | \$ 443,021,787              | \$ 420,279,944              |
| Patient and insurance payments                            | 1,394,791,000               | 1,286,933,000               |
| Federal and county appropriations                         | 14,376,000                  | 16,284,211                  |
| Grants and contracts                                      | 574,033,410                 | 511,247,308                 |
| Collection of loans and interest                          | 140,000                     | 383,494                     |
| Insurance plan receipts                                   | 75,947,217                  | 73,886,460                  |
| Auxiliary enterprise revenues:                            |                             |                             |
| Athletics                                                 | 146,457,722                 | 136,981,137                 |
| Housing and food service                                  | 112,565,225                 | 110,569,369                 |
| Bookstore                                                 | 3,907,731                   | 3,447,237                   |
| Other auxiliary enterprises                               | 21,971,590                  | 20,661,222                  |
| Payments to employees                                     | (1,874,778,065)             | (1,786,222,852)             |
| Payments of employee benefits                             | (273,246,032)               | (266,504,658)               |
| Payments to suppliers                                     | (1,260,284,001)             | (1,262,362,566)             |
| Loans issued to students                                  | (93,000)                    | (9,375)                     |
| Scholarships and fellowships                              | (68,061,622)                | (65,941,224)                |
| Payments of insurance plan expenses                       | (226,630,314)               | (205,506,303)               |
| Other                                                     | 307,139,805                 | 258,239,289                 |
| Net cash used by operating activities                     | <u>(608,741,547)</u>        | <u>(747,634,307)</u>        |
| Cash Flows from Noncapital Financing Activities           |                             |                             |
| State appropriations                                      | 528,671,926                 | 532,766,303                 |
| Property and sales tax                                    | 9,866,818                   | 10,157,349                  |
| Gifts and grants for other than capital purposes          | 364,282,195                 | 339,791,378                 |
| Repayment of loans                                        | 756,000                     | 209,000                     |
| Direct Lending, Plus and FFEL loan receipts               | 272,453,093                 | 255,105,176                 |
| Direct Lending, Plus and FFEL loan payments               | (266,331,757)               | (257,497,283)               |
| Other agency funds - net                                  | (2,257,003)                 | (2,777,223)                 |
| Refunds to grantors                                       | (2,236)                     |                             |
| Intercompany debt payments/receipts                       | (160,263)                   | 394,312                     |
| Other noncapital receipts (payments)                      | 445,339                     | 679,516                     |
| Net cash provided by noncapital financing activities      | <u>907,724,112</u>          | <u>878,828,528</u>          |
| Cash Flows from Capital and Related Financing Activities  |                             |                             |
| Distributions from debt proceeds                          | 192,418,401                 | 47,356,484                  |
| Capital appropriations                                    | 1,613,801                   | 3,273,224                   |
| Capital grants and gifts                                  | 45,460,746                  | 88,209,183                  |
| Proceeds from sale of capital assets                      | 1,703,861                   | 211,528                     |
| Purchases of capital assets                               | (310,731,917)               | (305,994,543)               |
| Payment of capital related principal on debt              | (220,931,182)               | (121,800,856)               |
| Payment of capital related interest and fees              | (70,366,158)                | (69,952,110)                |
| Insurance proceeds                                        | 712,621                     |                             |
| Payments to/from trustee for reserve                      | (927,768)                   | (18,189,392)                |
| Other capital receipts (payments)                         | 637,000                     | (827,718)                   |
| Net cash used by capital and related financing activities | <u>(360,410,595)</u>        | <u>(377,714,200)</u>        |
| Cash Flows from Investing Activities                      |                             |                             |
| Proceeds from sales and maturities of investments         | 445,250,816                 | 475,818,857                 |
| Investment income (net of fees)                           | 50,455,257                  | 8,227,651                   |
| Purchases of investments                                  | (379,221,333)               | (416,034,530)               |
| Net cash used by investing activities                     | <u>116,484,740</u>          | <u>68,011,978</u>           |
| Net increase (decrease) in cash                           | 55,056,710                  | (178,508,001)               |
| Cash, beginning of the year                               | 385,000,986                 | 563,508,987                 |
| Cash, end of year                                         | <u>\$ 440,057,696</u>       | <u>\$ 385,000,986</u>       |

See accompanying notes.

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method - Continued For The Year Ended June 30, 2024 with comparative figures for 2023, as restated

|                                                                                                                             | Year Ended<br>June 30, 2024 | Year Ended<br>June 30, 2023 |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Reconciliation of net operating loss to net cash used by operating activities:                                              |                             |                             |
| Operating loss                                                                                                              | \$ (861,435,000)            | \$ (900,211,933)            |
| Adjustments to reconcile net operating loss to net cash used by operating activities:                                       |                             |                             |
| Depreciation expense                                                                                                        | 274,862,943                 | 260,056,474                 |
| Other miscellaneous operating receipts                                                                                      | 9,958,346                   | 10,726,600                  |
| Adjustment to cash for amounts in transit within the system                                                                 | (287,681)                   | 229,695                     |
| Change in assets and liabilities:                                                                                           |                             |                             |
| Receivables, net                                                                                                            | (51,424,909)                | (34,800,529)                |
| Inventories                                                                                                                 | 755,038                     | (4,119,533)                 |
| Prepaid expenses and other assets                                                                                           | (24,629,604)                | (8,194,194)                 |
| Accounts payable and other accrued liabilities                                                                              | 32,821,539                  | (23,254,619)                |
| Unearned revenue                                                                                                            | 9,590,548                   | 2,349,324                   |
| Liability for future insurance claims                                                                                       | 4,557,400                   | 4,364,100                   |
| Loans to students and employees                                                                                             | 971,820                     | 2,404,995                   |
| Refundable federal advance                                                                                                  | (1,054,630)                 | (2,584,529)                 |
| Compensated absences                                                                                                        | (2,048,622)                 | 2,772,821                   |
| OPEB liability                                                                                                              | 3,862,000                   | (3,899,000)                 |
| Pension related                                                                                                             | (2,156,031)                 | (53,243,977)                |
| Other                                                                                                                       | (3,084,704)                 | (230,002)                   |
| NET CASH USED BY OPERATING ACTIVITIES                                                                                       | <u>\$ (608,741,547)</u>     | <u>\$ (747,634,307)</u>     |
| Non-Cash Transactions                                                                                                       |                             |                             |
| Capital Gifts                                                                                                               | \$ 2,178,270                | \$ 19,775                   |
| Fixed assets acquired by incurring capital lease, SBITA, installment contract obligations                                   | 62,292,195                  | 94,677,606                  |
| Capital outlay & maintenance paid directly from proceeds of debt                                                            | 611,410                     | 3,968,132                   |
| Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow          | 161,779,386                 | 99,697,481                  |
| Payment of bond and note issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve | 1,102,731                   | 626,401                     |
| Payment of principal & interest on long-term debt from deposits with trustees                                               | 73,071                      | 6,391,279                   |
| Interest earned on deposits with trustees                                                                                   | 5,185,218                   | 2,096,780                   |
| Loss on disposal of assets                                                                                                  | 806,545                     | 606,513                     |
| Valuation adjustment to capital assets                                                                                      | 20,130,000                  |                             |
| Value of goods received from sponsorship agreements with vendors                                                            | 4,080,000                   | 3,504,060                   |
| Change in capital assets acquired in year-end accounts payable                                                              |                             | 2,679,000                   |
| Lease Receivable acquired through non-cash transactions                                                                     | 6,728,000                   | 40,800,000                  |

See accompanying notes.



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS FOUNDATION, INC. Consolidated Statements of Financial Position June 30, 2024 and 2023

|                                  | 2024                    | 2023                    |
|----------------------------------|-------------------------|-------------------------|
| ASSETS                           |                         |                         |
| Contributions receivable, net    | \$ 57,243,208           | \$ 94,676,203           |
| Interest receivable              | 8,634,648               | 6,719,460               |
| Investments, at fair value       | 2,020,030,101           | 1,851,035,431           |
| Cash value of life insurance     | 1,705,940               | 1,416,101               |
| Land                             |                         | 30,000                  |
| TOTAL ASSETS                     | <u>\$ 2,087,613,897</u> | <u>\$ 1,953,877,195</u> |
| LIABILITIES AND NET ASSETS       |                         |                         |
| LIABILITIES                      |                         |                         |
| Accounts payable                 | \$ 6,239,075            | \$ 8,106,574            |
| Annuity obligations              | 12,989,264              | 14,051,195              |
| TOTAL LIABILITIES                | <u>19,228,339</u>       | <u>22,157,769</u>       |
| NET ASSETS                       |                         |                         |
| Without donor restrictions       | 170,213,556             | 150,711,558             |
| With donor restrictions          | 1,898,172,002           | 1,781,007,868           |
| TOTAL NET ASSETS                 | <u>2,068,385,558</u>    | <u>1,931,719,426</u>    |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,087,613,897</u> | <u>\$ 1,953,877,195</u> |

## UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC. Statements of Financial Position June 30, 2024 and 2023

|                                    | 2024                  | 2023                  |
|------------------------------------|-----------------------|-----------------------|
| ASSETS                             |                       |                       |
| Investments                        | \$ 708,325,282        | \$ 664,940,299        |
| TOTAL ASSETS                       | <u>\$ 708,325,282</u> | <u>\$ 664,940,299</u> |
| LIABILITIES AND NET ASSETS         |                       |                       |
| Accounts Payable                   | \$ 435,846            | \$ 2,532,086          |
| Net Assets with donor restrictions | 707,889,436           | 662,408,213           |
| TOTAL LIABILITIES & NET ASSETS     | <u>\$ 708,325,282</u> | <u>\$ 664,940,299</u> |

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS FOUNDATION, INC. Consolidated Statements of Activities Years Ended June 30, 2024 and 2023

|                                                                 | Year Ended June 30, 2024      |                            |                  |
|-----------------------------------------------------------------|-------------------------------|----------------------------|------------------|
|                                                                 | Without Donor<br>Restrictions | With Donor<br>Restrictions | TOTAL            |
| Revenues, Gains and Other Support:                              |                               |                            |                  |
| Contributions                                                   | \$ 11,202,726                 | \$ 61,418,455              | \$ 72,621,181    |
| Interest and dividends                                          | 19,341,024                    | 12,853,138                 | 32,194,162       |
| Net realized and unrealized gains<br>on investments             | 23,752,685                    | 148,080,048                | 171,832,733      |
| Net assets released from restruictions                          | 104,968,474                   | (104,968,474)              | -                |
| Total revenues, gains and other support                         | 159,264,909                   | 117,383,167                | 276,648,076      |
| Expenses and Losses:                                            |                               |                            |                  |
| Program services:                                               |                               |                            |                  |
| University System support                                       | 124,837,904                   |                            | 124,837,904      |
| Supporting services:                                            |                               |                            |                  |
| Management and general                                          | 2,726,702                     |                            | 2,726,702        |
| Advancement and development                                     | 12,019,374                    |                            | 12,019,374       |
| Change in value of split-interest<br>agreements                 | 1,731                         | (403,781)                  | (402,050)        |
| Provision for loss (recovery) on<br>uncollectible contributions | 177,200                       | 622,814                    | 800,014          |
| Total supporting services                                       | 14,925,007                    | 219,033                    | 15,144,040       |
| Total expenses and losses                                       | 139,762,911                   | 219,033                    | 139,981,944      |
| Change in Net Assets                                            | 19,501,998                    | 117,164,134                | 136,666,132      |
| Net Assets, beginning of year                                   | 150,711,558                   | 1,781,007,868              | 1,931,719,426    |
| Net Assets, end of year                                         | \$ 170,213,556                | \$ 1,898,172,002           | \$ 2,068,385,558 |



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

| Year Ended June 30, 2023      |             |                            |               |       |               |
|-------------------------------|-------------|----------------------------|---------------|-------|---------------|
| Without Donor<br>Restrictions |             | With Donor<br>Restrictions |               | TOTAL |               |
| \$                            | 11,198,454  | \$                         | 62,675,696    | \$    | 73,874,150    |
|                               | 11,621,677  |                            | 10,141,841    |       | 21,763,518    |
|                               | 17,113,902  |                            | 87,762,081    |       | 104,875,983   |
|                               | 98,844,968  |                            | (98,844,968)  |       | -             |
|                               | 138,779,001 |                            | 61,734,650    |       | 200,513,651   |
|                               |             |                            |               |       |               |
|                               | 113,644,046 |                            |               |       | 113,644,046   |
|                               |             |                            |               |       |               |
|                               | 2,584,344   |                            |               |       | 2,584,344     |
|                               | 10,973,361  |                            |               |       | 10,973,361    |
|                               | (27,091)    |                            | (336,878)     |       | (363,969)     |
|                               | 21,898      |                            | 2,998,843     |       | 3,020,741     |
|                               | 13,552,512  |                            | 2,661,965     |       | 16,214,477    |
|                               | 127,196,558 |                            | 2,661,965     |       | 129,858,523   |
|                               |             |                            |               |       |               |
|                               | 11,582,443  |                            | 59,072,685    |       | 70,655,128    |
|                               | 139,129,115 |                            | 1,721,935,183 |       | 1,861,064,298 |
|                               |             |                            |               |       |               |
| \$                            | 150,711,558 | \$                         | 1,781,007,868 | \$    | 1,931,719,426 |



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

### Statements of Activities

Years Ended June 30, 2024 and 2023

|                                                     | Year Ended June 30, 2024      |                            |                |
|-----------------------------------------------------|-------------------------------|----------------------------|----------------|
|                                                     | Without Donor<br>Restrictions | With Donor<br>Restrictions | TOTAL          |
| Revenues, Gains and Other Support:                  |                               |                            |                |
| Interest and dividends                              |                               | \$ 4,471,271               | \$ 4,471,271   |
| Net realized and unrealized gains<br>on investments |                               | 68,310,906                 | 68,310,906     |
| Net assets released from restrictions               | \$ 27,300,954                 | (27,300,954)               | -              |
| Total revenues, gains and other support             | 27,300,954                    | 45,481,223                 | 72,782,177     |
| Expenses and Losses:                                |                               |                            |                |
| Program services:                                   |                               |                            |                |
| Fayetteville campus support                         | 27,300,954                    |                            | 27,300,954     |
| Total program services                              | 27,300,954                    | -                          | 27,300,954     |
| Change in Net Assets                                | -                             | 45,481,223                 | 45,481,223     |
| Net Assets, beginning of year                       | -                             | 662,408,213                | 662,408,213    |
| Net Assets, end of year                             | \$ -                          | \$ 707,889,436             | \$ 707,889,436 |



## UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

|                                                     | Year Ended June 30, 2023      |                            |                |
|-----------------------------------------------------|-------------------------------|----------------------------|----------------|
|                                                     | Without Donor<br>Restrictions | With Donor<br>Restrictions | TOTAL          |
| Revenues, Gains and Other Support:                  |                               |                            |                |
| Interest and dividends                              |                               | \$ 3,359,581               | \$ 3,359,581   |
| Net realized and unrealized gains<br>on investments |                               | 41,094,965                 | 41,094,965     |
| Net assets released from restrictions               | \$ 24,996,293                 | (24,996,293)               | -              |
| Total revenues, gains and other support             | 24,996,293                    | 19,458,253                 | 44,454,546     |
| Expenses and Losses:                                |                               |                            |                |
| Program services:                                   |                               |                            |                |
| Fayetteville campus support                         | 24,996,293                    |                            | 24,996,293     |
| Total program services                              | 24,996,293                    | -                          | 24,996,293     |
| Change in Net Assets                                | -                             | 19,458,253                 | 19,458,253     |
| Net Assets, beginning of year                       | -                             | 642,949,960                | 642,949,960    |
| Net Assets, end of year                             | \$ -                          | \$ 662,408,213             | \$ 662,408,213 |



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS SYSTEM Schedule of Net Position by Campus At June 30, 2024

|                                                                  | UAF                     | UAFS                  | UALR                  | UAMS                    | UAM                  | UAPB                  |
|------------------------------------------------------------------|-------------------------|-----------------------|-----------------------|-------------------------|----------------------|-----------------------|
| <b>ASSETS</b>                                                    |                         |                       |                       |                         |                      |                       |
| <b>Current</b>                                                   |                         |                       |                       |                         |                      |                       |
| Cash and cash equivalents                                        | \$ 170,440,000          | \$ 19,160,384         | \$ 32,419,604         | \$ 58,527,000           | \$ 30,337,252        | \$ 9,836,534          |
| Investments                                                      | 510,627,000             | 30,913,563            | 46,663,290            | 2,619,000               | 141,270              |                       |
| Accounts receivable                                              | 88,152,000              | 3,381,011             | 21,461,859            | 98,333,000              | 6,654,539            | 27,445,002            |
| Patient accounts receivable                                      |                         |                       |                       | 256,130,000             |                      |                       |
| Inventories                                                      | 7,761,000               |                       | 106,641               | 34,568,000              | 286,983              | 31,828                |
| Deposits and funds held in trust by others                       | 7,118,000               |                       |                       |                         | 3                    | 19,103,210            |
| Notes receivable                                                 | 840,000                 | 5,291                 | 13,691                | 841,000                 |                      |                       |
| Other assets                                                     | 14,213,000              | 259,962               | 1,025,918             | 23,531,000              | 1,998,965            | 140,941               |
| Total current assets                                             | 799,151,000             | 53,720,211            | 101,691,003           | 474,549,000             | 39,419,012           | 56,557,515            |
| <b>Non-Current</b>                                               |                         |                       |                       |                         |                      |                       |
| Cash and cash equivalents                                        |                         |                       |                       |                         | 4,616,312            | 3,825,204             |
| Investments                                                      | 172,373,000             | 701,537               | 40,756,762            | 154,103,000             | 4,705,999            | 5,936,378             |
| Accounts receivable                                              | 12,877,000              |                       |                       | 46,301,000              |                      |                       |
| Notes receivable                                                 | 4,287,000               | 134,653               | 348,440               | 9,280,000               | 51,296               | 464,192               |
| Deposits and funds held in trust by others                       | 39,217,000              | 76,997                | 712,155               | 89,778,000              |                      |                       |
| Other non-current assets                                         | 21,907,000              | 3,229,886             | 4,313,412             |                         |                      | 2,012,829             |
| Capital assets                                                   | 1,687,355,000           | 123,647,520           | 185,722,010           | 1,073,167,000           | 47,054,240           | 109,494,237           |
| Total non-current assets                                         | 1,938,016,000           | 127,790,593           | 231,852,779           | 1,372,629,000           | 56,427,847           | 121,732,840           |
| <b>TOTAL ASSETS</b>                                              | <b>\$ 2,737,167,000</b> | <b>\$ 181,510,804</b> | <b>\$ 333,543,782</b> | <b>\$ 1,847,178,000</b> | <b>\$ 95,846,859</b> | <b>\$ 178,290,355</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                            |                         |                       |                       |                         |                      |                       |
| Debt refunding                                                   | \$ 6,755,000            | \$ 1,698,074          | \$ 2,030,903          | \$ 1,018,000            |                      | \$ 162,407            |
| Other postemployment benefits                                    | 2,708,000               | 211,000               | 540,000               | 2,146,000               | 115,000              | 219,000               |
| Pensions                                                         | 3,372,000               | 408,933               | 1,508,117             | 2,741,000               | 679,887              | 320,197               |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                      | <b>\$ 12,835,000</b>    | <b>\$ 2,318,007</b>   | <b>\$ 4,079,020</b>   | <b>\$ 5,905,000</b>     | <b>\$ 794,887</b>    | <b>\$ 701,604</b>     |
| <b>LIABILITIES</b>                                               |                         |                       |                       |                         |                      |                       |
| <b>Current</b>                                                   |                         |                       |                       |                         |                      |                       |
| Accounts payable and other accrued liabilities                   | \$ 80,385,000           | \$ 2,742,495          | \$ 9,377,698          | \$ 143,455,000          | \$ 2,012,741         | \$ 3,301,913          |
| Unearned revenue, deposits and other                             | 51,805,000              | 471,220               | 10,168,431            | 6,963,000               | 51,015               | 56,215                |
| Funds held in trust for others                                   | 4,102,000               | 342,480               | 977,824               |                         | 130,471              | 2,777,933             |
| Liability for future insurance claims                            |                         |                       |                       |                         |                      |                       |
| Compensated absences payable - current portion                   | 2,495,000               | 200,593               | 352,656               | 5,159,000               | 74,768               | 213,860               |
| Liability for other postemployment benefits - current portion    | 713,000                 | 75,000                | 195,000               | 919,000                 | 49,000               | 65,000                |
| Bonds, notes, leases and installment contracts payable - current | 57,396,000              | 3,464,641             | 9,811,131             | 43,446,000              | 1,415,726            | 2,077,174             |
| Total current liabilities                                        | 196,896,000             | 7,296,429             | 30,882,740            | 199,942,000             | 3,733,721            | 8,492,095             |
| <b>Non-Current</b>                                               |                         |                       |                       |                         |                      |                       |
| Unearned revenues, deposits and other                            | 5,931,000               |                       | 135,714               |                         |                      | 55,663                |
| Refundable federal advance - Perkins loans                       | 3,508,000               |                       |                       |                         |                      |                       |
| Compensated absences payable                                     | 21,744,000              | 1,362,872             | 3,814,032             | 70,821,000              | 1,140,399            | 2,330,715             |
| Liability for other post employment benefits                     | 22,678,000              | 1,728,000             | 5,545,000             | 33,348,000              | 1,524,000            | 2,667,000             |
| Liability for pensions                                           | 9,699,000               | 1,291,903             | 4,537,275             | 7,286,000               | 2,110,975            | 802,778               |
| Bonds, notes, leases, installment contracts payable              | 836,222,000             | 44,176,401            | 65,117,705            | 750,637,000             | 23,973,287           | 41,390,409            |
| Total non-current liabilities                                    | 899,782,000             | 48,559,176            | 79,149,726            | 862,092,000             | 28,748,661           | 47,246,565            |
| <b>TOTAL LIABILITIES</b>                                         | <b>\$ 1,096,678,000</b> | <b>\$ 55,855,605</b>  | <b>\$ 110,032,466</b> | <b>\$ 1,062,034,000</b> | <b>\$ 32,482,382</b> | <b>\$ 55,738,660</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                             |                         |                       |                       |                         |                      |                       |
| Other postemployment benefits                                    | 3,131,000               | 393,000               | 1,049,000             | \$ 5,023,000            | \$ 289,000           | \$ 629,000            |
| Pensions                                                         | 1,244,000               | 286,936               | 1,137,155             | 1,274,000               | 330,587              | 52,548                |
| Other                                                            | 15,812,000              |                       | 202,898               | 59,913,000              |                      |                       |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                       | <b>\$ 20,187,000</b>    | <b>\$ 679,936</b>     | <b>\$ 2,389,053</b>   | <b>\$ 66,210,000</b>    | <b>\$ 619,587</b>    | <b>\$ 681,548</b>     |
| <b>NET POSITION</b>                                              |                         |                       |                       |                         |                      |                       |
| Net Investment in Capital Assets                                 | \$ 828,155,000          | \$ 80,181,202         | \$ 114,528,566        | \$ 370,115,000          | \$ 23,761,565        | \$ 80,199,434         |
| <b>Restricted</b>                                                |                         |                       |                       |                         |                      |                       |
| <b>Non-Expendable</b>                                            |                         |                       |                       |                         |                      |                       |
| Scholarships and fellowships                                     | 11,217,000              | 302,956               | 4,941,774             | 433,000                 | 56,017               |                       |
| Research                                                         | 18,990,000              |                       | 193,744               | 27,923,000              | 321,560              |                       |
| Other                                                            | 16,947,000              | 7,000                 | 7,290,439             | 23,197,000              |                      | 8,389,348             |
| <b>Expendable</b>                                                |                         |                       |                       |                         |                      |                       |
| Scholarships and fellowships                                     | 24,768,000              | 358,927               | 705,428               | 14,273,000              | 568,785              | 2,102,378             |
| Research                                                         | 52,741,000              | 124,978               | 93,942                | 27,039,000              | 2,714,454            | 6,668,100             |
| Public service                                                   | 18,552,000              | 547,874               | 132,354               | 5,861,000               |                      | 5,069,765             |
| Capital projects                                                 | 49,563,000              | 80,695                |                       | 4,000                   | 21,511,420           | 3,022,455             |
| Other                                                            | 33,900,000              | 2,051,879             | 15,037,877            | 13,226,000              | 210,559              | 10,340,957            |
| Unrestricted                                                     | 578,304,000             | 43,637,759            | 82,277,159            | 242,768,000             | 14,395,417           | 6,779,314             |
| <b>TOTAL NET POSITION</b>                                        | <b>\$ 1,633,137,000</b> | <b>\$ 127,293,270</b> | <b>\$ 225,201,283</b> | <b>\$ 724,839,000</b>   | <b>\$ 63,539,777</b> | <b>\$ 122,571,751</b> |

See accompanying notes.

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

| SYSTEM         | CCCUA         | PCCUA         | UACCB         | UACHT         | UACCM         | UAPTC          | UACCRM        | ASMSA         | Elimination<br>(See Note 19) | TOTAL            |
|----------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|------------------------------|------------------|
| \$ 32,391,215  | \$ 3,284,863  | \$ 13,909,917 | \$ 5,707,705  | \$ 5,444,928  | \$ 6,164,129  | \$ 30,981,630  | \$ 1,062,138  | \$ 10,444,512 |                              | \$ 430,111,811   |
| 34,688,983     | 1,032,002     | 3,762,199     |               | 7,387,135     | 2,602,318     | 26,718,420     |               |               |                              | 667,155,180      |
| 27,751,771     | 2,144,563     | 1,981,094     | 935,557       | 862,648       | 893,321       | 2,370,240      | 955,510       | 113,518       | \$ (19,454,588)              | 263,981,045      |
|                | 81,426        | 53,647        | 54,117        | 389,319       |               |                | 349,522       |               |                              | 256,130,000      |
|                |               | 244           |               |               |               |                | 74,810        |               |                              | 43,682,483       |
|                |               |               |               |               |               |                |               | 1,041         | (55,136)                     | 26,296,267       |
| 4,251,980      | 781,928       | 548,047       | 528,240       | 546,638       | 1,123,595     | 2,387,054      | 59,747        | 53,346        |                              | 1,645,887        |
| 99,083,949     | 7,324,782     | 20,255,148    | 7,225,619     | 14,630,668    | 10,783,363    | 62,457,344     | 2,501,727     | 10,612,417    | (19,509,724)                 | 51,450,361       |
|                | 1,482,716     |               |               |               | 21,653        |                |               |               |                              | 9,945,885        |
| 27,282,986     | 609,138       |               | 2,252,964     |               |               | 1,180,478      | 1,095,550     |               |                              | 410,997,792      |
|                | 34,530        | 84,211        | 45,737        | 30,701        | 39,383        |                |               | 26,484        | (5,101,300)                  | 59,178,000       |
|                |               |               |               |               | 1,220         |                |               |               |                              | 9,725,327        |
| 16,159,579     |               |               | 242,356       |               |               | 33,632         |               |               |                              | 129,819,004      |
| 4,603,888      | 10,793,001    | 22,234,156    | 13,525,564    | 29,839,238    | 22,669,926    | 182,669        | 398,074       |               | (16,159,214)                 | 32,286,591       |
| 48,046,453     | 12,919,385    | 22,318,367    | 16,066,621    | 29,869,939    | 22,732,182    | 76,482,681     | 18,514,835    | 27,095,184    |                              | 3,452,198,480    |
|                |               |               |               |               |               | 77,879,460     | 20,008,459    | 27,121,668    | (21,260,514)                 | 4,104,151,079    |
| \$ 147,130,402 | \$ 20,244,167 | \$ 42,573,515 | \$ 23,292,240 | \$ 44,500,607 | \$ 33,515,545 | \$ 140,336,804 | \$ 22,510,186 | \$ 37,734,085 | \$ (40,770,238)              | \$ 5,844,604,113 |
|                | \$ 55,144     | \$ 624,550    |               | \$ 109,948    |               | \$ 3,685,710   |               |               |                              | \$ 16,139,736    |
| \$ 44,000      | 77,000        | 58,000        | \$ 43,000     | 50,000        | \$ 64,000     | 183,000        | \$ 41,000     | \$ 27,000     |                              | 6,526,000        |
| 224,844        | 450,893       | 170,702       | 640,238       | 382,143       | 629,657       | 1,603,372      | 457,325       | 204,305       |                              | 13,793,613       |
| \$ 268,844     | \$ 583,037    | \$ 853,252    | \$ 683,238    | \$ 542,091    | \$ 693,657    | \$ 5,472,082   | \$ 498,325    | \$ 231,305    | \$ -                         | \$ 36,459,349    |
| \$ 7,344,228   | \$ 554,043    | \$ 1,752,948  | \$ 384,881    | \$ 71,412     | \$ 801,463    | \$ 2,931,079   | \$ 871,600    | \$ 639,043    | \$ (19,454,588)              | \$ 237,170,956   |
| 1,484,937      | 304,312       | 367,295       | 130,544       | 105,281       | 529,000       | 133,103        | 79,333        | 34,923        |                              | 72,683,609       |
|                | 52,556        | (10,057)      | 22,616        | (12,698)      | 84,695        | 126,398        | 37,273        | 59,673        |                              | 8,691,164        |
| 23,431,000     |               |               |               |               |               |                |               |               |                              | 23,431,000       |
| 135,545        | 17,062        | 51,696        | 38,299        | 34,998        | 7,782         | 124,131        | 50,244        | 22,929        |                              | 8,978,563        |
| 18,000         | 16,000        | 45,000        | 19,000        | 16,000        | 24,000        | 81,000         | 6,000         | 2,000         |                              | 2,243,000        |
| 4,614,724      | 245,437       | 523,848       | 265,821       | 637,420       | 421,990       | 2,968,135      | 493,632       | 133,814       | (3,517,960)                  | 124,397,533      |
| 37,028,434     | 1,189,410     | 2,730,730     | 861,161       | 852,413       | 1,868,930     | 6,363,846      | 1,538,082     | 892,382       | (22,972,548)                 | 477,595,825      |
|                |               |               |               |               |               |                |               |               |                              | 6,122,377        |
|                |               |               |               |               |               |                |               |               |                              | 3,508,000        |
| 1,689,683      | 281,690       | 435,335       | 348,435       | 394,206       | 392,081       | 586,181        | 265,864       | 155,150       |                              | 105,761,643      |
| 591,000        | 592,000       | 872,000       | 436,000       | 362,000       | 737,000       | 1,090,000      | 542,000       | 266,000       |                              | 72,978,000       |
| 632,663        | 1,458,877     | 549,393       | 1,916,793     | 1,209,665     | 2,085,579     | 5,338,827      | 1,581,930     | 799,092       |                              | 41,300,750       |
| 18,673,026     | 2,428,654     | 8,083,183     | 621,741       | 7,626,089     | 9,328,896     | 66,624,162     | 13,205,826    | 603,081       | (17,797,690)                 | 1,870,913,770    |
| 21,586,372     | 4,761,221     | 9,939,911     | 3,322,969     | 9,591,960     | 12,543,556    | 73,639,170     | 15,595,620    | 1,823,323     | (17,797,690)                 | 2,100,584,540    |
| \$ 58,614,806  | \$ 5,950,631  | \$ 12,670,641 | \$ 4,184,130  | \$ 10,444,373 | \$ 14,412,486 | \$ 80,003,016  | \$ 17,133,702 | \$ 2,715,705  | \$ (40,770,238)              | \$ 2,578,180,365 |
| \$ 80,000      | \$ 176,000    | \$ 121,000    | \$ 66,000     | \$ 289,000    | \$ 111,000    | \$ 577,000     | \$ 252,000    | \$ 45,000     |                              | \$ 12,231,000    |
| 76,712         | 389,704       | 205,118       | 336,676       | 454,420       | 291,049       | 1,881,118      | 222,974       | 95,627        |                              | 8,278,624        |
| 69,134         |               |               |               |               |               |                |               |               |                              | 75,997,032       |
| \$ 225,846     | \$ 565,704    | \$ 326,118    | \$ 402,676    | \$ 743,420    | \$ 402,049    | \$ 2,458,118   | \$ 474,974    | \$ 140,627    | \$ -                         | \$ 96,506,656    |
| \$ 2,046,256   | \$ 8,796,332  | \$ 14,206,437 | \$ 12,492,449 | \$ 21,575,729 | \$ 13,810,791 | \$ 9,941,098   | \$ 4,815,374  | \$ 28,007,783 |                              | \$ 1,612,633,016 |
|                | 75,000        |               |               |               |               | 1,044,904      |               |               |                              | 18,070,651       |
|                |               |               |               |               |               |                |               |               |                              | 47,428,304       |
|                |               |               |               |               |               |                |               |               |                              | 55,830,787       |
|                | 87,504        | 288,033       |               |               | 276,443       | 135,574        |               |               |                              | 43,564,072       |
|                |               |               |               |               |               |                |               |               |                              | 89,381,474       |
|                |               |               |               |               |               |                |               |               |                              | 30,162,993       |
|                | 1,482,716     | 2,602,222     |               |               |               |                |               |               |                              | 78,266,508       |
|                | 227,897       |               | 391,790       |               |               | 3,744,373      | 74,810        | 408,619       |                              | 79,614,761       |
| 86,512,338     | 3,641,420     | 13,333,316    | 6,504,433     | 12,279,176    | 5,307,433     | 48,481,803     | 509,651       | 6,692,656     |                              | 1,151,423,875    |
| \$ 88,558,594  | \$ 14,310,869 | \$ 30,430,008 | \$ 19,388,672 | \$ 33,854,905 | \$ 19,394,667 | \$ 63,347,752  | \$ 5,399,835  | \$ 35,109,058 | \$ -                         | \$ 3,206,376,441 |

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS SYSTEM Schedule of Revenues, Expenses, and Changes in Net Position by Campus For the Year Ended June 30, 2024

|                                                            | UAF                     | UAFS                  | UALR                  | UAMS                  | UAM                  | UAPB                  | SYSTEM               |
|------------------------------------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|
| <b>Operating Revenues</b>                                  |                         |                       |                       |                       |                      |                       |                      |
| Student tuition & fees, net of scholarship allowances      | \$ 298,223,000          | \$ 13,209,591         | \$ 32,290,021         | \$ 49,560,000         | \$ 8,771,133         | \$ 7,593,124          | \$ 11,673,181        |
| Patient services, net of contractual allowances            |                         |                       |                       | 1,447,793,000         |                      |                       |                      |
| Federal and county appropriations                          | 14,281,000              |                       |                       |                       |                      |                       |                      |
| Federal grants and contracts                               | 125,569,000             | 2,239,896             | 34,672,460            | 135,743,000           | 1,638,727            | 27,476,872            |                      |
| State and local grants and contracts                       | 14,315,000              | 2,106,857             | 2,746,676             | 36,139,000            | 1,279,792            | 4,729,468             |                      |
| Non-governmental grants and contracts                      | 19,664,000              | 116                   | 934,524               | 117,516,000           | 168,152              | 2,853,038             |                      |
| Sales and services of educational departments              | 30,491,000              | 796,710               | 940,478               | 44,860,000            | 304,784              | 26,190                | 5,739,130            |
| Insurance plan                                             |                         |                       |                       |                       |                      |                       | 223,386,401          |
| Auxiliary enterprises                                      |                         |                       |                       |                       |                      |                       |                      |
| Athletics, net of scholarship allowances                   | 130,566,000             | 24,570                | 2,345,722             |                       | 465,782              | 2,311,034             |                      |
| Housing/food service, net of scholarship allowances        | 88,728,000              | 3,701,029             | 3,475,736             | 9,531,000             | 1,670,428            | 3,697,127             |                      |
| Bookstore, net of scholarship allowances                   | 1,591,000               | 188,809               | 332,738               |                       | 43,402               | 117,888               |                      |
| Other auxiliary enterprises, net of scholarship allowances | 17,423,000              | 179,909               | 942,171               | 3,304,000             | 502,472              | 113,287               |                      |
| Other operating revenues                                   | 15,325,000              | 390,262               | 963,331               | 214,386,000           | 258,472              | 1,722,610             | 475,706              |
| <b>Total operating revenues</b>                            | <b>756,176,000</b>      | <b>22,837,749</b>     | <b>79,643,857</b>     | <b>2,058,832,000</b>  | <b>15,103,144</b>    | <b>50,640,638</b>     | <b>241,274,418</b>   |
| <b>Operating Expenses</b>                                  |                         |                       |                       |                       |                      |                       |                      |
| Compensation and benefits                                  | 637,342,000             | 42,226,000            | 105,823,081           | 1,331,027,000         | 28,110,962           | 45,126,218            | 16,900,186           |
| Supplies and services                                      | 340,834,000             | 22,563,674            | 62,332,805            | 735,299,000           | 14,004,271           | 33,722,832            | 15,519,834           |
| Scholarships and fellowships                               | 32,642,000              | 2,936,204             | 4,563,599             | 1,050,000             | 4,211,397            | 4,534,131             | 1,587,738            |
| Insurance plan                                             |                         |                       |                       |                       |                      |                       | 231,222,807          |
| Depreciation                                               | 115,048,000             | 8,231,002             | 16,073,943            | 102,886,000           | 4,494,543            | 8,761,892             | 2,990,520            |
| <b>Total operating expenses</b>                            | <b>1,125,866,000</b>    | <b>75,956,880</b>     | <b>188,793,428</b>    | <b>2,170,262,000</b>  | <b>50,821,173</b>    | <b>92,145,073</b>     | <b>268,221,085</b>   |
| <b>Operating income (loss)</b>                             | <b>(369,690,000)</b>    | <b>(53,119,131)</b>   | <b>(109,149,571)</b>  | <b>(111,430,000)</b>  | <b>(35,718,029)</b>  | <b>(41,504,435)</b>   | <b>(26,946,667)</b>  |
| <b>Non-Operating Revenues (Expenses)</b>                   |                         |                       |                       |                       |                      |                       |                      |
| State appropriations, net of Medicaid match payments       | 235,548,000             | 26,635,265            | 70,379,167            | 74,115,000            | 20,437,403           | 29,127,350            | 4,441,431            |
| Property and sales tax                                     |                         |                       |                       |                       |                      |                       |                      |
| Federal grants                                             | 28,937,000              | 13,383,790            | 14,329,032            |                       | 8,077,564            | 12,726,204            | 13,290,046           |
| State and local grants                                     | 33,615,000              | 4,048,432             | 3,603,120             |                       | 1,636,415            | 646,906               |                      |
| Non-governmental grants                                    | 20,000                  |                       | 1,164,497             |                       |                      |                       |                      |
| Gifts                                                      | 115,292,000             | 5,365,663             | 19,374,925            | 33,763,000            | 2,101,764            | 3,790,254             | 233,434              |
| Investment income (net)                                    | 49,632,000              | 2,613,575             | 6,571,548             | 27,766,000            | 1,229,989            | 1,543,704             | 4,474,124            |
| Interest and fees on capital asset-related debt            | (28,258,000)            | (1,433,644)           | (1,816,689)           | (24,615,000)          | (805,762)            | (1,553,957)           | (607,163)            |
| Gain (loss) on disposal of assets                          | 1,260,000               | (1,197)               | (327,917)             |                       | (3,749)              | (5,471)               | 1,395                |
| Other                                                      | 8,880,000               | 109,542               | 1,071,986             | 547,000               | 92,270               | 177,013               | 216,733              |
| <b>Net non-operating revenues</b>                          | <b>444,926,000</b>      | <b>50,721,426</b>     | <b>114,349,669</b>    | <b>111,576,000</b>    | <b>32,765,894</b>    | <b>46,452,003</b>     | <b>22,050,000</b>    |
| <b>Income/Loss before other revenues and expenses</b>      | <b>75,236,000</b>       | <b>(2,397,705)</b>    | <b>5,200,098</b>      | <b>146,000</b>        | <b>(2,952,135)</b>   | <b>4,947,568</b>      | <b>(4,896,667)</b>   |
| <b>Other Changes in Net Position</b>                       |                         |                       |                       |                       |                      |                       |                      |
| Capital appropriations                                     | 1,432,000               |                       |                       |                       |                      |                       |                      |
| Capital grants and gifts                                   | 31,699,000              |                       |                       |                       | 18,962,106           |                       |                      |
| Adjustments to prior year revenues and expenses            |                         | (4,541)               |                       |                       | 27,718               | (19,163)              | (703,466)            |
| Extraordinary item-impairment gain on flood damage, net    |                         |                       | 842,101               |                       |                      |                       |                      |
| Other                                                      | 393                     |                       |                       |                       |                      |                       |                      |
| <b>Total other revenues and expenses</b>                   | <b>33,131,393</b>       | <b>(4,541)</b>        | <b>842,101</b>        | <b>-</b>              | <b>18,989,824</b>    | <b>(19,163)</b>       | <b>(703,466)</b>     |
| <b>Increase (decrease) in net position</b>                 | <b>108,367,393</b>      | <b>(2,402,246)</b>    | <b>6,042,199</b>      | <b>146,000</b>        | <b>16,037,689</b>    | <b>4,928,405</b>      | <b>(5,600,133)</b>   |
| <b>Net Position, beginning of year</b>                     | <b>1,524,769,607</b>    | <b>129,695,516</b>    | <b>219,159,084</b>    | <b>724,693,000</b>    | <b>47,502,088</b>    | <b>117,643,346</b>    | <b>94,158,727</b>    |
| Cumulative effect of GASB No. 94 and 96 adoption           |                         |                       |                       |                       |                      |                       |                      |
| Other Adjustments                                          |                         |                       |                       |                       |                      |                       |                      |
| <b>Net Position, beginning of year, restated</b>           | <b>\$ 1,524,769,607</b> | <b>\$ 129,695,516</b> | <b>\$ 219,159,084</b> | <b>\$ 724,693,000</b> | <b>\$ 47,502,088</b> | <b>\$ 117,643,346</b> | <b>\$ 94,158,727</b> |
| <b>Net Position, end of year</b>                           | <b>\$ 1,633,137,000</b> | <b>\$ 127,293,270</b> | <b>\$ 225,201,283</b> | <b>\$ 724,839,000</b> | <b>\$ 63,539,777</b> | <b>\$ 122,571,751</b> | <b>\$ 88,558,594</b> |

See accompanying notes.



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

| CCCUA         | PCCUA         | UACCB         | UACCHT        | UACCM         | UAPTC         | UACCRM       | ASMSA         | Elimination<br>(Note 19) | TOTAL            |
|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------------------|------------------|
| \$ 1,815,827  | \$ 972,599    | \$ 974,583    | \$ 980,900    | \$ 2,811,192  | \$ 13,996,362 | \$ 771,625   |               |                          | \$ 443,643,138   |
|               |               |               |               |               |               |              |               |                          | 1,447,793,000    |
|               |               |               |               |               |               |              |               |                          | 14,281,000       |
| 2,872,990     | 2,669,510     | 1,465,986     | 1,444,995     | 713,238       | 3,145,473     | 2,327,871    | 79,322        |                          | 342,059,340      |
| 1,794,578     | 1,178,645     | 904,497       | 1,166,667     | 1,742,120     | 2,217,139     | 505,834      | 791,164       |                          | 71,617,437       |
| 107,212       | 6,972         |               | 10,127        | 203,759       | 1,342,357     | 260,189      | 11,735        |                          | 143,078,181      |
| 39,911        | 132,739       | 203,758       | 231,039       | 362,063       | 757,202       | 36,887       | 100           | \$ (4,897,393)           | 80,024,598       |
|               |               |               |               |               |               |              |               | (142,897,452)            | 80,488,949       |
|               |               |               |               |               |               |              |               |                          |                  |
| 131,962       |               |               |               |               |               | 3,425        |               |                          | 135,848,495      |
| 224,465       |               | 142,676       |               |               | 347,726       | 1,044,996    |               |                          | 112,563,183      |
| 89,065        | 300,663       | 160,808       | 329,878       |               | 163,466       | 412,969      |               |                          | 3,730,686        |
|               | 40,881        | 9,030         |               |               | 69,062        |              |               |                          | 22,583,812       |
| 37,954        | 122,851       | 47,036        | 22,064        | 105,355       | 289,198       | 93,770       | 237,677       | (1,974,188)              | 232,503,098      |
| 7,113,964     | 5,424,860     | 3,908,374     | 4,185,670     | 5,937,727     | 22,327,985    | 5,457,566    | 1,119,998     | (149,769,033)            | 3,130,214,917    |
|               |               |               |               |               |               |              |               |                          |                  |
| 10,062,425    | 11,104,655    | 8,646,971     | 8,776,435     | 11,774,129    | 23,183,792    | 6,807,498    | 6,120,207     | (142,897,452)            | 2,150,134,107    |
| 5,189,629     | 5,960,899     | 4,897,433     | 3,864,805     | 3,923,571     | 17,505,978    | 4,245,236    | 4,613,633     | (6,871,581)              | 1,267,606,019    |
| 936,484       | 2,479,463     | 1,654,712     | 1,347,320     | 2,593,276     | 6,449,237     | 838,480      |               |                          | 67,824,041       |
|               |               |               |               |               |               |              |               |                          | 231,222,807      |
| 1,147,735     | 1,510,832     | 1,257,848     | 1,831,377     | 2,163,174     | 5,329,208     | 2,301,499    | 835,370       |                          | 274,862,943      |
| 17,336,273    | 21,055,849    | 16,456,964    | 15,819,937    | 20,454,150    | 52,468,215    | 14,192,713   | 11,569,210    | (149,769,033)            | 3,991,649,917    |
|               |               |               |               |               |               |              |               |                          |                  |
| (10,222,309)  | (15,630,989)  | (12,548,590)  | (11,634,267)  | (14,516,423)  | (30,140,230)  | (8,735,147)  | (10,449,212)  | -                        | (861,435,000)    |
|               |               |               |               |               |               |              |               |                          |                  |
| 5,133,874     | 10,814,196    | 5,444,197     | 6,708,548     | 6,484,510     | 16,999,570    | 3,801,482    | 12,609,506    |                          | 528,679,499      |
| 1,827,357     | 2,516,193     | 2,121,878     | 1,943,903     | 1,023,419     |               | 513,568      |               |                          | 9,946,318        |
| 2,183,196     | 3,358,296     | 3,976,118     | 2,498,247     | 4,707,228     | 16,874,676    | 1,891,689    |               |                          | 126,233,086      |
| 508,868       | 88,539        | 601,553       | 333,351       | 687,363       | 765,547       | 1,417,600    |               |                          | 47,952,694       |
| 131,031       |               | 323,143       | 77,900        |               |               |              |               |                          | 1,716,571        |
| 138,891       | 297,253       | 119,582       |               | 175,402       | 406,309       | 43,500       | 54,866        |                          | 181,156,843      |
| 278,519       | 242,994       | 170,991       | 257,270       | 477,772       | 2,112,787     | 42,311       | 36,964        | (621,327)                | 96,829,221       |
| (111,890)     | (320,119)     | (15,253)      | (176,227)     | (348,015)     | (2,593,421)   | (562,205)    | (21,073)      | 577,791                  | (62,660,627)     |
| (30,889)      | (2,322)       | 288           | (11,288)      |               |               |              | (253,600)     |                          | 625,250          |
| 11,073        | 533,471       | 8,782         | 40,079        |               | 19,583        | 21,214       | 11,751        | 43,536                   | 11,784,033       |
| 10,070,030    | 17,528,501    | 12,751,279    | 11,671,783    | 13,207,679    | 34,585,051    | 7,169,159    | 12,438,414    | -                        | 942,262,888      |
| (152,279)     | 1,897,512     | 202,689       | 37,516        | (1,308,744)   | 4,444,821     | (1,565,988)  | 1,989,202     | -                        | 80,827,888       |
|               |               |               |               |               |               |              |               |                          |                  |
| 203,434       | 109,069       | 4,221         | 47,500        |               |               | 317,354      |               |                          | 1,635,434        |
|               |               |               | (35,824)      |               |               |              |               |                          | 50,817,675       |
|               |               |               |               |               |               |              |               |                          | (413,701)        |
|               |               |               |               |               |               |              |               |                          | 842,101          |
|               |               |               |               |               |               |              |               |                          | 393              |
| 203,434       | 109,069       | 4,221         | 11,676        | -             | -             | 317,354      | -             | -                        | 52,881,902       |
|               |               |               |               |               |               |              |               |                          |                  |
| 51,155        | 2,006,581     | 206,910       | 49,192        | (1,308,744)   | 4,444,821     | (1,248,634)  | 1,989,202     | -                        | 133,709,790      |
| 14,259,714    | 28,423,427    | 19,181,762    | 33,805,713    | 20,703,411    | 58,902,931    | 6,648,469    | 33,119,856    |                          | 3,072,666,651    |
|               |               |               |               |               |               |              |               |                          | -                |
|               |               |               |               |               |               |              |               |                          | -                |
| \$ 14,259,714 | \$ 28,423,427 | \$ 19,181,762 | \$ 33,805,713 | \$ 20,703,411 | \$ 58,902,931 | \$ 6,648,469 | \$ 33,119,856 | \$ -                     | \$ 3,072,666,651 |
|               |               |               |               |               |               |              |               |                          |                  |
| \$ 14,310,869 | \$ 30,430,008 | \$ 19,388,672 | \$ 33,854,905 | \$ 19,394,667 | \$ 63,347,752 | \$ 5,399,835 | \$ 35,109,058 | \$ -                     | \$ 3,206,376,441 |



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS SYSTEM Schedule of Cash Flows - Direct Method - By Campus For the Year Ended June 30, 2024

|                                                             | UAF            | UAFS          | UALR          | UAMS            | UAM           | UAPB          | SYSTEM        |
|-------------------------------------------------------------|----------------|---------------|---------------|-----------------|---------------|---------------|---------------|
| Cash Flows from Operating Activities                        |                |               |               |                 |               |               |               |
| Student tuition and fees (net of scholarships)              | \$ 299,311,000 | \$ 13,391,960 | \$ 30,709,354 | \$ 49,431,000   | \$ 8,300,809  | \$ 8,678,333  | \$ 12,440,722 |
| Patient and insurance payments                              |                |               |               | 1,394,791,000   |               |               |               |
| Federal and county appropriations                           | 14,376,000     |               |               |                 |               |               |               |
| Grants and contracts                                        | 154,213,000    | 4,939,702     | 37,517,878    | 308,723,000     | 3,658,104     | 33,452,641    |               |
| Collection of loans and interest                            | 140,000        |               |               |                 |               |               |               |
| Insurance plan receipts                                     |                |               |               |                 |               |               | 218,890,104   |
| Auxiliary enterprise revenues:                              |                |               |               |                 |               |               |               |
| Athletics                                                   | 141,080,000    | 24,570        | 2,452,941     |                 | 442,574       | 2,322,250     |               |
| Housing and food service                                    | 88,703,000     | 3,720,082     | 3,650,520     | 9,519,000       | 1,553,382     | 3,659,377     |               |
| Bookstore                                                   | 1,801,000      | 188,809       | 304,167       |                 | 39,018        | 117,888       |               |
| Other auxiliary enterprises                                 | 17,194,000     | 160,463       | 702,191       | 3,296,000       | 467,392       | 113,287       |               |
| Payments to employees                                       | (513,469,000)  | (33,836,479)  | (86,048,376)  | (1,100,227,000) | (22,161,230)  | (36,537,737)  | (13,658,609)  |
| Payment of employee benefits                                | (121,786,000)  | (8,411,995)   | (19,154,583)  | (230,738,000)   | (5,884,110)   | (8,805,824)   | (2,608,407)   |
| Payments to suppliers                                       | (336,060,000)  | (25,564,508)  | (61,133,316)  | (729,229,000)   | (14,256,072)  | (34,348,386)  | (16,112,966)  |
| Loans issued to students                                    | (93,000)       |               |               |                 |               |               |               |
| Scholarships and fellowships                                | (32,882,000)   | (2,936,204)   | (4,563,599)   | (1,050,000)     | (4,219,185)   | (4,534,131)   | (1,587,738)   |
| Payments of insurance plan expenses                         |                |               |               |                 |               |               | (226,630,314) |
| Other receipts and payments                                 | 55,947,882     | 1,189,749     | 2,008,317     | 244,498,000     | 562,695       | 1,898,492     | 5,034,371     |
| Net cash used by operating activities                       | (231,524,118)  | (47,133,851)  | (93,554,506)  | (50,986,000)    | (31,496,623)  | (33,983,810)  | (24,232,837)  |
| Cash Flows from Noncapital Financing Activities             |                |               |               |                 |               |               |               |
| State appropriations                                        | 235,548,000    | 26,635,265    | 70,379,167    | 74,115,000      | 20,437,403    | 29,127,350    | 4,441,431     |
| Property and sales tax                                      |                |               |               |                 |               |               |               |
| Gifts and grants for other than capital purposes            | 181,513,000    | 22,797,876    | 41,359,133    | 33,763,000      | 11,602,825    | 16,913,784    | 13,597,525    |
| Repayment of loans                                          |                |               |               | 756,000         |               |               |               |
| Direct Lending, Plus and FFEL loan receipts                 | 158,025,000    | 11,330,830    | 45,449,613    |                 | 12,575,245    | 9,195,782     | 17,909,793    |
| Direct Lending, Plus and FFEL loan payments                 | (155,051,000)  | (11,158,280)  | (42,064,351)  |                 | (13,123,575)  | (9,312,536)   | (17,650,284)  |
| Other agency funds - net                                    | (611,000)      | (31,089)      | 275,548       | (2,496,000)     | 555,282       | (64,612)      |               |
| Refunds to grantors                                         |                |               |               |                 | (2,236)       |               |               |
| Intercompany debt payments/receipts                         |                | 5,827         | 12,309        |                 |               |               | (225,702)     |
| Other noncapital receipts (payments)                        |                | 105,000       | 49,915        |                 |               |               | 252,574       |
| Net cash provided (used) by noncapital financing activities | 419,424,000    | 49,685,429    | 115,461,334   | 106,138,000     | 32,044,944    | 45,859,768    | 18,325,337    |
| Cash Flows from Capital and Related Financing Activities    |                |               |               |                 |               |               |               |
| Distributions from debt proceeds                            | 87,014,000     |               | 1,672,058     | 103,554,000     |               | 177,013       |               |
| Capital appropriations                                      | 1,432,000      |               |               |                 |               |               |               |
| Capital grants and gifts                                    | 26,403,000     | 60,502        |               |                 | 18,840,675    |               |               |
| Proceeds from sale of capital assets                        | 1,694,000      | 1,197         |               |                 | 7,269         |               | 1,395         |
| Purchases of capital assets                                 | (216,638,000)  | (4,411,907)   | (12,980,257)  | (46,565,000)    | (5,174,827)   | (8,661,704)   | (653,034)     |
| Payment of principal on capital debt and other obligations  | (49,416,000)   | (3,231,475)   | (10,148,133)  | (148,640,000)   | (1,232,063)   | (1,529,815)   | (5,081,095)   |
| Payment of interest on capital debt and other obligations   | (31,192,000)   | (1,523,116)   | (1,559,239)   | (29,565,000)    | (967,879)     | (1,632,117)   | (613,735)     |
| Insurance proceeds                                          |                |               | 194,644       |                 |               |               |               |
| Payments to/from trustee for reserve                        |                |               |               |                 |               | (916,713)     |               |
| Other capital receipts (payments)                           |                |               |               | 637,000         |               |               | 3,297,149     |
| Net cash provided (used) by capital & related financing act | (180,703,000)  | (9,104,799)   | (22,820,927)  | (120,579,000)   | 11,473,175    | (12,563,336)  | (3,049,320)   |
| Cash Flows from Investing Activities                        |                |               |               |                 |               |               |               |
| Proceeds from sales and maturities of investments           | 108,197,000    |               | 53,419,442    | 283,255,000     | 616,654       | 995,748       |               |
| Investment income (net of fees)                             | 4,450,000      | 2,613,575     | 1,118,147     | 33,403,000      | 722,512       | 1,033,245     | 4,489,097     |
| Purchases of investments                                    | (102,114,000)  | (1,584,777)   | (34,736,900)  | (213,469,000)   |               | (855,381)     | (3,047,048)   |
| Net cash provided (used) by investing activities            | 10,533,000     | 1,028,798     | 19,800,689    | 103,189,000     | 1,339,166     | 1,173,612     | 1,442,049     |
| Net increase/decrease in cash                               | 17,729,882     | (5,524,423)   | 18,886,590    | 37,762,000      | 13,360,662    | 486,234       | (7,514,771)   |
| Cash, beginning of the year                                 | 152,710,118    | 24,684,807    | 13,533,014    | 20,765,000      | 21,592,902    | 13,175,504    | 39,905,986    |
| Cash, end of year                                           | \$ 170,440,000 | \$ 19,160,384 | \$ 32,419,604 | \$ 58,527,000   | \$ 34,953,564 | \$ 13,661,738 | \$ 32,391,215 |

See accompanying notes.



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

| CCCCA        | PCCUA         | UACCB        | UACCHT       | UACCM        | UAPTC         | UACCRM       | ASMSA         | Eliminations<br>(Note 19) | TOTAL           |
|--------------|---------------|--------------|--------------|--------------|---------------|--------------|---------------|---------------------------|-----------------|
| \$ 1,597,160 | \$ 964,082    | \$ 1,260,701 | \$ 1,033,269 | \$ 2,651,249 | \$ 12,484,772 | \$ 767,376   |               |                           | \$ 443,021,787  |
|              |               |              |              |              |               |              |               |                           | 1,394,791,000   |
| 5,176,161    | 3,945,500     | 3,147,126    | 2,700,227    | 3,034,694    | 9,379,131     | 2,867,062    | \$ 1,279,184  |                           | 14,376,000      |
|              |               |              |              |              |               |              |               |                           | 574,033,410     |
|              |               |              |              |              |               |              |               | \$ (142,942,887)          | 140,000         |
|              |               |              |              |              |               |              |               |                           | 75,947,217      |
| 131,962      |               |              |              |              |               | 3,425        |               |                           | 146,457,722     |
| 224,465      |               | 142,677      |              |              | 347,726       | 1,044,996    |               |                           | 112,565,225     |
| 89,065       | 300,663       | 160,808      | 329,878      |              | 163,466       | 412,969      |               |                           | 3,907,731       |
|              | 40,881        | 8,775        |              |              | 51,337        | (62,736)     |               |                           | 21,971,590      |
| (8,034,185)  | (8,948,814)   | (6,767,202)  | (7,096,599)  | (9,167,202)  | (18,807,343)  | (5,258,962)  | (4,759,327)   |                           | (1,874,778,065) |
| (2,181,453)  | (2,274,279)   | (1,861,887)  | (1,926,015)  | (2,713,506)  | (4,940,579)   | (1,561,665)  | (1,340,616)   | 142,942,887               | (273,246,032)   |
| (5,407,910)  | (6,051,087)   | (4,954,706)  | (3,812,019)  | (3,894,849)  | (17,161,249)  | (4,353,538)  | (4,191,836)   | 6,247,441                 | (1,260,284,001) |
|              |               |              |              |              |               |              |               |                           | (93,000)        |
| (936,484)    | (2,469,257)   | (1,654,711)  | (1,347,320)  | (2,593,276)  | (6,449,237)   | (838,480)    |               |                           | (68,061,622)    |
|              |               |              |              |              |               |              |               |                           | (226,630,314)   |
| 264,077      | 306,135       | 50,881       | 563,948      | 484,984      | (256,875)     | 643,339      | 478,932       | (6,535,122)               | 307,139,805     |
| (9,077,142)  | (14,186,176)  | (10,467,538) | (9,554,631)  | (12,197,906) | (25,188,851)  | (6,336,214)  | (8,533,663)   | (287,681)                 | (608,741,547)   |
| 5,133,874    | 10,806,623    | 5,444,197    | 6,708,548    | 6,484,510    | 16,999,570    | 3,801,482    | 12,609,506    |                           | 528,671,926     |
| 1,787,265    | 2,533,435     | 2,121,878    | 1,945,409    | 936,726      |               | 530,354      | 11,751        |                           | 9,866,818       |
| 3,057,789    | 4,377,798     | 5,031,893    | 2,906,631    | 5,569,994    | 18,045,583    | 3,711,620    | 33,744        |                           | 364,282,195     |
|              |               | 890,721      |              | 1,264,726    | 15,812,370    | (987)        |               |                           | 756,000         |
|              |               | (894,635)    |              | (1,264,726)  | (15,812,370)  |              |               |                           | 272,453,093     |
| (18,767)     | (9,542)       | (775)        | (27,909)     | (840)        | (3,534)       | 155,650      | 20,585        |                           | (266,331,757)   |
|              |               |              |              |              |               |              |               |                           | (2,257,003)     |
| 2,348        |               |              | 1,044        |              |               | 375          |               | 43,536                    | (2,236)         |
|              |               |              |              |              | 37,850        |              |               |                           | (160,263)       |
| 9,962,509    | 17,708,314    | 12,593,279   | 11,533,723   | 12,990,390   | 35,079,469    | 8,198,494    | 12,675,586    | 43,536                    | 445,339         |
|              |               |              |              |              |               |              |               |                           | 907,724,112     |
| 181,801      |               |              |              | 1,339        |               | (9)          |               |                           | 192,418,401     |
|              | 109,069       |              | 47,500       |              |               |              |               |                           | 1,613,801       |
|              |               |              |              |              |               |              |               |                           | 45,460,746      |
| (616,750)    | (2,624,585)   | (325,366)    | (1,119,897)  | (2,092,350)  | (4,359,958)   | (1,293,113)  | (3,215,169)   |                           | 1,703,861       |
| (283,631)    | (527,596)     | (162,840)    | (637,420)    | (386,270)    | (2,453,576)   | (365,503)    | (132,914)     | 3,297,149                 | (310,731,917)   |
| (113,261)    | (286,896)     | (12,949)     | (168,534)    | (377,961)    | (2,423,647)   | (486,351)    | (21,264)      | 577,791                   | (220,931,182)   |
|              | 517,977       |              |              |              | (11,055)      |              |               |                           | (70,366,158)    |
|              |               |              |              |              |               |              |               |                           | 712,621         |
|              |               |              |              |              |               |              |               |                           | (927,768)       |
| (831,841)    | (2,812,031)   | (501,155)    | (1,878,351)  | (2,855,242)  | (9,248,236)   | (2,144,976)  | (3,369,347)   | (3,297,149)               | 637,000         |
|              |               |              |              |              |               |              |               | 577,791                   | (360,410,595)   |
| 211,420      | 39,975        | 170,991      | 257,270      | 375,290      | (1,233,028)   | 42,311       | 36,964        | (621,327)                 | 445,250,816     |
|              |               | (55,162)     | (3,098,763)  |              | 2,112,787     |              |               |                           | 50,455,257      |
| 211,420      | 39,975        | 115,829      | (2,841,493)  | 375,290      | (20,237,214)  | (23,088)     |               |                           | (379,221,333)   |
|              |               |              |              |              | (19,357,455)  | 19,223       | 36,964        | (621,327)                 | 116,484,740     |
| 264,946      | 750,082       | 1,740,415    | (2,740,752)  | (1,687,468)  | (18,715,073)  | (263,473)    | 809,540       | (287,681)                 | 55,056,710      |
| 4,502,633    | 13,159,835    | 3,967,290    | 8,185,680    | 7,873,250    | 49,696,703    | 1,325,611    | 9,634,972     | 287,681                   | 385,000,986     |
| \$ 4,767,579 | \$ 13,909,917 | \$ 5,707,705 | \$ 5,444,928 | \$ 6,185,782 | \$ 30,981,630 | \$ 1,062,138 | \$ 10,444,512 | \$ -                      | \$ 440,057,696  |



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2024

## UNIVERSITY OF ARKANSAS SYSTEM Schedule of Cash Flows - Direct Method - Continued - By Campus For the Year Ended June 30, 2024

|                                                                                                                     | UAF              | UAFS            | UALR             | UAMS             | UAM             | UAPB            |
|---------------------------------------------------------------------------------------------------------------------|------------------|-----------------|------------------|------------------|-----------------|-----------------|
| Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:                 |                  |                 |                  |                  |                 |                 |
| Operating revenue (loss)                                                                                            | \$ (369,690,000) | \$ (53,119,131) | \$ (109,149,571) | \$ (111,430,000) | \$ (35,718,029) | \$ (41,504,435) |
| Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:                    |                  |                 |                  |                  |                 |                 |
| Depreciation expense                                                                                                | 115,048,000      | 8,231,002       | 16,073,943       | 102,886,000      | 4,494,543       | 8,761,892       |
| Other miscellaneous operating receipts                                                                              | 10,661,696       |                 |                  |                  |                 |                 |
| Adjustment to cash for amounts in transit within the system                                                         |                  |                 |                  |                  |                 |                 |
| Change in assets and liabilities:                                                                                   |                  |                 |                  |                  |                 |                 |
| Receivables, net                                                                                                    | (4,243,000)      | 833,008         | (1,163,520)      | (45,377,000)     | 37,143          | (639,688)       |
| Inventories                                                                                                         | 661,543          |                 | 47,118           | (1,108,000)      | 106,937         |                 |
| Prepaid expenses and other assets                                                                                   | (2,615,000)      | (1,482,954)     | (1,950,921)      | (13,298,000)     | 134,228         | (959,043)       |
| Accounts payable and other accrued liabilities                                                                      | 6,470,000        | (1,607,176)     | 4,148,315        | 20,556,000       | (566,595)       | (337,569)       |
| Unearned revenue                                                                                                    | 10,405,525       | (19,870)        | (1,132,521)      | 1,423,000        | (11,763)        | (434)           |
| Liability for future insurance claims                                                                               |                  |                 |                  |                  |                 |                 |
| Loans to students and employees                                                                                     | 971,000          |                 |                  |                  |                 |                 |
| Refundable federal advance                                                                                          | (1,054,630)      |                 |                  |                  |                 |                 |
| Compensated absences                                                                                                | 811,364          | 50,544          | (26,414)         | (3,753,000)      | 60,100          | (32,244)        |
| OPEB liability                                                                                                      | 1,117,000        | 151,000         | 96,000           | 2,353,000        | 25,000          | 58,000          |
| Pension related                                                                                                     | (67,616)         | (179,788)       | (468,364)        | 41,000           | (58,187)        | 41,556          |
| Other                                                                                                               |                  | 9,514           | (28,571)         | (3,279,000)      |                 | 628,155         |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES                                                                    | \$ (231,524,118) | \$ (47,133,851) | \$ (93,554,506)  | \$ (50,986,000)  | \$ (31,496,623) | \$ (33,983,810) |
| Non-Cash Transactions                                                                                               |                  |                 |                  |                  |                 |                 |
| Capital gifts                                                                                                       | \$ 384,000       |                 |                  |                  | \$ 1,794,270    |                 |
| Fixed assets acquired by incurring capital lease, SBITA, installment contract obligations                           | 15,826,000       | \$ 727,052      | \$ 1,054,941     | \$ 41,783,000    | 371,366         | \$ 381,626      |
| Capital outlay & maintenance paid directly from proceeds of debt                                                    |                  |                 |                  |                  |                 |                 |
| Payment of bond proceeds/premium/accrued interest/debt service reerve directly into deposits with trustees/escrow   | 73,399,000       |                 | 14,932,386       | 73,448,000       |                 |                 |
| Payment of bond and note issuance costs and underwriter's discounts from bond proceeds and/or debt service reserves | 943,000          |                 | 159,731          |                  |                 |                 |
| Payment of principal & interest on long-term debt from deposits with trustees                                       | 63,000           |                 | 9,695            |                  | 8               |                 |
| Interest earned on deposits with trustees                                                                           | 5,067,000        | 7,601           | 109,901          |                  | 10              |                 |
| Loss on disposal of assets                                                                                          | 435,000          | 1,197           | 327,917          |                  | 3,749           | 5,471           |
| Valuation adjustments to capital assets--increase (decrease)                                                        |                  |                 |                  | 20,130,000       |                 |                 |
| Value of goods received from sponsorship agreements with vendors                                                    | 4,080,000        |                 |                  |                  |                 |                 |
| Change in capital assets acquired in year-end accounts payable                                                      |                  |                 |                  |                  |                 |                 |
| Lease Receivable acquired through non-cash transactions                                                             |                  |                 |                  | 6,728,000        |                 |                 |



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2023

| SYSTEM                 | CCCUA                 | PCCUA                  | UACCB                  | UACCHT                | UACCM                  | UAPTC                  | UACCRM                | ASMSA                 | eliminations<br>(Note 19) | TOTAL                                 |
|------------------------|-----------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|---------------------------|---------------------------------------|
| \$ (26,946,667)        | \$ (10,222,309)       | \$ (15,630,989)        | \$ (12,548,590)        | \$ (11,634,267)       | \$ (14,516,423)        | \$ (30,140,230)        | \$ (8,735,147)        | \$ (10,449,212)       |                           | \$ (861,435,000)                      |
| 2,990,520<br>(703,466) | 1,147,735             | 1,510,832              | 1,257,848              | 1,831,377<br>116      | 2,163,174              | 5,329,208              | 2,301,499             | 835,370               |                           | 274,862,943<br>9,958,346<br>(287,681) |
| (3,899,512)            | 396,713               | (3,050)                | 815,466                | 102,004               | (5,422)                | 1,040,199              | 70,935                | 610,815               |                           | (51,424,909)                          |
|                        | 1,222                 | (2,035)                | 116,462                | 861,555               |                        |                        | 70,236                |                       |                           | 755,038                               |
| (3,408,774)            | (220,212)             | (241,362)              | (319,535)              |                       | (98,224)               | 14,722                 | (178,029)             | (6,500)               |                           | (24,629,604)                          |
| 3,475,876              | (117,889)             | 171,586                | 125,945                | (588,828)             | 90,469                 | 550,098                | 37,431                | 413,876               |                           | 32,821,539                            |
| (237,887)              | (28,764)              | 119,974                | 52,501                 | 7,409                 | 227,962                | (1,240,023)            |                       | 25,439                |                           | 9,590,548                             |
| 4,557,400              |                       |                        |                        |                       |                        |                        | 820                   |                       |                           | 4,557,400                             |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | 971,820                               |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | (1,054,630)                           |
| 593,594                | 34,479                | 1,517                  | 22,440                 | 30,152                | 29,814                 | 104,175                | 38,222                | (13,365)              |                           | (2,048,622)                           |
| 17,000                 | 29,000                | (42,000)               | 13,000                 | (19,000)              | (4,000)                | 12,000                 | 38,000                | 18,000                |                           | 3,862,000                             |
| (256,119)              | (97,117)              | (70,649)               | (3,075)                | (145,149)             | (85,256)               | (859,000)              | 19,819                | 31,914                |                           | (2,156,031)                           |
| (414,802)              |                       |                        |                        | -                     |                        |                        |                       |                       |                           | (3,084,704)                           |
| <u>\$ (24,232,837)</u> | <u>\$ (9,077,142)</u> | <u>\$ (14,186,176)</u> | <u>\$ (10,467,538)</u> | <u>\$ (9,554,631)</u> | <u>\$ (12,197,906)</u> | <u>\$ (25,188,851)</u> | <u>\$ (6,336,214)</u> | <u>\$ (8,533,663)</u> | <u>\$ (287,681)</u>       | <u>\$ (608,741,547)</u>               |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | \$ 2,178,270                          |
| \$ 710,821             | \$ 159,373            | \$ 142,633             | \$ 136,371             | \$ 129,313            | \$ 223,866             | \$ 564,607             | \$ 81,226             |                       |                           | 62,292,195                            |
|                        |                       |                        |                        | 611,410               |                        |                        |                       |                       |                           | 611,410                               |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | 161,779,386                           |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | 1,102,731                             |
|                        |                       | 368                    |                        |                       |                        |                        |                       |                       |                           | 73,071                                |
|                        |                       | 328                    |                        |                       | 378                    |                        |                       |                       |                           | 5,185,218                             |
|                        | 30,889                | 2,322                  |                        |                       |                        |                        |                       |                       |                           | 806,545                               |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | 20,130,000                            |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | 4,080,000                             |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | -                                     |
|                        |                       |                        |                        |                       |                        |                        |                       |                       |                           | 6,728,000                             |



**Note 1: Summary of Significant Accounting Policies**

The financial statements for the University of Arkansas (“the University”) have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying notes to the financial statements are an integral part of the financial statements.

The following acronyms are used for the various campuses and divisions of the University as reported in the financial statements: UAF (University of Arkansas, Fayetteville, including the Division of Agriculture (UADA), which includes the Agricultural Experiment Station and Cooperative Extension Service, Arkansas Archeological Survey (AAS), Criminal Justice Institute (CJI), and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCHT (University of Arkansas Community College at Hope-Texarkana), UACCM (University of Arkansas Community College at Morrilton), University of Arkansas-Pulaski Technical College (UAPTC), University of Arkansas Community College at Rich Mountain (UACCRM), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including the University of Arkansas Grantham [UAG]).

***Basis of Presentation and Measurement Focus***

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

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues and expenses at the date of the financial statements. Significant estimates affecting the financial statements include the determination of allowances for uncollectible accounts, patient services-related contractual adjustments and third-party payor settlements, and various investment risks and fair market valuations. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

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

***Investments***

Investments and funds held in trust by others of marketable securities are reported at fair value as established by major securities markets. The fair value of venture capital and other investments is based on the most current information reported to the University by the respective investment managers. Changes in unrealized gain (loss) on the carrying value are reported as a component of investment income on the statement of revenues, expenses and changes in net position.

***Accounts Receivable***

Receivables that represent charges due to 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 at the date of acquisition, or acquisition value at date of donation if acquired by gift. Library holdings are generally valued using average prices for library acquisitions. If material, in previous years, interest on borrowings to finance facilities was capitalized during construction, net of any investment income earned through the temporary investment of project borrowings. Interest is no longer capitalized in accordance with Governmental Accounting Standards Board Statement No. 89. The University's capitalization policy includes all furniture, fixtures and equipment with a unit cost of \$5,000 or more and an estimated useful life of one year or more. Intangible assets are capitalized when the cost is \$500,000 or more for purchased software, \$1,000,000 or more for internally developed software, or \$250,000 or more for easements, land use rights, trademarks and copyrights, and patents.

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets -- generally 15-30 years for buildings, 15-20 years for infrastructure and land improvements, 3-10 years for equipment, 10 years for library holdings, and the applicable term for leases.

UAMS bases its estimated useful lives on guidelines established by the American Hospital Association (AHA) which may differ slightly from those shown above for the other campuses.

#### ***Lease Assets***

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

#### ***Subscription Assets***

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made to the subscription-based information technology arrangement (SBITA) vendor at the commencement of the SBITA term, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

#### ***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 monies 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 \$66,623,000 and \$61,074,000 for the fiscal years ended June 30, 2024, and 2023, respectively.

#### ***Component Units***

In fiscal year 2024, there were two qualifying foundations determined to be component units for the University of Arkansas System: The University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. Although the University does not control the timing, or amount, of receipts from either of these foundations, the majority of resources or income thereon, which the foundations hold and invest, is restricted to the activities of the University by the donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, and their individual net assets are considered as having met the financial accountability criteria by management, these two foundations are considered component units and are discretely presented in the University's financial statements.

The University of Arkansas Foundation, Inc. is a separate not-for-profit organization, which operates for charitable educational purposes, including the administration and investment of gifts and other amounts received directly or indirectly for the benefit of the University of Arkansas. The Board of Directors has twenty-eight members, four of which are current or previous members of the Board of Trustees of the University of Arkansas. During the years ended June 30, 2024 and 2023, the Foundation distributed \$136,857,278 and \$124,617,407, 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 Foundation, Inc. reports under the requirements of the Not-for Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's financial information in the University's financial statements.

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, 2024 and 2023, the Foundation distributed \$27,300,954 and \$24,996,293, 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. reports under the requirements of the Not-for Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's financial information in the University's financial statements.

### ***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.

For the year ending June 30, 2024:

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

Management has determined that Statements No. 99 and 100 did not materially impact the System. However, Statement No. 100, *Accounting Changes and Error Corrections* did result in the restatement of line items in fiscal year 2023 that did not impact the net position. (See Note 22 Restatements)

For the year ending June 30, 2025:

- Statement No. 101, Compensated Absences
- Statement No. 102, Certain Risk Disclosures

For the year ending June 30, 2026:

- Statement No. 103, Financial Reporting Model Improvements
- Statement No. 104, Disclosure of Certain Capital Assets

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 eVersity and the University of Arkansas Grantham (acquired on November 1, 2021 and formerly Grantham University), and the following units that are included in the financial statements of the Fayetteville

campus: Clinton School of Public Service, Division of Agriculture (Agricultural Experiment Station and the Cooperative Extension Service), Arkansas Archeological Survey, and the Criminal Justice Institute.

On November 1, 2021, the University of Arkansas Board of Trustees closed a transaction to acquire Grantham University (GU), now known as University of Arkansas Grantham (UAG). As explained at the time of the decision to acquire GU, the plan was to integrate the operations of two universities (eVersity and Grantham University) into a single entity under the name the University of Arkansas Grantham. The process to wind down eVersity began in January 2022 with the transfer of students from eVersity to UAG and continued through August 2022.

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, 2024 and 2023 are recorded net of an allowance for doubtful accounts of \$297,586,000 and \$297,136,000, respectively.

Net patient services revenue for the years ended June 30, 2024 and 2023, are as follows:

| <b>GROSS PATIENT REVENUE</b>                  | <b>2024</b>             | <b>2023</b>             |
|-----------------------------------------------|-------------------------|-------------------------|
| Gross patient revenue                         | \$ 4,253,349,000        | 3,868,467,000           |
| Less: patient services contractual allowances | (2,747,687,000)         | (2,500,093,000)         |
| Less: provision for bad debt                  | (57,869,000)            | (42,709,000)            |
| <b>TOTAL</b>                                  | <b>\$ 1,447,793,000</b> | <b>\$ 1,325,665,000</b> |

UAMS provided approximately \$42,570,000 and \$34,184,000 in charity care, based on established rates, during the years ended June 30, 2024 and 2023, 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 service revenue for the years ended June 30, 2024 and 2023 includes approximately \$43,605,000 and \$36,192,000 from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations.

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 – Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Transplantation services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

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 all Medicaid funds received.

Other – Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates

***FGP and Regional Campuses:***

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

The FGP and Regional Programs have payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations that provide for payment using prospectively determined rates per discharge, discounts from established charges and prospectively determined daily 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.

Approximately 53% and 48% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2024 and 2023, respectively. 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. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

#### 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, 2024:

| <b>Cash and Cash Equivalents</b>                             |                       |
|--------------------------------------------------------------|-----------------------|
| Cash deposits at year end                                    | \$ 396,026,750        |
| cash held on deposit in state treasury                       | 9,190,674             |
| cash equivalents                                             | 144,482,596           |
| cash on hand                                                 | 59,730                |
| Less: cash/cash equiv shown as deposits held in trust on SNP | (109,702,054)         |
| adjustment for deposits in transit within the system         | 287,681               |
| <b>TOTAL</b>                                                 | <b>\$ 440,345,377</b> |

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2024, none 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, 2024:

| Investment Type                                          | Fair Value       |
|----------------------------------------------------------|------------------|
| Mutual & Money Market Funds                              | \$ 191,904,845   |
| Corporate & Municipal Bonds                              | 145,023,317      |
| External Investment Pool                                 | 224,018,393      |
| Short-term Investment Fund Pool                          | 154,379,019      |
| Certificate of Deposits                                  | 102,334,718      |
| U.S. Treasury & Government Sponsored Agencies            | 430,927,154      |
| Commercial Paper                                         | -                |
| Other                                                    | 20,420,161       |
| Sub-Total                                                | 1,269,007,607    |
| -shown as cash/cash equiv on Stmt of Net Position        | (144,441,418)    |
| -shown as deposits held in trust on Stmt of Net Position | (46,413,217)     |
| Investments as reported on Stmt of Net Position          | \$ 1,078,152,972 |

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.

| Investment Type                   | Fair Value     | Interest Rate Risk               |                |               |              |
|-----------------------------------|----------------|----------------------------------|----------------|---------------|--------------|
|                                   |                | Investment Maturities (in years) |                |               |              |
|                                   |                | Less than 1                      | 1 to 5         | over 5        | More than 10 |
| Commercial Paper                  | \$ -           | \$ -                             | \$ -           | \$ -          | \$ -         |
| Bonds                             | 145,023,317    | 20,511,904                       | 121,397,122    | 2,454,000     | 660,291      |
| U.S. Treasury & Agency Securities | 413,525,318    | 142,615,251                      | 233,570,253    | 37,328,000    | 11,814       |
| Totals                            | \$ 558,548,635 | \$ 163,127,155                   | \$ 354,967,375 | \$ 39,782,000 | \$ 672,105   |

| Investment Type  | Fair Value     | net            |      |               |           |              |
|------------------|----------------|----------------|------|---------------|-----------|--------------|
|                  |                | Credit Risk    |      |               |           |              |
|                  |                | AAA            | AA   | A             | B & below | Not Rated    |
| Mutual Funds     | \$ 65,935,256  | \$ 57,722,000  | \$ - | \$ -          | \$ -      | \$ 8,213,256 |
| Commercial Paper | -              | -              | -    | -             | -         | -            |
| Bonds            | 145,023,317    | 45,147,000     | -    | 98,683,848    | 78,151    | 1,114,318    |
| Totals           | \$ 210,958,573 | \$ 102,869,000 | \$ - | \$ 98,683,848 | \$ 78,151 | \$ 9,327,574 |

### 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, 2024, four campuses and one division (UAF, Division of Agriculture, UALR, UAMS, and UAM) and six foundations participated in the Pool, whose net assets totaled \$2,980,702,359. The Pool was combined with 7.51% of the net assets owned by the University of Arkansas and external portions as follows: 66.81% by the University of Arkansas Foundation, 23.44% by the Fayetteville Campus Foundation, 0.65% by the Walton Arts Foundation, 0.12% by the University of Arkansas Community College at Hope Foundation, 0.04% by the University of Arkansas Technical Development Foundation, and 1.43% 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, 2024**

| <b>Investment Type</b>                  | <b>Fair Value*</b>      |
|-----------------------------------------|-------------------------|
| <b>Equities</b>                         | <b>\$ 477,619,505</b>   |
| Common Stock                            | 59,344,654              |
| Funds - Common Stock                    | 418,274,851             |
| <b>Fixed Income</b>                     | <b>241,993,034</b>      |
| Government Bonds                        | 241,903,894             |
| Corporate Bonds                         | 89,130                  |
| Government Mortgage Backed Securities   | 10                      |
| <b>Venture Capital and Partnerships</b> | <b>1,031,911,973</b>    |
| Partnerships                            | 1,031,911,973           |
| <b>Hedge Fund</b>                       | <b>767,963,662</b>      |
| Hedge Equity                            | 767,963,662             |
| <b>All Other</b>                        | <b>433,419</b>          |
| Recoverable Taxes                       | 433,419                 |
| <b>Cash/Cash Equivalents</b>            | <b>460,780,766</b>      |
| Short Term Bills and Notes              | 272,010,048             |
| Funds - Short Term Investment           | 189,151,891             |
| Cash                                    | (381,173)               |
| <b>TOTAL</b>                            | <b>\$ 2,980,702,359</b> |

\*Includes accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL**  
**Credit Risk - S&P Quality Ratings**  
**June 30, 2024**

| <b>Investment Type &amp; Fair Value*</b> | <b>Fair Value *</b> | <b>Not Rated or<br/>Not Available</b> | <b>US Govn<br/>Guaranteed</b> |
|------------------------------------------|---------------------|---------------------------------------|-------------------------------|
| Corporate Bonds                          | \$ 89,130           | \$ 89,130                             |                               |
| Funds - Short Term Investment            | 188,287,696         | 188,287,696                           |                               |
| Government Bonds                         | 240,560,152         |                                       | \$ 240,560,152                |
| Government Mortgage Backed Securities    | 10                  |                                       | 10                            |
| Short Term Bills and Notes               | 272,010,049         |                                       | 272,010,049                   |
| Total                                    | \$ 700,947,037      | \$ 188,376,826                        | \$ 512,570,211                |

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL**  
**Years to Maturity**  
**June 30, 2024**

| <b>Investment Type</b>                | <b>Fair Value*</b> | <b>Less than 1</b> | <b>1+ to 6</b> | <b>6+ to 10</b> | <b>10+</b> | <b>Maturity not Determined</b> |
|---------------------------------------|--------------------|--------------------|----------------|-----------------|------------|--------------------------------|
| Corporate Bonds                       | \$ 89,130          |                    |                |                 | \$ 89,130  |                                |
| Funds - Short Term Investment         | 188,287,696        |                    |                |                 |            | \$ 188,287,696                 |
| Government Bonds                      | 240,560,152        |                    |                | \$ 240,560,152  |            |                                |
| Government Mortgage Backed Securities | 10                 | \$                 | 10             |                 |            |                                |
| Short Term Bills and Notes            | 272,010,049        | \$ 272,010,049     |                |                 |            |                                |
| Total                                 | \$ 700,947,037     | \$ 272,010,049     | \$ 10          | \$ 240,560,152  | \$ 89,130  | \$ 188,287,696                 |

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL**  
**Interest Rate Sensitivity - Effective Duration**  
**June 30, 2024**

| <b>Investment Type</b>                | <b>Fair Value*</b> | <b>Effective Duration</b> |
|---------------------------------------|--------------------|---------------------------|
| Corporate Bonds                       | \$ 89,130          | N/A                       |
| Funds - Short Term Investment         | 188,287,696        | N/A                       |
| Government Bonds                      | 240,560,152        | 7.934                     |
| Government Mortgage Backed Securities | 10                 | 1.51                      |
| Short Term Bills and Notes            | 272,010,049        | 0.56                      |
| Total                                 | \$ 700,947,037     |                           |

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL**  
**Foreign Currency Risk By Investment Type**  
**June 30, 2024**

| <b>Currency By Investment and Fair Value*</b> | <b>Cash</b> | <b>Equity</b> | <b>Other Assets</b> |
|-----------------------------------------------|-------------|---------------|---------------------|
| BRITISH POUND STERLING                        |             | \$ 629        |                     |
| DANISH KRONE                                  | \$ (8)      |               | \$ 1,890            |
| EURO                                          |             |               | 299,705             |
| HONG KONG DOLLAR                              |             | 5,516         |                     |
| JAPANESE YEN                                  |             |               | 2,631               |
| SWEDISH KRONA                                 |             | 103           |                     |
| SWISS FRANC                                   |             |               | 129,192             |
| Total                                         | \$ (8)      | \$ 6,248      | \$ 433,418          |

\*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 five campuses or divisions currently invested in the STIF. The breakdown by campus or division at June 30, 2024 is as follows: System-54.81%, UAMS-0.94%, UAM-1.55%, PCCUA-5.29%, and the Division of Agriculture-37.41%. The following tables contain information on the risk disclosures of the STIF.

UNIVERSITY OF ARKANSAS SYSTEM

Short Term Investment Fund

Statement of Invested Assets

June 30, 2024

| Investment Type               | Fair Value*          |
|-------------------------------|----------------------|
| <b>Fixed Income</b>           | <b>\$ 24,174,059</b> |
| International Developed Bonds | 4,668,707            |
| Corporate Bonds               | 6,578,108            |
| U.S. Treasury Bonds           | 12,927,244           |
| <b>Cash/Cash Equivalents</b>  | <b>39,118,538</b>    |
| Certificates of Deposit       | 3,089,493            |
| U.S. Treasury Notes           | 8,750,000            |
| Commercial Paper              | 14,550,542           |
| Money Market Funds            | 58,783               |
| U.S. Treasury Bills           | 12,669,720           |
| <b>TOTAL</b>                  | <b>\$ 63,292,597</b> |

\*includes accrued income

UNIVERSITY OF ARKANSAS SYSTEM

Short-Term Investment Fund

Credit Risk

June 30, 2024

| Investment Type               | Fair Value*   | AAA           | AA           | A            | B & Below  | Not Rated |
|-------------------------------|---------------|---------------|--------------|--------------|------------|-----------|
| International Developed Bonds | \$ 4,630,442  |               | \$ 1,693,882 | \$ 2,936,560 |            |           |
| Corporate Bonds               | 6,467,432     |               |              | 5,680,408    | \$ 787,024 |           |
| U.S. Treasury Bonds           | 12,687,533    | \$ 12,687,533 |              |              |            |           |
| Total                         | \$ 23,785,407 | \$ 12,687,533 | \$ 1,693,882 | \$ 8,616,968 | \$ 787,024 | \$ -      |

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Short-Term Investment Fund**  
**Interest Rate Risk - Investment Maturities (in Years)**  
**June 30, 2024**

| <b>Investment Type</b>        | <b>Fair Value*</b>   | <b>Less than 1</b>   | <b>1 to 3</b>       | <b>Over 3</b> |
|-------------------------------|----------------------|----------------------|---------------------|---------------|
| International Developed Bonds | \$ 4,630,442         | \$ 3,747,353         | \$ 883,089          |               |
| Corporate Bonds               | 6,467,432            | 1,284,954            | 5,182,478           |               |
| U.S. Government Agency Bonds  | 12,687,533           | 10,723,553           | 1,963,980           |               |
| U.S. Treasury Bonds           |                      |                      |                     |               |
| <b>Total</b>                  | <b>\$ 23,785,407</b> | <b>\$ 15,755,860</b> | <b>\$ 8,029,547</b> | <b>\$ -</b>   |

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Short-Term Investment Fund**  
**Interest Rate Sensitivity - Effective Duration**  
**June 30, 2024**

| <b>Investment Type</b>        | <b>Fair Value*</b>   | <b>Effective Duration</b> |
|-------------------------------|----------------------|---------------------------|
| International Developed Bonds | \$ 4,630,442         | 0.85                      |
| Corporate Bonds               | 6,467,432            | 0.99                      |
| U.S. Treasury Bonds           | 12,687,533           | 0.51                      |
| <b>Total</b>                  | <b>\$ 23,785,407</b> |                           |

\*Does not include accrued income

**Extended Fixed-Income Investment Fund and Intermediate Term Growth Fund**

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

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

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Extended Fixed Income Fund**  
**Statement of Invested Assets**  
**June 30, 2024**

| <b>Investment Type</b>        | <b>Fair Value*</b>   |
|-------------------------------|----------------------|
| <b>Fixed Income</b>           | <b>\$ 27,474,101</b> |
| International Developed Bonds | 1,334,115            |
| Corporate Bonds               | 8,355,474            |
| U.S. Government Agency Bonds  | 195,568              |
| U.S. Treasury Bonds           | 17,588,944           |
| <b>Cash/Cash Equivalents</b>  | <b>91,721</b>        |
| Money Market Funds            | 91,721               |
| <b>TOTAL</b>                  | <b>\$ 27,565,822</b> |

\*includes accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Extended Fixed Income Fund**  
**Credit Risk**  
**June 30, 2024**

| <b>Investment Type</b>        | <b>Fair Value*</b>   | <b>AAA</b>           | <b>AA</b>           | <b>A</b>            | <b>B &amp; Below</b> | <b>Not Rated</b> |
|-------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|------------------|
| International Developed Bonds | \$ 1,324,746         |                      | \$ 433,249          | \$ 891,497          |                      |                  |
| Corporate Bonds               | 8,260,561            | \$ 118,930           | 1,343,663           | 6,124,125           | 673,843              |                  |
| U.S. Government Agency Bonds  | 194,869              |                      | 194,869             |                     |                      |                  |
| U.S. Treasury Bonds           | 17,476,652           | 17,476,652           |                     |                     |                      |                  |
| <b>Total</b>                  | <b>\$ 27,256,828</b> | <b>\$ 17,595,582</b> | <b>\$ 1,971,781</b> | <b>\$ 7,015,622</b> | <b>\$ 673,843</b>    | <b>\$ -</b>      |

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Extended Fixed Income Fund**  
**Interest Rate Risk - Investment Maturities (in Years)**  
**June 30, 2024**

| <b>Investment Type</b>        | <b>Fair Value*</b>   | <b>Less than 1</b>  | <b>1 to 3</b>        | <b>3 to 5</b>        | <b>5 to 7</b> | <b>Over 7</b> |
|-------------------------------|----------------------|---------------------|----------------------|----------------------|---------------|---------------|
| International Developed Bonds | \$ 1,324,746         | \$ 331,530          | \$ 593,248           | \$ 399,968           |               |               |
| Corporate Bonds               | 8,260,561            | 687,594             | 3,545,743            | 4,027,224            |               |               |
| U.S. Government Agency Bonds  | 194,869              |                     | 194,869              |                      |               |               |
| U.S. Treasury Bonds           | 17,476,652           |                     | 10,971,078           | 6,505,574            |               |               |
| <b>Total</b>                  | <b>\$ 27,256,828</b> | <b>\$ 1,019,124</b> | <b>\$ 15,304,938</b> | <b>\$ 10,932,766</b> | <b>\$ -</b>   | <b>\$ -</b>   |

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Extended Fixed Income Fund**  
**Interest Rate Sensitivity - Effective Duration**  
**June 30, 2024**

| <b>Investment Type</b>        | <b>Fair Value*</b>   | <b>Effective Duration</b> |
|-------------------------------|----------------------|---------------------------|
| International Developed Bonds | \$ 1,324,746         | 2.26                      |
| Corporate Bonds               | 8,260,561            | 2.51                      |
| U.S. Government Agency Bonds  | 194,869              | 2.52                      |
| U.S. Treasury Bonds           | 17,476,652           | 2.49                      |
| <b>Total</b>                  | <b>\$ 27,256,828</b> |                           |

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Intermediate Term Growth Fund**  
**Statement of Invested Assets**  
**June 30, 2024**

| <b>Investment Type</b>           | <b>Fair Value*</b>   |
|----------------------------------|----------------------|
| <b>Equities</b>                  | <b>\$ 43,692,954</b> |
| International Developed          | 11,639,770           |
| Global Equity                    | 636,967              |
| U.S. Large/Mid-Cap               | 31,416,217           |
| <b>Fixed Income</b>              | <b>19,414,118</b>    |
| International Fixed Income Funds | 5,956,033            |
| Bond Funds                       | 12,139,285           |
| Municipal Bonds                  | 1,318,800            |
| <b>Cash/Cash Equivalents</b>     | <b>414,190</b>       |
| Money Market Funds               | 414,190              |
| <b>TOTAL</b>                     | <b>\$ 63,521,262</b> |

\*includes accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Intermediate Term Growth Fund**  
**Credit Risk**  
**June 30, 2024**

| <b>Investment Type</b>           | <b>Fair Value*</b>   | <b>AAA</b>  | <b>AA</b>   | <b>A</b>    | <b>B &amp; Below</b> | <b>Not Rated</b>     |
|----------------------------------|----------------------|-------------|-------------|-------------|----------------------|----------------------|
| International Fixed Income Funds | \$ 5,956,033         |             |             |             |                      | \$ 5,956,033         |
| Bond Funds                       | 12,139,285           |             |             |             |                      | 12,139,285           |
| Municipal Bonds                  | 1,243,800            |             |             |             |                      | 1,243,800            |
| <b>Total</b>                     | <b>\$ 19,339,118</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b>          | <b>\$ 19,339,118</b> |

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Intermediate Term Growth Fund**  
**Interest Rate Risk - Investment Maturities (in Years)**  
**June 30, 2024**

| <b>Investment Type</b>           | <b>Fair Value*</b> | <b>Over 10</b> | <b>Maturity Not Determined</b> |
|----------------------------------|--------------------|----------------|--------------------------------|
| International Fixed Income Funds | \$ 5,956,033       |                | \$ 5,956,033                   |
| Bond Funds                       | 12,139,285         |                | 12,139,285                     |
| Municipal Bonds                  | 1,243,800          | \$ 1,243,800   |                                |
| Total                            | \$ 19,339,118      | \$ 1,243,800   | \$ 18,095,318                  |

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Intermediate Term Growth Fund**  
**Interest Rate Sensitivity - Effective Duration**  
**June 30, 2024**

| <b>Investment Type</b>           | <b>Fair Value*</b> | <b>Effective Duration</b> |
|----------------------------------|--------------------|---------------------------|
| International Fixed Income Funds | \$ 5,956,033       | N/A                       |
| Bond Funds                       | 12,139,285         | N/A                       |
| Municipal Bonds                  | 1,243,800          | 6.27                      |
| Total                            | \$ 19,339,118      |                           |

\*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, 2024 and 2023, is as follows:

|                                           | <b>June 30, 2024</b> | <b>June 30, 2023</b> |
|-------------------------------------------|----------------------|----------------------|
| Total Endowment                           | \$ 218,760,065       | \$ 198,034,398       |
| Less: Funds treated as endowment          | (37,608,770)         | (33,167,798)         |
| Less: Non-expendable portion of endowment | (102,917,839)        | (96,788,830)         |
| Available for Expenditure                 | \$ 78,233,456        | \$ 68,077,770        |

**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, 2024:

| Summary of Investments by Fair Value Level                   |                       |                       |                     |                         |
|--------------------------------------------------------------|-----------------------|-----------------------|---------------------|-------------------------|
| Investment by fair value level                               | Level 1               | Level 2               | Level 3             | Total                   |
| <b>Equity Securities:</b>                                    |                       |                       |                     |                         |
| US                                                           | \$ 399,649            | \$ 493,918            | \$ 379              | \$ 893,946              |
| International                                                | -                     | -                     | -                   | -                       |
| <b>Fixed Income Securities:</b>                              |                       |                       |                     |                         |
| US Government Debt                                           | 123,095,924           | 289,570,330           | -                   | 412,666,254             |
| Other Debt Securities                                        | 328,417               | 149,619,744           | -                   | 149,948,161             |
| <b>Commingled Funds:</b>                                     |                       |                       |                     |                         |
| US Equity                                                    | 1,106,188             | 2,455,306             | -                   | 3,561,494               |
| International Equity                                         | 52,000                | 117,133               | -                   | 169,133                 |
| US Government Bonds                                          | 57,818,669            | -                     | -                   | 57,818,669              |
| Non-US Government Bonds                                      | 49,000                | -                     | -                   | 49,000                  |
| Corporate Bonds                                              | -                     | 598,436               | -                   | 598,436                 |
| <b>Exchange Traded Funds:</b>                                |                       |                       |                     |                         |
| Equity                                                       | 13,000                | -                     | -                   | 13,000                  |
| Fixed Income                                                 | 27,000                | -                     | -                   | 27,000                  |
| <b>Other Partnerships:</b>                                   |                       |                       |                     |                         |
| US (j)                                                       | 8,388,000             |                       | -                   | 8,388,000               |
| International (k)                                            | -                     |                       |                     |                         |
| <b>Non-marketable alternatives</b>                           | -                     | -                     | 8,071,000           | 8,071,000               |
| <b>Marketable alternatives</b>                               | -                     | -                     | 690,000             | 690,000                 |
| <b>Certificates of Deposit</b>                               | 74,001,969            | 26,822,770            | -                   | 100,824,739             |
| <b>Money markets and short-term investments</b>              | 2,424,945             | 25,000                | -                   | 2,449,945               |
| <b>Total investments by fair value level</b>                 | <b>\$ 267,704,761</b> | <b>\$ 469,702,637</b> | <b>\$ 8,761,379</b> | <b>746,168,777</b>      |
| <b>Investments measured at NAV (net asset value)</b>         |                       |                       |                     |                         |
| External Investment Pool - Total Return Pool - UA Foundation |                       |                       |                     | 224,018,393             |
| Short-Term Investment Fund Pool - UA System                  |                       |                       |                     | 63,291,895              |
| Extended Fixed Income Pool - UA System                       |                       |                       |                     | 27,565,822              |
| Intermediate-Term Investment Fund Pool - UA System           |                       |                       |                     | 63,521,302              |
| <b>Total investments by NAV</b>                              |                       |                       |                     | <b>378,397,412</b>      |
| <b>TOTAL INVESTMENTS</b>                                     |                       |                       |                     | <b>\$ 1,124,566,189</b> |

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, 2024:

|                                                                | <b>Fair Value</b>     | <b>Redemption<br/>Frequency</b> | <b>Redemption<br/>Notice Period</b> |
|----------------------------------------------------------------|-----------------------|---------------------------------|-------------------------------------|
| External Investment Pool - UA Foundation Total Return Pool (1) | \$ 224,018,393        | Daily                           | 7 - 30 days                         |
| Short-Term Investment Fund Pool - UA System (2)                | 63,291,895            | Daily                           | 0-3 days                            |
| Extended Fixed Income Pool - UA System (3)                     | 27,565,822            | End of Month                    | 2-30 days                           |
| Intermediate-Term Investment Fund Pool - UA System (4)         | 63,521,302            | End of Month                    | 2-30 days                           |
| <b>Total Investments measured at the NAV</b>                   | <b>\$ 378,397,412</b> |                                 |                                     |

- (1) This type includes investments in a broadly diversified external investment pool. Pooled investments include allocations to global equities, hedge funds, bonds, natural resources and real estate. The assets in the pool are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A one-week notice is required for redemptions over \$1 million. There is also a requirement for 30 days written notice if total withdrawals will exceed \$25 million in any 30-day period.
- (2) This type includes investments in a short-term investment pool comprised of fixed income investments with a duration of two years or less. The pooled investments are allocated primarily to treasuries, government agency bonds, corporate bonds, commercial paper, negotiable certificates of deposit, and money-market funds. The assets in the STIF are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A three-day notice is requested for redemptions of any amount.
- (3) This type includes investments in a short-term investment pool comprised of fixed income investments with a duration of three years or less. The pooled investments are allocated primarily international developed bonds, government agency bonds, corporate bonds, and money-market funds. The assets in the STIF are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A two-day notice prior to month-end is requested for redemptions of any amount.
- (4) This type includes a diversified portfolio of stocks and bonds investments with a duration of five years or longer. The pooled investments are allocated primarily to equities, bonds, natural resources, real estate, and money-market funds. The assets in the pool are accounted for at fair value determined according to the principles of the Financial Accounting Standards Board. A two-day notice prior to month-end is requested for redemptions of any amount.

**Note 6: Disaggregation of Accounts Receivable and Accounts Payable**

Current accounts receivable balances, net of allowances, at June 30, 2024 and 2023, as shown on the Statements of Net Position, consist of the following:

| <b>ACCOUNTS RECEIVABLE</b> | <b>June 30, 2024</b>  | <b>June 30, 2023</b>  |
|----------------------------|-----------------------|-----------------------|
| Student accounts           | \$ 29,426,744         | \$ 30,187,212         |
| Non-student accounts       | 98,201,622            | 89,532,441            |
| Grants and contracts       | 111,573,546           | 126,772,276           |
| Property and sales taxes   | 2,077,078             | 1,979,945             |
| Pledges                    | 2,118,000             | 2,548,729             |
| Leases                     | 1,688,795             | 1,397,102             |
| Other                      | 18,895,260            | 15,051,190            |
| Total                      | <u>\$ 263,981,045</u> | <u>\$ 267,468,895</u> |

Non-current accounts receivable balances, net of allowances, at June 30, 2024 and 2023, as shown on the Statements of Net Position, consist of the following:

| <b>ACCOUNTS RECEIVABLE</b> | <b>June 30, 2024</b> | <b>June 30, 2023</b> |
|----------------------------|----------------------|----------------------|
| Student Accounts           |                      |                      |
| Non-Student Accounts       |                      |                      |
| Grants and contracts       |                      |                      |
| Property and sales taxes   |                      |                      |
| Pledges                    | \$ 4,564,000         | \$ 6,872,173         |
| Leases                     | 54,614,000           | 49,348,460           |
| Other                      |                      |                      |
| Total                      | <u>\$ 59,178,000</u> | <u>\$ 56,220,633</u> |

Current accounts payable balances at June 30, 2024 and 2023, as shown on the Statements of Net Position, consist of the following:

| <b>ACCOUNTS PAYABLE</b> | <b>June 30, 2024</b>  | <b>June 30, 2023</b>  |
|-------------------------|-----------------------|-----------------------|
| Trade related           | \$ 155,653,497        | \$ 121,870,606        |
| Payroll related         | 56,977,283            | 52,158,934            |
| Interest                | 14,486,689            | 13,559,583            |
| Other                   | 10,053,487            | 7,722,101             |
| Total                   | <u>\$ 237,170,956</u> | <u>\$ 195,311,224</u> |

**Note 7: Capital Assets**

The following table includes changes in capital assets for the year ended June 30, 2024:

**UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2024**

| CAPITAL ASSETS                           | June 30, 2023    |                |               |               | June 30, 2024    |  |
|------------------------------------------|------------------|----------------|---------------|---------------|------------------|--|
|                                          | Balance          | Additions      | Transfers     | Deletions     | Balance          |  |
| Land                                     | \$ 139,956,631   | \$ 9,283,198   | \$ -          | \$ 62,000     | \$ 149,177,829   |  |
| Library Holdings                         | 150,150,603      | 7,541,248      | -             | 11,489,424    | 146,202,427      |  |
| Construction in progress                 | 171,122,856      | 232,739,223    | (110,776,487) | 536,141       | 292,549,451      |  |
| Improvements and infrastructure          | 395,302,731      | 1,926,157      | 28,366,018    | 288,974       | 425,305,932      |  |
| Buildings                                | 4,739,286,185    | 6,213,095      | 76,599,413    | 929,512       | 4,821,169,181    |  |
| Equipment                                | 761,866,725      | 55,006,249     | 7,683,056     | 17,106,433    | 807,449,597      |  |
| Intangibles - Software                   | 179,422,033      | -              | -             | 68,475,400    | 110,946,633      |  |
| Intangibles - Software in development    | 3,070,262        | 77,762         | (1,584,000)   | 1,062,796     | 501,228          |  |
| Intangibles - Leasehold improvements     | 11,023,229       | 109,181        | -             | -             | 11,132,410       |  |
| Intangibles - Radio License              | 67,809           | -              | -             | -             | 67,809           |  |
| Right to Use Land                        | -                | -              | -             | -             | -                |  |
| Right to Use CIP                         | 288,000          | -              | (288,000)     | -             | -                |  |
| Right to Use Buildings                   | 187,974,836      | 45,446,025     | -             | 22,300,000    | 211,120,861      |  |
| Right to Use Equipment                   | 55,199,503       | 10,169,984     | -             | 3,031,000     | 62,338,487       |  |
| Right to Use Improvements/Infrastructure | 12,114,603       | 315,397        | -             | -             | 12,430,000       |  |
| Right to Use Software (SBITA)            | 94,741,886       | 7,680,796      | -             | 2,370,187     | 100,052,495      |  |
| Right to Use Other                       | -                | -              | -             | -             | -                |  |
| Other                                    | 4,844,455        | 312,448        | -             | 314,000       | 4,842,903        |  |
| Total Capital Assets                     | 6,906,432,347    | 376,820,763    | -             | 127,965,867   | 7,155,287,243    |  |
| Less accumulated depreciation:           |                  |                |               |               |                  |  |
| Library Holdings                         | 126,108,254      | 4,177,973      | -             | 11,486,947    | 118,799,280      |  |
| Improvements and infrastructure          | 236,531,903      | 15,756,235     | -             | 41,085        | 252,247,053      |  |
| Buildings                                | 2,276,672,059    | 146,086,190    | -             | (3,716,747)   | 2,426,474,996    |  |
| Equipment                                | 607,509,142      | 47,545,623     | -             | 14,896,521    | 640,158,244      |  |
| Intangibles - Software                   | 168,397,913      | 8,377,686      | -             | 68,476,000    | 108,299,599      |  |
| Intangibles - Leasehold improvements     | 7,846,894        | 383,354        | -             | -             | 8,230,248        |  |
| Intangibles - Radio License              | -                | -              | -             | -             | -                |  |
| Right to Use Land                        | -                | -              | -             | -             | -                |  |
| Right to Use Buildings                   | 45,479,538       | 25,322,130     | -             | 2,556,000     | 68,245,668       |  |
| Right to Use Equipment                   | 38,957,750       | 8,777,224      | -             | 3,690,000     | 44,044,974       |  |
| Right to Use Improvements/Infrastructure | 2,433,051        | 1,324,949      | -             | -             | 3,758,000        |  |
| Right to Use Software (SBITA)            | 17,338,855       | 17,110,579     | -             | 1,720,715     | 32,728,719       |  |
| Right to Use Other                       | -                | -              | -             | -             | -                |  |
| Other                                    | 100,982          | 1,000          | -             | -             | 101,982          |  |
| Total Accum Depreciation                 | 3,527,376,341    | 274,862,943    | -             | 99,150,521    | 3,703,088,763    |  |
| Capital Assets, Net                      | \$ 3,379,056,006 | \$ 101,957,820 | \$ -          | \$ 28,815,346 | \$ 3,452,198,480 |  |

Library holdings, including old and rare books, valued at \$ 1,702,050 at June 30, 2024, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying Statements of Net Position.

The following table includes changes in capital assets for the year ended June 30, 2023:

|                                       | <b>June 30, 2022</b> |                  |                  | <b>June 30, 2023</b> |                  |
|---------------------------------------|----------------------|------------------|------------------|----------------------|------------------|
| <b>CAPITAL ASSETS</b>                 | <b>Balance</b>       | <b>Additions</b> | <b>Transfers</b> | <b>Deletions</b>     | <b>Balance</b>   |
| Land                                  | \$ 143,281,120       | \$ 255,857       | \$ 131,654       | \$ 3,712,000         | \$ 139,956,631   |
| Library Holdings                      | 164,171,492          | 5,202,234        | -                | 19,223,123           | 150,150,603      |
| Construction in progress              | 222,850,384          | 228,244,236      | (279,971,764)    | -                    | 171,122,856      |
| Improvements and infrastructure       | 381,996,032          | 1,264,618        | 12,120,543       | 78,462               | 395,302,731      |
| Buildings                             | 4,454,940,043        | 24,726,065       | 260,676,492      | 1,056,415            | 4,739,286,185    |
| Equipment                             | 753,535,871          | 59,376,964       | 7,090,075        | 58,136,185           | 761,866,725      |
| Intangibles - Software                | 178,137,453          | 971,580          | 313,000          | -                    | 179,422,033      |
| Intangibles - Software in development | 3,329,407            | 1,062,796        | -                | 1,321,941            | 3,070,262        |
| Intangibles - Leasehold improvements  | 11,023,229           | -                | -                | -                    | 11,023,229       |
| Intagibles - Radio License            | 67,809               | -                | -                | -                    | 67,809           |
| Right to Use Land                     | -                    | -                | -                | -                    | -                |
| Right to Use CIP                      | -                    | 648,000          | (360,000)        | -                    | 288,000          |
| Right to Use Buildings                | 121,856,581          | 70,036,255       | -                | 3,918,000            | 187,974,836      |
| Right to Use Equipment                | 53,218,469           | 1,997,034        | -                | 16,000               | 55,199,503       |
| Right to Use Improvements/Infrastruc  | 12,114,603           | -                | -                | -                    | 12,114,603       |
| Right to Use Software (SBITA)         | 89,677,110           | 5,064,776        | -                | -                    | 94,741,886       |
| Right to Use Other                    | -                    | -                | -                | -                    | -                |
| Other                                 | 4,489,021            | 405,134          | -                | 49,700               | 4,844,455        |
| Total Capital Assets                  | 6,594,688,624        | 399,255,549      | -                | 87,511,826           | 6,906,432,347    |
| Less accumulated depreciation:        |                      |                  |                  |                      |                  |
| Library Holdings                      | 140,921,504          | 4,389,830        | -                | 19,203,080           | 126,108,254      |
| Improvements and infrastructure       | 221,058,157          | 15,473,746       | -                | -                    | 236,531,903      |
| Buildings                             | 2,128,602,314        | 143,646,791      | -                | (4,422,954)          | 2,276,672,059    |
| Equipment                             | 621,840,864          | 40,680,070       | -                | 55,011,792           | 607,509,142      |
| Intangibles - Software                | 158,652,734          | 9,803,367        | (58,188)         | -                    | 168,397,913      |
| Intangibles - Leasehold improvements  | 7,633,179            | 155,527          | 58,188           | -                    | 7,846,894        |
| Intangibles - Radio License           | -                    | -                | -                | -                    | -                |
| Right to Use Land                     | -                    | -                | -                | -                    | -                |
| Right to Use Buildings                | 27,777,308           | 20,281,230       | -                | 2,579,000            | 45,479,538       |
| Right to Use Equipment                | 32,502,320           | 6,459,430        | -                | 4,000                | 38,957,750       |
| Right to Use Improvements/Infrastruc  | 605,423              | 1,827,628        | -                | -                    | 2,433,051        |
| Right to Use Software (SBITA)         | -                    | 17,338,855       | -                | -                    | 17,338,855       |
| Right to Use Other                    | -                    | -                | -                | -                    | -                |
| Other                                 | 100,982              | -                | -                | -                    | 100,982          |
| Total Accum Depreciation              | 3,339,694,785        | 260,056,474      | -                | 72,374,918           | 3,527,376,341    |
| Capital Assets, Net                   | \$ 3,254,993,839     | \$ 139,199,075   | \$ -             | \$ 15,136,908        | \$ 3,379,056,006 |

\*The June 30, 2022 Balance was restated due to the adoption of GASB Statement No. 96.

Library holdings, including old and rare books, valued at \$1,251,000 at June 30, 2023, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying Statements of Net Position.

### **Note 8: Short-Term Borrowing**

GASB Statement No. 38, Certain Financial Statement Note Disclosures, states that governments should provide details about short-term debt activity during the year, even if no short-term debt is

outstanding at year-end. The University had the following short-term debt activity and outstanding balance as of June 30, 2024:

| Short-Term Borrowing | June 30, 2023 |            |            | June 30, 2024 |                                | June 30, 2024 |
|----------------------|---------------|------------|------------|---------------|--------------------------------|---------------|
| Description          | Balance       | Additions  | Reductions | Balance       | Unused Portion of ST Borrowing |               |
| Line of Credit       | \$ -          | \$ 750,000 | \$ 750,000 | \$ -          | \$ -                           |               |
| ERP Note-Regions     | -             | -          | -          | -             | -                              |               |
| Other (specify)      | -             | -          | -          | -             | -                              |               |
| TOTALS               | \$ -          | \$ 750,000 | \$ 750,000 | \$ -          | \$ -                           |               |

The University had the following short-term debt activity and outstanding balance as of June 30, 2023:

| Short-Term Borrowing | June 30, 2022 |           |            | June 30, 2023 |                                | June 30, 2023 |
|----------------------|---------------|-----------|------------|---------------|--------------------------------|---------------|
| Description          | Balance       | Additions | Reductions | Balance       | Unused Portion of ST Borrowing |               |
| Line of Credit       | \$ -          | \$ -      | \$ -       | \$ -          | \$ 8,000,000                   |               |
| ERP Note-Regions     | -             | -         | -          | -             | -                              |               |
| Other (specify)      | -             | -         | -          | -             | -                              |               |
| TOTALS               | \$ -          | \$ -      | \$ -       | \$ -          | \$ 8,000,000                   |               |

#### Note 9: Compensated Absences

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. The University accrues the dollar value of leave benefits in accordance with generally accepted accounting principles which require accrual of salary-related payments directly and incrementally associated with compensated absences, such as employer's share of social security taxes, as well as applicable salary expenses. These leave benefits are payable upon retirement, termination, or death of employees, up to the maximum allowed.

Full-time, non-classified employees accrue annual leave at the rate of fifteen hours per month and full-time classified employees accrue at a variable rate (from eight to fifteen hours per month) depending upon the number of years of employment in state government. Employees who are less than full-time, but are at least 50% time, accrue annual leave at prorated amounts. Under the University's policy, an employee may carry accrued annual leave forward from one calendar year to another, up to a maximum of 240 hours (30 working days). Classified employees who meet the conditions to be considered retirees at the time of termination of employment, are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of Arkansas Code Annotated (A.C.A.) § 21-4-501. In accordance with A.C.A. § 21-4-505, two-year institutions may, at their discretion, provide to non-classified employees the same compensation for accumulated unused sick leave provided to classified employees. The Code also allows four-year institutions the same option. In no event shall an employee receive a sick leave amount upon separation that exceeds \$7,500.

Effective July 1, 2023, the University transitioned classified positions to non-classified roles. In accordance with the policy established by the Board of Trustees, the portion of the sick leave accrued as a classified employee will no longer be paid out upon any retirement, effective on or after July 1, 2023, for those employees whose roles transitioned from classified to non-classified. As of June 30, 2023, the sick leave accrual included only the known payouts in fiscal 2024 for June 30, 2023 retirements.

Changes in compensated absences are shown below:

| COMPENSATED ABSENCES |                    |                |                |                    |                    |
|----------------------|--------------------|----------------|----------------|--------------------|--------------------|
| Campus               | Balance<br>6/30/23 | Additions      | Reductions     | Balance<br>6/30/24 | Current<br>Portion |
| UAF                  | \$ 23,427,636      | \$ 24,892,000  | \$ 24,080,636  | \$ 24,239,000      | \$ 2,495,000       |
| UAFS                 | 1,512,921          | 1,691,456      | 1,640,912      | 1,563,465          | 200,593            |
| UALR                 | 4,193,102          | 297,794        | 324,208        | 4,166,688          | 352,656            |
| UAMS                 | 79,733,000         | 72,725,000     | 76,478,000     | 75,980,000         | 5,159,000          |
| UAM                  | 1,155,067          | 343,464        | 283,364        | 1,215,167          | 74,768             |
| UAPB                 | 2,576,819          | 2,311,977      | 2,344,221      | 2,544,575          | 213,860            |
| SYSTEM               | 1,231,634          | 2,079,449      | 1,485,855      | 1,825,228          | 135,545            |
| CCCUA                | 264,273            | 356,372        | 321,893        | 298,752            | 17,062             |
| PCCUA                | 485,514            | 487,540        | 486,023        | 487,031            | 51,696             |
| UACCB                | 364,294            | 462,149        | 439,709        | 386,734            | 38,299             |
| UACCHT               | 399,052            | 411,584        | 381,432        | 429,204            | 34,998             |
| UACCM                | 370,049            | 366,343        | 336,529        | 399,863            | 7,782              |
| UAPTC                | 606,137            | 789,861        | 685,686        | 710,312            | 124,131            |
| UACCRM               | 277,886            | 221,653        | 183,431        | 316,108            | 50,244             |
| ASMSA                | 191,444            | 166,846        | 180,211        | 178,079            | 22,929             |
| TOTAL                | \$ 116,788,828     | \$ 107,603,488 | \$ 109,652,110 | \$ 114,740,206     | \$ 8,978,563       |

| COMPENSATED ABSENCES |                    |               |               |                    |                    |
|----------------------|--------------------|---------------|---------------|--------------------|--------------------|
| Campus               | Balance<br>6/30/22 | Additions     | Reductions    | Balance<br>6/30/23 | Current<br>Portion |
| UAF                  | \$ 23,435,074      | \$ 24,689,350 | \$ 24,696,788 | \$ 23,427,636      | \$ 2,270,707       |
| UAFS                 | 1,500,989          | 1,677,530     | 1,665,598     | 1,512,921          | 226,636            |
| UALR                 | 4,270,026          | 357,397       | 434,321       | 4,193,102          | 448,134            |
| UAMS                 | 75,503,000         | 12,255,000    | 8,025,000     | 79,733,000         | 5,159,000          |
| UAM                  | 1,176,358          | 999,849       | 1,021,140     | 1,155,067          | 126,499            |
| UAPB                 | 4,026,499          | 2,793,008     | 4,242,688     | 2,576,819          | 254,135            |
| SYSTEM               | 1,167,870          | 1,092,026     | 1,028,262     | 1,231,634          | 85,546             |
| CCCUA                | 276,959            | 313,313       | 325,999       | 264,273            | 13,260             |
| PCCUA                | 507,907            | 447,379       | 469,772       | 485,514            | 39,255             |
| UACCB                | 336,955            | 639,889       | 612,550       | 364,294            | 37,478             |
| UACCHT               | 400,203            | 414,598       | 415,749       | 399,052            | 32,225             |
| UACCM                | 398,782            | 179,259       | 207,992       | 370,049            | 22,700             |
| UAPTC                | 677,831            | 658,851       | 730,545       | 606,137            | 91,602             |
| UACCRM               | 290,524            | 241,170       | 253,808       | 277,886            | 51,403             |
| ASMSA                | 134,258            | 207,344       | 150,158       | 191,444            | 15,701             |
| TOTAL                | \$ 114,103,235     | \$ 46,965,963 | \$ 44,280,370 | \$ 116,788,828     | \$ 8,874,281       |

**Note 10: Bonds, Notes, Leases, Installment Contracts, and Subscription 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 \$2,000,467,673 shown in these schedules, which is related to bonds, notes, leases and installment contracts, differs from the amount of \$1,995,311,303 shown on the Statement of Net Position. This is due to an elimination entry of \$5,156,370 to account for two loans between UA campuses (see Note 19).

| UNIVERSITY OF ARKANSAS FAYETTEVILLE |                                  |                  |                  |                |                |
|-------------------------------------|----------------------------------|------------------|------------------|----------------|----------------|
| Issue                               | Maturity                         | Interest         | Amount           | Maturities to  | Outstanding    |
| Date                                | Date                             | Rate             | Issued           | Year-End       | Year-End       |
| 5/16/2013                           | 9/15/2027                        | 1.00% - 5.00%    | 30,355,000       | 30,355,000     | -              |
| 6/30/2014                           | 11/1/2043                        | 0.85% - 4.50%    | 5,020,000        | 1,075,000      | 3,945,000      |
| 8/27/2015                           | 11/1/2045                        | 1.02% - 4.40%    | 7,510,000        | 1,290,000      | 6,220,000      |
| 4/5/2016                            | 11/1/2046                        | 3.00% - 5.00%    | 93,590,000       | 39,940,000     | 53,650,000     |
| 4/5/2016                            | 11/1/2028                        | 0.87% - 3.25%    | 15,280,000       | 8,825,000      | 6,455,000      |
| 10/19/2016                          | 9/15/2036                        | 5.00%            | 24,845,000       |                | 24,845,000     |
| 10/19/2016                          | 9/15/2034                        | 1.192% - 3.388%  | 90,000,000       | 21,180,000     | 68,820,000     |
| 8/1/2017                            | 11/1/2047                        | 2.00% - 5.00%    | 95,805,000       | 30,440,000     | 65,365,000     |
| 7/26/2018                           | 11/1/2048                        | 0.05             | 20,385,000       | 1,665,000      | 18,720,000     |
| 7/26/2018                           | 11/1/2038                        | 2.65% - 4.00%    | 6,560,000        | 1,235,000      | 5,325,000      |
| 8/22/2019                           | 11/1/2049                        | 4.00% - 5.00%    | 59,655,000       | 6,085,000      | 53,570,000     |
| 8/22/2019                           | 9/15/2034                        | 5.00%            | 24,900,000       | 3,970,000      | 20,930,000     |
| 11/5/2019                           | 11/1/2042                        | 1.762% - 3.401%  | 139,220,000      | 26,970,000     | 112,250,000    |
| 12/1/2021                           | 6/30/2044                        | 0.371% to 2.685% | 175,645,000      | 40,225,000     | 135,420,000    |
| 11/9/2022                           | 11/1/2052                        | 4.00% to 5.25%   | 72,655,000       | 1,105,000      | 71,550,000     |
| 11/9/2022                           | 11/1/2032                        | 4.70% to 5.28%   | 4,025,000        | 320,000        | 3,705,000      |
| 8/3/2023                            | 9/15/2027                        | 5.00%            | 10,260,000       |                | 10,260,000     |
| 8/17/2023                           | 11/1/2053                        | 4.75% to 5.47%   | 62,335,000       |                | 62,335,000     |
| 8/17/2023                           | 11/1/2044                        | 5.00%            | 60,075,000       |                | 60,075,000     |
| 5/1/2005                            | 11/1/2034                        | 2.00% to 5.00%   | 1,605,000        | 1,107,000      | 498,000        |
| 2/1/2019                            | 6/1/2024                         | 3.75%            | 331,000          | 331,000        | -              |
| 3/1/2019                            | 6/1/2024                         | 3.72%            | 108,000          | 108,000        | -              |
| 7/1/2019                            | 6/1/2024                         | 3.46%            | 375,000          | 375,000        | -              |
| 7/1/2019                            | 7/1/2025                         | 2.74%            | 619,000          | 430,000        | 189,000        |
| 9/11/2020                           | 9/15/2028                        | 1.38%            | 4,727,000        |                | 4,727,000      |
| 9/11/2020                           | 9/15/2028                        | 1.81%            | 13,937,000       |                | 13,937,000     |
| 7/31/2015                           | 7/1/2023                         | 1.97%            | 4,936,000        | 4,936,000      | -              |
| 7/31/2015                           | 11/19/2023                       | 1.99%            | 16,969,000       | 16,969,000     | -              |
| 10/1/2018                           | 7/1/2025                         | 9.46%            | 25,000           | 18,000         | 7,000          |
| 2/1/2019                            | 6/1/2024                         | 3.75%            | 374,000          | 374,000        | -              |
| 3/1/2019                            | 6/1/2024                         | 3.72%            | 688,000          | 688,000        | -              |
| 7/1/2019                            | 6/1/2024                         | 3.46%            | 170,000          | 170,000        | -              |
| 8/18/2021                           | 8/15/2031                        | 1.23%            | 10,841,000       | 2,851,000      | 7,990,000      |
| 7/1/2022                            | 6/30/2025                        | 2.23%            | 960,000          | 960,000        | -              |
| Various                             | Various                          | Various          | 37,505,000       | 13,987,000     | 23,518,000     |
| Various                             | Various                          | Various          | 1,631,000        | 704,000        | 927,000        |
| Various                             | Various                          | Various          | 315,000          | 102,000        | 213,000        |
| Various                             | Various                          | Various          | 10,922,000       | 3,796,000      | 7,126,000      |
|                                     | Net unamortized premium/discount |                  | 79,704,000       | 28,658,000     | 51,046,000     |
| TOTALS                              |                                  |                  | \$ 1,184,862,000 | \$ 291,244,000 | \$ 893,618,000 |

**UNIVERSITY OF ARKANSAS AT FORT SMITH**

| Issue Date                       | Maturity Date | Interest Rate | Amount Issued | Maturities to Year-End | Outstanding Year-End |
|----------------------------------|---------------|---------------|---------------|------------------------|----------------------|
| 6/5/2014                         | 12/1/2031     | 2.0%-3.5%     | \$ 5,295,000  | \$ 2,585,000           | \$ 2,710,000         |
| 6/26/2014                        | 6/1/2039      | 2.0%-5.0%     | 10,930,000    | 3,060,000              | 7,870,000            |
| 10/20/2016                       | 12/1/2034     | 2.0%-5.0%     | 19,500,000    | 4,520,000              | 14,980,000           |
| 10/20/2020                       | 12/1/2030     | 0.353%-1.884% | 10,715,000    | 5,590,000              | 5,125,000            |
| 10/20/2020                       | 12/1/2035     | 4.0%-5.0%     | 5,765,000     | 1,145,000              | 4,620,000            |
| 1/1/2022                         | 1/1/2042      | 0.77%         | 416,647       | 49,455                 | 367,192              |
| 1/1/2022                         | 1/1/2062      | 0.77%         | 7,721,837     | 216,000                | 7,505,837            |
| 7/1/2022                         | 4/25/2028     | 2.23%         | 515,215       | 204,555                | 310,660              |
| 7/1/2022                         | 11/30/2024    | 2.23%         | 299,713       | 299,713                | -                    |
| 7/1/2023                         | 11/30/2029    | 4.49%         | 727,052       | 138,517                | 588,535              |
| Net unamortized premium/discount |               |               | 3,930,238     | 860,763                | 3,069,475            |
| TOTALS                           |               |               | \$ 65,815,702 | \$ 18,669,003          | \$ 47,146,699        |

**UNIVERSITY OF ARKANSAS AT LITTLE ROCK**

| Issue Date                       | Maturity Date | Interest Rate | Amount Issued  | Maturities to Year-End | Outstanding Year-End |
|----------------------------------|---------------|---------------|----------------|------------------------|----------------------|
| 4/24/2013                        | 12/1/2024     | 1%-5%         | \$ 10,770,000  | \$ 9,650,000           | \$ 1,120,000         |
| 4/24/2013                        | 12/1/2024     | 0.530%-2.884% | 6,530,000      | 5,920,000              | 610,000              |
| 8/1/2013                         | 10/1/2030     | 2%-5%         | 28,740,000     | 28,740,000             | -                    |
| 2/24/2016                        | 10/1/2029     | 2%-5%         | 22,475,000     | 10,040,000             | 12,435,000           |
| 4/6/2016                         | 10/1/2034     | 2%-5%         | 24,490,000     | 7,790,000              | 16,700,000           |
| 9/19/2017                        | 10/1/2037     | 2%-5%         | 6,510,000      | 1,400,000              | 5,110,000            |
| 10/20/2020                       | 10/1/2036     | 0.439%-2.532% | 18,795,000     | 2,825,000              | 15,970,000           |
| 8/1/2023                         | 10/1/2030     | 5.00%         | 13,765,000     |                        | 13,765,000           |
| 1/11/2017                        | 1/1/2027      | 0.000%        | 2,000,000      | 1,400,000              | 600,000              |
| 4/29/2020                        | 1/1/2030      | 0.00%         | 633,792        | 400,000                | 233,792              |
| 4/1/2022                         | 3/31/2027     | 2.69%         | 231,984        | 100,835                | 131,149              |
| 7/1/2022                         | 4/24/2028     | 2.23%         | 1,309,917      | 532,493                | 777,424              |
| 7/1/2022                         | 11/30/2024    | 2.23%         | 430,406        | 430,406                | -                    |
| 7/1/2023                         | 11/30/2029    | 4.49%         | 1,054,942      | 198,703                | 856,239              |
| Net unamortized premium/discount |               |               | 15,368,863     | 10,174,760             | 5,194,103            |
| TOTALS                           |               |               | \$ 153,104,904 | \$ 79,602,197          | \$ 73,502,707        |

**UNIVERSITY OF ARKANSAS AT MONTICELLO**

| Issue Date                       | Maturity Date | Interest Rate | Amount Issued | Maturities to Year-End | Outstanding Year-End |
|----------------------------------|---------------|---------------|---------------|------------------------|----------------------|
| 3/30/2017                        | 12/1/2041     | 5.0%          | \$ 11,270,000 | \$ 35,000              | \$ 11,235,000        |
| 3/30/2017                        | 12/1/2023     | 1.94%-2.99%   | 1,765,000     | 1,765,000              | -                    |
| 10/1/2020                        | 10/1/2035     | 4%-5%         | 5,185,000     | 325,000                | 4,860,000            |
| 10/1/2020                        | 10/1/2037     | .487%-2.568%  | 7,035,000     | 895,000                | 6,140,000            |
| 7/1/2022                         | 11/30/2024    | 2.23%         | 146,532       | 146,532                | -                    |
| 7/1/2022                         | 4/25/2028     | 2.23%         | 384,938       | 154,398                | 230,540              |
| 8/1/2022                         | 7/31/2026     | 2.69%         | 109,034       | 52,126                 | 56,908               |
| 7/1/2023                         | 11/30/2029    | 4.49%         | 371,366       | 67,405                 | 303,961              |
| Net unamortized premium/discount |               |               | 3,397,152     | 1,190,448              | 2,206,704            |
| TOTALS                           |               |               | \$ 29,664,022 | \$ 4,630,909           | \$ 25,033,113        |

**UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**

| Issue Date                       | Maturity Date | Interest Rate   | Amount Issued    | Maturities to Year-End | Outstanding Year-End |
|----------------------------------|---------------|-----------------|------------------|------------------------|----------------------|
| 5/14/2013                        | 11/1/2034     | 1.0% - 5.0%     | \$ 112,665,000   | \$ 112,665,000         | \$ -                 |
| 12/17/2014                       | 3/1/2036      | 2.0% - 5.0%     | 86,035,000       | 23,010,000             | 63,025,000           |
| 10/24/2019                       | 3/1/2032      | 5.0%            | 48,615,000       | 6,910,000              | 41,705,000           |
| 10/24/2019                       | 3/1/2042      | 2.906% - 3.45%  | 97,470,000       |                        | 97,470,000           |
| 10/28/2020                       | 12/1/2030     | 5.0%            | 24,325,000       | 7,865,000              | 16,460,000           |
| 4/20/2021                        | 12/1/2045     | 5.00%           | 95,295,000       |                        | 95,295,000           |
| 4/20/2021                        | 12/1/2041     | 2.714 - 3.097%  | 41,845,000       |                        | 41,845,000           |
| 2/15/2022                        | 7/1/2051      | 3.0 - 5.0%      | 27,555,000       | 645,000                | 26,910,000           |
| 2/15/2022                        | 7/1/2029      | .85 - 2.23%     | 4,835,000        | 1,260,000              | 3,575,000            |
| 4/20/2022                        | 4/1/2052      | 5.00%           | 93,665,000       |                        | 93,665,000           |
| 4/20/2022                        | 4/1/2029      | 3.135% - 3.433% | 8,140,000        |                        | 8,140,000            |
| 8/1/2023                         | 11/1/2034     | 5%              | 64,630,000       |                        | 64,630,000           |
| various                          | various       | various         | 73,350,000       | 39,620,000             | 33,730,000           |
| various                          | various       | various         | 162,792,000      | 36,730,000             | 126,062,000          |
| various                          | various       | various         | 8,036,000        | 2,117,000              | 5,919,000            |
| Net unamortized premium/discount |               |                 | 84,327,000       | 21,202,000             | 63,125,000           |
| TOTALS                           |               |                 | \$ 1,033,580,000 | \$ 252,024,000         | \$ 781,556,000       |

**UNIVERSITY OF ARKANSAS AT PINE BLUFF**

| Issue Date                       | Maturity Date | Interest Rate | Amount Issued | Maturities to Year-End | Outstanding Year-End |
|----------------------------------|---------------|---------------|---------------|------------------------|----------------------|
| 6/26/2014                        | 12/1/2035     | 2.00-5.00%    | \$ 15,160,000 | \$ 4,045,000           | \$ 11,115,000        |
| 12/15/2016                       | 1/1/2035      | 2.51%         | 17,245,359    | 4,509,287              | 12,736,072           |
| 8/11/2022                        | 12/1/2052     | 4-5%          | 16,655,000    |                        | 16,655,000           |
| 7/1/2022                         | 11/30/2024    | 2.23%         | 138,674       | 138,674                | -                    |
| 7/1/2022                         | 4/25/2028     | 2.23%         | 591,327       | 234,662                | 356,665              |
| 7/1/2023                         | 11/30/2029    | 4.49%         | 381,626       | 63,189                 | 318,437              |
| Net unamortized premium/discount |               |               | 2,348,825     | 578,450                | 1,770,375            |
| TOTALS                           |               |               | \$ 52,520,811 | \$ 9,569,262           | \$ 42,951,549        |

**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    | \$ 449,504             | \$ 50,496            |
| 10/26/2018 | 11/1/2028     | 3.00%         | 27,000,000    | 11,013,505             | 15,986,495           |
| 7/1/2022   | 4/25/2028     | 2.23%         | 92,528        | 29,464                 | 63,064               |
| 11/1/2021  | 8/31/2024     | 2.69%         | 4,043,524     | 3,789,634              | 253,890              |
| 11/1/2021  | 8/31/2024     | 2.69%         | 321,548       | 301,948                | 19,600               |
| 7/1/2022   | 11/30/2024    | 2.23%         | 275,292       | 275,292                | -                    |
| 7/1/2023   | 11/30/2029    | 4.49%         | 710,821       | 126,373                | 584,448              |
| 7/1/2022   | 4/25/2028     | 2.23%         | 141,949       | 34,432                 | 107,517              |
| 7/1/2022   | 1/31/2027     | 2.23%         | 2,571,909     | 1,008,449              | 1,563,460            |
| 4/1/2016   | 4/1/2036      | 1.75%         | 2,487,749     | 158,359                | 2,329,390            |
| 12/1/2016  | 12/1/2036     | 1.75%         | 2,487,749     | 158,359                | 2,329,390            |
| TOTALS     |               |               | \$ 40,633,069 | \$ 17,345,319          | \$ 23,287,750        |

**COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS**

| Issue Date    | Maturity Date                    | Interest Rate | Amount Issued       | Maturities to Year-End | Outstanding Year-End |
|---------------|----------------------------------|---------------|---------------------|------------------------|----------------------|
| 6/13/2013     | 5/1/2035                         | 1.0% -5.0%    | \$ 3,930,000        | \$ 1,550,000           | \$ 2,380,000         |
| 6/23/2021     | 6/22/2024                        | 2.69%         | 35,469              | 35,469                 | -                    |
| 7/1/2022      | 11/30/2024                       | 2.23%         | 57,912              | 57,912                 | -                    |
| 7/1/2022      | 4/25/2028                        | 2.23%         | 144,015             | 52,899                 | 91,116               |
| 7/1/2023      | 11/30/2029                       | 4.49%         | 159,373             | 26,389                 | 132,984              |
|               | Net unamortized premium/discount |               | 141,059             | 71,068                 | 69,991               |
| <b>TOTALS</b> |                                  |               | <b>\$ 4,467,828</b> | <b>\$ 1,793,737</b>    | <b>\$ 2,674,091</b>  |

**PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS**

| Issue Date    | Maturity Date                    | Interest Rate | Amount Issued        | Maturities to Year-End | Outstanding Year-End |
|---------------|----------------------------------|---------------|----------------------|------------------------|----------------------|
| 4/22/2015     | 12/1/2038                        | 2.0% - 4.0%   | \$ 11,270,000        | \$ 3,230,000           | \$ 8,040,000         |
| 7/1/2022      | 11/30/2024                       | 2.23%         | 55,191               | 55,191                 | -                    |
| 7/1/2022      | 4/24/2028                        | 2.23%         | 174,075              | 72,245                 | 101,830              |
| 7/1/2023      | 11/30/2029                       | 4.49%         | 142,633              | 25,333                 | 117,300              |
|               | Net unamortized premium/discount |               | 272,074              | 105,381                | 166,693              |
| <b>TOTALS</b> |                                  |               | <b>\$ 11,913,973</b> | <b>\$ 3,488,150</b>    | <b>\$ 8,425,823</b>  |

**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        | \$ 1,385,705           | \$ 614,295           |
| 7/1/2023      | 11/30/2029                       | 4.49%         | 136,371             | 26,598                 | 109,773              |
| 7/1/2022      | 4/25/2028                        | 2.23%         | 117,048             | 44,682                 | 72,366               |
| 7/1/2022      | 11/30/2024                       | 2.23%         | 57,428              | 57,428                 | -                    |
|               | Net unamortized premium/discount |               |                     |                        | -                    |
| <b>TOTALS</b> |                                  |               | <b>\$ 2,310,847</b> | <b>\$ 1,514,413</b>    | <b>\$ 796,434</b>    |

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA**

| Issue Date    | Maturity Date                    | Interest Rate | Amount Issued        | Maturities to Year-End | Outstanding Year-End |
|---------------|----------------------------------|---------------|----------------------|------------------------|----------------------|
| 6/1/2013      | 10/1/2038                        | 1%-3.65%      | \$ 2,590,000         | \$ 855,000             | \$ 1,735,000         |
| 5/1/2021      | 5/1/2031                         | 0.18%         | 2,923,000            | 871,387                | 2,051,613            |
| 5/6/2021      | 5/6/2041                         | 2.15%         | 4,800,000            | 596,361                | 4,203,639            |
| 7/1/2022      | 11/30/2024                       | 2.23%         | 57,126               | 57,126                 | -                    |
| 7/1/2022      | 4/25/2028                        | 2.23%         | 126,874              | 50,373                 | 76,501               |
| 7/1/2023      | 11/30/2029                       | 4.49%         | 129,313              | 26,586                 | 102,727              |
|               | Net unamortized premium/discount |               | 111,731              | 110,647                | 1,084                |
| <b>TOTALS</b> |                                  |               | <b>\$ 10,738,044</b> | <b>\$ 2,567,480</b>    | <b>\$ 8,170,564</b>  |

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON**

| Issue Date    | Maturity Date                    | Interest Rate | Amount Issued        | Maturities to Year-End | Outstanding Year-End |
|---------------|----------------------------------|---------------|----------------------|------------------------|----------------------|
| 2/23/2016     | 5/1/2046                         | 2.0-5.0%      | \$ 10,000,000        | \$ 1,310,000           | \$ 8,690,000         |
| 6/1/2020      | 5/31/2025                        | 2.69%         | 277,261              | 206,279                | 70,982               |
| 7/1/2022      | 11/30/2024                       | 2.23%         | 82,636               | 82,636                 | -                    |
| 7/1/2022      | 4/24/2028                        | 2.23%         | 166,859              | 62,444                 | 104,415              |
| 7/1/2023      | 11/30/2029                       | 4.49%         | 223,866              | 39,941                 | 183,925              |
|               | Net unamortized premium/discount |               | 975,148              | 273,584                | 701,564              |
| <b>TOTALS</b> |                                  |               | <b>\$ 11,725,770</b> | <b>\$ 1,974,884</b>    | <b>\$ 9,750,886</b>  |

**UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE**

| Issue Date                       | Maturity Date | Interest Rate   | Amount Issued | Maturities to Year-End | Outstanding Year-End |
|----------------------------------|---------------|-----------------|---------------|------------------------|----------------------|
| 7/1/2015                         | 9/1/2036      | 2.00% - 5.00%   | \$ 25,875,000 | \$ 7,485,000           | \$ 18,390,000        |
| 11/5/2019                        | 9/1/2040      | 1.796% - 3.452% | 56,685,000    | 6,880,000              | 49,805,000           |
| 7/1/2022                         | 11/30/2024    | 2.23%           | 234,970       | 234,970                | -                    |
| 7/1/2023                         | 11/30/2029    | 4.49%           | 564,607       | 108,702                | 455,905              |
| 7/1/2022                         | 4/25/2028     | 2.23%           | 335,351       | 131,690                | 203,661              |
| Net unamortized premium/discount |               |                 | 413,447       |                        | 413,447              |
| TOTALS                           |               |                 | \$ 84,108,375 | \$ 14,840,362          | \$ 69,268,013        |

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN**

| Issue Date                       | Maturity Date | Interest Rate | Amount Issued | Maturities to Year-End | Outstanding Year-End |
|----------------------------------|---------------|---------------|---------------|------------------------|----------------------|
| 8/15/2012                        | 4/1/2042      | 1.0% - 4.15%  | \$ 4,830,000  | \$ 1,365,000           | \$ 3,465,000         |
| 12/6/2017                        | 9/25/2022     | 2.0%          | 825,000       | 825,000                | -                    |
| 7/15/2019                        | 6/30/2024     | 2.6% - 4.15%  | 54,440        | 54,440                 | -                    |
| 7/25/2019                        | 4/1/2049      | 3% - 5%       | 8,250,000     | 855,000                | 7,395,000            |
| 7/1/2022                         | 4/25/2028     | 2.23%         | 98,260        | 35,068                 | 63,192               |
| 9/25/2022                        | 9/25/2027     | 2.00%         | 685,909       | 35,736                 | 650,173              |
| 11/1/2022                        | 10/1/2042     | 1.00%         | 1,189,000     | 90,259                 | 1,098,741            |
| 7/1/2023                         | 11/30/2029    | 4.49%         | 81,226        | 7,820                  | 73,406               |
| Net unamortized premium/discount |               |               | 933,023       | 35,781                 | 897,242              |
| TOTALS                           |               |               | \$ 16,946,858 | \$ 3,304,104           | \$ 13,642,754        |

**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  | \$ 400,000             | \$ 600,000           |
| 7/1/2022                         | 4/25/2028     | 2.2%          | 72,397        | 29,107                 | 43,290               |
| Net unamortized premium/discount |               |               |               |                        |                      |
| TOTALS                           |               |               | \$ 1,072,397  | \$ 429,107             | \$ 643,290           |



***Schedule of Changes in Debt***

| <b>BONDS</b>              |                         |                       |                       |                         |                      |
|---------------------------|-------------------------|-----------------------|-----------------------|-------------------------|----------------------|
| Campus                    | Balance<br>6-30-23      | Additions             | Reductions            | Balance<br>6-30-24      | Current<br>Portion   |
| UAF                       | \$ 765,650,000          | \$ 132,670,000        | \$ 114,880,000        | \$ 783,440,000          | \$ 37,900,000        |
| Net unamortized prem/disc | 52,396,555              | 8,871,000             | 10,221,555            | 51,046,000              | 3,067,000            |
| UAFS                      | 38,670,000              |                       | 3,365,000             | 35,305,000              | 2,775,000            |
| Net unamortized prem/disc | 3,343,461               |                       | 273,986               | 3,069,475               | 273,986              |
| UALR                      | 74,775,000              | 13,765,000            | 22,830,000            | 65,710,000              | 8,020,000            |
| Net unamortized prem/disc | 5,517,336               | 1,201,176             | 1,524,409             | 5,194,103               | 737,542              |
| UAMS                      | 575,765,000             | 64,630,000            | 87,675,000            | 552,720,000             | 14,995,000           |
| Net unamortized prem/disc | 68,075,000              | 8,924,000             | 13,874,000            | 63,125,000              |                      |
| UAM                       | 23,300,000              |                       | 1,065,000             | 22,235,000              | 1,100,000            |
| Net unamortized prem/disc | 2,365,148               |                       | 158,444               | 2,206,704               | 158,444              |
| UAPB                      | 28,450,000              |                       | 680,000               | 27,770,000              | 715,000              |
| Net unamortized prem/disc | 1,862,068               |                       | 91,693                | 1,770,375               | 91,693               |
| CCCUA                     | 2,555,000               |                       | 175,000               | 2,380,000               | 185,000              |
| Net unamortized prem/disc | 76,452                  |                       | 6,461                 | 69,991                  | 6,461                |
| PCCUA                     | 8,445,000               |                       | 405,000               | 8,040,000               | 420,000              |
| Net unamortized prem/disc | 178,189                 |                       | 11,496                | 166,693                 | 11,496               |
| UACCHT                    | 1,825,000               |                       | 90,000                | 1,735,000               | 95,000               |
| Net unamortized prem/disc | 1,160                   |                       | 76                    | 1,084                   | 76                   |
| UACCM                     | 8,930,000               |                       | 240,000               | 8,690,000               | 250,000              |
| Net unamortized prem/disc | 734,069                 |                       | 32,505                | 701,564                 | 32,505               |
| UAPTC                     | 70,855,000              |                       | 2,660,000             | 68,195,000              | 2,720,000            |
| Net unamortized prem/disc | 445,251                 |                       | 31,804                | 413,447                 | 31,804               |
| UACCRM                    | 11,165,000              |                       | 305,000               | 10,860,000              | 320,000              |
| Net unamortized prem/disc | 933,023                 |                       | 35,781                | 897,242                 | 35,781               |
| <b>TOTAL</b>              | <b>\$ 1,746,312,712</b> | <b>\$ 230,061,176</b> | <b>\$ 260,632,210</b> | <b>\$ 1,715,741,678</b> | <b>\$ 73,941,788</b> |

| <b>NOTES</b> |                      |                      |                      |                      |                      |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Campus       | Balance<br>6-30-23   | Additions            | Reductions           | Balance<br>6-30-24   | Current<br>Portion   |
| UAF          | \$ 19,644,772        |                      | \$ 293,772           | \$ 19,351,000        | \$ 3,823,000         |
| UAFS         | 386,765              |                      | 19,573               | 367,192              | 19,725               |
| UALR         | 1,133,792            |                      | 300,000              | 833,792              | 300,000              |
| UAMS         | 43,449,000           | \$ 30,000,000        | 39,719,000           | 33,730,000           | 8,447,000            |
| SYSTEM       | 24,169,320           |                      | 3,473,549            | 20,695,771           | 3,594,146            |
| UACCB        | 816,300              |                      | 202,005              | 614,295              | 203,379              |
| UACCHT       | 6,749,095            |                      | 493,843              | 6,255,252            | 498,989              |
| UACCRM       | 698,009              |                      | 47,836               | 650,173              | 37,284               |
| ASMSA        | 700,000              |                      | 100,000              | 600,000              | 100,000              |
| <b>TOTAL</b> | <b>\$ 97,747,053</b> | <b>\$ 30,000,000</b> | <b>\$ 44,649,578</b> | <b>\$ 83,097,475</b> | <b>\$ 17,023,523</b> |

**LEASES**

| Campus | Balance<br>6-30-23 | Additions     | Reductions    | Balance<br>6-30-24 | Current<br>Portion |
|--------|--------------------|---------------|---------------|--------------------|--------------------|
| UAF    | \$ 19,900,197      | \$ 12,424,000 | \$ 7,666,197  | \$ 24,658,000      | \$ 9,726,000       |
| UAFS   | 7,590,345          |               | 84,508        | 7,505,837          | 85,161             |
| UALR   | 176,487            |               | 45,338        | 131,149            | 46,573             |
| UAMS   | 121,009,000        | 41,783,000    | 36,730,000    | 126,062,000        | 15,438,000         |
| UAM    | 82,993             |               | 26,085        | 56,908             | 27,642             |
| SYSTEM | 1,867,103          |               | 1,593,613     | 273,490            | 273,490            |
| CCCUA  | 8,496              |               | 8,496         | -                  |                    |
| UACCM  | 143,988            |               | 73,006        | 70,982             | 70,982             |
| TOTAL  | \$ 150,778,609     | \$ 54,207,000 | \$ 46,227,243 | \$ 158,758,366     | \$ 25,667,848      |

**INSTALLMENT CONTRACTS**

| Campus | Balance<br>6-30-23 | Additions | Reductions   | Balance<br>6-30-24 | Current<br>Portion |
|--------|--------------------|-----------|--------------|--------------------|--------------------|
| UAF    | \$ 11,191,339      |           | \$ 3,194,339 | \$ 7,997,000       | \$ 1,067,000       |
| UAPB   | 13,615,377         |           | 879,305      | 12,736,072         | 926,278            |
| UACCRM | 1,153,077          |           | 54,336       | 1,098,741          | 54,881             |
|        | \$ 25,959,793      | \$ -      | \$ 4,127,980 | \$ 21,831,813      | \$ 2,048,159       |

**SBITAs**

| Campus | Balance<br>6-30-23 | Additions    | Reductions   | Balance<br>6-30-24 | Current<br>Portion |
|--------|--------------------|--------------|--------------|--------------------|--------------------|
| UAF    | \$ 5,619,288       | \$ 3,402,000 | \$ 1,895,288 | \$ 7,126,000.00    | \$ 1,813,000       |
| UAFS   | 560,723            | 727,052      | 388,580      | 899,195            | 206,752            |
| UALR   | 1,242,258          | 1,054,941    | 663,536      | 1,633,663          | 406,936            |
| UAMS   | 8,036,000          |              | 2,117,000    | 5,919,000          | 1,930,000          |
| UAM    | 377,900            | 371,366      | 214,765      | 534,501            | 129,640            |
| UAPB   | 540,319            | 381,626      | 246,843      | 675,102            | 235,621            |
| SYSTEM | 2,490,781          | 710,821      | 883,113      | 2,318,489          | 747,088            |
| CCCUA  | 149,235            | 159,373      | 84,508       | 224,100            | 53,976             |
| PCCUA  | 162,119            | 142,633      | 85,622       | 219,130            | 54,223             |
| UACCB  | 124,380            | 136,371      | 78,612       | 182,139            | 43,267             |
| UACCHT | 129,681            | 129,313      | 79,766       | 179,228            | 43,355             |
| UACCM  | 179,349            | 223,866      | 114,875      | 288,340            | 68,503             |
| UAPTC  | 386,975            | 564,607      | 292,016      | 659,566            | 148,097            |
| UACCRM | 83,358             | 81,226       | 27,986       | 136,598            | 33,754             |
| ASMSA  | 57,105             |              | 13,815       | 43,290             | 14,118             |
| TOTAL  | \$ 20,139,471      | \$ 8,085,195 | \$ 7,186,325 | \$ 21,038,341      | \$ 5,928,330       |

The current portion shown above for bonds, notes, leases, installment contracts and subscription arrangements differs from the statement of net position by \$212,115 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 \$2,000,467,673 shown in these schedules, which is related to bonds, notes, leases and installment contracts, differs from the amount of \$1,995,311,303 shown on the Statement of Net Position. This is due to an elimination entry of \$5,156,370 to account for two loans between UA campuses (see Note 19).

| <b>FUTURE PRINCIPAL AND INTEREST PAYMENTS ON BONDS PAYABLE</b> |                  |                |       |               |
|----------------------------------------------------------------|------------------|----------------|-------|---------------|
| Year Ended June 30,                                            | Principal        | Interest       | Total |               |
| 2025                                                           | \$ 69,495,000    | \$ 63,971,614  | \$    | 133,466,614   |
| 2026                                                           | 71,205,000       | 61,525,835     |       | 132,730,835   |
| 2027                                                           | 72,455,000       | 58,861,999     |       | 131,316,999   |
| 2028                                                           | 75,420,000       | 55,999,303     |       | 131,419,303   |
| 2029                                                           | 75,500,000       | 53,119,459     |       | 128,619,459   |
| 2030-2034                                                      | 396,790,000      | 220,880,734    |       | 617,670,734   |
| 2035-2039                                                      | 350,540,000      | 142,915,956    |       | 493,455,956   |
| 2040-2044                                                      | 251,745,000      | 84,248,827     |       | 335,993,827   |
| 2045-2049                                                      | 158,770,000      | 32,896,625     |       | 191,666,625   |
| 2050-2054                                                      | 65,160,000       | 7,058,500      |       | 72,218,500    |
| 2055-2059                                                      | -                | -              |       | -             |
| Thereafter                                                     | -                | -              |       | -             |
|                                                                | 1,587,080,000    | 781,478,852    |       | 2,368,558,852 |
| + Net unamortized premiums/discounts                           | 128,661,678      | -              |       | 128,661,678   |
| GRAND TOTALS                                                   | \$ 1,715,741,678 | \$ 781,478,852 | \$    | 2,497,220,530 |

| <b>FUTURE PRINCIPAL AND INTEREST PAYMENTS ON NOTES PAYABLE</b> |               |              |       |            |
|----------------------------------------------------------------|---------------|--------------|-------|------------|
| Year Ended June 30,                                            | Principal     | Interest     | Total |            |
| 2025                                                           | \$ 17,022,655 | \$ 1,979,904 | \$    | 19,002,559 |
| 2026                                                           | 15,500,217    | 1,541,566    |       | 17,041,783 |
| 2027                                                           | 13,476,380    | 1,120,785    |       | 14,597,165 |
| 2028                                                           | 11,410,980    | 856,061      |       | 12,267,041 |
| 2029                                                           | 9,339,028     | 565,241      |       | 9,904,269  |
| 2030-2034                                                      | 13,217,498    | 1,080,492    |       | 14,297,990 |
| 2035-2039                                                      | 2,498,967     | 187,253      |       | 2,686,220  |
| 2040-2044                                                      | 631,750       | 19,248       |       | 650,998    |
| 2045-2049                                                      | -             | -            |       | -          |
| 2050-2054                                                      | -             | -            |       | -          |
| 2055-2059                                                      | -             | -            |       | -          |
| Thereafter                                                     | -             | -            |       | -          |
|                                                                | \$ 83,097,475 | \$ 7,350,550 | \$    | 90,448,025 |

**FUTURE PRINCIPAL AND INTEREST PAYMENTS ON LEASES**

| Year Ended June 30, | Principal             | Interest             | Total                 |
|---------------------|-----------------------|----------------------|-----------------------|
| 2025                | \$ 25,667,848         | \$ 5,106,361         | \$ 30,774,209         |
| 2026                | 23,653,927            | 4,283,854            | 27,937,781            |
| 2027                | 12,697,487            | 3,686,573            | 16,384,060            |
| 2028                | 8,704,787             | 3,346,383            | 12,051,170            |
| 2029                | 7,158,589             | 3,071,581            | 10,230,170            |
| 2030-2034           | 30,193,033            | 11,986,232           | 42,179,265            |
| 2035-2039           | 15,596,624            | 7,843,496            | 23,440,120            |
| 2040-2044           | 9,085,022             | 5,703,357            | 14,788,379            |
| 2045-2049           | 8,510,364             | 4,032,092            | 12,542,456            |
| 2050-2054           | 9,511,418             | 2,195,784            | 11,707,202            |
| 2055-2059           | 7,158,777             | 530,245              | 7,689,022             |
| Thereafter          | 820,490               | 8,183                | 828,673               |
|                     | <u>\$ 158,758,366</u> | <u>\$ 51,794,141</u> | <u>\$ 210,552,507</u> |

**FUTURE PRINCIPAL AND INTEREST PAYMENTS ON INSTALLMENT CONTRACTS**

| Year Ended June 30, | Principal            | Interest            | Total                |
|---------------------|----------------------|---------------------|----------------------|
| 2025                | \$ 2,048,159         | \$ 418,635          | \$ 2,466,794         |
| 2026                | 2,104,617            | 380,530             | 2,485,147            |
| 2027                | 2,169,083            | 342,178             | 2,511,261            |
| 2028                | 2,235,631            | 302,531             | 2,538,162            |
| 2029                | 2,305,339            | 260,534             | 2,565,873            |
| 2030-2034           | 9,428,564            | 670,563             | 10,099,127           |
| 2035-2039           | 1,325,387            | 37,845              | 1,363,232            |
| 2040-2044           | 215,033              | 3,693               | 218,726              |
| 2045-2049           | -                    | -                   | -                    |
| 2050-2054           | -                    | -                   | -                    |
| 2055-2059           | -                    | -                   | -                    |
| Thereafter          | -                    | -                   | -                    |
|                     | <u>\$ 21,831,813</u> | <u>\$ 2,416,509</u> | <u>\$ 24,248,322</u> |

**FUTURE PRINCIPAL AND INTEREST PAYMENTS ON SUBSCRIPTIONS**

| Year Ended June 30, | Principal            | Interest            | Total                |
|---------------------|----------------------|---------------------|----------------------|
| 2025                | \$ 5,928,330         | \$ 523,888          | \$ 6,452,218         |
| 2026                | 6,052,961            | 352,453             | 6,405,414            |
| 2027                | 5,971,849            | 193,716             | 6,165,565            |
| 2028                | 1,537,957            | 67,747              | 1,605,704            |
| 2029                | 1,547,244            | 17,245              | 1,564,489            |
| 2030-2034           | -                    | -                   | -                    |
| 2035-2039           | -                    | -                   | -                    |
| 2040-2044           | -                    | -                   | -                    |
| 2045-2049           | -                    | -                   | -                    |
| 2050-2054           | -                    | -                   | -                    |
| 2055-2059           | -                    | -                   | -                    |
| Thereafter          | -                    | -                   | -                    |
|                     | <u>\$ 21,038,341</u> | <u>\$ 1,155,049</u> | <u>\$ 22,193,390</u> |

***Capitalization of Right to Use Assets held under Lease and Subscription Payables***

The capitalized value of capital assets held under leases and subscription arrangements total \$179,796,707 at June 30, 2024. The present value of the net minimum payments are as follows:

|                                                             | Cost        | Accumulated<br>Depreciation | Net            |
|-------------------------------------------------------------|-------------|-----------------------------|----------------|
| Improve/Infrastructure                                      | 12,430,000  | 3,758,000                   | 8,672,000      |
| Buildings                                                   | 211,120,861 | 68,245,668                  | 142,875,193    |
| Equipment                                                   | 62,338,487  | 44,044,974                  | 18,293,513     |
| Software (SBITA)                                            | 100,052,495 | 32,728,719                  | 67,323,776     |
|                                                             |             | TOTAL                       | \$ 237,164,482 |
| Total Minimum Lease and SBITA Payments                      |             |                             | \$ 232,745,897 |
| Less: Amount representing interest                          |             |                             | 52,949,190     |
| Total Present Value of Net Minimum Lease and SBITA Payments |             |                             | \$ 179,796,707 |

***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, 2024, that are pledged:



| <b>UNIVERSITY OF ARKANSAS FAYETTEVILLE</b>                      |                                |    |             |
|-----------------------------------------------------------------|--------------------------------|----|-------------|
| Series 2014B Various Facilities                                 | Campus Pledge                  | \$ | 541,549,000 |
| Series 2015B Various Facilities                                 |                                |    |             |
| Series 2016A Various Facilities                                 |                                |    |             |
| Series 2016B Various Facilities                                 |                                |    |             |
| Series 2017 Various Facilities                                  |                                |    |             |
| Series 2018A Various Facilities                                 |                                |    |             |
| Series 2018B Various Facilities                                 |                                |    |             |
| Series 2019A Various Facilities                                 |                                |    |             |
| Series 2019B Various Facilities                                 |                                |    |             |
| Series 2021A Various Facilities                                 |                                |    |             |
| Series 2022A Various Facilities                                 |                                |    |             |
| Series 2022B Various Facilities                                 |                                |    |             |
| Series 2023A Various Facilities                                 |                                |    |             |
| Series 2023B Various Facilities                                 |                                |    |             |
| Maturity dates range from November 2028 through November 2053   |                                | \$ | 541,549,000 |
|                                                                 | FY24 Principal and Interest    |    | 52,297,000  |
|                                                                 | % of Revenues Pledged          |    | 9.66%       |
|                                                                 | Remaining Principal & Interest | \$ | 998,420,000 |
| Series 2013 Athletic Facilities                                 | Men's Athletics                | \$ | 133,230,000 |
| Series 2016A Athletic Facilities                                |                                |    |             |
| Series 2016B Athletic Facilities                                |                                |    |             |
| Series 2019A Athletic Facilities                                |                                |    |             |
| Series 2023 Athletic Facilities                                 |                                |    |             |
| Maturity dates range from September 2027 through September 2036 |                                | \$ | 133,230,000 |
|                                                                 | FY24 Principal and Interest    | \$ | 14,333,000  |
|                                                                 | % of Revenues Pledged          |    | 10.76%      |
|                                                                 | Remaining Principal & Interest | \$ | 157,910,000 |

| <b>UNIVERSITY OF ARKANSAS AT FORT SMITH</b>               |                                |    |            |
|-----------------------------------------------------------|--------------------------------|----|------------|
| Series 2014A Student Fee Revenue                          | Student Fees                   | \$ | 38,024,003 |
| Series 2014B Student Fee Revenue                          |                                |    |            |
| Series 2016 Refunding                                     |                                |    |            |
| Series 2020A Revenue Bonds                                |                                |    |            |
| Series 2020B Revenue Bonds                                |                                |    |            |
| Maturity dates range from December 2030 through June 2039 |                                | \$ | 38,024,003 |
|                                                           | FY24 Principal and Interest    | \$ | 4,774,063  |
|                                                           | % of Revenue Pledge            |    | 12.56%     |
|                                                           | Remaining Principal & Interest | \$ | 43,930,738 |

| <b>UNIVERSITY OF ARKANSAS AT LITTLE ROCK</b>                 |                                             |    |            |
|--------------------------------------------------------------|---------------------------------------------|----|------------|
| Series 2013A Revenue Refunding                               | Student Fees                                | \$ | 62,858,383 |
| Series 2013B Taxable Revenue Refunding                       |                                             |    |            |
| Series 2016, Student Fee Revenue Refunding                   |                                             |    |            |
| Series 2017, Student Fee Revenue                             |                                             |    |            |
|                                                              |                                             | \$ | 62,858,383 |
| Maturity dates range from December 2024 through October 2037 |                                             |    |            |
|                                                              | FY24 Principal and Interest                 | \$ | 4,638,751  |
|                                                              | % of Revenue Pledge                         |    | 7.38%      |
|                                                              | Remaining Principal & Interest              | \$ | 23,053,871 |
| Series 2013 Student Fee Revenue Capital Improvements         | Funds Held in Trust                         |    | 16,710,761 |
|                                                              |                                             | \$ | 16,710,761 |
| Maturity date October 1, 2030                                |                                             |    |            |
|                                                              | FY24 Principal and Interest                 | \$ | 16,710,761 |
|                                                              | % of Revenue Pledge                         |    | 100.00%    |
|                                                              | Remaining Principal & Interest              | \$ | -          |
| Series 2020 Various Facilities Refunding Taxable             | Student Fees                                | \$ | 77,197,901 |
| Series 2023 Various Facilities Refunding                     | Sales and Services<br>Auxiliary Enterprises |    |            |
|                                                              |                                             | \$ | 77,197,901 |
| Maturity dates range from October 2030 through October 2036  |                                             |    |            |
|                                                              | FY24 Principal and Interest                 | \$ | 2,378,823  |
|                                                              | % of Revenue Pledge                         |    | 3.08%      |
|                                                              | Remaining Principal & Interest              | \$ | 34,141,882 |
| Series 2016 Auxiliary Enterprises Revenue                    | Auxiliaries                                 | \$ | 13,399,040 |
|                                                              |                                             | \$ | 13,399,040 |
| Maturity date October 2034                                   |                                             |    |            |
|                                                              | FY24 Principal and Interest                 | \$ | 1,879,281  |
|                                                              | % of Revenue Pledge                         |    | 14.03%     |
|                                                              | Remaining Principal & Interest              | \$ | 20,677,485 |

| <b>UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES</b>      |                                |    |               |
|---------------------------------------------------------|--------------------------------|----|---------------|
| Series 2013 Various Facilities                          | Clinical and Patient Revenue   | \$ | 1,054,775,737 |
| Series 2014 Various Facilities                          |                                |    |               |
| Series 2019 A Various Facilities                        |                                |    |               |
| Series 2019 B Various Facilities                        |                                |    |               |
| Series 2020A Various Facilities                         |                                |    |               |
| Series 2021A Various Facilities                         |                                |    |               |
| Series 2021B Various Facilities                         |                                |    |               |
| Series 2022A Various Facilities                         |                                |    |               |
| Series 2022B Various Facilities                         |                                |    |               |
| Series 2023A Various Facilities                         |                                |    |               |
|                                                         |                                | \$ | 1,054,775,737 |
| Maturity dates range from April 2029 through April 2052 |                                |    |               |
|                                                         | FY24 Principal and Interest    | \$ | 32,301,000    |
|                                                         | % of Revenue Pledge            |    | 3.06%         |
|                                                         | Remaining Principal & Interest | \$ | 828,775,000   |
| Series 2022A Parking                                    | Parking Fees                   | \$ | 3,215,462     |
| Series 2022B Parking                                    |                                |    |               |
|                                                         |                                | \$ | 3,215,462     |
| Maturity dates range from July 2029 through July 2051   |                                |    |               |
|                                                         | FY24 Principal and Interest    | \$ | 2,069,000     |
|                                                         | % of Revenue Pledge            |    | 64.35%        |
|                                                         | Remaining Principal & Interest | \$ | 48,589,000    |

| <b>UNIVERSITY OF ARKANSAS AT MONTICELLO</b>                   |                                |    |            |
|---------------------------------------------------------------|--------------------------------|----|------------|
| Series 2017B Taxable Various Facilities                       | Student Fees                   | \$ | 25,797,026 |
| Series 2017A Tax-Exempt Various Facilities                    | Sales and Services             |    |            |
| Series 2020A Taxable Various Facilities                       | Auxiliary Enterprises          |    |            |
| Series 2020B Tax Exempt Various Facilities                    |                                |    |            |
|                                                               |                                | \$ | 25,797,026 |
| Maturity dates range from December 2023 through December 2041 |                                |    |            |
|                                                               | FY24 Principal and Interest    | \$ | 1,992,349  |
|                                                               | % of Revenue Pledge            |    | 7.72%      |
|                                                               | Remaining Principal & Interest | \$ | 30,514,846 |

| <b>UNIVERSITY OF ARKANSAS AT PINE BLUFF</b>             |                                |    |            |
|---------------------------------------------------------|--------------------------------|----|------------|
| Series 2014A Various Facilities                         | Student Tuition and Fees       | \$ | 34,013,711 |
| Series 2022 Various Facilities                          | Auxiliary Revenues             |    |            |
|                                                         |                                | \$ | 34,013,711 |
| Maturity dates from December 2035 through December 2052 |                                |    |            |
|                                                         | FY24 Principal and Interest    | \$ | 1,932,419  |
|                                                         | % of Revenue Pledge            |    | 5.68%      |
|                                                         | Remaining Principal & Interest | \$ | 46,899,054 |

| <b>COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS</b> |                                |    |           |
|-----------------------------------------------------------------|--------------------------------|----|-----------|
| Series 2013                                                     | Student Fees                   | \$ | 3,955,080 |
| Maturity date is May 2035                                       |                                |    |           |
|                                                                 | FY24 Principal and Interest    | \$ | 267,300   |
|                                                                 | % of Revenue Pledge            |    | 6.76%     |
|                                                                 | Remaining Principal & Interest | \$ | 2,911,494 |

| <b>PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS</b> |                                |    |            |
|-----------------------------------------------------------------|--------------------------------|----|------------|
| Series 2015 Refunding                                           | Student Fees                   | \$ | 2,692,349  |
| Maturity date is December 2038                                  |                                |    |            |
|                                                                 | FY24 Principal and Interest    | \$ | 678,181    |
|                                                                 | % of Revenue Pledge            |    | 25.19%     |
|                                                                 | Remaining Principal & Interest | \$ | 10,218,846 |

| <b>UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA</b> |                                |    |           |
|-------------------------------------------------------------------|--------------------------------|----|-----------|
| Series 2013 Student Fee Refunding                                 | Student Fees                   | \$ | 3,130,274 |
|                                                                   |                                |    |           |
|                                                                   |                                | \$ | 3,130,274 |
| Maturity date is October 2038                                     |                                |    |           |
|                                                                   | FY24 Principal and Interest    | \$ | 154,650   |
|                                                                   | % of Revenue Pledge            |    | 4.94%     |
|                                                                   | Remaining Principal & Interest | \$ | 2,259,906 |

| <b>UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON</b> |                                |    |            |
|--------------------------------------------------------------|--------------------------------|----|------------|
| Series 2016 Student Fee                                      | Student Fees                   | \$ | 6,589,348  |
|                                                              |                                |    |            |
|                                                              |                                | \$ | 6,589,348  |
| Maturity date is May 2046                                    |                                |    |            |
|                                                              | FY24 Principal and Interest    | \$ | 610,225    |
|                                                              | % of Revenue Pledge            |    | 9.26%      |
|                                                              | Remaining Principal & Interest | \$ | 13,410,725 |

| <b>UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE</b>  |                                |    |            |
|----------------------------------------------------------|--------------------------------|----|------------|
| Series 2015 Student Tuition and Fee Refunding            | Student Tuition and Fees       | \$ | 24,129,914 |
| Series 2019 Student Tuition and Fee                      |                                |    |            |
|                                                          |                                | \$ | 24,129,914 |
| Maturity dates are September 2036 through September 2040 |                                |    |            |
|                                                          | FY24 Principal and Interest    | \$ | 5,014,641  |
|                                                          | % of Revenue Pledge            |    | 20.78%     |
|                                                          | Remaining Principal & Interest | \$ | 90,325,043 |

| UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN |                                                 |    |            |
|-----------------------------------------------------------|-------------------------------------------------|----|------------|
| Series 2019 Various Facilities Revenue                    | Student Tuition and Fees and Sales and Services | \$ | 2,887,250  |
|                                                           |                                                 | \$ | 2,887,250  |
| Maturity date is April 2049                               |                                                 |    |            |
|                                                           | FY24 Principal and Interest                     | \$ | 487,450    |
|                                                           | % of Revenue Pledge                             |    | 16.88%     |
|                                                           | Remaining Principal & Interest                  | \$ | 11,604,950 |
| Series 2012 Refunding and Capital Improvement             | Property Taxes                                  | \$ | 513,568    |
|                                                           |                                                 |    |            |
| Maturity date is April 2042                               |                                                 |    |            |
|                                                           | FY24 Principal and Interest                     | \$ | 270,875    |
|                                                           | % of Revenue Pledge                             |    | 52.74%     |
|                                                           | Remaining Principal & Interest                  | \$ | 4,916,012  |

### ***New Bonds Payable and Refundings***

*For the year ended June 30, 2024:*

On August 3, 2023, the University issued \$10,260,000 in Athletic Facilities Revenue Bonds (Fayetteville Campus), Refunding Series 2023, with an interest rate of 5.00%. The proceeds of the bonds will be used to refund the Board's Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A (except for the September 15, 2023 maturity thereof), and to pay costs of issuance. Net bond proceeds and premiums of \$10,649,438 from Series 2023 was deposited into an escrow account to retire the bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,021,484. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through fiscal year 2028. The University completed the refunding to reduce its total debt service payments over the next five years by \$406,275 and to obtain a net present value economic gain of \$399,900.

On August 17, 2023, the University issued \$62,335,000 in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2023A, with interest rates between 4.751% and 5.467%. The bonds were issued to finance costs of certain capital improvements on or for the campus of the Fayetteville Campus including, without limitation, (a) the acquisition, construction, furnishing, and equipping of the Institute for Integrative and Innovative Research (I3R), (b) the acquisition, construction, furnishing, and equipping of the Multi-User Silicon Carbide Research and Fabrication Facility (MUSiC), and (c) the acquisition of construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for University of Arkansas, Fayetteville.

On July 7, 2023, an Invitation to Tender Bonds for Purchase was released inviting owners of the following (collectively referred to herein as the Invited Bonds) to tender such bonds for purchase by the Board.

- Various Facility Revenue Bonds (Fayetteville Campus) Refunding and Improvement Series 2016A (the Series 2016A Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Series 2017 (the Series 2017 Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B (the Series 2019B Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the Series 2021 Bonds)

On August 17, 2023, the University issued \$60,075,000 in Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2023B, with an interest rate of 5.00%. The proceeds of the Series 2023B Bonds were used to accomplish the current refunding of certain portions of the Invited Bonds that are validly tendered for purchase (the “Purchased Bonds”) and to pay costs of issuance of the Series 2023B Bonds and costs of accomplishing the refunding and purchase of the Purchased Bonds. The amount outstanding of the Invited Bonds, amount refunded upon issuance of the Series 2023B Bonds, and respective interest rates prior to refunding are as follows:

| <b>Invited Bonds</b> | <b>Amount Outstanding</b> | <b>Tendered Amount</b> | <b>Interest Rate Range</b> |
|----------------------|---------------------------|------------------------|----------------------------|
| Series 2016A Bonds   | \$77,055,000              | \$20,450,000           | 5.00%                      |
| Series 2017 Bonds    | \$87,910,000              | \$20,735,000           | 5.00%                      |
| Series 2019B Bonds   | \$131,080,000             | \$13,330,000           | 2.256% to 2.850%           |
| Series 2021 Bonds    | \$160,350,000             | \$13,340,000           | 0.863% to 2.685%           |

A total of \$68,698,689 was deposited into the escrow account upon closing. The purchase price to retire the bonds was funded with net bond proceeds and premiums from the Series 2023B Bonds of \$67,923,060 and a contribution from the University of \$775,629 representing the interest on the retired bonds accrued to the closing date of the Series 2023B Bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,951,439. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2045. The University completed the refunding to reduce its total debt service payments over the next twenty-two years by \$7,035,998 and to obtain an economic gain of \$4,818,148.

On August 3, 2023, the Board of Trustees of the University of Arkansas issued the Series 2023 Revenue Bonds (the 2023 Bonds) on behalf of UAMS. The 2023 Bonds consist of Various Facilities Revenue Bonds in the original amount of \$64,630,000, with a premium of \$8,923,760, which bear interest at 5.00%. The 2023 Bonds are payable in annual installments through November 2034. Proceeds from the issuance of the bonds were used to current refund Various Facilities Revenue Refunding Bonds, Series 2013.

On August 3, 2023, the Board of Trustees of the University of Arkansas issued the Series 2023 Revenue Bonds (the 2023 Bonds) on behalf of UALR. The 2023 Bonds consist of Various Facilities Revenue Bonds in the original amount of \$13,765,000 with a premium of \$1,201,176, which bear interest at 5.00%. The 2023 Bonds are payable in annual installments through October 2030. Proceeds from the issuance of the bonds were used to current refund the Student Fee Revenue Capital Improvement Bonds, Series 2013C.

*For the year ended June 30, 2023:*

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

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

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

#### **Note 11: Commitments**

The University has contracted for the construction and renovations of several facilities. At June 30, 2024, the estimated remaining costs to complete these facilities are shown below.

| <u>Campus</u> | <u>Contract<br/>Balance</u> |
|---------------|-----------------------------|
| UAF           | \$ 134,151,000              |
| UAFS          | 1,047,857                   |
| UALR          | 1,299,366                   |
| UAMS          | 4,619,000                   |
| UAM           | 786,846                     |
| UAPB          | 1,139,125                   |
| PCCUA         | 62,201                      |
| UACCB         | 1,089,200                   |
| UACCHT        | 483,856                     |
| UACCM         | 15,596,014                  |
| ASMSA         | 769,173                     |
|               | <u>\$ 161,043,637</u>       |

**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, 2024. 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 the specific levels of coverage to be bound.

In July 2022, the University entered the Arkansas Multi Agency Insurance Trust (AMAIT) property insurance program of the Arkansas Insurance Department. With that program the per claim deductible is \$250,000 (\$100,000 available to smaller campuses) and the University has access to the staff and property risk expertise of the Insurance Department. The University had limited property losses during the year.

The University also participates in the Arkansas Insurance Department Cyber Liability Insurance program. The policy addresses business interruption, data recovery, security and privacy, regulatory proceedings, and other aspects of cyber risks.

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 clinical 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, for associated business projects, or for special events, general liability coverage may be purchased specific to that event or project.

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. There have been no reductions in insurance coverage from the prior fiscal year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **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, 2024, a total of 17,684 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2024, there were three health plan design offerings: the Classic Plan, the Premier Plan and the Health Savings Plan. Within the System subsidy guidelines, each campus makes its contribution determination based on budget considerations. A total of 19,910 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2024. 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 \$23,431,000 at June 30, 2024. This liability is established for incurred but not paid (IBNP) claims, and includes

a related accrual for claim adjustment expenses, which are expenses incurred in the ultimate settlement of the claim. The claims and claims adjustment accrual for health, pharmacy and dental is based on the calculation prepared by Segal Consulting.

The System administration purchases specific reinsurance to reduce its exposure to large claims. In a fiscal year, after paying claims of more than \$1,400,000 for any one covered individual, the University pays an aggregating specific deductible of \$626,250, on the first claim exceeding \$1,400,000 in paid claims, before being reimbursed from the reinsurance company. The plan has not purchased any annuity contracts on behalf of claimants. If needed, the University would make arrangements through its reinsurance carrier.

The funding levels for the Plan were established based upon anticipated year-end loss ratios of 100%. As of June 30, 2024, the loss ratio for the health plan was 102% and the loss ratio for the dental plan was 101%.

The System administration retains and accounts for all of the risk financing associated with the self-insurance plan's activities in accordance with GAAP.

| <b>Reconciliation of Changes in the Liability for Future Insurance Claims</b>           |                      |                      |
|-----------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                         | <b>FY24</b>          | <b>FY23</b>          |
| Unpaid claims and claim adjustment expenses at beginning of year                        | \$ 18,873,600        | \$ 14,509,500        |
| <b>Incurred claims and claim adjustment expenses:</b>                                   |                      |                      |
| Provision for insured events of the current year                                        | 206,722,000          | 190,047,700          |
| Adjustment in provision for insured events of prior years                               | 4,220,400            | 5,200                |
| Total incurred claims and claim adjustment expenses                                     | 210,942,400          | 190,052,900          |
| <b>Payments:</b>                                                                        |                      |                      |
| Claims and claim adjustment expenses attributable to insured events of the current year | 183,291,000          | 171,174,100          |
| Claims and claim adjustment expenses attributable to insured events of prior years      | 23,094,000           | 14,514,700           |
| Total Payments                                                                          | 206,385,000          | 185,688,800          |
| <b>Total unpaid claims and claim adjustment expenses at end of year</b>                 | <b>\$ 23,431,000</b> | <b>\$ 18,873,600</b> |

The liability for future insurance claims includes health, pharmacy and dental incurred but not paid (IBNP) claims/claim adjustment expenses only.

***Retirement Plans***

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

The URP is a contributory plan with the required employee contribution and the University matching contribution, within IRS match limits. That contribution formula requires an employer base contribution equal to 5% of an employee's eligible salary to their TIAA or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice, with a required employee contribution of 5%.

The University makes a one-for-one contribution for employee contributions in excess of 5%, with a maximum total University contribution of 10% of eligible salary up to the IRS match limit, which at June 30, 2024, was \$34,500. Employee contributions in excess of 10% are allowed by the plans in accordance with Internal Revenue Service regulations, but the University does not match these additional contributions.

All benefits attributable to plan contributions made by the participant are immediately vested in the participant, and contributions made by the University are cliff vested upon completion of two consecutive years of URP participation. The University's TIAA and Fidelity contributions for the fiscal years 2024 and 2023 were \$141,651,958 and \$125,009,990, respectively. The participants' contributions for the fiscal years 2024 and 2023 were \$153,772,504 and \$146,985,821, 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) can continue in that participation. Current University employees who are current APERS or ATRS participants and who transfer without a break in service between University System campuses may continue in APERS participation.

APERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of Arkansas. The University's required contribution rate was an amount equal to 15.32% of eligible salary in fiscal year 2024. 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 2024 and 2023 were \$ 3,461,867 and \$3,508,778, respectively. Participants' contributions for the fiscal years 2024 and 2023 were \$1,087,645 and \$932,326, 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, 5<sup>th</sup> Floor, Little Rock, AR 72201.

ATRS is a cost-sharing multi-employer defined benefit pension plan. The University contributed an amount equal to 15.00% of all covered employees' salaries in fiscal year 2024. Under certain conditions, covered employees may voluntarily contribute 7% of their salary. The University's contributions for the fiscal years 2024 and 2023 were \$1,097,118 and \$1,223,605, respectively. Participants' contributions for the fiscal years 2024 and 2023 were \$387,706 and \$434,199, 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. 3<sup>rd</sup> 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 \$55,663 at June 30, 2024.

#### **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 thirteen member Board of Trustees of the Arkansas Public Employees' Retirement System (the Board). Membership includes five state and five non-state employees, and three ex-officio trustees, including the Auditor of State, Treasurer of State, and the Director of the Department of Finance and Administration. Six members are appointed by the Governor, two are appointed by the President Pro Tempore, and two are appointed by the Speaker of the House of Representatives. APERS issues a publicly available financial report that can be obtained at <http://www.apers.org/publications>.

###### **Benefits Provided**

Benefit provisions are set forth in 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 93<sup>rd</sup> 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 5.50% 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, 2024.

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

At June 30, 2024, the University reported a liability of \$29,758,901 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2024, the university's proportion was 1.021%, which was a decrease of 0.139% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the University recognized pension expense of \$1,301,430. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <b>APERS</b>                                   | <b>Deferred outflows</b> | <b>Deferred inflows</b> |
|------------------------------------------------|--------------------------|-------------------------|
| Diff - expected & actual experience            | \$ 1,679,864             | \$ (163,486)            |
| Changes of assumptions                         | 1,399,065                |                         |
| Net difference in projected/actual earnings    | 3,703,989                |                         |
| Changes in proportion                          | 398,079                  | (5,121,847)             |
| University contributions subsequent to measure | 3,461,867                |                         |
|                                                | <u>\$ 10,642,864</u>     | <u>\$ (5,285,333)</u>   |

Deferred outflows of resources of \$3,461,867 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, 2025. 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:

|            |                     |
|------------|---------------------|
| 2025       | \$ (809,645)        |
| 2026       | (987,817)           |
| 2027       | 3,943,806           |
| 2028       | (250,680)           |
| 2029       |                     |
| Thereafter |                     |
|            | <u>\$ 1,895,664</u> |

### Actuarial Assumptions

The total pension liability in the June 30, 2023 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            | 23 years                                                                                                                                                                                                        |
| Asset Valuation Method                   | 4-year smoothed market; 25% corridor                                                                                                                                                                            |
| Investment Rate of Return*               | 7.00%                                                                                                                                                                                                           |
| Salary Increases                         | 3.25% – 11.00% 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                          | The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality |

|                                     |                                                                                                                                                                                               |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                     | tables, for males and females, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables. |
| Average Service Life of All Members | 3.7241                                                                                                                                                                                        |

\*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 2023 to 2032 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class included in the plan's current asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

| Asset Class           | Current Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|--------------------|----------------------------------------|
| Broad Domestic Equity | 37%                | 6.19%                                  |
| International Equity  | 24                 | 6.77                                   |
| Real Assets           | 16                 | 3.34                                   |
| Absolute Return       | 5                  | 3.36                                   |
| Domestic Fixed        | 18                 | 1.79                                   |
| Total                 | 100%               |                                        |

The total real rate of return expected is 3.75% with the actuary's price inflation assumption of 3.25% resulting in a Net Expected Rate of Return of 7.00%.

### Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan'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 7.00%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1%-point lower (6.00%) and 1%-point higher (8.00%) than the current rate:

| Sensitivity of Discount Rate |               |               |
|------------------------------|---------------|---------------|
| 1% Decrease                  | Discount Rate | 1% Increase   |
| 6.00%                        | 7.00%         | 8.00%         |
| \$ 47,433,955                | \$ 29,758,901 | \$ 15,197,413 |

### 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 15.00% of applicable compensation for the fiscal year ended June 30, 2024.

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

At June 30, 2024, the University reported a liability of \$11,541,849 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2024, the University's proportion was 0.222%, which was a decrease of 0.020% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the University recognized pension expense of \$222,102. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <b>ATRS</b>                                    | <b>Deferred outflows</b> | <b>Deferred inflows</b> |
|------------------------------------------------|--------------------------|-------------------------|
| Diff - expected & actual experience            | \$ 419,733               | \$ (13,505)             |
| Changes of assumptions                         | 840,335                  |                         |
| Net difference in projected/actual earnings    | 760,098                  |                         |
| Changes in proportion                          | 33,465                   | (2,979,786)             |
| University contributions subsequent to measure | 1,097,118                |                         |
|                                                | <u>\$ 3,150,749</u>      | <u>\$ (2,993,291)</u>   |

Deferred outflows of resources related to pensions of \$1,097,118 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, 2025. 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:

|            |                     |
|------------|---------------------|
| 2025       | \$ (707,465)        |
| 2026       | (924,994)           |
| 2027       | 894,556             |
| 2028       | (201,757)           |
| 2029       |                     |
| Thereafter | <u>\$ (939,660)</u> |

### Actuarial Assumptions

The total pension liability in the June 30, 2023, 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;<br>20% corridor                                                                                                                                             |
| Wage Inflation            | 2.75%                                                                                                                                                                                                    |
| Salary Increases          | 2.75 – 5.75%                                                                                                                                                                                             |
| Investment Rate of Return | 7.25%                                                                                                                                                                                                    |
| Retirement Age            | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study for the period July 1, 2015 – June 30, 2020. |

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class included in the pension plan's target asset allocation as of June 30, 2023, these best estimates are summarized below:

| Asset Class      | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------|-------------------|----------------------------------------|
| Total Equity     | 53%               | 5.0%                                   |
| Fixed Income     | 15                | 1.8                                    |
| Alternatives     | 5                 | 4.8                                    |
| Real Assets      | 15                | 4.5                                    |
| Private Equity   | 12                | 7.3                                    |
| Cash Equivalents | 0                 | 1.0                                    |
| Total            | 100%              |                                        |

### Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 7% and 15% of active member payroll, respectively. Although not all members contribute, the member and employer rates were scheduled to increase by 0.25% increments ending in fiscal year 2023. The ultimate member and employer rates are 7% and 15%, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

| Sensitivity of Discount Rate |               |              |
|------------------------------|---------------|--------------|
| 1% Decrease                  | Discount Rate | 1% Increase  |
| 6.25%                        | 7.25%         | 8.25%        |
| \$ 18,745,889                | \$ 11,541,849 | \$ 5,569,142 |

**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, 2024, the following employees were covered by the benefit terms:

| <b>Employees covered by Benefit Terms</b>                                | <b>Medical</b> | <b>Life</b>  |
|--------------------------------------------------------------------------|----------------|--------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 248            | 1,792        |
| Active employees                                                         | 19,449         |              |
| <b>Total Employees covered by Benefit Terms</b>                          | <b>19,697</b>  | <b>1,792</b> |

***Total OPEB Liability***

Total OPEB liability as of June 30, 2024 was \$75,221,000, determined by actuarial valuations as of July 1, 2023, rolled forward.

***Summary of Key Actuarial Methods and Assumptions***

|                                             |                                                         |
|---------------------------------------------|---------------------------------------------------------|
| Valuation date                              | July 1, 2023 valuation for the year ended June 30, 2024 |
| Valuation year                              | Census data collected as of February 2024               |
| 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                   | 3.65%                                                   |
| Rate of salary increase<br>for amortization | 4.00%                                                   |
| Medical inflation rate                      | 7.00% grading to 4.14% over 20 years                    |
| Pharmacy inflation rate                     | 9.00% grading to 4.14% over 20 years                    |
| Retiree contribution inflation<br>rate      | 7.50% grading to 4.14% over 20 years                    |

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2022 was 3.54%, the unfunded rate determined as of June 30, 2022 based on the Bond Buyer 20-Bond GO Index. The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2023 was 3.65%, the unfunded rate determined as of June 30, 2023 based on the Bond Buyer 20-Bond GO Index

***Mortality Rates:***

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

|          |                                                                                                                                                          |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disabled | Pub-2010 Teachers Headcount weighted Mortality Tables for disabled retirees projected generationally using projection scale MP-2021 from base year 2010. |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------|

### ***General Overview of the Valuation Methodology***

The Entry Age Actuarial Cost Method was used to value the Plan’s actuarial liabilities and to set the normal cost. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the Plan benefits if it were paid from each member’s entry into the Plan until termination or retirement. The unfunded liability is amortized over a rolling 30-year period. The amortization method is a level percentage of pay.

The claims costs were developed from the active premium rates for the period July 1, 2022 to June 30, 2023. 74.1% of the premium was assumed to be for medical, 21.8% for pharmacy, and 4.1% for expenses based on information provided by University of Arkansas System. The claims costs and contributions were trended by the 2023 rates in the economic section to bring them to the fiscal year July 1, 2023 to June 30, 2024.

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 3.54% to 3.65%.

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, 2024.

|                                                             | 2024                 |
|-------------------------------------------------------------|----------------------|
| <b>Balances at 6/30/2022 (Reporting Date 6/30/2023)</b>     | <b>\$ 70,782,000</b> |
| Changes for the year:                                       |                      |
| Service cost                                                | 4,579,000            |
| Interest (includes interest on service cost)                | 2,630,000            |
| Changes of benefit terms                                    | 30,000               |
| Differences between expected and actual experience          | 132,000              |
| Changes of assumptions                                      | (743,000)            |
| Benefit payments, including refunds of member contributions | (2,189,000)          |
| <b>Net changes in total OPEB liability</b>                  | <b>4,439,000</b>     |
| <b>Balances at 6/30/2023 (Reporting Date 6/30/2024)</b>     | <b>\$ 75,221,000</b> |

During the measurement year, the TOL increased by approximately \$4.4 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 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

#### ***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.

| <b>Sensitivity of Total OPEB Liability to Changes in Discount Rate</b> |                  |                |
|------------------------------------------------------------------------|------------------|----------------|
| 1%<br>Decrease                                                         | Discount<br>Rate | 1%<br>Increase |
| 2.65%                                                                  | 3.65%            | 4.65%          |
| \$82,316,000                                                           | \$75,221,000     | \$68,864,000   |

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.

| <b>Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates</b> |                     |                |
|--------------------------------------------------------------------------------------|---------------------|----------------|
| 1%<br>Decrease                                                                       | Healthcare<br>Trend | 1%<br>Increase |
| \$68,117,000                                                                         | \$75,221,000        | \$83,520,000   |

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

For the year ended June 30, 2024, the University recognized OPEB expense of \$5,122,000. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

|                                                    | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$1,556,000                          | \$5,475,000                         |
| Changes in assumptions                             | 2,770,000                            | 6,756,000                           |
| Contributions subsequent to the measurement date   | 2,200,000                            |                                     |
| <b>Total</b>                                       | <b>\$ 6,526,000</b>                  | <b>\$ 12,231,000</b>                |

The \$2,200,000 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, 2025. 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:**

|            |                |
|------------|----------------|
| 2025       | \$ (1,757,000) |
| 2026       | (2,355,000)    |
| 2027       | (2,827,000)    |
| 2028       | (586,000)      |
| 2029       | (110,000)      |
| Thereafter | (270,000)      |

**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 2024:

| Functional<br>Classifications | Natural Classifications    |                         |                               |                       |                       |  | TOTAL                   |
|-------------------------------|----------------------------|-------------------------|-------------------------------|-----------------------|-----------------------|--|-------------------------|
|                               | Compensation<br>& Benefits | Supplies<br>& Services  | Scholarships &<br>Fellowships | Insurance             | Depreciation          |  |                         |
| Instruction                   | \$ 440,623,172             | \$ 70,767,060           | \$ 9,587                      | \$ -                  | \$ -                  |  | \$ 511,399,819          |
| Research                      | 226,844,508                | 117,634,602             | -                             | -                     | -                     |  | 344,479,110             |
| Public Service                | 106,275,323                | 65,330,519              | -                             | -                     | -                     |  | 171,605,842             |
| Academic Support              | 117,811,654                | 34,282,732              | -                             | -                     | -                     |  | 152,094,386             |
| Student Services              | 74,341,769                 | 45,838,625              | 18,091                        | -                     | -                     |  | 120,198,485             |
| Institutional Support         | 216,588,809                | 61,799,430              | -                             | -                     | -                     |  | 278,388,239             |
| Scholarships/Fellowship       | 715,015                    | 2,325,000               | 64,747,676                    | -                     | -                     |  | 67,787,691              |
| Plant Operations              | 69,851,894                 | 137,032,153             | -                             | -                     | -                     |  | 206,884,047             |
| Auxiliary Enterprises         | 97,127,463                 | 143,435,339             | 3,048,687                     | -                     | -                     |  | 243,611,489             |
| Depreciation                  | -                          | -                       | -                             | -                     | 274,862,943           |  | 274,862,943             |
| Patient Care                  | 799,708,655                | 588,893,000             | -                             | -                     | -                     |  | 1,388,601,655           |
| Other                         | 245,845                    | 267,559                 | -                             | -                     | -                     |  | 513,404                 |
| Insurance expenses            | -                          | -                       | -                             | 231,222,807           | -                     |  | 231,222,807             |
| <b>TOTAL</b>                  | <b>\$ 2,150,134,107</b>    | <b>\$ 1,267,606,019</b> | <b>\$ 67,824,041</b>          | <b>\$ 231,222,807</b> | <b>\$ 274,862,943</b> |  | <b>\$ 3,991,649,917</b> |

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 2023:

| Functional Classifications | Natural Classifications |                     |                            |                |                |                  |
|----------------------------|-------------------------|---------------------|----------------------------|----------------|----------------|------------------|
|                            | Compensation & Benefits | Supplies & Services | Scholarships & Fellowships | Insurance      | Depreciation   | TOTAL            |
| Instruction                | \$ 424,231,660          | \$ 83,959,314       | \$ -                       | \$ -           | \$ -           | \$ 508,190,974   |
| Research                   | 210,182,068             | 113,585,989         | -                          | -              | -              | 323,768,057      |
| Public Service             | 93,804,689              | 67,584,974          | -                          | -              | -              | 161,389,663      |
| Academic Support           | 118,528,523             | 37,887,097          | 113,558                    | -              | -              | 156,529,178      |
| Student Services           | 58,313,599              | 45,027,939          | 1,789,090                  | -              | -              | 105,130,628      |
| Institutional Support      | 207,690,356             | 46,158,491          | 3,029                      | -              | -              | 253,851,876      |
| Scholarships/Fellowship    | 775,124                 | 1,865,037           | 61,159,216                 | -              | -              | 63,799,377       |
| Plant Operations           | 65,843,671              | 127,944,403         | -                          | -              | -              | 193,788,074      |
| Auxiliary Enterprises      | 93,200,885              | 148,134,534         | 2,883,277                  | -              | -              | 244,218,696      |
| Depreciation               | -                       | -                   | -                          | -              | 260,056,474    | 260,056,474      |
| Patient Care               | 773,330,817             | 560,892,000         | -                          | -              | -              | 1,334,222,817    |
| Other                      | 880,674                 | 558,000             | -                          | -              | -              | 1,438,674        |
| Insurance expenses         | -                       | -                   | -                          | 209,957,487    | -              | 209,957,487      |
| TOTAL                      | \$ 2,046,782,066        | \$ 1,233,597,778    | \$ 65,948,170              | \$ 209,957,487 | \$ 260,056,474 | \$ 3,816,341,975 |

## 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 following financial information for the other organizations is based on the latest information available.

**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, 2024, 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, 2024**

|                                  |                      |
|----------------------------------|----------------------|
| Assets                           |                      |
| Cash and investments             | \$ 27,449,840        |
| Other assets                     | 64,573,395           |
| Total Assets                     | <u>\$ 92,023,235</u> |
| Liabilities and Net Assets       |                      |
| Liabilities                      | \$ 365,256           |
| Net Assets                       | 91,657,979           |
| Total Liabilities and Net Assets | <u>\$ 92,023,235</u> |

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2024**

|                                   |                       |
|-----------------------------------|-----------------------|
| Income and Other Additions        | \$ 37,999,910         |
| Expenditures and Other Deductions | (39,793,254)          |
| Total Decrease in Net Assets      | <u>\$ (1,793,344)</u> |

*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, 2024, are presented below in summary form.

**ARKANSAS ALUMNI ASSOCIATION, INC.**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2024**

|                                  |                      |
|----------------------------------|----------------------|
| Assets                           |                      |
| Cash and investments             | \$ 6,239,252         |
| Other assets                     | 13,888,624           |
| Total Assets                     | <u>\$ 20,127,876</u> |
| Liabilities and Net Assets       |                      |
| Liabilities                      | \$ 1,543,250         |
| Net Assets                       | 18,584,626           |
| Total Liabilities and Net Assets | <u>\$ 20,127,876</u> |

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2024**

|                                   |                     |
|-----------------------------------|---------------------|
| Income and Other Additions        | \$ 5,793,157        |
| Expenditures and Other Deductions | (3,960,429)         |
| Total Increase in Net Assets      | <u>\$ 1,832,728</u> |

**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, 2024, are presented below in summary form.

**ARKANSAS 4-H FOUNDATION, INC.**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2024**

|                                  |                      |
|----------------------------------|----------------------|
| Assets                           |                      |
| Cash and investments             | \$ 6,195,843         |
| Other assets                     | <u>4,244,678</u>     |
| Total Assets                     | <u>\$ 10,440,521</u> |
| Liabilities and Net Assets       |                      |
| Liabilities                      | \$ 291,000           |
| Net Assets                       | <u>10,149,521</u>    |
| Total Liabilities and Net Assets | <u>\$ 10,440,521</u> |

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2024**

|                                   |                    |
|-----------------------------------|--------------------|
| Income and Other Additions        | \$ 3,081,729       |
| Expenditures and Other Deductions | <u>(2,670,670)</u> |
| Total Increase in Net Assets      | <u>\$ 411,059</u>  |

**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, 2024, are presented below in summary form.



**UNIVERSITY OF ARKANSAS TECHNOLOGY  
DEVELOPMENT FOUNDATION  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of June 30, 2024**

|                                  |                      |
|----------------------------------|----------------------|
| Assets                           |                      |
| Cash and investments             | \$ 3,830,005         |
| Other assets                     | 14,205,598           |
| Total Assets                     | <u>\$ 18,035,603</u> |
| Liabilities and Net Assets       |                      |
| Liabilities                      | \$ 10,661,683        |
| Net Assets                       | 7,373,920            |
| Total Liabilities and Net Assets | <u>\$ 18,035,603</u> |

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended June 30, 2024**

|                                   |                   |
|-----------------------------------|-------------------|
| Income and Other Additions        | \$ 4,114,478      |
| Expenditures and Other Deductions | (3,618,112)       |
| Total Increase in Net Assets      | <u>\$ 496,366</u> |

*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, 2023, are presented below in summary form.

**UNIVERSITY OF ARKANSAS FORT SMITH  
FOUNDATION, INC.  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of June 30, 2023**

|                                  |                       |
|----------------------------------|-----------------------|
| Assets                           |                       |
| Cash and investments             | \$ 134,980,673        |
| Other assets                     |                       |
| Total Assets                     | <u>\$ 134,980,673</u> |
| Liabilities and Net Assets       |                       |
| Liabilities                      | \$ 697,593            |
| Net Assets                       | 134,283,080           |
| Total Liabilities and Net Assets | <u>\$ 134,980,673</u> |

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended June 30, 2023**

|                                   |                      |
|-----------------------------------|----------------------|
| Income and Other Additions        | \$ 21,260,404        |
| Expenditures and Other Deductions | (4,702,233)          |
| Total Increase in Net Assets      | <u>\$ 16,558,171</u> |

*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, 2024, are presented below in summary form.

**TROJAN ATHLETIC FOUNDATION, INC.**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2024**

|                                  |                   |
|----------------------------------|-------------------|
| Assets                           |                   |
| Cash                             | \$ 239,278        |
| Other Assets                     | 68,300            |
| Total Assets                     | <u>\$ 307,578</u> |
| Liabilities and Net Assets       |                   |
| Liabilities                      | \$ 42,217         |
| Net Assets                       | 265,361           |
| Total Liabilities and Net Assets | <u>\$ 307,578</u> |

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2024**

|                                   |                  |
|-----------------------------------|------------------|
| Income and Other Additions        | \$ 264,864       |
| Expenditures and Other Deductions | (229,939)        |
| Total Increase in Net Assets      | <u>\$ 34,925</u> |

*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, 2023, are presented below in summary form.



**UAPB/AM&N ALUMNI ASSOCIATION, INC.**  
**CONDENSED STATEMENT OF FINANCIAL POSITION-**  
**UNAUDITED**  
**As of December 31, 2023**

|                                  |    |                |
|----------------------------------|----|----------------|
| Assets                           |    |                |
| Cash & investments               | \$ | 859,076        |
| Other assets                     |    | 51,403         |
| Total Assets                     | \$ | <u>910,479</u> |
| Liabilities and Net Assets       |    |                |
| Liabilities                      | \$ | 45,584         |
| Net Assets                       |    | 864,895        |
| Total Liabilities and Net Assets | \$ | <u>910,479</u> |

**CONDENSED STATEMENT OF ACTIVITIES-UNAUDITED**  
**FY Ended December 31, 2023**

|                                   |    |                |
|-----------------------------------|----|----------------|
| Income and Other Additions        | \$ | 297,743        |
| Expenditures and Other Deductions |    | (188,366)      |
| Total Increase in Net Assets      | \$ | <u>109,377</u> |

*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, 2022, 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, 2022**

|                                |                     |
|--------------------------------|---------------------|
| Assets                         |                     |
| Cash & investments             | \$ 5,841,486        |
| Total Assets                   | <u>\$ 5,841,486</u> |
| Liabilities & Net Assets       |                     |
| Liabilities                    |                     |
| Net Assets                     | \$ 5,841,486        |
| Total Liabilities & Net Assets | <u>\$ 5,841,486</u> |

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended December 31, 2022**

|                                   |                   |
|-----------------------------------|-------------------|
| Income and Other Additions        | \$ 475,553        |
| Expenditures and Other Deductions | (255,420)         |
| Total Increase in Net Assets      | <u>\$ 220,133</u> |

*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 December 31, 2022, are presented below in summary form.



**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT  
HOPE FOUNDATION, INC.  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of December 31, 2022**

|                                  |                            |
|----------------------------------|----------------------------|
| Assets                           |                            |
| Cash and investments             | \$ 756,075                 |
| Other Assets                     | <u>3,298,065</u>           |
| Total Assets                     | <u><u>\$ 4,054,140</u></u> |
| Liabilities and Net Assets       |                            |
| Liabilities                      | \$ 43,450                  |
| Net Assets                       | <u>4,010,690</u>           |
| Total Liabilities and Net Assets | <u><u>\$ 4,054,140</u></u> |

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended December 31, 2022**

|                                   |                         |
|-----------------------------------|-------------------------|
| Income and Other Additions        | \$ 329,023              |
| Expenditures and Other Deductions | <u>(294,321)</u>        |
| Total Increase in Net Assets      | <u><u>\$ 34,702</u></u> |

*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, 2022, are presented below in summary form.

**RICH MOUNTAIN COMMUNITY COLLEGE  
FOUNDATION, INC.  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of June 30, 2022**

|                                  |                            |
|----------------------------------|----------------------------|
| Assets                           |                            |
| Cash and investments             | \$ 3,620,940               |
| Other assets                     | <u>2,477,985</u>           |
| Total Assets                     | <u><u>\$ 6,098,925</u></u> |
| Liabilities and Net Assets       |                            |
| Liabilities                      |                            |
| Net Assets                       | <u>\$ 6,098,925</u>        |
| Total Liabilities and Net Assets | <u><u>\$ 6,098,925</u></u> |

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended June 30, 2022**

|                                   |                            |
|-----------------------------------|----------------------------|
| Income and Other Additions        | \$ (132,123)               |
| Expenditures and Other Deductions | <u>(365,081)</u>           |
| Total Decrease in Net Assets      | <u><u>\$ (497,204)</u></u> |

**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, 2023, are presented below in summary form.

**UNIVERSITY OF ARKANSAS WINTHROP ROCKEFELLER  
CENTER, INC.  
CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION  
As of June 30, 2023**

|                                  |                       |
|----------------------------------|-----------------------|
| Assets                           |                       |
| Cash and investments             | \$ 138,066,822        |
| Receivables                      | 471,011               |
| Other                            | 60,405                |
| Property and Equipment, Net      | 22,014,098            |
| Total Assets                     | <u>\$ 160,612,336</u> |
| Liabilities and Net Assets       |                       |
| Liabilities                      | \$ 514,487            |
| Net Assets                       | 160,097,849           |
| Total Liabilities and Net Assets | <u>\$ 160,612,336</u> |

**CONDENSED CONSOLIDATED STATEMENT OF  
ACTIVITIES  
FY Ended June 30, 2023**

|                                   |                     |
|-----------------------------------|---------------------|
| Income and Other Additions        | \$ 9,310,393        |
| Expenditures and Other Deductions | (7,631,602)         |
| Total Increase in Net Assets      | <u>\$ 1,678,791</u> |

**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. Audited financial statements for the year ended June 30, 2024, are presented below in summary form.

## DELTA STUDENT HOUSING, INC.

## CONDENSED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

|                                  |    |                  |
|----------------------------------|----|------------------|
| Assets                           |    |                  |
| Cash                             | \$ | 454,173          |
| Property and equipment           |    | 9,414,453        |
| Total Assets                     | \$ | <u>9,868,626</u> |
| Liabilities and Net Assets       |    |                  |
| Liabilities                      | \$ | 8,690,211        |
| Net Assets                       |    | 1,178,415        |
| Total Liabilities and Net Assets | \$ | <u>9,868,626</u> |

## UNAUDITED CONDENSED STATEMENT OF ACTIVITIES

FY Ended June 30, 2024

|                                   |    |                |
|-----------------------------------|----|----------------|
| Income and Other Additions        | \$ | 981,587        |
| Expenditures and Other Deductions |    | (215,424)      |
| Total Increase in Net Assets      | \$ | <u>766,163</u> |

**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.

For the year ended June 30, 2024:

***FY24 - Statement of Net Position***

An elimination entry was made to reduce accounts receivable and accounts payable by \$19,454,588, 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) \$497,656 (current portion \$35,113) to reflect a loan from UAMS to UAF, and (2) \$4,658,780 (current portion \$177,002) to reflect a loan from the campuses to eVersity 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, 2024 which were eliminated against current and long-term debt (current portion \$3,305,845) and Other non-current assets:

| Campus | Balance at June 30, 2024 |
|--------|--------------------------|
| UAFS   | \$ 494,343               |
| UALR   | 1,426,129                |
| UAM    | 355,900                  |
| UAMS   | 12,526,931               |
| UAPB   | 516,035                  |
| PCCUA  | 181,208                  |
| UACCB  | 91,129                   |
| UACCHT | 92,946                   |
| UAPTC  | 324,283                  |
| UACCRM | 56,706                   |
| ASMSA  | 93,604                   |
|        | <u>\$ 16,159,214</u>     |

***FY24 - 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 \$142,897,452.

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 \$4,897,393. An elimination entry for services provided among campuses in the amount of \$1,974,188. 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 \$43,536. 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 \$577,791.

***FY24 - 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.

For the year ended June 30, 2023:

***FY23 - Statement of Net Position***

An elimination entry was made to reduce accounts receivable and accounts payable by \$19,389,307, 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) \$531,089 (current portion \$33,433) to reflect a loan from UAMS to UAF, and (2) \$4,817,139 (current portion \$319,489) to reflect a loan from the campuses to eVersity 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, 2023 which were eliminated against current and long-term debt (current portion \$3,297,135) and Other non-current assets:

| Campus | Balance at June 30, 2023 |
|--------|--------------------------|
| UAFS   | \$ 595,210               |
| UALR   | 1,717,119                |
| UAM    | 428,518                  |
| UAMS   | 15,082,943               |
| UAPB   | 621,327                  |
| PCCUA  | 218,182                  |
| UACCB  | 109,723                  |
| UACCHT | 111,910                  |
| UAPTC  | 390,450                  |
| UACCRM | 68,276                   |
| ASMSA  | 112,704                  |
| Total  | <u>\$ 19,456,362</u>     |

***FY23 - Statement of Revenues, Expenses, and Changes in Net Position***

As explained in Note 14, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation and benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of \$141,352,349.

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 \$4,438,039. An elimination entry for services provided among campuses in the amount of \$864,594. 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 \$657,119.

***FY23 - 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 Chancellor for the Rich Mountain campus is a member of the Board of Directors of Union Bank of Mena based in Mena, AR. At June 30, 2024, bank and certificate of deposit balances held at Union Bank of Mena for the Rich Mountain campus totaled \$1,984,242 (book balances shown on the statement of net position for the campus total \$2,157,688). Union Bank of Mena also serves as the note holder for a note payable shown on the statement of net position for the campus at June 30, 2024 at a balance of \$650,173.

#### **Note 22: Restatements**

For the year ended June 30, 2024:

The University made certain immaterial revisions to the 2023 financial statements for the proper recognition of a lease receivable and the corresponding deferred inflows of resources and within the reconciliation of operating loss to net cash used in operating activities. In addition, a non-current accounts receivable line item was added to the Statement on Net Position (SNP) presentation to reclassify pledge and lease receivables from other non-current assets to non-current accounts receivable and to align with the presentation of these line items in the current asset section of the SNP. These revisions did not have a material impact or change the net position.



*Statement of Net Position*

|                                        | As Reported<br>June 30, 2023 | Net Adjustment | Restated<br>June 30, 2023 |
|----------------------------------------|------------------------------|----------------|---------------------------|
| <b>ASSETS</b>                          |                              |                |                           |
| Current                                |                              |                |                           |
| Accounts receivable, net of allowances | \$ 267,434,895               | \$ 34,000      | \$ 267,468,895            |
| Non-Current                            |                              |                |                           |
| Accounts receivable, net of allowances |                              | 56,220,633     | 56,220,633                |
| Other non-current assets               | 34,055,375                   | (15,454,633)   | 18,600,742                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                              |                |                           |
| Other                                  | 16,734,947                   | 40,800,000     | 57,534,947                |

*Statement of Cash Flows -Direct Method-Continued*

|                                                         | As Reported<br>June 30, 2023 | Net Adjustment | Restated<br>June 30, 2023 |
|---------------------------------------------------------|------------------------------|----------------|---------------------------|
| <b>NON-CASH TRANSACTIONS</b>                            |                              |                |                           |
| Lease Receivable acquired through non-cash transactions | \$ -                         | 40,800,000     | \$ 40,800,000             |

For the year ended June 30, 2023:

*Statement of Revenues, Expenses, and Changes in Net Position*

The University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements in fiscal year 2023. GASB Statement No. 96 defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA would result in a right-to-use Information Technology (IT) asset and a corresponding liability, provides capitalization criteria, and requires new note disclosures. The subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset to amortization expense (which may be combined with depreciation expense). Subsequent SBITA payments are accounted for consistent with how debt service payments on long-term debt are recorded, including segregating the SBITA payments between interest and principal. The current portion of the subscription liability is also segregated from the long-term portion.

Beginning in fiscal year 2023, the University started recognizing intangible “right to use” subscription assets equal to the present value of the SBITA payments. This increase in assets is offset by a corresponding increase in subscription liability. Prior to GASB 96, SBITAs were expensed as payments were made.

As a result of GASB 96, subscription assets, in fiscal year 2023, are reported separately as a right-to-use Information Technology (IT) asset. Subscriptions were recognized and measured using the facts and circumstances that existed at the beginning of fiscal year 2023. The present value of the

subscriptions assets are calculated using the term of the lease and the incremental borrowing rate for the university at the beginning of the lease. The subscription terms vary according to the conditions of the individual SBITAs.

Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was restated due to the implementation of GASB Statement 96, as amended. As a result, Net Position – beginning of the year was increased by \$4,194,796 to reflect the net effect of recognizing the University's total right-to use subscription asset offset by subscription payables attributable to the year ended June 30, 2022.

Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, has also been restated for the year ended June 30, 2022 to adjust prior year grant revenue and receivables for the University of Arkansas, Hope-Texarkana due to overstatement in the amount of \$520,682.

### ***Statement of Net Position***

The net effect of these restatements was an overall increase to total net position of \$3,674,114. The net adjustment is reflected in the net position amounts reported as of June 30, 2022 for Net Investment in Capital Assets, and Unrestricted. The Statement of Cash Flows was also restated to reflect the changes.

|                                                        | As Reported<br>June 30, 2022 | Net Adjustment | Restated<br>June 30, 2022 |
|--------------------------------------------------------|------------------------------|----------------|---------------------------|
| <b>ASSETS</b>                                          |                              |                |                           |
| Current                                                |                              |                |                           |
| Accounts receivable, net of allowances                 | \$ 217,176,479               | \$ (520,682)   | \$ 216,655,797            |
| Non-Current                                            |                              |                |                           |
| Other non-current assets                               | 36,474,637                   | 8,332,442      | 44,807,079                |
| Capital assets, net of depreciation                    | 3,229,795,333                | 12,060,506     | 3,241,855,839             |
| <b>LIABILITIES</b>                                     |                              |                |                           |
| Non-Current                                            |                              |                |                           |
| Bonds, notes, leases and installment contracts payable | 1,837,396,939                | 16,198,152     | 1,853,595,091             |
| <b>NET POSITION</b>                                    |                              |                |                           |
| Net Investment in Capital Assets                       | 1,514,117,223                | 4,194,796      | 1,518,312,019             |
| Unrestricted                                           | 1,093,787,501                | (520,682)      | 1,093,266,819             |

On July 1, 2022, UAMS adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96), that addresses the accounting for the costs related to subscription-based information technology arrangements. The effect of this adoption in 2023 was to increase subscription IT assets by \$35,836,590, which included prior years capitalized implementation costs of approximately \$23,218,000 reported as construction in progress in 2022, and \$2,551,148 of payments before the subscription term, and subscription liabilities (see UAMS Note 9) by \$10,067,442. The adoption had no impact on beginning of year net position but did require the restatement of the beginning of year balances in related disclosures. (UAMS Note 5).

**Note 23: Contingencies**

The University has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel that these matters will be resolved without material adverse effect on the future operations or financial position of the University.

Immunity provisions in Arkansas law prohibit suits for damages against the Board of Trustees of the University of Arkansas System (UA Board) in Arkansas state courts. In addition, Arkansas law provides that state employees are “immune from suit, except to the extent they may be covered by liability insurance, for damages for acts or omissions, other than malicious acts or omissions, occurring within the course and scope of their employment.” Therefore, employees of the University of Arkansas for Medical Sciences (UAMS) acting in good faith in the course and scope of their employment may be sued in state courts, but only to the extent of maintained insurance coverage. UAMS maintains malpractice insurance for certain employees under a claims-made policy. Premiums are accrued based on estimated claims, with the final premium amount determined based on actual claims experience. The cost of this policy is included in supplies and other expenses. A party may bring an action against the University through the Arkansas State Claims Commission (the Claims Commission). The Claims Commission may award a claim of up to \$15,000 without further review or appropriation. Awards that the Claims Commission makes in excess of \$15,000 must be approved and appropriated by the Arkansas State Legislature. Appropriations of this type, if any, reduce appropriations from the state to the University in the period in which the claim is appropriated.

In fiscal year 2006, the Arkansas Development Finance Authority (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 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, which represent the State of Arkansas’ portion of approximately \$10 billion of damages to be paid by tobacco companies over an indefinite time period, 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 tobacco consumption by 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received \$360,067,000 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. Arkansas received approximately \$44,594,000 from the Tobacco Settlement Fund during the year ended June 30, 2024. If Debt Service Revenues had been considered insufficient, UAMS would have incurred a liability equal

to the shortfall amount. Total future debt service at June 30, 2024 and 2023 was \$69,782,000 and \$71,379,000, respectively. 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.

For the purposes of financial reporting, the University includes Arkansas Research and Education Optical Network. Arkansas Research and Education Optical Network ("ARE-ON") is an unincorporated membership consortium with a mission of promoting, developing, and applying leading technologies to support and enhance research, education, public safety, health care, and economic development in the State. The University of Arkansas System is a member of ARE-ON, and certain of ARE-ON's administrative processes are supported by the System.

An information technology company and a financial institution filed a claim in the Arkansas Claims Commission against the System seeking \$7,275,000 plus interest and fees for alleged breach of two June 2020 contracts between ARE-ON and the information technology company. The contracts were for security software and monitoring services to be offered by ARE-ON to its member institutions, including the System. The information technology company alleges that the System is a party to the contract. The System has denied that it is liable to the claimants. A hearing on the System's motion to dismiss occurred on August 22, 2024, but no decision has been rendered. The System estimates that its maximum liability is approximately \$8,000,000.

In May 2024, the National Collegiate Athletics Association and certain athletic conferences entered into a settlement with respect to antitrust class action lawsuits brought by former collegiate athletes.

The settlement is not yet finalized and is subject to court approval. Although the University of Arkansas, Fayetteville was not a party to the litigation, any finalized settlement may have an adverse financial impact on the university's athletic revenues, and such impact may be material. The terms of the proposed settlement are for payment of back-pay damages in excess of \$2.75 billion to be paid out over a 10-year period. A portion of the settlement funding is expected to be paid by athletic conferences, including the Southeastern Conference, of which the University of Arkansas, Fayetteville is a member. At this time, an estimate of any payment cannot be determined. In addition, as part of the settlement agreement, athletic departments will be permitted to engage in a direct revenue sharing arrangement with student athletes from athletics revenues. The University of Arkansas, Fayetteville has not yet determined the degree to which it will engage in revenue sharing with its student athletes, but any revenue sharing is expected to have an adverse financial impact on the university's net athletic revenues, and such impact may be material.

**Note 24: Subsequent Events*****Merger***

On March 13, 2024, The Board of Trustees of the University of Arkansas and the Board of Trustees of East Arkansas Community College ("EACC"), a two-year community college located in Forrest City, St. Francis County, Arkansas in the eastern part of the State, entered into an Agreement of Merger and Plan of Transition (the "EACC Agreement"). Pursuant to the EACC Agreement, EACC will become a campus of the System and will be known as the University of Arkansas East Arkansas Community College. The merger was approved, and confirmation of continued accreditation was received from the Higher Learning Commission of the North Central Association on November 4, 2024.

***Solar Services Agreement***

On August 21, 2024, the Board of Trustees of the University of Arkansas entered into a long-term solar services agreement (the "Solar Agreement") with Scenic Hill Solar XXXVI, LLC ("Scenic Hill"), under which the System has agreed to purchase, for an agreed-upon rate of \$0.05495 per kilowatt-hour (kWh), the entire output of solar energy facilities to be constructed and installed by Scenic Hill for a term of 25 years from the date that the solar energy facilities are placed in service. The power purchased under the Solar Agreement is anticipated to provide a significant portion of the needs of the entire System and its campuses, assuming current electricity usage. The Board is not a party to, or a guarantor of, the financing arrangements obtained and being obtained by Scenic Hill for the construction and installation of the solar energy facilities. The Board anticipates that over the course of the Solar Agreement the System and its campuses will recognize significant savings over the amount that would have been spent on electricity through traditional arrangements.

***Bond Issues***

On August 28, 2024, the University issued \$29,845,000 in Various Facility Revenue Bonds (Fayetteville Campus), Series 2024A, with interest rates of 5.00%. Bond proceeds and premiums of \$3,336,000 were issued to finance costs of certain capital improvements on or for the campus of the Fayetteville Campus including, without limitation, (a) the renovation, acquisition, construction, furnishing, and equipping the Health, Physical Education, and Recreation Building; (b) the acquisition of property for expansion purposes and other purposes of the Fayetteville Campus; and (c) the acquisition of construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for University of Arkansas, Fayetteville.

On July 29, 2024, an Invitation to Tender Bonds for Purchase was released inviting owners of the following (collectively referred to herein as the Invited Bonds) to tender such bonds for purchase by the Board.

- Various Facility Revenue Bonds (Fayetteville Campus) Refunding and Improvement Series 2016A (the Series 2016A Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Series 2017 (the Series 2017 Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2019B (the Series 2019B Bonds)
- Various Facility Revenue Bonds (Fayetteville Campus), Taxable Refunding Series 2021 (the Series 2021 Bonds)

On August 28, 2024, the University issued \$72,295,000 in Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2024B, with an interest rate between 4.00% and 5.00%. The proceeds of the Series 2024B Bonds premiums of \$10,349,000 were used to accomplish the current refunding of certain portions of the Invited Bonds that are validly tendered for purchase (the “Purchased Bonds”) and to pay costs of issuance of the Series 2024B Bonds and costs of accomplishing the refunding and purchase of the Purchased Bonds. The amount outstanding of the Invited Bonds, amount refunded upon issuance of the Series 2024B Bonds, and respective interest rates prior to refunding are as follows:

| <b>Invited Bonds</b> | <b>Amount Outstanding</b> | <b>Tendered Amount</b> | <b>Interest Rate Range</b> |
|----------------------|---------------------------|------------------------|----------------------------|
| Series 2016A Bonds   | \$53,650,000              | \$2,560,000            | 3.00% to 5.00%             |
| Series 2017 Bonds    | \$65,365,000              | \$18,750,000           | 5.00%                      |
| Series 2019B Bonds   | \$112,250,000             | \$16,250,000           | 2.256% to 3.401%           |
| Series 2021 Bonds    | \$135,420,000             | \$49,050,000           | 1.127% to 2.685%           |

A total of \$81,959,000 was deposited into the Series 2024B Purchase Account used to purchase for a purchase price of \$81,959,000 for the tendered bonds. On the closing date, a transferred proceeds penalty associated with the Series 2021 Bonds of \$87,000 was remitted to the IRS. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7,293,000. This difference will be amortized through the fiscal year 2046. The university completed the refunding to reduce its total debt service payments over the next 22 years by \$6,789,000 and to obtain an economic gain of \$4,458,000.

On September 12, 2024, the Board of Trustees of the University of Arkansas issued the Refunding Series 2024 Revenue Bonds (the 2024 Bonds) on behalf of the University of Arkansas at Fort Smith (UAFS). The 2024 Bonds consist of Student Fee Revenue Bonds in the original amount of \$7,170,000, with a premium of \$870,942, which bear interest at 5.00%. The 2024 Bonds are payable in annual installments through June 2039. Proceeds from the issuance of the bonds were used to current refund Student Fee Revenue Bonds, Series 2014B.

On October 22, 2024, the Board of Trustees of the University of Arkansas issued the Refunding Series 2024 Revenue Bonds (the 2024 Bonds) on behalf of the University of Arkansas Community College at Morrilton (UACCM). The 2024 Bonds consist of Student Fee Revenue Bonds in the original amount of \$10,215,000, with a premium of \$937,280, which bear interest at 5.00%. The 2024 Bonds are payable in annual installments through May 2046. Proceeds from the issuance of

the bonds will be used to finance certain capital improvements, to fund capitalized interest, and to pay costs of issuance.

The Board of Trustees of the University of Arkansas has also authorized, but not yet issued, its Various Facilities Revenue Bonds (Pine Bluff Campus), Refunding Series 2024 (the "Pine Bluff Bonds"), for the purpose of refunding bonds for debt service savings. The maximum authorized principal amount of the Pine Bluff Bonds is the amount necessary to accomplish the refunding.

The Board of Trustees of the University of Arkansas has also authorized, but not yet issued, its Various Facilities Revenue Bonds (UAMS Campus), Refunding Series 2025 (the "UAMS Bonds"), for the purpose of refunding bonds for debt service savings. The maximum authorized principal amount of the UAMS Bonds is the amount necessary to accomplish the refunding.

### ***Leases***

On October 3, 2024, UAF modified an existing lease to provide overflow housing to certain undergraduate students. The original lease expected to term May 31, 2026; however, the modification will terminate the lease as of May 31, 2025 and the new master lease agreement will go into effect June 1, 2025. The early termination of the existing lease will reduce the lease liability by \$2,259,000 and dispose of the related RTU asset at a net value of \$1,997,000, creating a loss on disposal of \$262,000. The new master lease agreement, effective for the year ending June 30, 2025, will result in a lease liability and a corresponding right-of-use asset of approximately \$22,932,000. The incremental borrowing rate for the new lease will be determined when the lease term begins in June 2025, at which point the lease liability and right-of-use asset will be adjusted accordingly.



**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2024  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**Employee Benefits**

| <b>Schedule of University's Proportional Share of the Net Pension Liability<br/>Arkansas Public Employees Retirement System<br/>Last Ten Fiscal Years</b> |               |               |               |               |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                                                                                           | 2024          | 2023          | 2022          | 2021          | 2020          |
| University's proportion of net pension liability                                                                                                          | 1.021%        | 1.160%        | 1.378%        | 1.427%        | 1.656%        |
| University's proportionate share of net pension liability                                                                                                 | \$ 29,758,901 | \$ 31,287,627 | \$ 10,591,455 | \$ 40,877,027 | \$ 39,944,209 |
| University's covered payroll**                                                                                                                            | 22,467,769    | 25,041,258    | 26,989,144    | 29,263,785    | 32,838,844    |
| University's proportionate share of the net pension liability as a percentage of its covered-employee payroll                                             | 132.45%       | 124.94%       | 39.24%        | 139.68%       | 121.64%       |
| Plan fiduciary net position as a percentage of the total pension liability                                                                                | 77.94%        | 78.31%        | 93.57%        | 75.38%        | 78.55%        |

|                                                                                                               | 2019          | 2018          | 2017          | 2016          | 2015          |
|---------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| University's proportion of net pension liability                                                              | 2.008%        | 2.198%        | 2.202%        | 1.659%        | 1.462%        |
| University's proportionate share of net pension liability                                                     | \$ 44,294,023 | \$ 56,807,517 | \$ 52,660,632 | \$ 30,550,726 | \$ 20,737,110 |
| University's covered payroll**                                                                                | 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-employee payroll | 120.66%       | 139.72%       | 131.76%       | 104.48%       | 84.26%        |
| Plan fiduciary net position as a percentage of the total pension liability                                    | 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.  
\*\*Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

| <b>Schedule of University Contributions<br/>Arkansas Public Employees Retirement System<br/>Last Ten Fiscal Years</b> |               |               |               |               |               |
|-----------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                                                       | 2024          | 2023          | 2022          | 2021          | 2020          |
| Contractually required contribution                                                                                   | \$ 3,461,867  | \$ 3,508,778  | \$ 3,849,462  | \$ 4,135,494  | \$ 4,474,936  |
| Contributions in relation to the contractually required contribution                                                  | (3,461,867)   | (3,508,778)   | (3,849,462)   | (4,135,494)   | (4,474,936)   |
| Contribution deficiency (excess)                                                                                      | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| University's covered-employee payroll                                                                                 | \$ 22,649,803 | \$ 22,467,769 | \$ 25,041,258 | \$ 26,989,144 | \$ 29,263,785 |
| Contributions as a percentage of covered-employee payroll                                                             | 15.28%        | 15.62%        | 15.37%        | 15.32%        | 15.29%        |

|                                                                      | 2019          | 2018          | 2017          | 2016          | 2015          |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution                                  | \$ 5,079,699  | \$ 5,446,489  | \$ 5,847,656  | \$ 5,122,338  | \$ 4,316,084  |
| Contributions in relation to the contractually required contribution | (5,079,699)   | (5,446,489)   | (5,847,656)   | (5,122,338)   | (4,316,084)   |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| University's covered-employee payroll                                | \$ 32,838,844 | \$ 36,710,317 | \$ 40,658,901 | \$ 35,350,993 | \$ 29,241,762 |
| Contributions as a percentage of covered-employee payroll            | 15.47%        | 14.84%        | 14.38%        | 14.49%        | 14.76%        |

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2024  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

| <b>Schedule of University's Proportional Share of the Net Pension Liability<br/>Arkansas Teacher Retirement System<br/>Last Ten Fiscal Years</b> |               |               |              |               |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|--------------|---------------|---------------|
|                                                                                                                                                  | 2024          | 2023          | 2022         | 2021          | 2020          |
| University's proportion of net pension liability                                                                                                 | 0.222%        | 0.242%        | 0.283%       | 0.319%        | 0.372%        |
| University's proportionate share of net pension liability                                                                                        | \$ 11,541,849 | \$ 12,777,998 | \$ 7,829,796 | \$ 18,079,806 | \$ 15,527,796 |
| University's covered payroll**                                                                                                                   | \$ 8,055,500  | \$ 8,554,563  | \$ 9,232,685 | \$ 10,026,138 | \$ 11,429,162 |
| University's proportionate share of the net pension liability as a percentage of its covered-employee payroll                                    | 143.28%       | 149.37%       | 84.81%       | 180.33%       | 135.86%       |
| Plan fiduciary net position as a percentage of the total pension liability                                                                       | 79.94%        | 78.85%        | 88.58%       | 74.91%        | 80.96%        |

|                                                                                                               | 2019          | 2018          | 2017          | 2016          | 2015          |
|---------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| University's proportion of net pension liability                                                              | 0.447%        | 0.540%        | 0.589%        | 0.395%        | 0.437%        |
| University's proportionate share of net pension liability                                                     | \$ 16,258,099 | \$ 22,688,366 | \$ 26,000,421 | \$ 12,850,498 | \$ 11,467,444 |
| University's covered payroll**                                                                                | \$ 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-employee payroll | 120.07%       | 142.41%       | 148.79%       | 111.58%       | 99.48%        |
| Plan fiduciary net position as a percentage of the total pension liability                                    | 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.  
\*\*Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.

| <b>Schedule of University Contributions<br/>Arkansas Teacher Retirement System<br/>Last Ten Fiscal Years</b> |              |              |              |              |              |
|--------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                                                                              | 2024         | 2023         | 2022         | 2021         | 2020         |
| Contractually required contribution                                                                          | \$ 1,097,118 | \$ 1,223,605 | \$ 1,262,490 | \$ 1,335,201 | \$ 1,416,960 |
| Contributions in relation to the contractually required contribution                                         | (1,097,118)  | (1,223,605)  | (1,262,490)  | (1,335,201)  | (1,416,960)  |
| Contribution deficiency (excess)                                                                             | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| University's covered-employee payroll                                                                        | 7,317,932    | 8,055,500    | 8,554,563    | 9,232,685    | 10,026,138   |
| Contributions as a percentage of covered-employee payroll                                                    | 14.99%       | 15.19%       | 14.76%       | 14.46%       | 14.13%       |

|                                                                      | 2019         | 2018         | 2017         | 2016         | 2015         |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                                  | \$ 1,616,340 | \$ 1,899,208 | \$ 2,210,329 | \$ 1,448,084 | \$ 1,612,297 |
| Contributions in relation to the contractually required contribution | (1,616,340)  | (1,899,208)  | (2,210,329)  | (1,448,084)  | (1,612,297)  |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| University's covered-employee payroll                                | 11,429,162   | 13,540,283   | 15,932,158   | 10,392,131   | 11,516,407   |
| Contributions as a percentage of covered-employee payroll            | 14.14%       | 14.03%       | 13.87%       | 13.93%       | 14.00%       |

## **Other Postemployment Benefits**

### ***Summary of Key Actuarial Methods and Assumptions***

|                                          |                                                         |
|------------------------------------------|---------------------------------------------------------|
| Valuation date                           | July 1, 2023 valuation for the year ended June 30, 2024 |
| Valuation year                           | Census data collected as of February 2024               |
| 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                | 3.65%                                                   |
| Rate of salary increase for amortization | 4.00%                                                   |
| Medical inflation rate                   | 7.00% grading to 4.14% over 20 years                    |
| Pharmacy inflation rate                  | 9.00% grading to 4.14% over 20 years                    |
| Retiree contribution inflation rate      | 7.50% grading to 4.14% over 20 years                    |

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2022 was 3.54%, the unfunded rate determined as of June 30, 2022 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, 2023 was 3.65%, the unfunded rate determined as of June 30, 2023 based on the Bond Buyer 20-year-Bond GO Index.

### ***Mortality Rates:***

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



**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2024  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

| <b>Total OPEB Liability</b>                                 | 2024                 | 2023                 | 2022                 | 2021                 |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Service cost                                                | \$ 4,579,000         | \$ 5,244,000         | \$ 4,891,000         | \$ 4,510,000         |
| Interest (includes interest on service cost)                | 2,630,000            | 1,818,000            | 1,776,000            | 2,736,000            |
| Changes of benefit terms                                    | 30,000               |                      |                      | (10,108,000)         |
| Differences between expected and actual experience          | 132,000              | (4,434,000)          | (971,000)            | (2,196,000)          |
| Changes of assumptions                                      | (743,000)            | (9,569,000)          | 398,000              | 9,159,000            |
| Benefit payments, including refunds of member contributions | (2,189,000)          | (2,595,000)          | (2,379,000)          | (2,245,000)          |
| Net change in total OPEB liability                          | <b>4,439,000</b>     | <b>(9,536,000)</b>   | <b>3,715,000</b>     | <b>1,856,000</b>     |
| <b>Total OPEB liability - beginning</b>                     | <b>70,782,000</b>    | <b>80,318,000</b>    | <b>76,603,000</b>    | <b>74,747,000</b>    |
| <b>Total OPEB liability - ending</b>                        | <b>\$ 75,221,000</b> | <b>\$ 70,782,000</b> | <b>\$ 80,318,000</b> | <b>\$ 76,603,000</b> |
| Covered employee payroll                                    | \$ 1,668,004,000     | \$ 1,592,376,000     | \$ 1,455,294,000     | \$ 1,351,363,000     |

**Total OPEB liability as a percentage of covered employee payroll**

**4.51%      4.45%      5.52%      5.67%**

| <b>Total OPEB Liability</b>                                 | 2020                 | 2019                 | 2018                 |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|
| Service cost                                                | \$ 4,026,000         | \$ 3,952,830         | \$ 4,589,055         |
| Interest (includes interest on service cost)                | 2,831,000            | 2,568,932            | 2,320,787            |
| Changes of benefit terms                                    |                      | 832,130              |                      |
| Differences between expected and actual experience          | (3,245,428)          | (3,266,590)          |                      |
| Changes of assumptions                                      | 3,132,000            | (690,230)            | (13,904,426)         |
| Benefit payments, including refunds of member contributions | (2,180,000)          | (2,018,583)          | (2,109,079)          |
| Net change in total OPEB liability                          | <b>4,563,572</b>     | <b>1,378,489</b>     | <b>(9,103,663)</b>   |
| <b>Total OPEB liability - beginning</b>                     | <b>70,183,428</b>    | <b>68,804,939</b>    | <b>77,908,602</b>    |
| <b>Total OPEB liability - ending</b>                        | <b>\$ 74,747,000</b> | <b>\$ 70,183,428</b> | <b>\$ 68,804,939</b> |
| Covered employee payroll                                    | \$ 1,328,526,000     | \$ 1,309,045,000     | \$ 1,320,436,000     |

**Total OPEB liability as a percentage of covered employee payroll**

**5.63%      5.36%      5.21%**

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



**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2024  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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**Notes to Schedule:**

No assets for the Plan are accumulated in a trust.

***Change of Assumptions:***

During the measurement year, the TOL increased by approximately \$4.4 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 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023. This assumption change resulted in a gain of \$0.7 million. This gain will be amortized over the average expected remaining service life of all active and inactive members of the Plan. The actual experience increased the TOL by \$0.1 million due to changes in population, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan.

The addition of the University of Arkansas – Grantham campus increased the liability by \$0.03 million, which can be seen under the change in benefits.

***Change of Benefits:***

The University of Arkansas – Grantham (UAG) Campus was added. Benefits for active employees are the same as those eligible under UAF.



The University of Arkansas System is a comprehensive, publicly-supported higher education system composed of unique institutions, units and divisions that share the singular goal of serving Arkansas residents and others by developing and sharing knowledge to impact an ever-changing world. The System provides access to academic and professional education and develops intellectual growth and cultural awareness in its students, staff and faculty. The System further promotes an atmosphere of excellence that honors the heritage and diversity of our state and nation, and provides students, researchers and professionals with tools to promote responsible stewardship of human, natural and financial resources at home and abroad.

Enrollment listed by campus are the preliminary official 11<sup>th</sup>-day headcounts as provided in September 2024 to the Arkansas Division of Higher Education for Fall 2024.

### **UNIVERSITY OF ARKANSAS, FAYETTEVILLE**

Established: 1871

Enrollment: 33,610

[www.uark.edu](http://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: 5,512

[www.uafs.edu](http://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: 7,866

[www.ualr.edu](http://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: 3,485

[www.uams.edu](http://www.uams.edu) | [www.uamshealth.com](http://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: 2,853  
[www.uamont.edu](http://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: 2,049  
[www.uapb.edu](http://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: 1,321  
[www.cccua.edu](http://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: 1,238  
[www.pccua.edu](http://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: 1,197  
[www.uaccb.edu](http://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: 1,307  
[www.uaht.edu](http://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: 2,250  
[www.uaccm.edu](http://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: 4,453

[www.uaptc.edu](http://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: 788

[www.uarichmountain.edu](http://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 square-foot event venue and on-campus residential housing.

## **ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES AND THE ARTS**

Established: 1993

Joined System: 2004

[asmsa.org](http://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](http://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](http://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](http://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 GRANTHAM**

Established: 1951

Enrollment: 3,255

[www.uagrantham.edu](http://www.uagrantham.edu)

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

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

## **UNIVERSITY OF ARKANSAS SYSTEM**

[www.uasys.edu](http://www.uasys.edu)

The System administration carries out the governance and administration of the University of Arkansas System in accordance with policies of the Board and the President.

The System administration includes the activities that further the efforts to meet the goals of the strategic plan for the UA System and to achieve its comprehensive mission. In this capacity, the System office provides the oversight and development of policies and procedures to assist the campuses and units; provides oversight of the preparation of annual operating budgets and financial reports to the Board; prepares the consolidated annual financial statements; administers a program of employee benefits and risk management; provides legal advice and representation; provides internal audits and risk assessments of the fiscal operations of the campuses and entities; and coordinates public and media relations, communications, and governmental relations activities on behalf of the System, campuses and entities. The System Office further provides administrative staff support for the Board and President. Academic Affairs provides leadership and guidance to assist campuses and entities to meet statewide goals in student retention and graduation.







**UNIVERSITY OF ARKANSAS, FAYETTEVILLE**

Charles Robinson, *Chancellor*  
Ann Bordelon, *Executive 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 CFO*

**UNIVERSITY OF ARKANSAS AT MONTICELLO**

Peggy Doss, *Chancellor*  
Alex Becker, *Vice Chancellor for Finance and Administration*

**UNIVERSITY OF ARKANSAS AT PINE BLUFF**

Andrea Stewart, *Interim 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 Finance and CFO*

**PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS**

G. Keith Pinchback, *Chancellor*  
Stan Sullivant, *Vice Chancellor for Finance and Administration*

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE**

Brian Shonk, *Chancellor*  
Bruce Hankins, *Chief Financial Officer*

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE**

Christine Holt, *Chancellor*  
Sherri Ford, *Vice Chancellor for Finance and Administration*

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON**

Lisa Willenberg, *Chancellor*  
Jeff Mullen, *Vice Chancellor for Finance*

**UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE**

Summer DeProw, *Chancellor*  
Rita Fleming, *Vice Chancellor of Finance and Administration*

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN**

Phillip Wilson, *Chancellor*  
Allyson Miller, *Vice Chancellor of Finance*

**ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES, & THE ARTS**

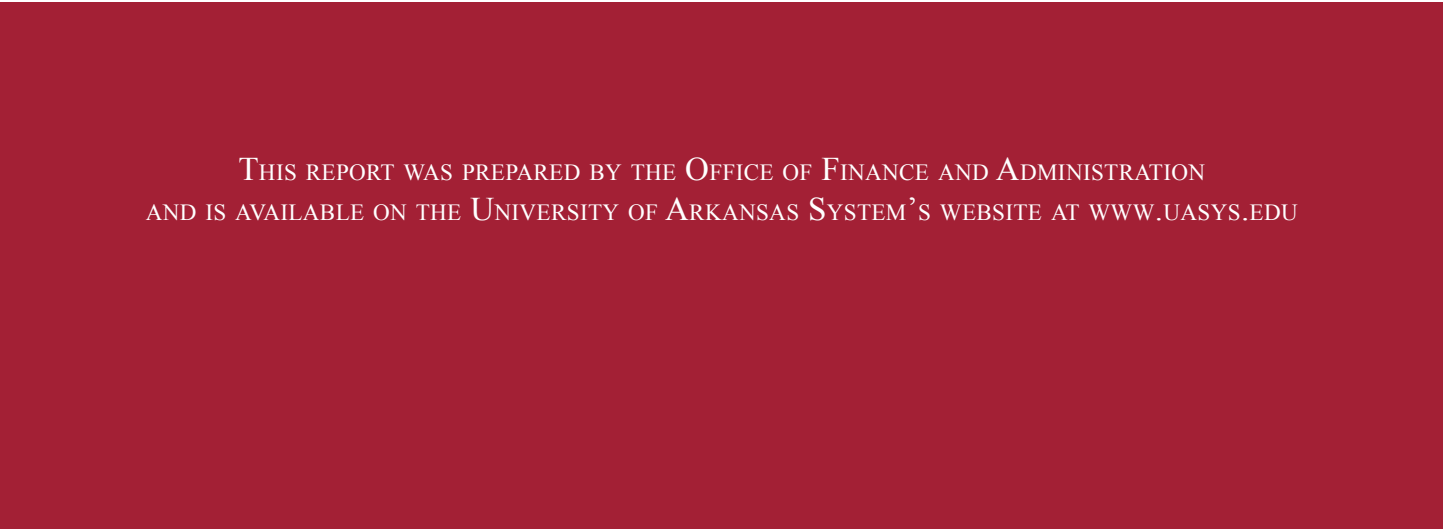
Corey Alderdice, *Director*  
Toni Edwards, *Director of Finance*

**UNIVERSITY OF ARKANSAS GRANTHAM**

Lindsay Bridgeman, *Chancellor*  
Sara Estes, *Controller*



THIS REPORT WAS PREPARED BY THE OFFICE OF FINANCE AND ADMINISTRATION  
AND IS AVAILABLE ON THE UNIVERSITY OF ARKANSAS SYSTEM’S WEBSITE AT [WWW.UASYS.EDU](http://WWW.UASYS.EDU)



## APPENDIX D

### FORM OF CONTINUING DISCLOSURE AGREEMENT

#### CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Board of Trustees of the University of Arkansas (the "Issuer") and Bank OZK, in connection with the issuance by the Issuer of its Student Tuition and Fee Revenue Bonds (University of Arkansas – Pulaski Technical College), Refunding Series 2025, in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of \_\_\_\_\_, 2025 (the "Indenture") between the Issuer and Bank OZK, as trustee (the "Trustee"). The Issuer and Bank OZK, 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 Bank OZK for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The Dissemination Agent shall have no liability with respect to the content of any disclosure provided hereunder and shall be liable only to the Issuer for sending notices hereunder.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

"Disclosure Representative" shall mean the Vice Chancellor for Finance of UA-PTC or her or his designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean Bank OZK, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

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

"Financial Obligation" shall mean a

- (A) debt obligation;
- (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) guarantee of obligations described in (A) or (B).

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

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

"State" shall mean the State of Arkansas.

"UA-PTC" shall mean the University of Arkansas – Pulaski Technical College.

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, 2025, 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 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 fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f). The Annual Reports and audited financial statements may be posted on the EMMA system on the Issuer's customized EMMA issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." So long as such Annual Reports and audited financial statements shall be posted as set forth in the previous sentence within the time-period set forth in this Section 3, the Issuer shall be deemed to have complied with this Section 3.

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Issuer and the Dissemination Agent to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that the Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice thereof with the MSRB in substantially the form set forth in Exhibit A hereto or in the form as prescribed by the MSRB.

(d) On or prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the

Trustee) the Trustee specifying filings made by it pursuant to Section 3 of this Disclosure Agreement and stating the date or dates such filings were provided to the MSRB.

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

(a) Information of the type set forth in the Official Statement dated \_\_\_\_\_, 2025 relating to the Bonds, in Appendix A thereto under the caption **THE UNIVERSITY OF ARKANSAS – PULASKI TECHNICAL COLLEGE** with respect to **Student Enrollment** and **Pledged Revenues**, for the most recent fiscal year then ended and for the four (4) previous fiscal years, to the extent available.

(b) The annual audited financial statements of the Issuer and, if an independent audited report of UA-PTC is issued, of UA-PTC, each prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board or applicable State law.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed on the EMMA system or any successor MSRB internet website or otherwise submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. (a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds within ten (10) business days of the occurrence thereof:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events adversely affecting the tax status of the Bonds;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers (except for mandatory sinking fund redemption);
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;
  12. Bankruptcy, insolvency, receivership or similar event of the Issuer or UA-PTC;
  13. The consummation of a merger, consolidation or acquisition involving the Issuer or UA-PTC or the sale of all or substantially all of the assets of the Issuer or UA-PTC, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  15. Incurrence of a Financial Obligation of the Issuer or UA-PTC, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or UA-PTC, any of which affect security holders, if material; and
  16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or UA-PTC, any of which reflect financial difficulties.
- (b) The Dissemination Agent shall, within one (1) business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).
- (c) After the occurrence of a Listed Event, the Issuer shall determine, in a timely manner which will allow the Dissemination Agent to file the notice within the time frame prescribed by subsection (f), if such event must be reported under applicable federal securities laws.
- (d) If the Issuer has determined that the occurrence of a Listed Event must be reported under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f). The Issuer may submit to the Dissemination Agent the form of the notice to be provided pursuant to subsection (f).
- (e) If in response to a request under subsection (b), the Issuer determines that the Listed Event would not be required to be reported under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).
- (f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Issuer. If the Issuer has provided a form of the notice as set forth in subsection (d) of this Section, the Dissemination Agent shall file the Issuer's form of notice. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Such notices may be posted on the EMMA system on the Issuer's customized EMMA issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." So long as such notices shall be posted as set forth in the previous sentence within the time-period set forth in this Section 5(f), the Issuer shall be deemed to have complied with this Section 5(f). Notwithstanding

the foregoing, notice of the Listed Events described in clauses (a)8 and (a)9 need not be given any earlier than the notice for the underlying event is given to registered owners of affected Bonds pursuant to the terms of the Indenture.

(g) The Trustee shall provide the Issuer with notice of the occurrence of the change of name of the Trustee in a timely manner which will allow the Issuer to make a filing of a Listed Event within the time-frame set forth in this Section.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be Bank OZK.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" with respect to the Bonds, or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented with respect to the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of a Participating Underwriter, or the Owners of at least 25% in aggregate principal amount of Outstanding Bonds, shall), or any Owners or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. With respect to this Disclosure Agreement, the Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:                Board of Trustees of the University of Arkansas  
2404 North University Avenue  
Little Rock, Arkansas 72207  
Attention: Vice President for Finance and Chief Financial Officer  
Email: legalnotices@uasys.edu

with a copy to:            University of Arkansas – Pulaski Technical College  
3000 West Scenic Drive  
North Little Rock, Arkansas 72118  
Attention: Vice Chancellor for Finance

and a copy to:            University of Arkansas System General Counsel  
2404 North University Avenue  
Little Rock, Arkansas 72207  
Attention: General Counsel

To Bank OZK:            Bank OZK  
18000 Cantrell Road  
Little Rock, Arkansas 72223  
Attention: Trust Department  
Phone: 501-978-2218

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Governing Law. The provisions of this Disclosure Agreement shall be governed by the laws of the State, without regard to conflict of law principles.

[Signature page follows.]

Dated as of \_\_\_\_\_, 2025

BOARD OF TRUSTEES OF THE  
UNIVERSITY OF ARKANSAS

By \_\_\_\_\_  
President

BANK OZK,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

BANK OZK,  
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  
Student Tuition and Fee Revenue Bonds (University of  
Arkansas – Pulaski Technical College), Refunding  
Series 2025

Date of Issuance: \_\_\_\_\_, 2025

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 \_\_\_\_\_, 2025.

Dated: \_\_\_\_\_, \_\_\_\_

BANK OZK  
Little Rock, Arkansas

By: \_\_\_\_\_  
Authorized Officer

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