

2020

# Consolidated financial statements

UNIVERSITY OF ARKANSAS SYSTEM



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December 5, 2020

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, 2020. The data presented, including the Management's Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, are presented on a consolidated basis and include all components of the System: UAF (University of Arkansas, Fayetteville, including the Division of Agriculture, Arkansas Archeological Survey, Criminal Justice Institute, and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCHT (University of Arkansas Community College at Hope-Texarkana), UACCM (University of Arkansas Community College at Morrilton), UAPTC (University of Arkansas Pulaski Technical College), UACCRM (University of Arkansas Community College at Rich Mountain), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System eVersity).

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

A handwritten signature in black ink, reading 'Gina T. Terry'.

Gina T. Terry, CPA, CGMA  
Vice President for Finance and Chief Financial  
Officer



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Senate Chair  
Sen. Eddie Cheatham  
Senate Vice Chair



Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

University of Arkansas System  
Legislative Joint Auditing  
Committee

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of Arkansas System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Arkansas for Medical Sciences, a unit of the System, whose statements reflect total assets and revenues constituting 31% and 51%, respectively, of the related combined totals. Additionally, we did not audit the financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., which represents 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas for Medical Sciences, University of Arkansas Foundation, Inc., and University of Arkansas Fayetteville Campus Foundation, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

#### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Prior Year Comparative Information*

We have previously audited the University's 2019 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 19, 2019. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to pensions, and certain information pertaining to postemployment benefits other than pensions on pages 7-17 and 101-103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2020 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
November 17, 2020  
EDHE14120

## 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, 2020, with comparative statements for the fiscal years ended June 30, 2019 and 2018.

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

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

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

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

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

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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**

	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>ASSETS</b>			
Current assets	\$ 1,558,982,603	\$ 1,374,995,901	\$ 1,259,135,577
Capital assets, net	2,948,517,936	2,942,849,940	2,855,583,557
Other assets	481,550,346	321,856,512	387,896,241
Total Assets	<u>\$ 4,989,050,885</u>	<u>\$ 4,639,702,353</u>	<u>\$ 4,502,615,375</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 47,357,564</u>	<u>\$ 49,376,693</u>	<u>\$ 62,887,011</u>
<b>LIABILITIES</b>			
Current liabilities	\$ 463,682,148	\$ 383,767,844	\$ 372,590,089
Noncurrent liabilities	1,834,775,946	1,652,008,610	1,703,724,196
Total Liabilities	<u>\$ 2,298,458,094</u>	<u>\$ 2,035,776,454</u>	<u>\$ 2,076,314,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 32,868,726</u>	<u>\$ 33,351,146</u>	<u>\$ 23,156,359</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 1,497,976,702	\$ 1,499,325,092	\$ 1,440,744,532
Restricted			
Non-Expendable	96,833,488	84,931,511	76,561,144
Expendable	259,135,487	269,775,956	358,582,144
Unrestricted	851,135,952	765,918,887	590,143,922
Total Net Position	<u>\$ 2,705,081,629</u>	<u>\$ 2,619,951,446</u>	<u>\$ 2,466,031,742</u>

The University's total assets increased \$349.3 million, or 7.5%. Cash and cash equivalents increased \$146.0 million and investments increased by \$53.4 million. Cash and cash equivalents increased \$136.9 million at UAMS and by \$10.8 million at UASYS. UAF increased investments \$64.0 million, UAFS increased investments \$10.3 million and UALR increased \$8.8 million, net of decreases of \$29.0 million at UAMS. Deposits held in trust increased by \$149.8 million of which UAMS comprised \$133.7 million which is related to bond proceeds on the energy project that began during the Fall of 2019 and UAF had an increase of \$23.5 million, offset by UALR that decreased by \$1.9 million and UAPTC that decreased by \$5.8 million. Patient accounts receivable at UAMS decreased \$11.4 million, while Accounts

receivable increased \$19.7 million. Student accounts receivable decreased by \$.5 million, net of the UAMS credits owed to students, while Grants and other receivables increased by \$17.4 million. The increase of \$5.7 million in Capital assets related to additions of \$221.7 million net of depreciation expense of \$206.5 million offset by a decrease for assets disposed of \$9.5 million. Fayetteville had an increase in capital asset additions of \$107.8 million. Construction in progress increased by \$76.0 million during 2020 of which \$126.3 million were placed into service, including the two new dormitories on the south end of campus and the dining at Pomfret Hall. At UAF, the Student Success Center, the Windgate Art & Design District Buildings, Mullins Library changes, the Anthony

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

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Timberlands Center for Design & Material Innovation and other athletic facilities are in progress. UAMS had an increase in capital asset additions of \$80.8 million including progress on the Energy Savings Project as well as the implementation costs of Workday, the new ERP software for the UA System.

Deferred outflows of resources consist of deferred amounts on refinancing of debt and deferred amounts related to pensions and other post-employment benefits (OPEB). Overall, deferred outflows decreased \$2.0 million, or (4.1%). Deferred outflows related to pensions comprised \$7.0 million of the decrease as a result of actuarially determined amounts offset by an increase in OPEB of \$2.7 million. The amortization of the debt refunding offset by additional deferred outflows, increased the deferred outflows balance by \$2.3 million.

Total liabilities increased \$262.7 million, or 12.9%. The liability for bonds, notes, capital leases and installment contracts increased \$179.2 million. Netted in that amount, UAMS issued \$158.2 million of new bonded debt and used capital leases to finance \$19.0 million, UAF issued new bonds that totaled \$24.9 million related to Athletics and an additional amount, net of refunding, of \$15.1 million, and UACCRM issued \$6.3 million of new bonds, net of a refunding. The System drew down the remaining amount on the note payable for the ERP software implementation of \$16.9 million. The additional debt is offset by a total of \$329.5 million in repayments and refundings of bonds during fiscal 2020. The liability for estimated third party payor settlements increased by \$97.9 million and is due primarily to an advance that UAMS received from the Accelerated and Advance Payment

Program related to Medicare payments of \$101.0 million. The UA Health Plan experienced an overall plan loss ratio of 104% compared to a loss ratio of 101% in the previous fiscal year (Note 14).

Deferred inflows of resources related to pension plans increased \$167,209, or .96%, as a result of actuarially determined amounts. In addition, deferred inflows related to OPEBs decreased \$434,629.

The increase in net position was \$85.1 million, or 3.3%. The increase is the result of 2020 revenues, expenses and changes in net position. Net investments in capital assets decreased \$1.3 million. Restricted net position, expendable and non-expendable, increased \$1.3 million. Unrestricted net position increased \$85.2 million with UAF adding \$40.8 million, UAMS adding \$18.0 million, and UALR adding \$14.1 million. These increases were offset by increases and decreases at the remaining campuses. Although unrestricted net position is not subject to externally imposed restrictions, the majority of the University's unrestricted net position is subject to internal designations to meet various specific commitments. These commitments include reserves established for future capital projects, other academic or research priorities; working capital for self-supporting auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

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

Changes in total net position, as presented on the Statements of Net Position, is based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The statements

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

present the revenues earned by the University, both operating and non-operating, and the expenses incurred by the University, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University. Operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the

goods and services provided in return for operating revenues and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. In accordance with GASB standards, significant recurring sources of University revenue such as state appropriations, gifts, investment income and certain grants and contracts are reported as non-operating revenues.

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

	Year Ended		
	June 30, 2020	June 30, 2019	June 30, 2018
Operating revenues			
Student tuition and fees	\$ 406,312,706	\$ 403,004,046	\$ 397,569,567
Net patient services	1,215,037,000	1,301,036,000	1,231,064,000
Grants and contracts	335,124,725	329,385,879	321,694,307
Auxiliary enterprises	215,347,558	231,172,972	223,709,121
Other	277,197,491	250,952,769	228,138,290
Total operating revenues	2,449,019,480	2,515,551,666	2,402,175,285
Operating expenses			
Compensation and benefits	1,816,566,258	1,744,315,450	1,740,124,575
Supplies and services	908,182,573	913,937,918	881,853,703
Other	478,600,099	452,497,657	432,839,698
Total operating expenses	3,203,348,930	3,110,751,025	3,054,817,976
Operating Loss	(754,329,450)	(595,199,359)	(652,642,691)
Non-operating revenues and expenses			
State appropriations	487,654,627	434,202,736	445,771,370
Grants	198,973,689	150,237,502	151,453,040
Gifts	110,371,383	108,246,024	103,867,343
Other revenue	48,395,249	51,573,141	46,412,860
Non-operating expenses	(57,609,251)	(58,541,181)	(47,742,113)
Non-operating income	787,785,697	685,718,222	699,762,500
Income before other revenues and expenses	33,456,247	90,518,863	47,119,809
Other revenues and expenses			
Capital grants and gifts	42,681,960	62,034,926	104,375,914
Other, net	8,991,976	1,365,915	(12,267,688)
Other revenues and expenses	51,673,936	63,400,841	92,108,226
Increase in Net Position	85,130,183	153,919,704	139,228,035
Net Position, beginning of year	2,619,951,446	2,466,031,742	2,334,310,395
GASB 75 OPEB and Other			(7,506,688)
Net Position, beginning of year, as restated	2,619,951,446	2,466,031,742	2,326,803,707
Net Position, end of year	\$ 2,705,081,629	\$ 2,619,951,446	\$ 2,466,031,742

The 2020 operating loss of \$754.3 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 decreased \$66.5 million, or 2.6%. Net student tuition and

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

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fees increased \$3.3 million, with UAF comprising almost all of that. The rest of the campuses experienced small increases and decreases in net student tuition and fee revenue. Net patient services decreased \$86.0 million or 6.6% at UAMS due to decreases in inpatient and outpatient volumes mainly due to the pandemic and the shutdown of non-emergent care at hospitals in the state and the country which lasted for about three months. Grants and contracts increased \$5.7 million, of which UAMS increased \$11.9 million and UAF decreased \$5.2 million. Auxiliary revenues decreased \$15.8 million primarily from UAF due to Athletics decreasing \$11.5 million and the outsourcing of the bookstore operations of another \$2.0 million. Other operating revenue increased \$26.2 million, attributed to UAMS's increase for specialty and retail pharmacy activity.

Total operating expenses increased \$92.6 million, or 3.0%. Compensation and benefits increased \$72.3 million, or 4.1%, over the previous year. UAMS increased \$58.6 million for increased staffing for the services prior to the pandemic, and to assist with the pandemic, as well as increases in compensation that were done in calendar year 2020. The total average number of employees increased by 176 at UAMS in FY20 also. UAF increased \$17.0 million due to increases in salaries for faculty and staff. The cost of supplies and services decreased \$5.8 million, UAF decreased \$25.5 million due to travel being discontinued for the fourth quarter as well as most employees working remotely, while UAMS increased \$22.5 million also as a result of the pandemic due to increased costs for personal protective equipment and medical supplies, drugs and medicines for patient care. There were additional reductions at other campuses. Scholarships and

fellowships increased \$12.7 million due to small increases at a number of campuses. Depreciation increased \$6.2 million with UAF accounting for \$4.4 million of the increase due to completion of construction of certain buildings as noted previously. The remaining change was spread throughout the campuses. The insurance plan expenses increased \$7.2 million due to higher claims costs offset by reductions in the fourth quarter due to the pandemic which resulted in a drop in claims for that period.

Net non-operating revenues increased by \$102.1 million, or 14.9%. State appropriations increased \$53.5 million primarily due to a drop in the Medicaid match payments of \$41.8 million at UAMS and higher gross state appropriations of \$8.9 million. Federal grants increased \$48.7 million due to the receipt of federal funds through the CARES Act for direct student aid at all traditional campuses, and at UAMS, \$28.4 million to offset losses in patient revenues. Investment income decreased \$3.2 million which was UAF, and gifts increased \$2.1 million which was UAF offset by decreases at other campuses.

Other changes in net position decreased \$11.7 million, or 18.5%. Capital grants and gifts decreased \$19.4 million with most of the decrease related to UAF.

Gifts reported reflect only a portion of the gifts available to the University. Most gifts for the benefit of the University are made to the University of Arkansas Foundation, whose financial information is presented in Note 1.

### ***Statements of Cash Flows***

The Statement of Cash Flows provides information about the cash activity of the

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

University during the year. The statement is divided into five parts. The first part shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. The third section deals with cash flows from capital and related activities, such as the acquisition and construction of capital assets and proceeds from, and payment of, capital asset debt. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and investment income received from these activities. The fifth section, not shown in the condensed statement below, reconciles the net cash used by operating activities to the net operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. This statement aids in the assessment of the University's ability to meet obligations as they

become due, the need for external financing, and the ability to generate future cash flow.

Similar to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Position, net cash used in operating activities does not reflect all resources available to the University because generally accepted accounting principles require state appropriations, gifts and grants to be reported as nonoperating financing activities. The net cash provided by the combination of operating and noncapital financing activities is a better depiction of the results achieved for the year. The net cash for 2020 is \$346.2 million, a decrease of \$5.0 million from the prior year. The changes are explained in the discussion in relation to the Statements of Revenues, Expenses and Changes in Net Position.

**Condensed Statements of Cash Flows**

	Year Ended		
	June 30, 2020	June 30, 2019	June 30, 2018
Cash provided (used) by:			
Operating activities	\$ (455,052,811)	\$ (355,322,445)	\$ (471,338,658)
Noncapital financing activities	801,277,513	706,509,051	711,770,020
Net cash	346,224,702	351,186,606	240,431,362
Capital and related financing activities	(20,936,296)	(262,704,490)	(180,191,658)
Investing activities	(179,272,709)	(61,203,448)	(46,507,195)
Net change in cash	146,015,697	27,278,668	13,732,509
Cash, beginning of year	475,632,421	448,353,753	434,621,244
Cash, end of year	\$ 621,648,118	\$ 475,632,421	\$ 448,353,753

Purchases of capital assets and repayments of long-term debt and related interest and fees exceeded debt proceeds, capital grants and gifts, and insurance proceeds during 2020 which was consistent with the previous years. Purchases of investments exceeded the proceeds from sales and maturities of investments and investment earnings in the current year which was also

consistent with prior years. The University shifted cash to investments during the year as has been done in previous years.

***Capital Assets and Long-Term Debt Activity***

At June 30, 2020, the University had \$3.0 billion of capitalized assets, net of



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

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accumulated depreciation of \$3.0 billion. Capital additions in 2020 totaled \$221.7 million which was offset by depreciation of \$206.5 million, net of transfers and deletions, resulted in a net increase in capital assets of \$5.7 million.

New debt issued for bonds, notes, capital leases and installment contracts offset by payments of principal was a net increase of \$179.2 million for 2020. The University issued a total of \$467.7 million in bonds for all campuses, with repayments, including refundings, of \$310.0 million. More detailed information about debt activity was discussed previously and is presented in Note 10.

### ***Economic Outlook***

The University's net position increased \$85.1 million for 2020. Moody's last reaffirmed the University's rating of Aa2 with a stable outlook on August 28, 2020. 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 2020 fiscal year was impacted significantly by the pandemic. It continues to be a struggle for our campuses and the medical center, but through a number of protective measures, we have continued face-to-face classes as an option for students and have rebounded for patient services revenue in fiscal 2021. Because the Fayetteville campus and the Medical Sciences campus account for 74.6% of total consolidated net position and 88.7% of consolidated operating revenues, the discussion below is centered on these two campuses.

### **UAMS**

UAMS closed fiscal year 2020 down \$15.7 million in net position, rather than the balanced budget projected for the period. Through the first eight months of the fiscal year, UAMS experienced an increase in net position of \$22.7 million; however, with the onset of COVID-19 in March, financial results took a serious downturn. Operations for the last four months of the fiscal year reflected a \$38.2 million decrease in net position. While services began reopening in May 2020 and volumes are returning, the future impact of COVID-19 is not yet known. The pandemic is ongoing with an expected second surge projected late in the calendar year.

The fiscal year 2021 budget reflects a projected loss of \$45.6 million. Reduced patient volumes, and the associated revenue related to the impact of COVID-19, were anticipated during the first quarter of FY21 and are the reason for the projected loss. Prior to the pandemic, UAMS had prepared a balanced budget for fiscal year 2021. The financial results for the first two months of fiscal year 2021 have proven to be significantly better than what was expected. Through August, UAMS realized an increase in net position of \$15.0 million. While \$16.3 million is related to additional distributions from the CARES Act, UAMS would have realized a near break-even change in net position if these funds were excluded versus an estimated loss of \$30.2 million. While the future impact of the pandemic is undetermined at this point; UAMS believes it will be able to exceed its budgeted expectations. During its early response to the pandemic, UAMS deployed a number of cost-reducing measures to mitigate the financial impact to its operations. These measures included a hiring pause and a

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freeze on discretionary spending. As volumes have returned, both of these measures have been lifted. In the event of a second surge in FY21, those measures would be re-deployed. Further, UAMS continues to focus on its efforts around resource optimization, with projects underway to drive efficiencies in processes that increase revenue and reduce expense.

There is continuing uncertainty as to how the changes in the Arkansas Works (Medicaid expansion program) will ultimately affect UAMS. The new work requirement that was effective in June 2018 was struck down in a federal court; however, that decision was subsequently appealed. The outcome of that appeal is still pending. Finally, UAMS anticipates continuing downward pressure on third party reimbursements. In summary, the economic outlook for UAMS is stable. However, it will require a continuing commitment to improve the performance and cost efficiency of operations, to manage within budget limits, and to carefully evaluate the financial opportunities and risks ahead.

### **UAF**

The COVID-19 pandemic caused a rapid evolution of UAF's operating environment in FY20. The pandemic has, and will continue to, foster a great deal of uncertainty in UAF's operations throughout 2021 and potentially beyond.

In the face of this uncertainty, UAF has maintained its conservative fiscal approach in 2021 with respect to budgeting for state appropriations. While state funding has not faltered to the degree anticipated, UAF continues to rely on its conservative projections of fiscal support from the state for 2021. UAF has been allocated over \$15.5 million in

federal CARES Act funding in response to the pandemic, half of this funding, in line with federal requirements, was provided directly as aid to UAF students. As of June 30, 2020, \$7.4 million of the funds intended for aid to students has been disbursed. The remaining \$0.3 million will be awarded to qualifying students with need in the Fall 2020 semester. The remaining \$7.7 million will be utilized by UAF throughout 2021 to offset expenses related to the pandemic's impacts on instructional delivery, again in line with federal requirements.

The pandemic has had an impact on auxiliary revenue due to the fact that normal summer programs that result in auxiliary revenue for UAF Housing and Dining did not happen such as summer camps, in-person orientation, and any regular summer housing for students living on campus. Also, for the Spring semester, Athletics revenue was affected due to the fact the baseball season was suspended and the NCAA basketball tournament was cancelled, resulting in a loss of SEC conference revenue distributions. Looking into 2021, there will be a loss of ticket revenue for football due to attendance being limited to around 20 percent of capacity. It is still undetermined how long attendance limitations will continue due to the ongoing pandemic.

Financial and political support from state government remains a critical element to the continued financial health of UAF. In 2020, the total general revenue distribution from the state, which is a portion of the state appropriation revenue on the Statement of Revenues, Expenses and Changes in Net Position, increased slightly to \$209.3 million from the \$208.2 million reported in 2019. The forecast for

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

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2021 indicate general revenue and Educational Excellence Trust Fund distributions from the State may decrease 3.9%. If state revenue continues as strong as it has, UAF may receive essentially the same level of funding in 2021 that was received in 2020. Management will continue to institute both internal and external efforts to maximize the state resources available, while seeking ways to minimize the effect of state funding levels not keeping pace with growth.

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

We continue to seek ways to manage the cost of attendance so that it remains affordable while achieving revenue support necessary to offer a high-quality university experience. Diverse revenue resources, including state appropriations, tuition and fees (net of scholarship allowances), private support and sponsored grants and contracts all contribute to support the mission of teaching, research and service. Tuition and mandatory fee increases totaling 2.8% for resident and nonresident students, respectively, were necessary in 2020 to maintain the facilities, faculty and other support needed to fulfill our

mission. As enrollment stabilizes, together with state funding levels not able to keep pace with formula calculations, it is expected that UAF must continue to look to increases in tuition rates for revenue support as well as grow other revenue streams.

Fiscal year 2020 was the final year of Campaign Arkansas, UAF's capital campaign to advance academic opportunity at the Fayetteville campus. Campaign Arkansas had a goal of \$1.25 billion, and UAF surpassed this amount by raising nearly \$1.45 billion – a new record for fundraising. The largest gift to Campaign Arkansas was announced shortly before its conclusion – a \$194.7 million grant from the Walton Family Charitable Support Foundation for the Institute for Integrative and Innovative Research. Annual Giving also made a sizeable impact during the campaign, with more than 500,000 gifts and pledges adding up to \$96.4 million. More than 123,000 benefactors invested in scholarships and fellowships, endowed faculty chairs, capital projects, interdisciplinary academic programs, and other priority areas during the campaign, and nearly \$350 million was added to the university's endowment. There were 706 new student support accounts, such as scholarships and fellowships, created as a result of Campaign Arkansas, as well as 92 faculty and staff support accounts, including 46 new endowed faculty positions.

Preliminary figures indicate that UAF enrolled 27,562 students for the fall 2020 semester while setting new records for retention and graduation rates. As the charts below indicate, UAF enrollment has increased 18.8%, or 4,363 students over the past ten years. Enrollment topped 27,500 for the third year in a row,

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with this year's total being virtually the same as last year's enrollment of 27,559. This modest decline from two years ago is an indication that the size of UAF's enrollment is stabilizing after two decades of unprecedented growth. This is also a positive sign considering the uncertainty brought on by the pandemic. This more stable enrollment is welcomed as UAF assesses future goals and the optimum number of students.

### All Campuses

Financial support from state government for all campuses remains a critical element to the continued financial health of the University. For fiscal 2021, State appropriations were cut for all campuses, divisions and units of the University by 5% of the portion from the Revenue Stabilization Act. Arkansas appears to have a healthy economy even as we encounter the uncertainties of our future due to the pandemic, as general revenue

forecasts are positive, and the state budget remains balanced. The first three months of fiscal 2021 have achieved better results than the state forecast but due to the nature of the pandemic, the state is not likely to adjust the forecast. As a result of these and other economic challenges, enrollment in higher education may remain flat or decrease at most campuses as has been the case this fall, so management will continue to budget conservatively and to emphasize cost containment.

Preliminary data shows that the number of enrolled students (headcount) has decreased from the fall semester of 2019 to the fall semester of 2020, from 65,875 to 63,581. A portion of this decrease is due to the numbers being reported by the Arkansas Division of Higher Education excluding high school students who are concurrently enrolled. The number of full-time equivalent students has also decreased from 52,412 to 50,248.

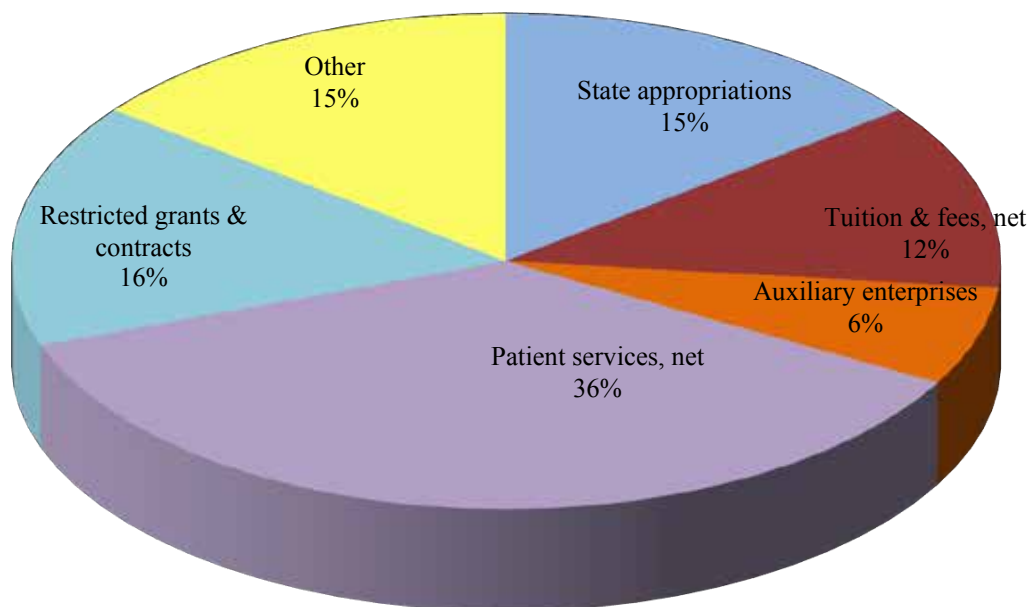




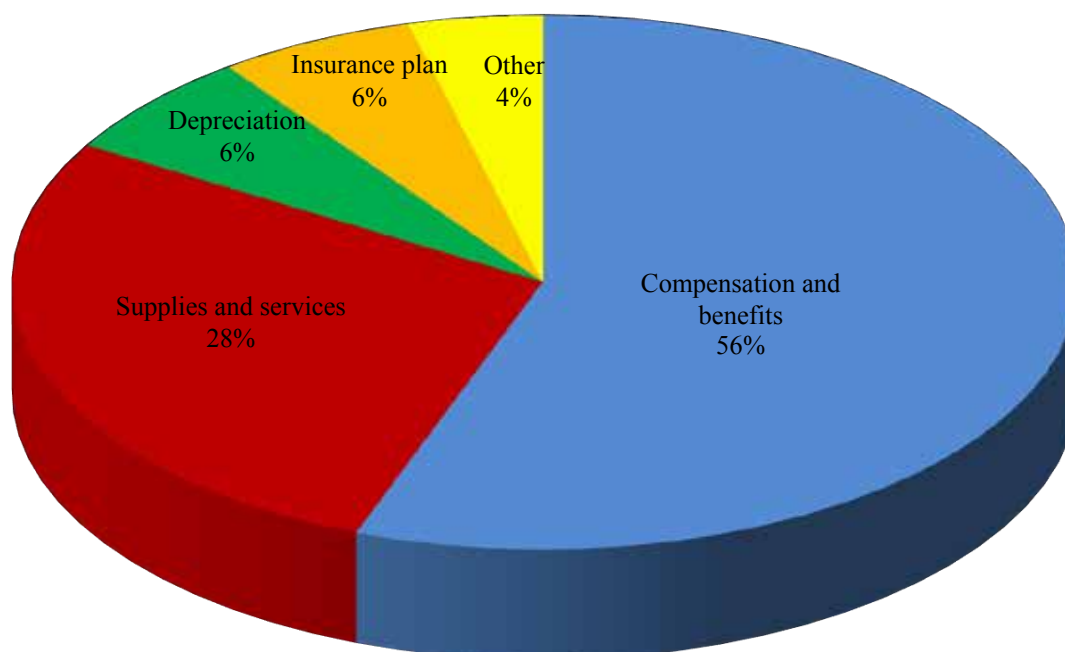




## 2020 Revenues \$3.346 Billion



## 2020 Expenses \$3.261 Billion



## FIVE YEAR SUMMARY OF KEY STUDENT DATA

Enrollment					
Fall Semester	2020*	2019	2018	2017	2016
Undergraduate Students (Headcount)**	54,355	56,809	58,307	60,283	53,797
Graduate Students (Headcount)**	9,226	9,066	9,217	9,385	9,503
Total	63,581	65,875	67,524	69,668	63,300
Undergraduate Students (FTE)	43,785	45,620	46,898	47,700	43,358
Graduate Students (FTE)	6,463	6,792	6,293	6,332	7,340
Total	50,248	52,412	53,191	54,032	50,698

Degrees Awarded					
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016
Certificates	4,586	4,495	3,333	4,007	2,331
Associate	2,942	3,203	2,425	2,965	2,016
Baccalaureate	8,358	8,088	7,837	7,654	7,774
Post-Baccalaureate	381	353	292	168	85
Master's	2,052	2,037	2,029	2,097	2,074
Doctoral	283	273	282	249	273
First Professional	556	546	535	548	535
Total	19,158	18,995	16,733	17,688	15,088

\*Preliminary Data Reported by ADHE.

\*\*2020 no longer includes High School Concurrent Headcount enrollment.



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Net Position June 30, 2020 with comparative figures at June 30, 2019

	June 30, 2020	June 30, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 4)	\$ 596,157,895	\$ 448,871,459
Investments (Note 4)	616,466,613	585,916,377
Accounts receivable, net of allowances of \$25,451,839 and \$27,067,763 (Note 6)	149,543,090	129,873,115
Patient accounts receivable, net of allowances of \$300,555,000 and \$323,478,000	121,748,000	133,151,000
Inventories	34,421,501	33,123,594
Deposits and funds held in trust by others	5,258,862	5,332,422
Notes receivable, net of allowances of \$192,000 and \$152,000	5,092,701	5,999,644
Other assets	30,293,941	32,728,290
Total current assets	<u>1,558,982,603</u>	<u>1,374,995,901</u>
<b>Non-Current</b>		
Cash and cash equivalents (Note 4)	25,490,223	26,760,962
Investments (Note 4)	230,936,736	208,076,644
Notes receivable, net of allowance of \$3,948,413 and \$4,116,546	3,617,309	14,500,444
Deposits and funds held in trust by others	203,518,820	53,608,654
Other non-current assets	17,987,258	18,909,808
Capital assets, net of depreciation of \$2,974,885,390 and \$2,789,165,152 (Note 7)	2,948,517,936	2,942,849,940
Total non-current assets	<u>3,430,068,282</u>	<u>3,264,706,452</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,989,050,885</u>	<u>\$ 4,639,702,353</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Debt refunding	\$ 28,593,419	\$ 26,286,190
Other postemployment benefits	5,358,000	2,707,710
Pensions	13,406,145	20,382,793
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 47,357,564</u>	<u>\$ 49,376,693</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and other accrued liabilities (Note 6)	\$ 175,087,319	\$ 183,516,569
Unearned revenue	33,470,529	45,736,231
Funds held in trust for others	4,614,995	5,536,021
Liability for future insurance claims (Note 14)	17,684,300	18,254,800
Estimated third party payor settlements	133,981,000	36,099,000
Compensated absences payable - current portion (Note 9)	7,406,762	7,713,494
Liability for other postemployment benefits - current portion (Note 16)	2,266,000	2,237,546
Bonds, notes, capital leases and installment contracts payable - current portion (Note 10)	89,171,243	84,674,183
Total current liabilities	<u>463,682,148</u>	<u>383,767,844</u>
<b>Non-Current</b>		
Unearned revenues, deposits and other	382,682	508,843
Refundable federal advance - Perkins loans	12,626,914	16,336,135
Compensated absences payable (Note 9)	96,877,790	84,435,964
Liability for other postemployment benefits (Note 16)	72,481,000	67,945,882
Liability for pensions (Note 15)	55,472,005	60,552,122
Bonds, notes, capital leases and installment contracts payable (Note 10)	1,596,935,555	1,422,229,664
Total non-current liabilities	<u>1,834,775,946</u>	<u>1,652,008,610</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,298,458,094</u>	<u>\$ 2,035,776,454</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other postemployment benefits	\$ 12,408,000	\$ 12,842,629
Pensions	17,674,726	17,507,517
Other	2,786,000	3,001,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 32,868,726</u>	<u>\$ 33,351,146</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 1,497,976,702	\$ 1,499,325,092
<b>Restricted</b>		
Non-Expendable		
Scholarships and fellowships	14,076,415	14,071,187
Research	6,205,405	6,210,956
Other	76,551,668	64,649,368
Expendable		
Scholarships and fellowships	50,765,000	52,559,931
Research	57,478,429	52,336,643
Public service	15,849,659	14,371,948
Capital projects	100,918,544	110,155,482
Other	34,123,855	40,351,952
Unrestricted	851,135,952	765,918,887
<b>TOTAL NET POSITION</b>	<u>\$ 2,705,081,629</u>	<u>\$ 2,619,951,446</u>

See accompanying notes.

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Revenues, Expenses, and Changes in Net Position For The Year Ended June 30, 2020 with comparative figures for 2019

	Year Ended June 30, 2020	Year Ended June 30, 2019
Operating Revenues		
Student tuition & fees, net of scholarship allowances of \$180,926,184 and \$175,739,788	\$ 406,312,706	\$ 403,004,046
Patient services, net of contractual allowances of \$1,956,936,000 and \$1,968,128,000	1,215,037,000	1,301,036,000
Federal and county appropriations	17,386,531	16,174,853
Federal grants and contracts	211,576,228	203,339,300
State and local grants and contracts	74,623,130	82,285,017
Non-governmental grants and contracts	48,925,367	43,761,562
Sales and services of educational departments	58,076,871	61,916,501
Insurance plan	58,582,103	58,540,366
Auxiliary enterprises		-
Athletics, net of scholarship allowances of \$2,961,617 and \$2,668,184	107,799,994	120,120,028
Housing/food service, net of scholarship allowances of \$27,555,300 and \$27,475,082	80,491,862	79,762,304
Bookstore, net of scholarship allowances of \$697,170 and \$725,178	10,676,014	12,890,672
Other auxiliary enterprises, net of scholarship allowances of \$630,376 and \$650,231	16,379,688	18,399,968
Other operating revenues	143,151,985	114,321,049
Total operating revenues	2,449,019,480	2,515,551,666
Operating Expenses		
Compensation and benefits	1,816,566,258	1,744,315,450
Supplies and services	908,182,573	913,937,918
Scholarships and fellowships	75,751,792	63,068,342
Insurance plan	196,303,903	189,065,098
Depreciation	206,544,404	200,364,217
Total operating expenses	3,203,348,930	3,110,751,025
Operating loss	(754,329,450)	(595,199,359)
Non-Operating Revenues (Expenses)		
State appropriations, net of Medicaid match payments of \$52,127,000 and \$93,909,000	487,654,627	434,202,736
Property and sales tax	14,477,798	14,030,615
Federal grants	149,694,131	100,998,594
State and local grants	48,031,850	48,010,261
Non-governmental grants	1,247,708	1,228,647
Gifts	110,371,383	108,246,024
Investment income (net)	28,583,041	31,787,677
Interest and fees on capital asset-related debt	(56,654,017)	(56,485,544)
Gain/loss on disposal of assets	(955,234)	(2,055,637)
Other	5,334,410	5,754,849
Net non-operating revenues	787,785,697	685,718,222
Income before other revenues and expenses	33,456,247	90,518,863
Other Changes in Net Position		
Capital appropriations	4,428,706	1,715,187
Capital grants and gifts	42,681,960	62,034,926
Adjustments to prior year revenues and expenses	(228,514)	(337,007)
Extraordinary item-impairment gain on flood damage, net	333,400	
Extraordinary item-pollution remediation		(571,154)
Other	4,458,384	558,889
Total other revenues and expenses	51,673,936	63,400,841
Increase in net position	85,130,183	153,919,704
Net Position, beginning of year	2,619,951,446	2,466,031,742
Net Position, end of year	\$ 2,705,081,629	\$ 2,619,951,446

See accompanying notes.

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method For The Year Ended June 30, 2020 with comparative figures for 2019

	Year Ended June 30, 2020	Year Ended June 30, 2019
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	\$ 403,440,900	\$ 403,507,733
Patient and insurance payments	1,334,067,000	1,351,214,000
Federal and county appropriations	14,269,925	16,320,230
Grants and contracts	325,291,045	320,708,277
Collection of loans and interest	6,890,413	7,326,711
Insurance plan receipts	59,085,359	57,973,051
Auxiliary enterprise revenues:		
Athletics	98,610,461	117,785,338
Housing and food service	80,699,342	79,587,186
Bookstore	9,320,341	13,106,569
Other auxiliary enterprises	16,757,726	18,549,782
Payments to employees	(1,561,313,217)	(1,504,039,599)
Payments of employee benefits	(233,064,316)	(227,418,963)
Payments to suppliers	(924,304,244)	(916,730,209)
Loans issued to students	(4,355,619)	(3,640,313)
Scholarships and fellowships	(75,531,093)	(63,285,803)
Payments of insurance plan expenses	(196,849,186)	(188,221,205)
Other	191,932,352	161,934,770
Net cash used by operating activities	<u>(455,052,811)</u>	<u>(355,322,445)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	482,308,716	432,607,523
Property and sales tax	14,479,673	13,782,732
Gifts and grants for other than capital purposes	303,017,775	257,941,940
Repayment of loans	737,000	634,000
Direct Lending, Plus and FFEL loan receipts	241,766,727	242,082,299
Direct Lending, Plus and FFEL loan payments	(240,768,186)	(240,655,425)
Other agency funds - net	(264,192)	135,982
Refunds to grantors		(20,000)
Net cash provided by noncapital financing activities	<u>801,277,513</u>	<u>706,509,051</u>
Cash Flows from Capital and Related Financing Activities		
Distributions from debt proceeds	226,376,051	100,880,467
Capital appropriations	4,244,887	1,715,187
Capital grants and gifts	38,345,366	31,642,574
Proceeds from sale of capital assets	6,206,655	676,095
Purchases of capital assets	(179,919,806)	(251,521,174)
Payment of capital related principal on debt	(84,322,720)	(86,229,123)
Payment of capital related interest and fees	(37,358,581)	(60,312,126)
Insurance proceeds	6,016,840	
Payments to/from trustee for reserve	(524,988)	148,610
Residual funds from student housing affiliated organization		295,000
Net cash used by capital and related financing activities	<u>(20,936,296)</u>	<u>(262,704,490)</u>
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	173,358,812	300,326,877
Investment income (net of fees)	8,927,097	7,777,444
Purchases of investments	(361,558,618)	(369,307,769)
Net cash used by investing activities	<u>(179,272,709)</u>	<u>(61,203,448)</u>
Net increase in cash	146,015,697	27,278,668
Cash, beginning of the year	475,632,421	448,353,753
Cash, end of year	<u>\$ 621,648,118</u>	<u>\$ 475,632,421</u>

See accompanying notes.



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method - Continued For The Year Ended June 30, 2020 with comparative figures for 2019

	Year Ended June 30, 2020	Year Ended June 30, 2019
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (754,329,450)	\$ (595,199,359)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	206,544,404	200,364,217
Other miscellaneous operating receipts	6,382,181	(1,847,863)
Adjustment to cash for amounts in transit within the system	(1,558,240)	(501,401)
Change in assets and liabilities:		
Receivables, net	1,158,728	(8,036,531)
Inventories	(1,297,907)	(1,833,956)
Prepaid expenses and other assets	2,984,768	1,058,845
Accounts payable and other accrued liabilities	(15,074,552)	43,050,784
Unearned revenue	(12,496,019)	(3,486,910)
Liability for future insurance claims	(570,500)	853,400
Loans to students and employees	2,814,902	2,464,330
Refundable federal advance	(3,709,221)	(350,878)
Compensated absences	12,135,094	(869,281)
OPEB liability	2,880,653	1,776,411
Pension related	(214,260)	(3,409,082)
Other	99,296,608	10,644,829
	<u>\$ (455,052,811)</u>	<u>\$ (355,322,445)</u>
NET CASH USED BY OPERATING ACTIVITIES		
Non-Cash Transactions	\$ 20,990,136	\$ 49,151,610
Capital Gifts	22,287,000	11,536,028
Fixed assets acquired by incurring capital lease obligations	10,176,414	5,466,421
Capital outlay & maintenance paid directly from proceeds of debt		
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	324,733,353	30,210,536
Payment of bond issuance costs and underwriter's discounts	1,439,357	250,672
directly from bond proceeds and/or debt service reserve	7,317,379	401,893
Payment of principal & interest on long-term debt from deposits with trustees	3,097,975	2,104,231
Interest earned on deposits with trustees	7,273,630	3,279,999
Loss on disposal of assets	(34,939)	(42,478)
Valuation adjustment to capital assets	3,503,323	3,486,821
Value of goods received from sponsorship agreements with vendors		

See accompanying notes.

**UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020**

**UNIVERSITY OF ARKANSAS FOUNDATION, INC.**  
**Consolidated Statements of Financial Position**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Contributions receivable, net	\$ 61,908,066	\$ 43,656,718
Interest receivable	885,667	3,755,684
Investments, at fair value	1,365,656,164	1,329,835,542
Cash value of life insurance	1,314,689	1,570,547
Land	348,425	31,425
<b>TOTAL ASSETS</b>	<b>\$ 1,430,113,011</b>	<b>\$ 1,378,849,916</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 4,146,007	\$ 2,281,928
Annuity obligations	14,670,353	15,492,470
<b>TOTAL LIABILITIES</b>	<b>18,816,360</b>	<b>17,774,398</b>
<b>NET ASSETS</b>		
Without donor restrictions	117,129,631	117,892,372
With donor restrictions	1,294,167,020	1,243,183,146
<b>TOTAL NET ASSETS</b>	<b>1,411,296,651</b>	<b>1,361,075,518</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,430,113,011</b>	<b>\$ 1,378,849,916</b>

**UNIVERSITY OF ARKANSAS**  
**FAYETTEVILLE CAMPUS FOUNDATION, INC.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Contribution receivable, net	\$ 4,780,000	\$ 4,608,550
Investments	560,054,472	573,191,353
<b>TOTAL ASSETS</b>	<b>\$ 564,834,472</b>	<b>\$ 577,799,903</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	\$ 1,336,744	\$ 2,556,928
Net Assets with donor restrictions	563,497,728	575,242,975
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 564,834,472</b>	<b>\$ 577,799,903</b>

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS FOUNDATION, INC. Consolidated Statements of Activities Years Ended June 30, 2020 and 2019

	Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contributions	\$ 10,798,581	\$ 81,633,734	\$ 92,432,315
Interest and dividends	3,242,527	5,233,112	8,475,639
Net realized and unrealized gains on investments	11,989,165	12,741,719	24,730,884
Net assets reclassifications, including released from or satisfaction of restrictions	48,293,571	(48,293,571)	-
Total revenues, gains and other support	74,323,844	51,314,994	125,638,838
Expenses and Losses:			
Program services:			
University System support	71,750,691	-	71,750,691
Supporting services:			
Management and general	1,975,745	-	1,975,745
Fundraising	1,415,427	-	1,415,427
Change in value of split-interest agreements	(57,608)	238,969	181,361
Provision for loss (recovery) on uncollectible contributions	2,330	92,151	94,481
Total supporting services	3,335,894	331,120	3,667,014
Total expenses and losses	75,086,585	331,120	75,417,705
Change in Net Assets	(762,741)	50,983,874	50,221,133
Net Assets, beginning of year	117,892,372	1,243,183,146	1,361,075,518
Net Assets, end of year	\$ 117,129,631	\$ 1,294,167,020	\$ 1,411,296,651

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

Year Ended June 30, 2019					
Without Donor Restrictions		With Donor Restrictions		TOTAL	
\$	23,934,202	\$	166,640,659	\$	190,574,861
	5,677,017		7,823,924		13,500,941
	9,923,874		42,509,210		52,433,084
	43,848,704		(43,848,704)		-
	83,383,797		173,125,089		256,508,886
	67,999,704		-		67,999,704
	1,728,893		-		1,728,893
	1,894,935		-		1,894,935
	17,497		1,144,207		1,161,704
	154,601		1,277,043		1,431,644
	3,795,926		2,421,250		6,217,176
	71,795,630		2,421,250		74,216,880
	11,588,167		170,703,839		182,292,006
	106,304,205		1,072,479,307		1,178,783,512
\$	117,892,372	\$	1,243,183,146	\$	1,361,075,518

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC. Statements of Activities Years Ended June 30, 2020 and 2019

	Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contribution	\$ -	\$ 171,450	\$ 171,450
Interest and dividends		3,561,648	3,561,648
Net realized and unrealized gains on investments		7,909,565	7,909,565
Net assets released from restrictions	23,387,910	(23,387,910)	-
Total revenues, gains and other support	23,387,910	(11,745,247)	11,642,663
Expenses and Losses:			
Program services:			
Fayetteville campus support	23,387,910	-	23,387,910
Total program services	23,387,910	-	23,387,910
Change in Net Assets	-	(11,745,247)	(11,745,247)
Net Assets, beginning of year	-	575,242,975	575,242,975
Net Assets, end of year	\$ -	\$ 563,497,728	\$ 563,497,728





Year Ended June 30, 2019			
Without Donor Restrictions	With Donor Restrictions	TOTAL	
\$ -	\$ 171,450	\$	171,450
	3,974,565		3,974,565
	22,716,071		22,716,071
23,618,294	(23,618,294)		-
23,618,294	3,243,792		26,862,086
<hr/>			
23,618,294	-		23,618,294
23,618,294	-		23,618,294
<hr/>			
-	3,243,792		3,243,792
<hr/>			
-	571,999,183		571,999,183
<hr/>			
\$ -	\$ 575,242,975	\$	575,242,975



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Net Position by Campus At June 30, 2020

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
<b>ASSETS</b>							
<b>Current</b>							
Cash and cash equivalents	\$ 148,057,214	\$ 11,127,808	\$ 21,989,700	\$ 282,935,000	\$ 8,901,451	\$ 23,625,531	\$ 24,281,864
Investments	376,728,528	10,267,938	55,231,214	107,313,000	3,141,420	-	47,688,831
Accounts receivable	58,066,686	4,415,786	7,887,668	53,580,000	4,978,169	11,188,158	15,726,750
Patient accounts receivable				121,748,000			
Inventories	4,808,496	16,367	221,774	27,233,000	378,007	24,178	
Deposits and funds held in trust by others	4,822,089		352,941		7	-	
Notes receivable	3,077,655	11,921	30,848	2,230,000	8,846	-	
Other assets	19,599,638	221,976	564,535	8,700,000	542,640	16,588	177,180
Total current assets	615,160,306	26,061,796	86,278,680	603,739,000	17,950,540	34,854,455	87,874,625
<b>Non-Current</b>							
Cash and cash equivalents	-	7,001,163	20,933			17,369,562	
Investments	114,682,937	26,301,061	16,421,599	61,377,000	4,139,791	3,791,160	
Notes receivable	8,703,116	137,537	355,902	10,906,000	70,242	467,577	
Deposits and funds held in trust by others	60,533,075	73,808	1,848,931	139,922,000		-	
Other non-current assets	6,014,322		-				11,972,936
Capital assets	1,480,264,840	132,314,686	216,877,584	745,267,000	50,397,495	107,197,069	4,320,828
Total non-current assets	1,670,198,290	165,828,255	235,524,949	957,472,000	54,607,528	128,825,368	16,293,764
<b>TOTAL ASSETS</b>	<b>\$ 2,285,358,596</b>	<b>\$ 191,890,051</b>	<b>\$ 321,803,629</b>	<b>\$ 1,561,211,000</b>	<b>\$ 72,558,068</b>	<b>\$ 163,679,823</b>	<b>\$ 104,168,389</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Debt refunding	\$ 12,260,356	\$ 2,617,749	\$ 3,136,309	\$ 4,268,000	\$ 468,648	\$ 216,542	
Other postemployment benefits	1,517,000	110,000	404,000	2,244,000	138,000	339,000	35,000
Pensions	2,962,202	473,338	1,438,872	2,496,000	585,982	191,333	106,335
Other			-				
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 16,739,558</b>	<b>\$ 3,201,087</b>	<b>\$ 4,979,181</b>	<b>\$ 9,008,000</b>	<b>\$ 1,192,630</b>	<b>\$ 746,875</b>	<b>\$ 141,335</b>
<b>LIABILITIES</b>							
<b>Current</b>							
Accounts payable and other accrued liabilities	\$ 48,975,169	\$ 3,409,872	\$ 2,451,564	\$ 123,336,000	\$ 1,358,373	\$ 2,323,438	\$ 4,749,003
Unearned revenue, deposits and other	24,004,429	613,780	2,292,899	5,255,000	112,186	55,686	327,912
Funds held in trust for others	1,611,889	234,161	356,556	216,000	156,762	1,557,926	
Liability for future insurance claims							17,684,300
Estimated third party payor settlements				133,981,000			
Refundable federal advance - Perkins loans - current portion							
Compensated absences payable - current portion	1,804,612	207,368	445,171	4,230,000	126,553	223,149	33,724
Liability for other postemployment benefits - current portion	654,000	61,000	181,000	906,000	59,000	66,000	16,000
Bonds, notes, capital leases and installment contracts payable - current	45,540,548	6,166,266	7,940,048	21,152,000	1,029,003	1,951,329	1,952,745
Total current liabilities	122,590,647	10,692,447	13,667,238	289,076,000	2,841,877	6,177,528	24,763,684
<b>Non-Current</b>							
Unearned revenues, deposits and other	32,054		216,426	28,000		106,202	
Refundable federal advance - Perkins loans	10,692,082		-	1,911,000	23,832	-	
Compensated absences payable	20,861,657	1,473,197	3,921,970	62,681,000	1,127,344	3,019,735	852,312
Liability for other post employment benefits	21,922,000	1,337,000	5,924,000	32,487,000	1,607,000	3,194,000	522,000
Liability for pensions	11,540,232	2,053,426	6,813,929	10,444,000	2,463,619	696,699	396,600
Bonds, notes, capital leases, installment contracts payable	833,788,132	52,932,953	99,729,284	420,703,000	26,920,652	30,725,705	30,274,126
Total non-current liabilities	898,836,157	57,796,576	116,605,609	528,254,000	32,142,447	37,742,341	32,045,038
<b>TOTAL LIABILITIES</b>	<b>\$ 1,021,426,804</b>	<b>\$ 68,489,023</b>	<b>\$ 130,272,847</b>	<b>\$ 817,330,000</b>	<b>\$ 34,984,324</b>	<b>\$ 43,919,869</b>	<b>\$ 56,808,722</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Other postemployment benefits	2,508,000	233,000	1,203,000	5,388,000	407,000	349,000	57,000
Pensions	2,869,899	981,343	2,197,677	3,262,000	740,894	103,055	148,814
Other				2,786,000			
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 5,377,899</b>	<b>\$ 1,214,343</b>	<b>\$ 3,400,677</b>	<b>\$ 11,436,000</b>	<b>\$ 1,147,894</b>	<b>\$ 452,055</b>	<b>\$ 205,814</b>
<b>NET POSITION</b>							
Net Investment in Capital Assets	\$ 669,467,603	\$ 75,833,217	\$ 112,319,965	\$ 442,541,000	\$ 23,275,425	\$ 74,592,542	\$ 4,069,455
<b>Restricted</b>							
<b>Non-Expendable</b>							
Scholarships and fellowships	8,761,367	294,240	3,658,919	394,000	56,017	-	
Research	5,739,659	-	144,187	-	321,559	-	
Other	27,129,115	8,273	5,447,922	36,462,000	2,692	7,501,666	
<b>Expendable</b>							
Scholarships and fellowships	18,223,185	150,969	685,438	28,895,000	349,270	1,744,438	
Research	41,244,159	-	282,179	13,621,000	1,909,867	421,224	
Public service	9,925,912	31,916	5,283,762	345,000		263,069	
Capital projects	63,512,062	225,618		23,254,000	538,692	9,433,549	
Other	23,173,129	3,783,812	3,702,040		515,351	481,038	
Unrestricted	408,117,260	45,059,727	61,584,874	195,941,000	10,649,607	25,617,248	43,225,733
<b>TOTAL NET POSITION</b>	<b>\$ 1,275,293,451</b>	<b>\$ 125,387,772</b>	<b>\$ 193,109,286</b>	<b>\$ 741,453,000</b>	<b>\$ 37,618,480</b>	<b>\$ 120,054,774</b>	<b>\$ 47,295,188</b>

See accompanying notes.

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (See Note 19)	TOTAL
\$ 3,182,725	\$ 8,462,643	\$ 2,843,785	\$ 5,253,043	\$ 3,987,964	\$ 37,642,712	\$ 3,531,560	\$ 10,325,540	\$ 9,355	\$ 596,157,895
936,114	3,447,932		2,232,660	3,665,751	5,813,225	-			616,466,613
1,427,489	1,778,323	1,402,055	1,385,619	1,298,620	1,807,485	698,210	134,710	(16,232,638)	149,543,090
									121,748,000
130,124	60,930	241,173	1,061,786	46,103		199,563			34,421,501
	8					83,817			5,258,862
							2,345	(268,914)	5,092,701
12,635	8,197	109,445		75,739	276,198	41,696	97,474	(150,000)	30,293,941
5,689,087	13,758,033	4,596,458	9,933,108	9,074,177	45,539,620	4,554,846	10,560,069	(16,642,197)	1,558,982,603
988,628				17,163		92,774			25,490,223
75,000		2,200,000			909,872	1,038,316			230,936,736
36,878	89,936	48,846	33,505	42,060			27,051	(17,301,341)	3,617,309
			151,966	107,175	19,463	862,402			203,518,820
						-			17,987,258
12,235,612	18,876,474	14,023,672	23,628,482	23,232,390	84,807,720	15,831,924	19,242,160		2,948,517,936
13,336,118	18,966,410	16,272,518	23,813,953	23,398,788	85,737,055	17,825,416	19,269,211	(17,301,341)	3,430,068,282
\$ 19,025,205	\$ 32,724,443	\$ 20,868,976	\$ 33,747,061	\$ 32,472,965	\$ 131,276,675	\$ 22,380,262	\$ 29,829,280	\$ (33,943,538)	\$ 4,989,050,885
\$ 75,504	\$ 796,839		\$ 141,946	\$ 3,889	\$ 4,601,644	\$ 5,993			\$ 28,593,419
37,000	92,000	19,000	50,000	58,000	237,000	59,000	19,000		5,358,000
502,127	239,799	526,184	538,520	598,212	2,056,175	433,416	257,650		13,406,145
									-
\$ 614,631	\$ 1,128,638	\$ 545,184	\$ 730,466	\$ 660,101	\$ 6,894,819	\$ 498,409	\$ 276,650	\$ -	\$ 47,357,564
\$ 402,104	\$ 490,934	\$ 195,297	\$ 487,969	\$ 694,589	\$ 1,930,788	\$ 296,142	\$ 359,360	\$ (16,373,283)	\$ 175,087,319
310,506	290,146	14,123		9,301	125,252	25,679	33,630		33,470,529
47,704	18,885	13,728	87,120	68,348	137,253	22,328	86,335		4,614,995
									17,684,300
									133,981,000
									-
17,340	26,656	29,780	33,134	58,941	122,270	16,481	31,583		7,406,762
13,000	56,000	3,000	30,000	25,000	127,000	59,000	10,000		2,266,000
318,285	388,669	197,940	447,646	478,230	2,511,804	380,147	113,266	(1,396,683)	89,171,243
1,108,939	1,271,290	453,868	1,085,869	1,334,409	4,954,367	799,777	634,174	(17,769,966)	463,682,148
									382,682
									12,626,914
329,458	461,563	258,488	385,331	304,968	826,184	249,434	125,149		96,877,790
544,000	1,143,000	405,000	501,000	800,000	1,255,000	617,000	223,000		72,481,000
1,975,094	875,871	2,087,900	2,225,598	2,396,874	8,790,651	1,760,825	950,687		55,472,005
3,159,773	9,592,683	1,309,777	2,203,173	10,374,080	76,841,745	13,579,960	974,084	(16,173,572)	1,596,935,555
6,008,325	12,073,117	4,061,165	5,315,102	13,875,922	87,713,580	16,207,219	2,272,920	(16,173,572)	1,834,775,946
\$ 7,117,264	\$ 13,344,407	\$ 4,515,033	\$ 6,400,971	\$ 15,210,331	\$ 92,667,947	\$ 17,006,996	\$ 2,907,094	\$ (33,943,538)	\$ 2,298,458,094
\$ 216,000	\$ 756,000	\$ 76,000	\$ 330,000	\$ 253,000	\$ 375,000	\$ 221,000	\$ 36,000	\$	\$ 12,408,000
648,996	462,685	649,320	691,544	841,817	3,354,813	525,740	196,129		17,674,726
									2,786,000
\$ 864,996	\$ 1,218,685	\$ 725,320	\$ 1,021,544	\$ 1,094,817	\$ 3,729,813	\$ 746,740	\$ 232,129	\$ -	\$ 32,868,726
\$ 8,833,059	\$ 9,619,798	\$ 12,515,955	\$ 21,225,469	\$ 12,439,874	\$ 10,404,972	\$ 2,740,211	\$ 18,098,157	\$	\$ 1,497,976,702
82,173					829,699				14,076,415
									6,205,405
									76,551,668
	214,921			421,606	80,173				50,765,000
									57,478,429
									15,849,659
985,545	873,482					95,596	2,000,000		100,918,544
11,002		8,461			2,200,017	83,817	165,188		34,123,855
1,745,797	8,581,788	3,649,391	5,829,543	3,966,438	28,258,873	2,205,311	6,703,362		851,135,952
\$ 11,657,576	\$ 19,289,989	\$ 16,173,807	\$ 27,055,012	\$ 16,827,918	\$ 41,773,734	\$ 5,124,935	\$ 26,966,707	\$ -	\$ 2,705,081,629

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Revenues, Expenses, and Changes in Net Position by Campus For the Year Ended June 30, 2020

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
<b>Operating Revenues</b>							
Student tuition & fees, net of scholarship allowances	\$ 253,947,459	\$ 16,966,928	\$ 44,871,107	\$ 48,268,000	\$ 9,952,917	\$ 10,168,354	\$ 1,761,626
Patient services, net of contractual allowances				1,215,037,000			
Federal and county appropriations	17,301,531			85,000			
Federal grants and contracts	66,443,033	1,811,006	21,835,589	94,724,000	1,174,632	15,805,339	
State and local grants and contracts	19,966,408	2,282,968	6,881,120	31,532,000	1,394,485	3,602,927	
Non-governmental grants and contracts	24,015,325	3,019,693	1,214,937	19,189,000	677,387	161,351	
Sales and services of educational departments	18,052,451	194,025	1,042,006	36,728,000	246,621	247,143	4,958,072
Insurance plan							188,976,241
Auxiliary enterprises							
Athletics, net of scholarship allowances	101,090,667	111,166	3,433,028		627,925	2,511,992	
Housing/food service, net of scholarship allowances	57,508,166	2,849,070	5,224,112	7,774,000	1,740,187	5,145,026	
Bookstore, net of scholarship allowances	8,906,318	330,873	155,744	-	290,545	246	
Other auxiliary enterprises, net of scholarship allowances	10,828,926	280,120	1,598,102	2,660,000	575,933	155,700	
Other operating revenues	9,729,699	408,803	1,809,801	128,239,000	304,463	1,957,724	
Total operating revenues	587,789,983	28,254,652	88,065,546	1,584,236,000	16,985,095	39,755,802	195,695,939
<b>Operating Expenses</b>							
Compensation and benefits	533,951,691	41,567,686	107,226,200	1,103,318,000	26,906,993	43,397,322	8,429,707
Supplies and services	254,225,531	17,939,078	39,004,999	530,916,000	10,730,589	24,925,191	1,995,326
Scholarships and fellowships	27,339,687	6,409,053	11,797,777	1,485,000	6,766,069	5,000,763	725,261
Insurance plan							196,303,903
Depreciation	90,518,501	7,381,348	17,108,205	67,184,000	4,085,548	8,078,360	252,372
Total operating expenses	906,035,410	73,297,165	175,137,181	1,702,903,000	48,489,199	81,401,636	207,706,569
Operating income (loss)	(318,245,427)	(45,042,513)	(87,071,635)	(118,667,000)	(31,504,104)	(41,645,834)	(12,010,630)
<b>Non-Operating Revenues (Expenses)</b>							
State appropriations, net of Medicaid match payments	214,519,597	24,266,368	68,392,987	65,596,000	18,888,944	27,994,072	3,999,721
Property and sales tax		6,398,392					
Federal grants	29,774,750	16,116,864	18,046,140	28,355,000	9,781,072	10,045,494	1,107,651
State and local grants	30,590,181	5,513,132	5,797,178		2,031,754	1,354,414	
Non-governmental grants	-	(16,982)	1,264,690				
Gifts	86,506,052	-	4,858,045	13,903,000	3,396,368	879,361	70,833
Investment income (net)	16,134,565	795,372	2,084,860	7,349,000	(754,967)	155,315	1,866,906
Interest and fees on capital asset-related debt	(30,341,700)	(2,268,700)	(3,868,329)	(13,353,000)	(1,031,942)	(1,042,922)	(464,836)
Gain (loss) on disposal of assets	5,448,183	(123,380)	(6,909)	(6,275,000)			
Other	5,224,025	440	447		57,026		73,657
Net non-operating revenues	357,855,653	50,681,506	96,569,109	95,575,000	32,368,255	39,385,734	6,653,932
Income/Loss before other revenues and expenses	39,610,226	5,638,993	9,497,474	(23,092,000)	864,151	(2,260,100)	(5,356,698)
<b>Other Changes in Net Position</b>							
Capital appropriations	2,900,000	233,828			29,368		
Capital grants and gifts	32,852,948		2,045,054	7,411,000	(290,514)	62,000	
Adjustments to prior year revenues and expenses							
Extraordinary item-impairment gain on flood damage, net		333,400					
Other	216,186	246,379		(54,000)	21,302	4,038,509	
Total other revenues and expenses	35,969,134	813,607	2,045,054	7,357,000	(239,844)	4,100,509	
Increase (decrease) in net position	75,579,360	6,452,600	11,542,528	(15,735,000)	624,307	1,840,409	(5,356,698)
Net Position, beginning of year	1,199,714,091	118,935,172	181,566,758	757,188,000	36,994,173	118,214,365	52,651,886
Net Position, end of year	\$ 1,275,293,451	\$ 125,387,772	\$ 193,109,286	\$ 741,453,000	\$ 37,618,480	\$ 120,054,774	\$ 47,295,188

See accompanying notes.



# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
\$ 2,021,697	\$ 1,250,915	\$ 1,005,129	\$ 1,266,815	\$ 2,985,620	\$ 11,079,757	\$ 766,382			\$ 406,312,706
									1,215,037,000
464,832	1,770,359	664,081	1,778,229	555,131	2,390,006	2,159,991			17,386,531
1,256,386	1,454,392	970,737	1,172,058	1,174,797	1,826,412	485,655	\$ 622,785		211,576,228
128,987	82,926	39,463		204,492		159,061	32,745		74,623,130
111,873	40,220	18,417	166,586	92,304	537,303	22,956	11,750	\$ (4,392,856)	48,925,367
								(130,394,138)	58,076,871
									58,582,103
25,216									107,799,994
51,713						199,588			80,491,862
131,518	35,500	265,985	351,545			207,740			10,676,014
	136,319	123,739	20,849						16,379,688
66,870	153,761	105,865	11,630	166,843	547,159	69,657	158,015	(577,305)	143,151,985
4,259,092	4,924,392	3,193,416	4,767,712	5,179,187	16,380,637	4,071,030	825,295	(135,364,298)	2,449,019,480
8,481,146	11,090,015	7,874,983	8,650,066	10,014,637	25,216,085	5,848,904	4,986,961	(130,394,138)	1,816,566,258
2,895,906	4,438,608	3,130,381	3,898,275	3,154,903	9,744,394	2,877,268	3,276,284	(4,970,160)	908,182,573
1,269,225	2,426,493	1,491,184	2,220,213	3,173,460	4,767,508	880,099			75,751,792
									196,303,903
846,138	1,268,227	769,509	1,439,241	1,569,444	4,520,481	954,918	568,112		206,544,404
13,492,415	19,223,343	13,266,057	16,207,795	17,912,444	44,248,468	10,561,189	8,831,357	(135,364,298)	3,203,348,930
(9,233,323)	(14,298,951)	(10,072,641)	(11,440,083)	(12,733,257)	(27,867,831)	(6,490,159)	(8,006,062)	-	(754,329,450)
4,963,104	10,438,889	5,061,933	6,971,807	6,311,812	17,404,858	3,435,845	9,408,690		487,654,627
1,485,470	2,191,549	1,623,662	1,522,782	806,103		449,840			14,477,798
2,878,798	3,253,653	3,441,843	4,078,094	5,389,225	15,584,732	1,840,815			149,694,131
356,629	126,626	430,093	200,662	571,155	692,674	367,352			48,031,850
									1,247,708
476,363				9,243	210,000	4,000	58,118		110,371,383
74,024	101,735	87,580	56,168	169,364	628,080	106,257	6,098	(277,316)	28,583,041
(129,580)	(362,233)	(6,965)	(85,753)	(396,505)	(3,013,076)	(471,118)	(7,603)	190,245	(56,654,017)
	(4)	(6,951)	7,097	1,730					(955,234)
			(348)		10,000	(117,908)		87,071	5,334,410
10,104,808	15,750,215	10,631,195	12,750,509	12,862,127	31,517,268	5,615,083	9,465,303	-	787,785,697
871,485	1,451,264	558,554	1,310,426	128,870	3,649,437	(875,076)	1,459,241	-	33,456,247
200,000	166,655			94,600	20,000	94,878	1,000,000		4,428,706
						62,335			42,681,960
									(228,514)
									333,400
		(9,992)							4,458,384
200,000	166,655	(9,992)		94,600	20,000	157,213	1,000,000	-	51,673,936
1,071,485	1,617,919	548,562	1,310,426	223,470	3,669,437	(717,863)	2,459,241	-	85,130,183
10,586,091	17,672,070	15,625,245	25,744,586	16,604,448	38,104,297	5,842,798	24,507,466		2,619,951,446
\$ 11,657,576	\$ 19,289,989	\$ 16,173,807	\$ 27,055,012	\$ 16,827,918	\$ 41,773,734	\$ 5,124,935	\$ 26,966,707	\$ -	\$ 2,705,081,629





# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method - By Campus For the Year Ended June 30, 2019

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
<b>Cash Flows from Operating Activities</b>							
Student tuition and fees (net of scholarships)	\$ 253,769,278	\$ 17,630,760	\$ 44,311,038	\$ 45,517,000	\$ 9,266,668	\$ 9,980,237	\$ 2,257,974
Patient and insurance payments				1,334,067,000			
Federal and county appropriations	14,269,925						
Grants and contracts	107,446,964	7,324,483	25,934,274	143,467,000	3,824,652	18,702,143	
Collection of loans and interest	4,028,798			2,828,000	33,615		
Insurance plan receipts							192,147,278
Auxiliary enterprise revenues:							
Athletics	91,763,187	111,165	3,646,644		652,050	2,427,992	
Housing and food service	57,585,682	2,959,617	5,093,155	7,815,000	1,801,554	5,145,058	
Bookstore	7,522,640	344,980	155,744		357,067	1	
Other auxiliary enterprises	11,043,586	303,722	1,589,512	2,781,000	603,270	155,700	
Payments to employees	(416,409,942)	(33,057,712)	(85,861,264)	(900,680,000)	(21,057,467)	(34,155,199)	(6,370,058)
Payment of employee benefits	(117,042,179)	(8,378,480)	(20,869,458)	(186,110,000)	(5,656,770)	(8,158,503)	(1,793,864)
Payments to suppliers	(253,609,214)	(17,494,642)	(39,383,201)	(546,157,000)	(11,045,929)	(24,909,382)	(2,074,514)
Loans issued to students	(445,619)			(3,910,000)			
Scholarships and fellowships	(27,439,543)	(6,409,053)	(11,797,777)	(1,369,000)	(6,649,147)	(5,000,763)	(725,261)
Payments of insurance plan expenses							(196,849,186)
Other receipts and payments	34,151,079	725,790	2,032,434	150,032,000	373,330	2,246,968	5,188,783
Net cash used by operating activities	(233,365,358)	(35,939,370)	(75,148,899)	48,281,000	(27,497,107)	(33,565,748)	(8,218,848)
<b>Cash Flows from Noncapital Financing Activities</b>							
State appropriations	214,519,597	24,266,368	68,392,987	60,172,000	18,888,944	27,994,072	3,999,721
Property and sales tax		6,337,715					
Gifts and grants for other than capital purposes	145,876,952	21,270,967	29,966,053	42,396,000	10,903,646	12,279,269	1,178,484
Repayment of loans				737,000			
Direct Lending, Plus and FFEL loan receipts	130,813,565	15,365,415	50,126,324		13,638,328	13,635,050	1,592,155
Direct Lending, Plus and FFEL loan payments	(130,314,252)	(15,453,415)	(50,520,755)		(12,536,782)	(13,683,263)	(1,592,155)
Other agency funds - net	(53,828)	13,920	132,077	(328,000)	43,324	(223,726)	160,728
Intercompany debt payments/receipts							62,929
Net cash provided (used) by noncapital financing activities	360,842,034	51,800,970	98,096,686	102,977,000	30,937,460	40,001,402	5,401,862
<b>Cash Flows from Capital and Related Financing Activities</b>							
Distributions from debt proceeds	38,813,567	100,308	1,981,753	166,767,000		388,784	16,965,000
Capital appropriations	2,891,209	153,678					
Capital grants and gifts	30,574,512	(21,910)		7,411,000			
Property taxes - capital allocation							
Proceeds from sale of capital assets	6,185,742				10,286		
Purchases of capital assets	(98,669,315)	(3,561,095)	(4,918,570)	(51,560,000)	(1,302,627)	(5,133,322)	(7,709,450)
Payment of capital related principal on debt	(38,275,417)	(5,818,098)	(7,321,479)	(27,887,000)	(925,000)	(1,834,073)	(49,944)
Payments of capital related interest and fees	(34,229,983)	(2,295,132)	(4,432,350)	9,744,000	(1,083,544)	(1,079,635)	(465,193)
Insurance proceeds		826,160				5,190,680	
Payments to/from trustee for reserve							
Net cash provided (used) by capital & related financing act	(92,709,685)	(10,616,089)	(14,690,646)	104,475,000	(3,300,885)	(2,467,566)	8,740,413
<b>Cash Flows from Investing Activities</b>							
Proceeds from sales and maturities of investments	2,800,000	70,777,818	83,637	82,621,000	57,366	1,248,542	13,060,000
Investment income (net of fees)	1,882,235	693,350	1,727,632	1,700,000	393,012	52,832	1,866,906
Purchases of investments	(54,060,000)	(80,914,641)	(8,581,612)	(203,200,000)	(225,551)	(2,717,718)	(10,083,245)
Net cash provided (used) by investing activities	(49,377,765)	(9,443,473)	(6,770,343)	(118,879,000)	224,827	(1,416,344)	4,843,661
Net increase/decrease in cash	(14,610,774)	(4,197,962)	1,486,798	136,854,000	364,295	2,551,744	10,767,088
Cash, beginning of the year	162,667,988	22,326,933	20,523,835	146,081,000	8,537,156	38,443,349	13,514,776
Cash, end of year	\$ 148,057,214	\$ 18,128,971	\$ 22,010,633	\$ 282,935,000	\$ 8,901,451	\$ 40,995,093	\$ 24,281,864

See accompanying notes.



1. *Journal of Management Studies*, 1997, 34, 1, 1-14.

# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method - Continued - By Campus For the Year Ended June 30, 2020

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:							
Operating revenue (loss)	\$ (318,245,427)	\$ (45,042,513)	\$ (87,071,635)	\$ (118,667,000)	\$ (31,504,104)	\$ (41,645,834)	\$ (12,010,630)
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:							
Depreciation expense	90,518,501	7,381,348	17,108,205	67,184,000	4,085,548	8,078,360	252,372
Other miscellaneous operating receipts	6,389,913				(7,732)		
Adjustment to cash for amounts in transit within the system							
Change in assets and liabilities:							
Receivables, net	(2,564,349)	1,039,302	(2,310,676)	2,270,000	347,846	(1,093,267)	3,590,355
Inventories	2,273,289	476	32,626	(3,557,000)	(20,849)	(373)	
Prepaid expenses and other assets	2,552,208	127,631	426,609	(154,000)	(158,511)	(4,748)	69,927
Accounts payable and other accrued liabilities	(8,207,944)	156,181	(958,391)	(6,056,000)	(414,156)	59,922	(123,897)
Unearned revenue	(8,241,886)	288,454	(3,020,367)	(1,458,000)	19,041	(84,750)	307,740
Liability for future insurance claims							(570,500)
Loans to students and employees	2,814,902						
Refundable federal advance	(3,687,918)				(21,303)		
Compensated absences	1,808,217	153,438	228,490	8,725,000	107,355	866,708	127,950
OPEB liability	229,411	53,863	84,963	2,415,000	32,086	171,383	133,425
Pension related	995,725	(97,550)	331,277	(1,486,000)	37,672	23,868	4,410
Other				99,065,000		62,983	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (233,365,358)	\$ (35,939,370)	\$ (75,148,899)	\$ 48,281,000	\$ (27,497,107)	\$ (33,565,748)	\$ (8,218,848)
Non-Cash Transactions							
Capital gifts	\$ 11,311,843		\$ 2,045,054	\$ 7,411,000	\$ 29,368		
Fixed assets acquired by incurring capital lease obligations				22,287,000			
Capital outlay & maintenance paid directly from proceeds of debt	2,313,073		1,392,522				
Payment of bond proceeds/premium/accrued interest/debt service reerve directly into deposits with trustees/escrow	243,045,931			9,903,000			
Payment of bond issuance costs/underwriters' discount directly from bond proceeds and/or debt service reserves	1,049,286						
Payment of principal & interest on long-term debt from deposits with trustees	226,154		3,150	2,002,000			
Interest earned on deposits with trustees	1,544,840	\$ 4,007	42,329	1,029,000	7		
Loss on disposal of assets	976,205	6,761	6,909	6,275,000			
Valuation adjustments to capital assets--increase (decrease)	239,951	(276,280)					
Value of goods received from sponsorship agreements with vendors	3,503,323						

See accompanying notes.





# UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2020

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Eliminations	TOTAL
\$ (9,233,323)	\$ (14,298,951)	\$ (10,072,641)	\$ (11,440,083)	\$ (12,733,257)	\$ (27,867,831)	\$ (6,490,159)	\$ (8,006,062)		\$ (754,329,450)
846,138	1,268,227	769,509	1,439,241	1,569,444	4,520,481	954,918	568,112		206,544,404
								\$ (1,558,240)	6,382,181
									(1,558,240)
(205,440)	(128,267)	(31,263)	(220,804)	(349,272)	766,584	(51,524)	99,503		1,158,728
10,149	572	70,308	(126,852)	46,938		(27,191)			(1,297,907)
38,111	894	(17,403)	30,591	50,580	(140)	17,280	5,739		2,984,768
110,466	(148,024)	(124,023)	409,152	(309,328)	530,114	15,320	(13,944)		(15,074,552)
88,131	126,686	(99,244)		(4,746)	(390,939)	(5,014)	(21,125)		(12,496,019)
									(570,500)
									2,814,902
									(3,709,221)
(86,437)	6,897	(12,059)	35,158	36,844	84,331	30,246	22,956		12,135,094
28,287	(260,029)	17,830	(2,094)	(13,196)	(23,288)	945	12,067		2,880,653
(17,557)	(48,358)	40,544	36,308	24,421	(93,589)	34,990	(421)		(214,260)
221,952				(51,822)		(1,505)			99,296,608
\$ (8,199,523)	\$ (13,480,353)	\$ (9,458,442)	\$ (9,839,383)	\$ (11,733,394)	\$ (22,474,277)	\$ (5,521,694)	\$ (7,333,175)	\$ (1,558,240)	\$ (455,052,811)
\$ 68,271	\$ 30,000			\$ 94,600					\$ 20,990,136
						\$ 6,470,819			22,287,000
									10,176,414
					\$ 62,449,372	9,335,050			324,733,353
					272,163	117,908			1,439,357
	478			343	2,752,570	2,332,684			7,317,379
	1,574		\$ 2,553	1,411	395,637	76,617			3,097,975
	4	\$ 6,951		1,800					7,273,630
		1,390							(34,939)
									3,503,323



**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, which includes the Agricultural Experiment Station and Cooperative Extension Service, Arkansas Archeological Survey (AAS), Criminal Justice Institute (CJI), and Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCHT (University of Arkansas Community College at Hope-Texarkana), UACCM (University of Arkansas Community College at Morrilton), University of Arkansas-Pulaski Technical College (UAPTC), University of Arkansas Community College at Rich Mountain (UACCRM), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System eVersity).

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

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

***Use of Estimates***

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

***Cash and Cash Equivalents***

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



***Investments***

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

***Accounts Receivable***

Receivables that represent charges due the University from various student fees, room and board, student fines, patient care services, and other charges are stated at estimated net realizable values; that is, the gross amount of the receivable is reduced by allowances for estimated uncollectible accounts and refunds or discounts. Receivables can also include unreimbursed expenses relating to research contracts with federal, state, and private agencies.

***Patient Accounts Receivable***

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

***Inventories***

Inventories are valued at the lower of cost or market, with cost generally being determined on a first-in, first-out (FIFO) or average-cost basis.

***Capital Assets***

Capital assets consisting of land, buildings, improvements, furniture, equipment, intangible assets, and construction in progress, are stated at cost or acquisition value at date of gift. Library holdings are generally valued using average prices for library acquisitions. If material, in previous years, interest on borrowings to finance facilities was capitalized during construction, net of any investment income earned through the temporary investment of project borrowings. Beginning in the prior fiscal year, interest will no longer be capitalized due to early adoption of Governmental Accounting Standards Board Statement No. 89. In accordance with the University's capitalization policy, equipment includes all furniture, fixtures and equipment with a unit cost of \$5,000 or more and an estimated useful life of one year or more. Intangible assets are capitalized when the cost is \$500,000 or more for purchased software, \$1,000,000 or more for internally developed software, or \$250,000 or more for easements, land use rights, trademarks and copyrights, and patents.

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

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

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

***Deferred Outflows of Resources***

Deferred outflows of resources represent a decrease of net position that applies to future periods, therefore, these items will not be recognized as an expense or expenditure until that period.

***Compensated Absences***

Vested or accumulated vacation and sick leave of University employees are recorded as an expense and liability as the benefits are earned. Amounts recorded include salary expense as well as salary-related payments (e.g., FICA taxes, retirement, etc.). No liability is recorded for nonvested accumulated rights to receive sick leave benefits. The current portion of compensated absences is determined using the average balance paid annually in the prior two-year period.

***Unearned Revenue***

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

***Deferred Inflows of Resources***

Deferred inflows of resources represent an increase of net position that applies to future periods, therefore, these items will not be recognized as revenue until that period.

***Pensions***

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

***Net Position***

The University's net position is classified as follows:

- *Net investment in capital assets* - Capital assets, net of accumulated depreciation and outstanding principal balances of debt obligations related to those capital assets. However, unexpended debt proceeds at year-end are reported as net position restricted for capital projects.

- *Restricted:*

Non-expendable – Portion subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Expendable – Portion whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. There is no formal policy requiring restricted net position to be used either before or after unrestricted net position is used for the same purpose. Responsible officials determine at the time funds are expended to use any unrestricted net position that may be available.

- *Unrestricted* – Portion that is not subject to externally imposed stipulations. This portion may be designated for specific purposes by management or the Board of Trustees or may be otherwise limited by contractual agreements with outside parties.

### ***Classification of Revenues***

The University has classified its revenues as either operating or non-operating according to the following criteria:

- *Operating Revenue* – includes activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), patient services (net of contractual agreements), most federal, state, and local grants and contracts, revenues associated with auxiliary enterprises (net of scholarship discounts and allowances), interest on institutional student loans, and the University's self-funded insurance plans.
- *Non-Operating Revenue* – includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, interest on debt, and investment income.

### ***Scholarship Discounts and Allowances***

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances. Scholarship discounts and allowances are the differences between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

### ***Net Patient Services Revenue***

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

### ***Charity Care***

UAMS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because UAMS does not pursue collection of

amounts determined to qualify as charity care, these amounts are accounted for as a reduction of patient services revenue at the time the services are rendered.

### ***Grants and Contracts***

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

Federal research grants and contracts normally provide for the recovery of direct and indirect costs, subject to adjustment based upon review by the granting agencies. The University recognizes revenue associated with direct costs as the related costs are incurred. The recovery of indirect costs is recorded at predetermined rates negotiated with the federal government.

### ***State Appropriations***

State appropriations are reported as non-operating revenue, net of the Medicaid match payments required under various contracts between UAMS and the Arkansas Department of Human Services. The match payments were \$52,127,000 and \$93,909,000 for the fiscal years ended June 30, 2020 and 2019, respectively.

### ***Component Units***

In fiscal year 2020, there were two qualifying foundations determined to be component units for the University of Arkansas System: The University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. Although the University does not control the timing or amount of receipts from either of these foundations, the majority of resources or income thereon, which the foundations hold and invest, is restricted to the activities of the University by the donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, and their individual net assets are considered as having met the financial accountability criteria by management, these two foundations are considered component units and are discretely presented in the University's financial statements.

The University of Arkansas Foundation, Inc. is a separate not-for-profit organization, which operates for charitable educational purposes, including the administration and investment of gifts and other amounts received directly or indirectly for the benefit of the University of Arkansas. The Board of Directors has twenty-two members, four of which are current or previous members of the Board of Trustees of the University of Arkansas. During the years ended June 30, 2020 and 2019, the Foundation distributed \$72,756,883 and \$69,355,873, respectively, to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at 535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.

The University of Arkansas Fayetteville Campus Foundation, Inc. is a not-for-profit charitable organization which was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School, and the University's library. The Board of Trustees of the Foundation is made up of seven members, including three members who are also employees of the University. During the years ended June 30, 2020 and 2019, the Foundation distributed \$23,387,910 and \$23,618,294,

respectively, to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at 535 *Research Center Boulevard, Suite 120, Fayetteville, AR 72701*.

### ***Encumbrances***

Encumbrances representing commitments and outstanding purchase orders for goods and services not received as of the last day of the fiscal year are not reported as expenses or included in liabilities in the accompanying financial statements.

### ***New Accounting Pronouncements***

The GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which became effective immediately and delayed the implementation dates as follows:

- Statement No. 84, *Fiduciary Activities*, original date of FY ended 6/30/20; FY ending 6/30/21
- Statement No. 87, *Leases*, original date of FY ended 6/30/21; FY ending 6/30/22
- Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, original date of FY ended 6/30/20; FY ending 6/30/21
- Statement No. 91, *Conduit Debt Obligations*, original date of FY ended 6/30/21; FY ending 6/30/23
- Statement No. 92, *Omnibus 2020*, original date of FY ended 6/30/21; FY ending 6/30/22
- Statement No. 93, *Replacement of Interbank Offered Rates*, original date of FY ended 6/30/21; FY ending 6/30/22
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, original date of FY ended 6/30/22; FY ending 6/30/23

GASB issued these Statements in 2020 as well:

- Statement No. 96, *Subscription-Based Information Technology Arrangements*, implementation date of FY ended 6/30/23
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, implementation date of immediately and FY ended 6/30/22

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

All programs and activities of the University of Arkansas System are governed by its Board of Trustees, which has been accorded constitutional status for the exercise of its powers and authority by Amendment 33 to the Arkansas Constitution. The Board of Trustees has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors, the Vice President for Agriculture, the Dean of the Clinton School, the Director of the CJI, the Director of AAS, and the Director of ASMSA, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

The financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the provisions of this statement, the University is an institution of higher education of the State of Arkansas (primary government).

**Note 3: Net Patient Services Revenue and Charity Care**

Patient care operations are included in the accompanying financial statements under accounting principles generally followed by governmental colleges and universities. Patient accounts receivable at June 30, 2020 and 2019 are recorded net of an allowance for doubtful accounts of \$300,555,000 and \$323,478,000, respectively.

Net patient services revenue for the years ended June 30, 2020 and 2019, are as follows:

<b>GROSS PATIENT REVENUE</b>	<b>2020</b>	<b>2019</b>
Gross patient revenue	\$ 3,219,592,000	\$ 3,326,003,000
Less: patient services contractual allowances	(1,956,936,000)	(1,968,128,000)
Less: provision for bad debt	(47,619,000)	(56,839,000)
<b>TOTAL</b>	<b>\$ 1,215,037,000</b>	<b>\$ 1,301,036,000</b>

UAMS provided approximately \$39,954,000 and \$52,706,000 in charity care, based on established rates, during the years ended June 30, 2020 and 2019, respectively. Because UAMS does not pursue collection of amounts determined to qualify as charity care, they are not included in gross patient revenue above. Net patient services revenue for the years ended June 30, 2020 and 2019, includes approximately \$33,945,000 and \$97,368,000, respectively, from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations. Net patient services revenue for the years ended June 30, 2020 and 2019, includes approximately \$38,808,000 and \$41,128,000, respectively, of net revenue from the Supplemental Medicaid program. Parking services for the years ended June 30, 2020 and 2019, valued at \$905,000 and \$1,281,000, respectively, were provided to patients and guests at no additional charge.

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

***Hospital:***

Medicare – Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Some transplantation services are paid based upon a cost reimbursement methodology. Outpatient services are paid based on a prospective payment system where services are classified into groups called Ambulatory Payment Classifications (APC). Services in each APC are similar clinically and in terms of the resources they require. The Hospital is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audit by the Medicare fiscal intermediary. As of June 30, 2020, the Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2017.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost-reimbursement methodology. The Hospital is paid at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audits by the Medicaid audit contractor. The Hospital is required to pay the federal match for the difference in reimbursement between the Tax Equity and Fiscal Responsibility Act inpatient rate and full cost. For outpatient services, the Hospital is required to pay the federal match for the difference reimbursed between the outpatient prospective rates and full cost. As of June 30, 2020, the Hospital's Medicaid cost reports have been audited by the Medicaid audit contractor through June 30, 2013.

***FGP and Regional Campuses:***

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

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

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

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

#### **Note 4: Cash, Cash Equivalents and Investments**

A.C.A. §19-4-805 authorizes institutions of higher learning to determine the depositories and nature of investments of any of their cash funds which are not currently needed for operating purposes.

##### ***Cash and Cash Equivalents***

Cash deposits are carried at cost. The following schedule reconciles the amount of deposits to the statement of net position at June 30, 2020:

<b>Cash and Cash Equivalents</b>	
Cash deposits at year end	\$ 581,121,877
cash held on deposit in state treasury	35,499,976
cash equivalents	145,760,679
cash on hand	228,398
Less: cash/cash equiv shown as deposits held in trust on SNP	(140,972,167)
adjustment for deposits in transit within the system	9,355
<b>TOTAL</b>	<b>\$ 621,648,118</b>

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2020, \$750,000 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, 2020:

<b>Investment Type</b>	<b>Fair Value</b>
Mutual & Money Market Funds	\$ 172,622,418
Corporate & Municipal Bonds	65,667,152
External Investment Pool	159,309,842
Short-term Investment Fund Pool	235,688,261
Certificate of Deposits	64,239,721
U.S. Treasury & Government Sponsored Agencies	336,824,606
Commercial Paper	20,988,663
Other	5,671,526
Sub-Total	1,061,012,189
-shown as cash/cash equiv on Stmt of Net Position	(145,803,325)
-shown as deposits held in trust on Stmt of Net Position	(67,805,515)
Investments as reported on Stmt of Net Position	<u>\$ 847,403,349</u>

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	\$ 20,988,663	\$ 20,988,663	\$ -	\$ -	\$ -	
Bonds	65,667,152	31,327,476	32,610,198	1,729,478	-	
U.S. Treasury & Agency Securities	336,824,606	180,201,980	151,646,229	4,823,090	153,307	
		-	-	-	-	
Totals	<u>\$ 423,480,421</u>	<u>\$ 232,518,119</u>	<u>\$ 184,256,427</u>	<u>\$ 6,552,568</u>	<u>\$ 153,307</u>	

Investment Type	Fair Value	Credit Risk				
		AAA	AA	A	B & below	Not Rated
Mutual Funds	\$ 23,741,206	\$ 16,124,726	\$ -	\$ 645,337	\$ -	\$ 6,971,143
Commercial Paper	20,988,663	1,048,982	-	-	-	19,939,681
Bonds	65,667,152	12,892,003	51,845,144	120,474	143,950	665,581
		-	-	-	-	-
Totals	<u>\$ 110,397,021</u>	<u>\$ 30,065,711</u>	<u>\$ 51,845,144</u>	<u>\$ 765,811</u>	<u>\$ 143,950</u>	<u>\$ 27,576,405</u>

#### 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, 2020, four campuses and one division (UAF, Division of Agriculture, UALR, UAMS, and UAM) and six foundations participated in the Pool, whose net assets totaled \$2,035,645,456. The Pool was combined with 8.07% of the net assets owned by the University of Arkansas and external portions as follows: 62.78% by the University of Arkansas Foundation, 27.56% by the Fayetteville Campus Foundation, 0.74% by the Walton Arts Foundation, 0.14% by the University of Arkansas Community College at Hope Foundation, 0.03% by the University of Arkansas Technical Development Foundation, and 0.68% 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, 2020**

<b>Investment Type</b>	<b>Fair Value*</b>
<b>Equities</b>	<b>\$ 357,345,010</b>
Common Stock	92,643,621
Funds - Common Stock	264,701,389
<b>Fixed Income</b>	<b>119,455,234</b>
Government Bonds	119,367,220
Corporate Bonds	87,979
Government Mortgage Backed Securities	35
<b>Venture Capital and Partnerships</b>	<b>777,861,601</b>
Partnerships	777,861,601
<b>Hedge Fund</b>	<b>397,388,250</b>
Hedge Equity	364,985,092
Hedge Event Driven	32,403,158
<b>All Other</b>	<b>390,896</b>
Recoverable Taxes	390,896
<b>Cash/Cash Equivalents</b>	<b>383,204,465</b>
Funds - Short Term Investments	305,604,038
Cash	74,792,304
Invested Cash	2,808,123
<b>TOTAL</b>	<b>\$ 2,035,645,456</b>

\*Includes accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL**  
**Credit Risk - S&P Quality Ratings**  
**June 30, 2020**

<b>Investment Type</b>	<b>Fair Value*</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>B and less</b>	<b>NR</b>	<b>US GOVN. GUAR</b>
Corporate Bonds	\$ 87,979					\$ 87,979	
Funds - Short Term Investment	305,567,985					305,567,985	
Government Bonds	119,366,407						\$ 119,366,407
Govn Mortgage Backed Securities	35						35
Hedge Event Driven	32,403,158					32,403,158	
Total	\$ 457,425,564	\$ -	\$ -	\$ -	\$ -	\$ 338,059,122	\$ 119,366,442

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL**

**Years to Maturity**

**June 30, 2020**

<b>Investment Type</b>	<b>Fair Value*</b>	<b>Less than 1 year</b>	<b>1+ to 6 years</b>	<b>6+ to 10 years</b>	<b>10+ years</b>	<b>Maturity Not Determined</b>
Corporate Bonds	\$ 87,979				\$ 87,979	
Funds - Short Term Investment	305,567,985					\$ 305,567,985
Government Bonds	119,366,407		\$ 119,366,407			
Government Mortgage Backed Securities	35			\$ 35		
Hedge Event Driven	32,403,158					32,403,158
<b>Total</b>	<b>\$ 457,425,564</b>	<b>\$ -</b>	<b>\$ 119,366,407</b>	<b>\$ 35</b>	<b>\$ 87,979</b>	<b>\$ 337,971,143</b>

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL**

**Interest Rate Sensitivity - Effective Duration**

**June 30, 2020**

<b>Investment Type</b>	<b>Fair Value*</b>	<b>Effective Duration</b>
Corporate Bonds	\$ 87,979	N/A
Funds - Short Term Investment	305,567,985	N/A
Government Bonds	119,366,407	4.97
Govn Mortgage Backed Securities	35	2.37
Hedge Event Driven	32,403,158	N/A
<b>Total</b>	<b>\$ 457,425,564</b>	

\*Does not include accrued income



**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL**  
**Foreign Currency Risk By Investment Type**  
**June 30, 2020**

<b>Currency By Investment and Fair Value*</b>	<b>Cash</b>	<b>Equity</b>	<b>Other Assets</b>
AUSTRALIAN DOLLAR	\$ 1,358,345		
CANADIAN DOLLAR	1,301,687	\$ 213,682	
SWISS FRANC	(1,611,442)	5,931,126	\$ 134,320
CHINESE YUAN RENMINBI	(3,478,593)		
DANISH KRONE	187,806	197,101	8,803
EURO	(3,363,795)	9,159,051	237,002
BRITISH POUND STERLING	(1,113,186)	3,146,998	
HONG KONG DOLLAR	262,381	4,021,523	
NEW ISRAELI SHEKEL	(37)		
JAPANESE YEN	(1,550,621)	9,745,871	
NORWEGIAN KRONE	170,655		
SWEDISH KRONA	588,228	117	
SINGAPORE DOLLAR	321,284		
<b>Total</b>	<b>\$ (6,927,288)</b>	<b>\$ 32,415,469</b>	<b>\$ 380,125</b>

\*Includes accrued income

**Short-Term Investment Fund Pool**

This pool was created for campuses to invest funds on a short-term basis so that the funds would be accessible within a short period to them as needed. There are six campuses or divisions currently invested in the STIF. The breakdown by campus or division at June 30, 2020 is as follows: System-20.23%, UALR-18.6%, UAMS-45.53%, UAM-1.33%, PCCUA-1.33%, UACCM-1.56%, and the Division of Agriculture-11.42%. 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, 2020**

<b>Investment Type</b>	<b>Fair Value*</b>
<b>Fixed Income</b>	<b>\$ 161,827,335</b>
International Developed Bonds	8,150,097
Corporate Bonds	50,162,676
U.S. Government Agency Bonds	79,351,154
U.S. Treasury Bonds	24,163,408
<b>Cash/Cash Equivalents</b>	<b>73,860,906</b>
Certificates of Deposit	51,715,423
Commercial Paper	21,902,233
Money Market Funds	243,250
<b>TOTAL</b>	<b>\$ 235,688,241</b>

\*includes accrued income

**UNIVERSITY OF ARKANSAS SYSTEM  
Short Term Investment Fund  
Credit Risk  
June 30, 2020**

<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	\$ 8,108,530		\$ 5,045,740	\$ 3,062,790		
Corporate Bonds	49,893,310		5,589,740	37,133,640	\$ 7,169,930	
U.S. Government Agency Bonds	79,153,141	9,895,148	69,257,993			
U.S. Treasury Bonds	24,073,892	24,073,892				
	<u>\$ 161,228,873</u>	<u>\$ 33,969,040</u>	<u>\$ 79,893,473</u>	<u>\$ 40,196,430</u>	<u>\$ 7,169,930</u>	<u>\$ -</u>

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM  
Short-Term Investment Fund  
Interest Rate Risk - Investment Maturities (in Years)  
June 30, 2020**

<b>Investment Type</b>	<b>Fair Value*</b>	<b>Less than 1</b>	<b>1 to 5</b>
International Developed Bonds	\$ 8,108,530	\$ 8,108,530	
Corporate Bonds	49,893,310	23,859,397	\$ 26,033,913
U.S. Government Agency Bonds	79,153,141	29,604,198	49,548,943
U.S. Treasury Bonds	24,073,892	13,912,392	10,161,500
	<u>\$ 161,228,873</u>	<u>\$ 75,484,517</u>	<u>\$ 85,744,356</u>

\*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM**  
**Short Term Investment Fund**  
**Interest Rate Sensitivity - Effective Duration**  
**June 30, 2020**

<b>Investment Type</b>	<b>Fair Value*</b>	<b>Effective Duration</b>
International Developed Bonds	\$ 8,108,530	0.61
Corporate Bonds	49,893,310	0.85
U.S. Government Agency Bonds	79,153,141	1.19
U.S. Treasury Bonds	24,073,892	0.98
	<u>\$ 161,228,873</u>	

\*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, 2020 and 2019, is as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total Endowment	\$ 151,354,878	\$ 175,184,496
Less: Funds treated as endowment	(47,936,076)	(51,416,993)
Less: Non-expendable portion of endowment	(53,618,004)	(75,446,954)
Available for Expenditure	<u>\$ 49,800,798</u>	<u>\$ 48,320,549</u>

### **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, 2020:

Summary of Investments by Fair Value Level				
Investment by fair value level	Level 1	Level 2	Level 3	Total
<b>Equity Securities:</b>				
US	\$ 2,442,210	\$ 131,281	\$ 379	\$ 2,573,870
International	-	10,180	-	10,180
<b>Fixed Income Securities:</b>				
US Government Debt	42,866,502	296,518,673	2,498,481	341,883,656
Other Debt Securities	750,434	104,990,389	-	105,740,823
<b>Commingled Funds:</b>				
US Equity	79,288	1,264,304	-	1,343,592
International Equity	25,078	252,375	-	277,453
US Government Bonds	15,298,608	15,648	-	15,314,256
Non-US Government Bonds	37,251	-	-	37,251
Corporate Bonds	158,614	163,531	-	322,145
<b>Exchange Traded Funds:</b>				
Equity	631,000	-	-	631,000
Fixed Income	138,000	-	-	138,000
<b>Other Partnerships:</b>				
US (j)	-	-	-	-
International (k)	-	-	-	-
<b>Non-marketable alternatives</b>	-	-	2,950,000	2,950,000
<b>Marketable alternatives</b>	-	-	470,001	470,001
<b>Certificates of Deposit</b>	35,549,464	7,113,230	-	42,662,694
<b>Money markets and short-term investments</b>	5,774,422	80,418	-	5,854,840
<b>Total investments by fair value level</b>	<b>\$ 103,750,871</b>	<b>\$ 410,540,029</b>	<b>\$ 5,918,861</b>	<b>520,209,761</b>
<b>Investments measured at NAV (net asset value)</b>				
External Investment Pool - Total Return Pool - UA Foundation				159,079,061
Short-Term Investment Fund Pool - UA System				235,688,261
External Investment Pool - UA FS Foundation				230,781
<b>Total investments by NAV</b>				<b>394,998,103</b>
<b>TOTAL INVESTMENTS</b>				<b>\$ 915,207,864</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, 2020:

	Fair Value	Redemption Frequency	Redemption Notice Period
External Investment Pool - UA Foundation Total Return Pool (1)	\$ 159,079,061	Daily	7 - 30 days
Short-Term Investment Fund Pool - UA System (2)	235,688,261	Daily	0-3 days
External Investment Pool - UA FS Foundation	230,781	Daily	0 days
<b>Total Investments measured at the NAV</b>	<b>\$ 394,998,103</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.

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

Current accounts receivable balances, net of allowances, at June 30, 2020 and 2019, as shown on the Statements of Net Position, consist of the following:

<b>ACCOUNTS RECEIVABLE</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Student accounts	\$ 19,674,741	\$ 17,444,964
Non-student accounts	87,092,848	72,124,617
Grants and contracts	39,018,388	36,061,290
Property and sales taxes	2,818,769	2,859,023
Other	938,344	1,383,222
Total	<u>\$ 149,543,090</u>	<u>\$ 129,873,115</u>

Current accounts payable balances at June 30, 2020 and 2019, as shown on the Statements of Net Position, consist of the following:

<b>ACCOUNTS PAYABLE</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Trade related	\$ 44,372,037	\$ 64,893,018
Payroll related	85,942,009	82,836,459
Interest	8,649,785	9,081,253
Other	36,123,488	26,705,839
Total	<u>\$ 175,087,319</u>	<u>\$ 183,516,569</u>

#### **Note 7: Capital Assets**

The following table includes changes in capital assets for the year ended June 30, 2020:

# UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2020

CAPITAL ASSETS	June 30, 2019				June 30, 2020	
	Balance	Additions	Transfers	Deletions	Balance	
Land	\$ 116,561,503	\$ 3,739,938	\$ 127,000	\$ 5,585	\$ 120,422,856	
Library Holdings	148,599,410	2,270,455	7,554,426	606,954	157,817,337	
Construction in progress	135,823,338	123,123,581	(145,848,067)	291,693	112,807,159	
Improvements and infrastructure	361,586,346	4,108,587	14,132,874	-	379,827,807	
Buildings	4,032,569,173	29,139,717	128,771,165	3,515,819	4,186,964,236	
Equipment	702,987,556	37,195,346	(12,396,972)	23,981,196	703,804,734	
Intangibles - Software	181,128,321	695,000	216,605	-	182,039,926	
Intangibles - Software in developmer	10,548,426	20,841,569	(216,605)	-	31,173,390	
Intangibles - Leasehold improvemen	29,610,819	533,000	15,213,000	160,000	45,196,819	
Intangibles - Radio License	67,809	-	-	-	67,809	
Other	12,532,391	26,914	1,000	9,279,052	3,281,253	
Total Capital Assets	5,732,015,092	221,674,107	7,554,426	37,840,299	5,923,403,326	
Less accumulated depreciation:						
Library Holdings	126,410,883	4,243,514	7,554,426	602,591	137,606,232	
Improvements and infrastructure	184,437,603	16,271,750	(97,659)	-	200,611,694	
Buildings	1,753,687,476	132,601,293	97,659	1,453,777	1,884,932,651	
Equipment	569,357,121	40,058,046	(1,797,000)	22,633,224	584,984,943	
Intangibles - Software	129,323,624	10,073,624	-	-	139,397,248	
Intangibles - Leasehold improveme	22,779,494	2,843,797	1,797,000	135,000	27,285,291	
Intangibles - Radio License	-	-	-	-	-	
Other	3,168,951	452,380	-	3,554,000	67,331	
Total Accum Depreciation	2,789,165,152	206,544,404	7,554,426	28,378,592	2,974,885,390	
Capital Assets, Net	\$ 2,942,849,940	\$ 15,129,703	\$ -	\$ 9,461,707	\$ 2,948,517,936	



The following table includes changes in capital assets for the year ended June 30, 2019:

CAPITAL ASSETS	June 30, 2018				June 30, 2019	
	Balance	Additions	Transfers	Deletions	Balance	
Land	\$ 115,712,288	\$ 960,423	\$ -	\$ 111,208	\$ 116,561,503	
Library Holdings	148,005,754	3,656,979	-	3,063,323	148,599,410	
Construction in progress	299,854,331	195,625,574	(359,441,970)	214,597	135,823,338	
Improvements and infrastructure	340,086,485	2,469,264	19,130,885	100,288	361,586,346	
Buildings	3,667,486,079	30,731,425	340,311,085	5,959,416	4,032,569,173	
Equipment	678,601,248	45,924,372	-	21,538,064	702,987,556	
Intangibles - Software	168,913,142	2,205,000	11,107,000	1,096,821	181,128,321	
Intangibles - Software in development	1,616,511	10,013,915	(1,082,000)	-	10,548,426	
Intangibles - Leasehold improvements	39,585,819	546,000	(10,025,000)	496,000	29,610,819	
Intangibles - Radio License	67,809	-	-	-	67,809	
Other	12,697,700	72,036	-	237,345	12,532,391	
Total Capital Assets	5,472,627,166	292,204,988	-	32,817,062	5,732,015,092	
Less accumulated depreciation:						
Library Holdings	125,085,260	4,306,519	-	2,980,896	126,410,883	
Improvements and infrastructure	168,981,086	15,522,959	-	66,442	184,437,603	
Buildings	1,630,201,271	126,809,826	-	3,323,621	1,753,687,476	
Equipment	550,210,869	40,050,435	-	20,904,183	569,357,121	
Intangibles - Software	116,049,247	8,976,909	4,919,000	621,532	129,323,624	
Intangibles - Leasehold improvements	23,799,306	4,245,188	(4,919,000)	346,000	22,779,494	
Intangibles - Radio License	-	-	-	-	-	
Other	2,716,570	452,381	-	-	3,168,951	
Total Accum Depreciation	2,617,043,609	200,364,217	-	28,242,674	2,789,165,152	
Capital Assets, Net	\$ 2,855,583,557	\$ 91,840,771	\$ -	\$ 4,574,388	\$ 2,942,849,940	

Library holdings, including old and rare books, valued at \$1,226,000 and \$1,273,000 at June 30, 2020 and 2019, respectively, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying Statements of Net Position.

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

The University had no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2020 or 2019.

### **Note 9: Compensated Absences**

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

Full-time, non-classified employees accrue annual leave at the rate of fifteen hours per month and full-time classified employees accrue at a variable rate (from eight to fifteen hours per month) depending upon the number of years of employment in state government. Employees who are less



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

Changes in compensated absences are shown below:

<b>COMPENSATED ABSENCES</b>					
Campus	Balance 6/30/19	Additions	Reductions	Balance 6/30/20	Current Portion
UAF	\$ 20,858,052	\$ 1,853,889	\$ 45,672	\$ 22,666,269	\$ 1,804,612
UAFS	1,527,127	321,734	168,296	1,680,565	207,368
UALR	4,138,651	425,051	196,561	4,367,141	445,171
UAMS	58,186,000	53,185,000	44,460,000	66,911,000	4,230,000
UAM	1,146,542	931,481	824,126	1,253,897	126,553
UAPB	2,376,176	2,731,887	1,865,179	3,242,884	223,149
SYSTEM	758,086	802,347	674,397	886,036	33,724
CCCUA	433,235	270,003	356,440	346,798	17,340
PCCUA	481,322	386,210	379,313	488,219	26,656
UACCB	300,327	316,590	328,649	288,268	29,780
UACCHT	383,307	410,911	375,753	418,465	33,134
UACCM	327,065	328,732	291,888	363,909	58,941
UAPTC	864,123	736,438	652,107	948,454	122,270
UACCRM	235,669	261,226	230,980	265,915	16,481
ASMSA	133,776	45,510	22,554	156,732	31,583
<b>TOTAL</b>	<b>\$ 92,149,458</b>	<b>\$ 63,007,009</b>	<b>\$ 50,871,915</b>	<b>\$ 104,284,552</b>	<b>\$ 7,406,762</b>

<b>COMPENSATED ABSENCES</b>					
Campus	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Current Portion
UAF	\$ 21,602,380	\$ 180,401	\$ 924,729	\$ 20,858,052	\$ 1,770,865
UAFS	1,499,672	232,280	204,825	1,527,127	198,349
UALR	4,334,790	402,020	598,159	4,138,651	376,686
UAMS	58,050,000	58,266,000	58,130,000	58,186,000	4,629,000
UAM	1,214,397	866,090	933,945	1,146,542	125,292
UAPB	2,367,976	2,265,280	2,257,080	2,376,176	224,713
SYSTEM	653,854	693,872	589,640	758,086	31,150
CCCUA	364,669	543,002	474,436	433,235	21,662
PCCUA	499,995	464,117	482,790	481,322	19,545
UACCB	470,378	348,143	518,194	300,327	30,324
UACCHT	354,978	384,957	356,628	383,307	28,162
UACCM	456,041	308,379	437,355	327,065	67,381
UAPTC	763,840	765,392	665,109	864,123	139,828
UACCRM	233,646	242,869	240,846	235,669	23,098
ASMSA	152,124	23,021	41,369	133,776	27,439
<b>TOTAL</b>	<b>\$ 93,018,740</b>	<b>\$ 65,985,823</b>	<b>\$ 66,855,105</b>	<b>\$ 92,149,458</b>	<b>\$ 7,713,494</b>

**Note 10: Bonds, Notes, Capital Leases and Installment Contracts Payable**

The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Separate accounting is not required for these facilities under the provisions of the debt instruments; accordingly, segment reporting is not required for financial reporting purposes. A summary of long-term debt by campus is shown below. Total debt of \$1,691,704,462 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of \$1,686,106,798 shown on the Statement of Net Position. This is due to an elimination entry of \$5,597,664 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
12/15/2009	11/1/2039	3.0% to 5.0%	\$ 52,430,000	\$ 52,430,000	-
6/30/2010	9/15/2020	1.0% to 4.82%	23,965,000	21,290,000	2,675,000
6/29/2011	11/1/2040	2.0% to 5.0%	101,225,000	96,320,000	4,905,000
6/29/2011	11/1/2022	3.0% to 5.0%	8,895,000	2,330,000	6,565,000
4/17/2012	11/1/2032	1.0% to 5.0%	56,965,000	11,915,000	45,050,000
9/13/2012	11/1/2042	2.0% to 5.0%	60,540,000	57,890,000	2,650,000
5/16/2013	11/1/2042	1.0% to 5.0%	54,450,000	8,165,000	46,285,000
5/16/2013	9/15/2027	1.0% to 5.0%	30,355,000	11,335,000	19,020,000
6/30/2014	11/1/2043	2.0% to 5.0%	24,730,000	2,595,000	22,135,000
6/30/2014	11/1/2043	0.85% to 4.5%	5,020,000	590,000	4,430,000
2/12/2015	11/1/2036	2.0% to 5.0%	70,360,000	13,435,000	56,925,000
2/12/2015	9/15/2022	2.0% to 5.0%	14,180,000	8,155,000	6,025,000
8/27/2015	11/1/2045	1.02% to 4.4%	7,510,000	605,000	6,905,000
8/27/2015	11/1/2021	2.0% to 5.0%	36,675,000	28,940,000	7,735,000
4/5/2016	11/1/2046	3.0% to 5.0%	93,590,000	8,490,000	85,100,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	4,245,000	11,035,000
10/19/2016	9/15/2036	5.0%	24,845,000	-	24,845,000
10/19/2016	9/15/2034	1.192% to 3.388%	90,000,000	4,730,000	85,270,000
8/1/2017	11/1/2047	2.0% to 5.0%	95,805,000	2,980,000	92,825,000
7/26/2018	5/1/2049	5.0%	20,385,000	300,000	20,085,000
7/26/2018	11/1/2038	2.65% to 4.0%	6,560,000	235,000	6,325,000
8/22/2019	11/1/2049	5.0%	59,655,000	-	59,655,000
8/22/2019	9/15/2034	5.0%	24,900,000	-	24,900,000
11/5/2019	11/1/2042	1.762% to 3.401%	139,220,000	-	139,220,000
11/30/1991	5/1/2022	3.32 to 5.5%	8,213,139	4,609,578	3,603,561
11/29/1995	11/1/2035	2.0% to 5.0%	2,690,557	1,530,796	1,159,761
7/31/2015	7/1/2023	0.0197%	4,935,766	2,605,862	2,329,904
7/31/2015	11/19/2023	1.99%	16,969,012	9,662,145	7,306,867
7/31/2015	1/8/2023	1.95%	6,844,590	4,221,371	2,623,219
Various	Various	Various	3,472,895	1,623,018	1,849,877
	Net unamortized premium/discount		114,997,383	35,106,892	79,890,491
	TOTALS		\$ 1,275,663,342	\$ 396,334,662	\$ 879,328,680

**UNIVERSITY OF ARKANSAS AT FORT SMITH**

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2010	12/1/2021	2.0%-4.0%	\$ 29,895,000	\$ 23,795,000	\$ 6,100,000
12/1/2010	12/1/2035	2.0%-4.75%	9,300,000	2,370,000	6,930,000
1/1/2012	12/1/2030	2.0%-4.25%	17,540,000	7,475,000	10,065,000
6/1/2014	12/1/2031	2.0%-3.5%	5,295,000	1,465,000	3,830,000
6/1/2014	6/1/2039	2.0%-5.0%	10,930,000	1,725,000	9,205,000
10/20/2016	12/1/2034	2.0%-5.0%	19,500,000	1,440,000	18,060,000
2/29/2012	1/1/2022	0.0%	2,166,500	1,733,200	433,300
5/12/2012	5/4/2027	4.0%	650,000	301,937	348,063
	Net unamortized premium/discount		5,882,032	2,264,869	3,617,163
<b>TOTALS</b>			<b>\$ 101,158,532</b>	<b>\$ 42,570,006</b>	<b>\$ 58,588,526</b>

**UNIVERSITY OF ARKANSAS AT LITTLE ROCK**

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
4/1/2012	5/1/2037	2.0%-5.0%	\$ 14,880,000	\$ 3,200,000	\$ 11,680,000
9/19/2012	12/1/2029	1.0%-5.0%	13,850,000	5,055,000	8,795,000
4/24/2013	12/1/2024	1.0%-5.0%	10,770,000	5,660,000	5,110,000
4/24/2013	12/1/2024	.530%-2.884%	6,530,000	3,630,000	2,900,000
8/1/2013	10/1/2030	2.0%-5.0%	28,740,000	7,670,000	21,070,000
2/24/2016	10/1/2029	2.0%-5.0%	22,475,000	3,390,000	19,085,000
4/6/2016	10/1/2034	2.0%-5.0%	24,490,000	3,585,000	20,905,000
9/19/2017	10/1/2037	2.0%-5.0%	6,510,000	435,000	6,075,000
1/11/2017	1/1/2027	0.00%	2,000,000	600,000	1,400,000
10/1/2015	10/1/2020	1.26%	98,193	91,453	6,740
	Net unamortized premium/discount		14,167,687	4,941,259	9,226,428
<b>TOTALS</b>			<b>\$ 144,510,880</b>	<b>\$ 38,257,712</b>	<b>\$ 106,253,168</b>

**UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2010	7/1/2019	2.0% - 4.5%	\$ 7,605,000	\$ 7,605,000	\$ -
12/21/2010	12/1/2030	2.0% - 5.0%	42,680,000	12,270,000	30,410,000
11/15/2011	7/1/2034	2.0% - 4.25%	8,985,000	2,695,000	6,290,000
5/14/2013	11/1/2034	1.0% - 5.0%	112,665,000	21,995,000	90,670,000
12/17/2014	3/1/2036	2.0% - 5.0%	86,035,000	8,950,000	77,085,000
10/24/2019	3/1/2032	5.0%	48,615,000	-	48,615,000
10/25/2019	3/1/2042	2.906% to 3.35%	97,470,000	-	97,470,000
Various	Various	Various	63,287,000	48,095,000	15,192,000
Various	Various	Various	66,203,000	31,533,000	34,670,000
	Net unamortized premium/discount		44,885,000	11,757,000	33,128,000
<b>TOTALS</b>			<b>\$ 578,430,000</b>	<b>\$ 144,900,000</b>	<b>\$ 433,530,000</b>

**UNIVERSITY OF ARKANSAS AT MONTICELLO**

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
2/1/2012	12/1/2035	2.0%-4.0%	8,745,000	2,315,000	6,430,000
12/1/2012	10/1/2037	1.0%-4.0%	8,650,000	1,835,000	6,815,000
3/30/2017	12/1/2041	5.0%	11,270,000	-	11,270,000
3/30/2017	12/1/2023	1.94%-2.99%	1,765,000	340,000	1,425,000
	Net unamortized premium/discount		1,999,713	348,995	1,650,718
<b>TOTALS</b>			<b>\$ 32,429,713</b>	<b>\$ 4,838,995</b>	<b>\$ 27,590,718</b>

# UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2020

## UNIVERSITY OF ARKANSAS AT PINE BLUFF

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2014	12/1/2035	2.0%-5.0%	15,160,000	1,470,000	13,690,000
12/15/2016	1/1/2035	2.51%	17,245,359	1,255,604	15,989,755
12/15/2018	2/1/2023	3.78%	2,808,028	1,119,416	1,688,612
	Net unamortized premium/discount		1,095,017	291,073	803,944
	TOTALS		\$ 36,308,404	\$ 4,136,093	\$ 32,172,311

## 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	\$ 248,627	\$ 251,373
4/1/2016	4/1/2026	1.75%	2,487,749		2,487,749
12/1/2016	12/1/2026	1.75%	2,487,749		2,487,749
10/26/2018	11/1/2028	3.0%	27,000,000		27,000,000
			\$ 32,475,498	\$ 248,627	\$ 32,226,871

## COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
1/25/2008	3/30/2023	2.91%	\$ 2,000,000	\$ 1,657,776	\$ 342,224
6/13/2013	5/1/2035	1.0% - 3.625%	3,930,000	890,000	3,040,000
	Net unamortized premium/discount		141,059	45,225	95,834
	TOTALS		\$ 6,071,059	\$ 2,593,001	\$ 3,478,058

## 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	\$ 1,680,000	\$ 9,590,000
	Net unamortized premium/discount		272,074	59,397	212,677
	TOTALS		\$ 11,542,074	\$ 1,739,397	\$ 9,802,677

## UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
2/2/2010	2/1/2020	0.45%	\$ 1,000,000	\$ 1,000,000	\$ -
10/1/2016	10/1/2026	0.68%	2,000,000	585,833	1,414,167
	Net unamortized premium/discount				-
	TOTALS		\$ 3,000,000	\$ 1,585,833	\$ 1,414,167

## UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2010	9/1/2020	1.0% - 4.0%	\$ 4,625,000	\$ 4,370,000	\$ 255,000
3/27/2012	4/1/2022	0.20%	1,100,000	878,238	221,762
6/1/2013	10/1/2038	1.00% - 3.625%	2,590,000	515,000	2,075,000
	Net unamortized premium/discount		111,731	108,543	3,188
	TOTALS		\$ 8,426,731	\$ 5,871,781	\$ 2,554,950

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON**

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/16/2010	5/1/2022	2.0% - 3.5%	\$ 2,030,000	\$ 1,645,000	\$ 385,000
7/30/2010	8/1/2020	0.38%	800,000	759,275	40,725
2/23/2016	5/1/2046	2.0-5.0%	10,000,000	405,000	9,595,000
	Net unamortized premium/discount		975,148	143,563	831,585
	TOTALS		\$ 13,805,148	\$ 2,952,838	\$ 10,852,310

**UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE**

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
7/1/2015	6/30/2037	2.0%-5.0%	\$ 25,875,000	\$ 4,090,000	\$ 21,785,000
11/5/2019	9/1/2040	1.796%-3.452%	56,685,000	-	56,685,000
	Net unamortized premium/discount		540,663		540,663
	TOTALS		\$ 83,100,663	\$ 4,090,000	\$ 79,010,663

**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	\$ 835,000	\$ 3,995,000
8/15/2012	4/1/2042	1.2% - 4.15%	1,870,000	1,870,000	-
12/6/2017	9/25/2022	2.0%	825,000	33,705	791,295
7/15/2019	6/30/2024	2.6% - 4.15%	54,440	9,740	44,700
7/25/2019	4/1/2049	2.6% - 4.15%	8,250,000	220,000	8,030,000
	Net unamortized premium/discount		1,073,440	33,072	1,040,368
	TOTALS		\$ 16,902,880	\$ 3,001,517	\$ 13,901,363

**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	\$ -	\$ 1,000,000
	Net unamortized premium/discount				
	TOTALS		\$ 1,000,000	\$ -	\$ 1,000,000





***Schedule of Changes in Debt***

<b>BONDS</b>					
Campus	Balance 6-30-19	Additions	Reductions	Balance 6-30-20	Current Portion
UAF	\$ 761,150,000	\$ 223,775,000	\$ 204,360,000	\$ 780,565,000	\$ 34,615,000
Net unamortized prem/disc	74,353,600	19,680,799	14,143,908	79,890,491	5,473,802
UAFS	59,590,000		5,400,000	54,190,000	5,560,000
Net unamortized prem/disc	3,962,171		345,008	3,617,163	345,008
UALR	102,245,000	-	6,625,000	95,620,000	6,920,000
Net unamortized prem/disc	10,039,737	-	813,309	9,226,428	813,308
UAMS	214,965,000	146,085,000	10,510,000	350,540,000	9,940,000
Net unamortized prem/disc	23,509,000	12,125,000	2,506,000	33,128,000	
UAM	26,865,000		925,000	25,940,000	950,000
Net unamortized prem/disc	1,729,721		79,003	1,650,718	79,003
UAPB	14,280,000		590,000	13,690,000	610,000
Net unamortized prem/disc	854,190		50,246	803,944	50,246
CCCUA	3,185,000		145,000	3,040,000	155,000
Net unamortized prem/disc	102,294		6,460	95,834	6,460
PCCUA	9,945,000		355,000	9,590,000	370,000
Net unamortized prem/disc	224,173		11,496	212,677	11,496
UACCB					
Net unamortized prem/disc					
UACCHT	2,655,000		325,000	2,330,000	335,000
Net unamortized prem/disc	14,065		10,877	3,188	1,876
UACCM	10,370,000		390,000	9,980,000	405,000
Net unamortized prem/disc	864,090		32,505	831,585	32,505
UAPTC	82,035,000	56,685,000	60,250,000	78,470,000	2,480,000
Net unamortized prem/disc	726,351		185,688	540,663	31,804
UACCRM	5,695,000	8,250,000	1,920,000	12,025,000	280,000
Net unamortized prem/disc	(8,901)	1,085,050	35,781	1,040,368	35,781
<b>TOTAL</b>	<b>\$ 1,409,350,491</b>	<b>\$ 467,685,849</b>	<b>\$ 310,015,281</b>	<b>\$ 1,567,021,059</b>	<b>\$ 69,501,289</b>

<b>NOTES</b>					
Campus	Balance 6-30-19	Additions	Reductions	Balance 6-30-20	Current Portion
UAF	\$ 5,395,418	\$ 707,969	\$ 1,340,065	\$ 4,763,322	\$ 1,239,639
UAFS	649,950		216,650	433,300	216,650
UALR	1,777,064	-	377,064	1,400,000	200,000
UAMS	19,212,000	1,723,000	5,743,000	15,192,000	4,129,000
UAM					
SYSTEM	15,311,816	16,965,000	49,945	32,226,871	1,952,745
CCCUA	494,557		152,333	342,224	156,825
UACCB	1,712,802	-	298,635	1,414,167	197,940
UACCHT	332,311		110,549	221,762	110,770
UACCM	121,944		81,219	40,725	40,725
UACCRM	825,000	54,440	43,445	835,995	44,744
ASMSA	-	1,000,000	-	1,000,000	100,000
<b>TOTAL</b>	<b>\$ 45,832,862</b>	<b>\$ 20,450,409</b>	<b>\$ 8,412,905</b>	<b>\$ 57,870,366</b>	<b>\$ 8,389,038</b>

# UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2020

## CAPITAL LEASES

Campus	Balance 6-30-19	Additions	Reductions	Balance 6-30-20	Current Portion
UAF	\$ 1,094,002	\$ 1,608,004	\$ 852,129	\$ 1,849,877	\$ 537,159
UAFS	390,885		42,822	348,063	44,608
UALR	26,792	-	20,052	6,740	6,740
UAMS	21,048,000	18,950,000	5,328,000	34,670,000	6,152,000
UAPB	18,922,440		1,244,073	17,678,367	1,291,083
TOTAL	\$ 41,482,119	\$ 20,558,004	\$ 7,487,076	\$ 54,553,047	\$ 8,031,590

## INSTALLMENT CONTRACTS

Campus	Balance 6-30-19	Additions	Reductions	Balance 6-30-20	Current Portion
UAF	\$ 15,863,209		\$ 3,603,219	\$ 12,259,990	\$ 3,674,948

The current portion shown above for bonds, notes, capital leases, and installment contracts differs from the statement of net position by \$425,622, which is the current portion of elimination entries related to intercompany debt (see Note 19).

### *Future Principal and Interest Payments*

Total long-term debt principal and interest payments are shown below. Interest payments for variable rate debt have been calculated using the rate in effect at the financial statement date, though actual rates will vary. Total debt of \$1,691,704,462 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of \$1,686,106,798 shown on the Statement of Net Position. This is due to an elimination entry of \$5,597,664 to account for two loans between UA campuses (see Note 19).

### FUTURE PRINCIPAL AND INTEREST PAYMENTS ON BONDS PAYABLE

Year Ended June 30,	Principal	Interest	Total
2021	\$ 62,620,000	\$ 59,001,830	\$ 121,621,830
2022	63,450,000	56,349,106	119,799,106
2023	66,545,000	53,704,092	120,249,092
2024	64,305,000	51,015,858	115,320,858
2025	66,660,000	48,339,676	114,999,676
2026-2030	354,285,000	197,888,024	552,173,024
2031-2035	367,880,000	120,557,899	488,437,899
2036-2040	250,215,000	53,853,419	304,068,419
2041-2045	105,690,000	17,376,798	123,066,798
2046-2050	34,330,000	3,050,725	37,380,725
2051-2055	-	-	-
Subtotal	1,435,980,000	661,137,427	2,097,117,427
+ Net unamortized premiums/discounts	131,041,059	-	131,041,059
GRAND TOTALS	\$ 1,567,021,059	\$ 661,137,427	\$ 2,228,158,486

**FUTURE PRINCIPAL AND INTEREST PAYMENTS ON NOTES PAYABLE**

Year Ended June 30,	Principal	Interest	Total
2021	8,389,038	1,491,709	9,756,370
2022	9,913,681	1,265,456	11,057,260
2023	8,860,957	1,020,653	9,762,233
2024	7,157,239	783,410	7,823,772
2025	7,135,327	584,175	7,605,125
2026-2030	16,156,021	894,077	16,515,714
2031-2035	258,103	26,312	284,415
TOTALS	\$ 57,870,366	\$ 6,065,792	\$ 63,936,158

**FUTURE PRINCIPAL AND INTEREST PAYMENTS ON CAPITAL LEASES**

Year Ended June 30,	Principal	Interest	Total
2021	8,033,590	1,554,280	\$ 9,587,870
2022	7,232,040	1,328,374	8,560,414
2023	5,503,702	1,128,805	6,632,507
2024	4,855,004	965,243	5,820,247
2025	4,505,302	820,629	5,325,931
2026-2030	18,019,781	2,996,901	21,016,682
2031-2035	6,403,628	414,590	6,818,218
2036-2040	-	19,166	19,166
TOTALS	\$ 54,553,047	\$ 9,227,988	\$ 63,781,035

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

Year Ended June 30,	Principal	Interest	Total
2021	3,674,948	215,340	\$ 3,890,288
2022	3,748,103	142,183	3,890,286
2023	3,577,210	67,571	3,644,781
2024	1,259,729	8,939	1,268,668
2025	-	-	-
TOTALS	\$ 12,259,990	\$ 434,033	\$ 12,694,023

***Capitalization of Assets held under Capital Leases***

The capitalized value of capital assets held under capital leases totaled \$59,082,410 at June 30, 2020. The present value of the net minimum lease payments is as follows:

	Cost	Accumulated Depreciation	Net
Improvements/Infrastructure	\$ 5,735,660	\$ 4,649,300	\$ 1,086,360
Buildings	56,367,359	20,130,124	36,237,235
Equipment	54,336,397	32,577,582	21,758,815
		TOTAL	\$ 59,082,410
Total Minimum Lease Payments			\$ 63,781,035
Less: Amount representing interest			9,227,988
Total Present Value of Net Minimum Lease Payments			\$ 54,553,047

***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, 2020, that are pledged:

BOND SERIES	REVENUE SOURCE	FY20 REVENUE
<b>UNIVERSITY OF ARKANSAS FAYETTEVILLE</b>		
Series 2009A Various Facilities	Student Tuition and Fees	\$ 334,720,781
Series 2011A&B Various Facilities	Sales and Services	9,044,450
Series 2012A Various Facilities	Residential Life	72,885,437
Series 2012B Various Facilities	Bookstore*	10,926,426
Series 2013 Various Facilities	Student Health Services	2,635,306
Series 2014A&B Various Facilities	Transit and Parking	8,087,870
Series 2015A Various Facilities	Other Auxiliaries	105,750
Series 2015B Various Facilities		
Series 2015C Various Facilities		
Series 2016A Various Facilities		
Series 2016B Various Facilities		
Series 2017 Various Facilities		
Series 2018A Various Facilities		
Series 2018B Various Facilities		
Series 2019A Various Facilities		
Series 2019B Various Facilities		
		<b>\$ 438,406,020</b>
Maturity dates range from November 2021 through November 2049		
	FY20 Principal and Interest	\$ 51,117,059
	% of Revenues Pledged	11.66%
	Remaining Principal & Interest	\$ 953,374,497
* For the purposes of calculating pledged revenues, Bookstore revenues shown include internally generated revenues from sales to the University campus of \$1,975,135 for the year ending 6/30/20.		
Series 2010 Athletic Refunding	Men's Athletics	\$ 94,089,916
Series 2013 Athletic Facilities		
Series 2015 Athletic Facilities		
Series 2016A Athletic Facilities		
Series 2016B Athletic Facilities		
Series 2019A Athletic Facilities		
		<b>\$ 94,089,916</b>
Maturity dates range from September 2020 through September 2036		
	FY20 Principal and Interest	\$ 15,179,663
	% of Revenues Pledged	16.13%
	Remaining Principal & Interest	\$ 217,789,539

<b>UNIVERSITY OF ARKANSAS AT FORT SMITH</b>			
Series 2010 Student Fee Revenue	Student Fees	\$	40,511,085
Series 2010B Student Fee Revenue			
Series 2012 Refunding			
Series 2014A Student Fee Revenue			
Series 2014B Student Fee Revenue			
Series 2016 Refunding			
		\$	40,511,085
Maturity dates range from December 2021 through June 2039			
	FY20 Principal and Interest	\$	7,671,793
	% of Revenue Pledge		18.94%
	Remaining Principal & Interest	\$	70,880,069

<b>UNIVERSITY OF ARKANSAS AT LITTLE ROCK</b>			
Series 2013A Revenue Refunding	Student Fees	\$	68,939,284
Series 2013 Student Fee Revenue Capital			
Series 2013B Taxable Revenue Refunding			
Series 2016, Student Fee Revenue Refunding			
Series 2017, Student Fee Revenue			
		\$	68,939,284
Maturity dates range from December 2024 through October 2037			
	FY20 Principal and Interest	\$	7,039,021
	% of Revenue Pledge		10.21%
	Remaining Principal & Interest	\$	68,057,727
Series 2012A Student Housing Revenue	Auxiliaries	\$	14,946,127
Series 2012B Student Housing Refunding			
Series 2016 Auxiliary Enterprises Revenue Refunding			
		\$	14,946,127
Maturity dates range from December 2029 through May 2037			
	FY20 Principal and Interest	\$	3,976,081
	% of Revenue Pledge		26.60%
	Remaining Principal & Interest	\$	56,188,084



<b>UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES</b>			
Series 2010 Various Facilities Refunding	Clinical and Patient Revenue	\$	923,278,000
Series 2013 Various Facilities			
Series 2014 Various Facilities			
Series 2019 A Various Facilities			
Series 2019 B Various Facilities			
		\$	923,278,000
Maturity dates range from December 2030 through March 2042			
	FY20 Principal and Interest	\$	20,825,000
	% of Revenue Pledge		2.26%
	Remaining Principal & Interest	\$	499,257,000
Series 2010 Refunding Parking System	Parking Fees	\$	2,651,000
Series 2011 Refunding Parking System			
		\$	2,651,000
Maturity dates range from December 2030 through July 2042			
	FY20 Principal and Interest	\$	1,604,000
	% of Revenue Pledge		60.51%
	Remaining Principal & Interest	\$	8,200,000

<b>UNIVERSITY OF ARKANSAS AT MONTICELLO</b>			
Series 2012 Various Facilities Refunding	Student Fees	\$	23,969,995
Series 2017B (Taxable) Various Facilities	Sales and Services		
Series 2017A (Tax-Exempt) Various	Auxiliary Enterprises		
		\$	23,969,995
Maturity dates range from December 2023 through December 2041			
	FY20 Principal and Interest	\$	1,478,538
	% of Revenue Pledge		6.17%
	Remaining Principal & Interest	\$	29,333,283
Series 2012 Auxiliary Facilities	Auxiliary Enterprises	\$	5,557,485
		\$	5,557,485
Maturity date is October 2037			
	FY20 Principal and Interest	\$	513,741
	% of Revenue Pledge		9.24%
	Remaining Principal & Interest	\$	9,220,192

<b>UNIVERSITY OF ARKANSAS AT PINE BLUFF</b>			
Series 2014A Various Facilities	Student Tuition and Fees	\$	34,121,963
	Auxiliary Revenues		
		\$	34,121,963
Maturity date is December 2035			
	FY20 Principal and Interest	\$	1,168,444
	% of Revenue Pledge		3.42%
	Remaining Principal & Interest	\$	18,585,479

<b>COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS</b>			
Series 2013	Student Fees	\$	4,166,804
Maturity date is May 2035			
	FY20 Principal and Interest	\$	264,488
	% of Revenue Pledge		6.35%
	Remaining Principal & Interest	\$	3,972,731

<b>PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS</b>			
Series 2015 Refunding	Student Fees	\$	3,012,674
Maturity date is December 2038			
	FY20 Principal and Interest	\$	681,581
	% of Revenue Pledge		22.62%
	Remaining Principal & Interest	\$	12,943,797

<b>UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA</b>			
Series 2010 Student Fee Revenue	Student Fees	\$	3,165,870
Series 2013 Student Fee Refunding			
		\$	3,165,870
Maturity dates are September 2020 through October 2038			
	FY20 Principal and Interest	\$	408,994
	% of Revenue Pledge		12.92%
	Remaining Principal & Interest	\$	3,123,600

<b>UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON</b>			
Series 2010 Student Fee Refunding	Student Fees	\$	6,347,397
Series 2016 Student Fee			
		\$	6,347,397
Maturity dates are May 2022 through May 2046			
	FY20 Principal and Interest	\$	814,368
	% of Revenue Pledge		12.83%
	Remaining Principal & Interest	\$	16,255,488

<b>UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE</b>			
Series 2015 Student Tuition and Fee	Student Tuition and Fees	\$	24,090,787
Series 2019 Student Tuition and Fee			
		\$	24,090,787
Maturity dates are June 2037 through September 2040			
	FY20 Principal and Interest	\$	2,222,138
	% of Revenue Pledge		9.22%
	Remaining Principal & Interest	\$	110,368,599

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN			
Series 2012 Student Fee & Tuition Revenue Bonds	Student Tuition and Fees and Sales and Services	\$	2,275,907
Series 2019 Various Facilities Revenue			
		\$	2,275,907
Maturity dates are April 2042 and April 2049			
	FY20 Principal and Interest	\$	460,328
	% of Revenue Pledge		20.23%
	Remaining Principal & Interest	\$	13,556,750
Series 2012 Refunding and Capital Improvement	Property Taxes	\$	443,944
Maturity date is April 2042			
	FY20 Principal and Interest	\$	268,913
	% of Revenue Pledge		60.57%
	Remaining Principal & Interest	\$	6,010,593

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

*For the year ended June 30, 2020:*

On July 25, 2019, the University closed the Board of Trustees of the University of Arkansas Various Facilities Revenue Refunding and Improvement Bonds (**Rich Mountain Campus**) Series 2019 with a par amount of \$8,250,000. The bonds provide resources of \$7,500,808 for the acquisition, construction, furnishing and equipping of a student housing facility on the Mena campus, the construction, renovation, expansion, equipping, and furnishing of classroom and student facilities on the Mena campus and the acquisition, construction, improvement, renovation, equipping and/or furnishings of other qualifying capital projects. The funding for an account for interest during construction of \$199,431 was also provided. In addition, the bonds provide resources of \$1,603,443 for the current refunding of the Board of Trustees of Rich Mountain Community College Student Tuition and Fee Revenue Bonds, Series 2012.

On August 22, 2019, the University issued \$59,655,000 in Various Facility Revenue Bonds (**Fayetteville Campus**), Series 2019A, with interest rates of 4.0% to 5.0%. A portion of the bond proceeds were used to accomplish the current refunding of Series 2009 Bonds. Net bond proceeds and premiums of \$42,662,014 from Series 2019A along with \$1,889,889 of cash from the University was deposited into an escrow account to retire the bonds. All outstanding bonds dated December 15, 2009 were refunded on November 1, 2020. The refunding resulted in a difference between the reacquisition price and then net carrying amount of the old debt of \$20,234. This difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2039. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by \$10,034,385 and to obtain a net present value economic gain of \$8,124,671. The escrow account was closed out when the refunded bonds were redeemed as of November 1, 2020. The remaining proceeds were provided to fund various capital improvements. Project include renovation, furnishing, and equipping of Mullins Library; acquisition, construction, and equipping of intramural sports facilities, Student Success Center, north chilled water plant and utility systems; and the acquisition, construction,

improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment or real property for the campus.

On August 22, 2019, the University issued \$24,900,000 in Athletic Facilities Revenue Bonds (**Fayetteville Campus**), Series 2019A. The bonds, with an interest rate of 5.0% were used to provide financing for capital improvements of various athletic facilities as well as acquiring, constructing, furnishing, and equipping a track and field high performance center for men's and women's track and field teams and a baseball development center at Baum-Walker Stadium.

The University issued tax exempt Various Facility Revenue Bonds (**Medical Sciences Campus**), Series 2019A, on October 24, 2019. The issue provided \$48,615,000 for infrastructure and an energy conservation project. The bonds bear interest rates of 5%. Principal payments are made annually until March 2032. Interest payments are made semiannually. The University also issued taxable Various Facility Revenue Bonds (**Medical Sciences Campus**), Series 2019B, on October 24, 2019. The issue provided \$97,470,000 for infrastructure and an energy conservation project. The bonds bear various interest rates from 2.906% to 3.45%. Principal payments are made annually until October 2042.

On November 5, 2019, the University issued \$139,220,000 in Various Facility Revenue Bonds (**Fayetteville Campus**), Taxable Refunding Series 2019B. The bonds, with interest rates of 1.76% to 3.40% were issued to accomplish the taxable advance refunding of Various Facility Revenue Bonds (Fayetteville Campus), Series 2011A and Series 2012B, as well as to pay cost of issuing the bonds. Net bond proceeds and premiums of \$138,656,975 were deposited into an escrow account to retire \$78,945,000 of the outstanding Series 2011A bonds and \$50,645,000 of the outstanding Series 2012B bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$653,724. The difference, reported in the accompanying financial statements as Deferred outflows of resources, will be amortized through the fiscal year 2041. The University completed the refunding to reduce its total debt service payments over the next twenty-four years by \$22,315,239 and to obtain an economic gain of \$16,322,779. The escrow account had a balance of \$136,593,097 and the remaining, outstanding defeased bonds had a balance of \$129,590,000 as of June 30, 2020.

On November 5, 2019, the University issued \$56,685,000 of the Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (**Pulaski Technical College Campus**), Taxable Refunding Series 2019A. The bonds, with interest rates of 1.796% to 3.452%, were issued to accomplish the taxable advance refunding of \$59,465,000 of the Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (**Pulaski Technical College Campus**), Series 2011 as well as to pay the costs of issuing the bonds. Net bond proceeds of \$63,254,472 including University contributions of \$805,000 and the release of the 2011 escrow account balance of \$5,847,542. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,084,115, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through fiscal year 2041. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by \$18,306,944 and to obtain an economic gain of \$12,759,696 (including the funds released from escrow of \$5,847,542, net of funds on hand of \$1,431). The escrow account

had a balance of \$60,709,984 and the remaining, outstanding defeased bonds had a balance of \$59,465,000 as of June 30, 2020.

*For the year ended June 30, 2019:*

On July 26, 2018, the University issued \$20,385,000 in Various Facility Revenue Bonds (**Fayetteville Campus**), Series 2018A, with an interest rate of 5.0%. 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. Project include renovation of Mullins Library; construction, equipping and furnishing of the Student Success Center, an offsite Library Storage Building, the Civil Engineering Research Education Center and intramural sports facilities; construction and equipping of improvements to the south campus steam and utility system; construction and improving of a remote parking facility to be utilized by staff and faculty; renovation, expansion and equipping of Kimpel Hall; and preliminary design of various other facilities planned for the campus.

On July 26, 2018, the University issued \$6,560,000 in Various Facility Revenue Bonds (**Fayetteville Campus**), Series 2018B, with an interest rate ranging from 2.65% to 4.00%. 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 renovation of the Arkansas Union Food Court and renovation and expansion of Pomfret Dining Hall.

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

The University has contracted for the construction and renovations of several facilities. At June 30, 2020, the estimated remaining costs to complete these facilities are shown below.

<b>Campus</b>	<b>Contract Balance</b>
UAF	\$ 106,694,449
UAFS	635,691
UALR	466,464
UAMS	127,644,000
UAM	306,157
UAPB	283,026
UACCB	15,000
UACCRM	2,423,153
	<u>\$ 238,467,940</u>

The University has entered into various operating leases for buildings and equipment. It is expected that in the normal course of business such leases will continue to be required. Total operating leases expense in the fiscal years ended June 30, 2020 and 2019, were \$11,027,376 and \$10,962,374, respectively. Below are the scheduled payments for each of the five succeeding fiscal years and thereafter.



Operating Leases	
Year Ended June 30,	Amount
2021	\$ 9,018,510
2022	4,690,384
2023	2,944,038
2024	2,244,027
2025	1,941,519
2026-2030	5,137,282

**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, 2020. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

**Note 13: Risk Management**

The University of Arkansas Risk Management Program provides insurance coverage for all campuses within the University of Arkansas System. The role of the System Office is to analyze and recommend insurance coverage, but it is ultimately a campus decision on specific coverage requirements.

Property coverage was provided through Travelers' Insurance Company. A specific wind and hail deductible buy-back policy was purchased separately through Lloyds.

Auto coverage, through Cypress Insurance, a Berkshire Hathaway company, has a physical damage deductible of \$1,000 and provides coverage against liability losses up to \$1,000,000 per occurrence.

The Medical Sciences campus separately maintains malpractice insurance for certain employees under a claims-made policy.

The University does not purchase general liability, errors or admissions, or tort immunity for claims arising from third-party losses on University property as the University of Arkansas has sovereign immunity against such claims. Claims against the University for such losses are conducted before the State Claims Commission. In such cases where the University enters into a lease agreement to hold a function at a location not owned by the University or for special events, general liability coverage may be purchased for such functions.

The University maintains worker's compensation coverage through the State of Arkansas program. Premiums are paid through payroll and are based on a formula calculated by the Arkansas Department of Finance and Administration. The types of benefits and expenditures that are paid include the following: medical expenses, hospital expenses, death benefits, disability and claimant's attorney fees.

Additionally, the University participates in the State of Arkansas Fidelity Bond Program for claims of employee dishonesty. This program has a limit of \$300,000 recovery per occurrence with a \$2,500 deductible. Premiums are paid annually via a fund transfer from state appropriations to the Arkansas Department of Finance and Administration.

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, 2020, a total of 17,942 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2020, there were three different health plans: the Classic Plan, the Premier Plan and the Health Savings Plan. Campuses pay anywhere from 30% to 88% of the Classic Plan premium, 25% to 77% of the Premier Plan premium, and 32% to 96% of the Health Savings Plan premium. Within the System subsidy guidelines, each campus makes its contribution determination based on budget considerations. Retirees and former employees, through COBRA, participate on a fully contributory basis. A total of 19,341 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2020. The University pays 0% to 100% of the total premium for full-time active employees, while retirees and former employees, through COBRA, participate on a fully contributory basis.

Both plans are accounted for on the accrual basis. The System administration estimates the medical, pharmacy and dental claims liability to be \$17,684,300 at June 30, 2020. 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 Sibson Consulting.

The System administration purchases specific reinsurance from United Healthcare-BP to reduce its exposure to large claims. In a fiscal year, after paying claims of more than \$1,125,000 for any one covered individual, the University pays an aggregating specific deductible of \$200,000, on the first claim exceeding \$1,125,000 in paid claims, before being reimbursed from the reinsurance company. The plan has not purchased any annuity contracts on behalf of claimants. If needed, the University would make arrangements through its reinsurance carrier.

The funding levels for the Plan were established based upon anticipated year-end loss ratios of 100%. As of June 30, 2020, the loss ratio for the health plan was 104% and the loss ratio for the dental plan was 81%.

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>FY20</b>	<b>FY19</b>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 18,254,800	\$ 17,401,400
<b>Incurred claims and claim adjustment expenses:</b>		
Provision for insured events of the current year	180,355,506	173,381,850
Adjustment in provision for insured events of prior years	(3,042,502)	(2,681,608)
Total incurred claims and claim adjustment expenses	177,313,004	170,700,242
<b>Payments:</b>		
Claims and claim adjustment expenses attributable to insured events of the current year	162,671,206	155,127,050
Claims and claim adjustment expenses attributable to insured events of prior years	15,212,298	14,719,792
Total Payments	177,883,504	169,846,842
<b>Total unpaid claims and claim adjustment expenses at end of year</b>	<b>\$ 17,684,300</b>	<b>\$ 18,254,800</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. All campuses transitioned to a uniform contribution formula by July 2020. 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 4%, increasing to 5% effective July 1, 2021. Varying existing different contribution formulas at the two-year campuses were closed to new participants effective June 30, 2020.

The University makes a one-for-one contribution for employee contributions in excess of 5%, with a maximum total University contribution of 10% of eligible salary up to the IRS match limit, which at June 30, 2020, was \$28,500. 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 2020 and 2019 were \$108,838,634 and \$105,808,392, respectively. The participants' contributions for the fiscal years 2020 and 2019 were \$127,904,057 and \$122,017,565, respectively.

Other than a small number of employees enrolled in federal retirement programs due to their position and funding, the remaining benefits eligible employees of the University participate in one of the two State-sponsored defined benefit retirement plans which are closed to new University participant enrollment. Current University employees who are participants in the Arkansas Public Employees Retirement System (APERS) or the Arkansas Teachers Retirement System (ATRS) continue in that participation. Current University employees who are current APERS or ATRS participants and who transfer without a break in service between University System campuses may continue in APERS participation.

APERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of Arkansas. The University's required contribution rate was an amount equal to 15.32% of eligible salary in fiscal year 2020. 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 2020 and 2019 were \$4,474,936 and \$5,079,699, respectively. Participants' contributions for the fiscal years 2020 and 2019 were \$1,187,504 and \$1,353,108, 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 14.25% of all covered employees' salaries in fiscal year 2020. Under certain conditions, covered employees may voluntarily contribute 6% of their salary. The University's contributions for the fiscal years 2020 and 2019 were \$1,416,960 and \$1,616,340, respectively. Participants' contributions for the fiscal years 2020 and 2019 were \$504,001 and \$512,590, 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 \$451,150 at June 30, 2020.

## **NOTE 15: Defined Benefit Pension Plans**

### ***Arkansas Public Employees Retirement System (APERS)***

#### **Plan Description**

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

#### **Benefits Provided**

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 4 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The 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.

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



Effective July 1, 2016, new employees of the University are no longer eligible to participate in the Arkansas Public Employees Retirement System (APERS). Existing APERS participants are allowed to continue APERS participation.

### **Contributions**

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005, who elected to remain in the non-contributory plan, are not required to make contributions to APERS. Members who began service on or after July 1, 2005, are required to participate in the contributory plan and contribute 5% of their salaries. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan. The University contributed 15.32% of applicable compensation for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the University reported a liability of \$39,944,209 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2020, the university's proportion was 1.656%, which was a decrease of 0.352% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the University recognized pension expense of \$6,914,970. At June 30, 2020, 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	\$ 1,087,100	\$ (59,344)
Changes of assumptions	2,168,034	(1,535,502)
Net difference in projected/actual earnings	-	(303,393)
Changes in proportion	1,464,362	(8,730,790)
University contributions subsequent to measurement date	4,474,936	-
	<u>\$ 9,194,432</u>	<u>\$ (10,629,029)</u>

Deferred outflows of resources of \$4,474,936, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense in the financial statements as follows:

	June 30
2021	\$ (376,559)
2022	(3,846,715)
2023	(1,979,750)
2024	293,491
2025	
Thereafter	<u>\$ (5,909,533)</u>

### Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return*	7.15%
Salary Increases	3.25% – 9.85% including inflation
Wage Inflation	3.25%
Post-retirement cost-of-living increases	3% Annual Compounded Increase
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality Table	Based on RP-2000 Combined Health mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females.
Average Service Life of All Members	4.1431

\*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 2019 to 2028 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, 2019, these best estimates are summarized in the following table:

Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.20%
International Equity	24	6.33

Real Assets	16	3.32
Absolute Return	5	3.56
Domestic Fixed	18	1.54
Total	100%	

The total real rate of return expected is 4.80% with the actuary's price inflation assumption of 2.50% resulting in a Net Expected Rate of Return of 7.30%.

### Discount Rate

A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. It incorporates a municipal bond rate of 3.13% based on the "Fidelity 20-Year Municipal GO AA Index" from the *Bond Buyer Index* of general obligation municipal bonds (based on the weekly rate closest to but not later than the measurement date).

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1%-point lower (6.15%) and 1%-point higher (8.15%) than the current rate:

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.15%	7.15%	8.15%
\$ 64,019,810	\$ 39,944,209	\$ 20,079,844

### 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 credited service,
- at any age with 28 years credited service.

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

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

Effective July 1, 2011, new employees of the University are no longer eligible to participate in the Arkansas Teacher Retirement System (ATRS). Existing ATRS participants are allowed to continue ATRS participation.

**Contributions**

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. Employers are required to contribute at a rate established by the Board of ATRS based on an actuary's determination of a rate required to fund the plan. The University contributed 14.25% of applicable compensation for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the University reported a liability of \$15,527,796 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2020, the University's proportion was 0.372%, which was a decrease of 0.075% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the University recognized pension expense of \$801,630. At June 30, 2020, 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	\$ 416,876	\$ (162,476)
Changes of assumptions	2,307,915	-
Net difference in projected/actual earnings	-	(1,093,869)
Changes in proportion	69,962	(5,789,351)
University contributions subsequent to measurement date	1,416,960	-
	<u>\$ 4,211,713</u>	<u>\$ (7,045,697)</u>

Deferred outflows of resources related to pensions of \$1,416,960, 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, 2021. 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:

	<u>June 30</u>
2021	\$ (1,158,413)
2022	(1,678,342)
2023	(904,956)
2024	(359,562)
2025	(149,672)
Thereafter	-
	<u>\$ (4,250,944)</u>



**Actuarial Assumptions**

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Amortization Period	28 years
Asset Valuation Method	4-year closed period; 20% corridor
Wage Inflation	2.75%
Salary Increases	2.75 – 7.75% including inflation
Investment Rate of Return	7.50% compounded annually
Post-retirement Cost-of-Living Increases	3.00% Simple
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study for the period July 1, 2010 – June 30, 2015.
Mortality Table	RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006.(94% for males & 84% for females)

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, 2019, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53%	5.1%
Fixed Income	15	1.4
Alternatives	5	4.2
Real Assets	15	5.0
Private Equity	12	6.3
Cash Equivalents	-	0.6
Total	100%	

**Discount Rate**

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14.25% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the University's proportionate share of the net pension liability using the discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1%-point lower (6.50%) or 1%-point higher (8.50%):

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.50%	7.50%	8.50%
\$ 25,529,101	\$ 15,527,796	\$ 7,233,189

**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. 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, 2020, 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	323	2,180
Active employees	18,988	19,959
<b>Total Employees covered by Benefit Terms</b>	<b>19,311</b>	<b>22,139</b>

### ***Total OPEB Liability***

Total OPEB liability as of June 30, 2020 was \$74,747,000, determined by actuarial valuations as of July 1, 2019, rolled forward.

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

Valuation date	July 1, 2019 valuation for the year ended June 30, 2020
Valuation year	Census data collected as of February 2020
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	3.50%
Rate of salary increase for amortization	4.00%
Medical inflation rate	6.75% grading to 4% over 15 years
Pharmacy inflation rate	8.5% grading to 4% over 15 years
Retiree contribution inflation rate	5.3% then 6.9% grading to 4% over 14 years

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2018 was 3.87%, the unfunded rate determined as of June 30, 2018 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, 2019 was

3.50%, the unfunded rate determined as of June 30, 2019 based on the Bond Buyer 20-year-Bond GO Index.

***Mortality Rates:***

Healthy	RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014
Disabled	RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014

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

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

The claims costs were developed from the active premium rates for the period July 1, 2019 to June 30, 2020. Seventy percent of the premium was assumed to be for medical, 22% for pharmacy, and 8% for expenses. The claim and expense costs were trended back to the period July 1, 2018 to June 30, 2019 using an annual trend assumption of 6.75% for medical, 9% for pharmacy, and 3% for expenses.

The dental rates are set to match projected costs. Based on a comparison of the recent dental claims plus fees, the dental rates are set at a level sufficient to cover projected costs. Retirees pay 100% of the budget rate for coverage. Therefore, the cost for dental coverage was excluded from this valuation.

***Changes in Actuarial Assumptions and Methods since the Prior Valuation***

The claim costs and trends were updated to reflect changes in benefits and experience and our expectation for the future costs. The initial retiree contribution was adjusted to reflect current contribution rates.

The discount rate changed from 3.87% to 3.50%.

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, 2020.

	2020
Balances at 6/30/2018 (Reporting Date 6/30/2019)	\$ 70,183,428
Changes for the year:	
Service cost	4,026,000
Interest (includes interest on service cost)	2,831,000
Changes of benefit terms	-
Differences between expected and actual experience	(3,245,428)
Changes of assumptions	3,132,000
Benefit payments, including refunds of member contributions	(2,180,000)
<b>Net changes in total OPEB liability</b>	<b>4,563,572</b>
Balances at 6/30/2019 (Reporting Date 6/30/2020)	<b>\$ 74,747,000</b>

During the measurement year, the TOL increased by approximately \$4.6 million. The service cost, changes in assumptions and interest cost increased the TOL by approximately \$10 million while benefit payments and actual experience decreased the TOL by approximately \$5.4 million.

The discount rate changed from 3.87% to 3.50% between June 30, 2018 and June 30, 2019.

***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% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
\$84,400,000	\$74,747,000	\$66,753,000

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% Decrease	Healthcare Trend	1% Increase
\$69,182,000	\$74,747,000	\$81,227,000



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

For the year ended June 30, 2020, the University recognized OPEB expense of \$3,726,000. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 277,000	\$ 5,101,000
Changes in assumptions	2,836,000	7,307,000
Contributions subsequent to the measurement date	2,245,000	-
<b>Total</b>	<b>\$ 5,358,000</b>	<b>\$ 12,408,000</b>

The \$2,245,000 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, 2021. 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 ending June 30:	
2021	\$ (3,129,000)
2022	(3,084,000)
2023	(2,213,000)
2024	(508,000)
2025	(149,000)
Thereafter	(212,000)

**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 2020:

Functional Classifications	Natural Classifications					
	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	\$ 409,396,772	\$ 51,405,478	\$ -	\$ -	\$ -	\$ 460,802,250
Research	181,231,031	93,476,432				274,707,463
Public Service	85,876,179	46,353,732				132,229,911
Academic Support	91,753,701	40,256,938				132,010,639
Student Services	54,975,253	20,857,979				75,833,232
Institutional Support	185,119,462	56,674,089				241,793,551
Scholarships/Fellowship	(88,701)	123,083	72,901,804			72,936,186
Plant Operations	64,247,766	81,851,956				146,099,722
Auxiliary Enterprises	79,212,367	111,031,886	2,849,988			193,094,241
Depreciation					206,544,404	206,544,404
Patient Care	659,651,428	392,825,000				1,052,476,428
Other	5,191,000	13,326,000				18,517,000
Insurance expenses				196,303,903		196,303,903
TOTAL	\$ 1,816,566,258	\$ 908,182,573	\$ 75,751,792	\$ 196,303,903	\$ 206,544,404	\$ 3,203,348,930

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 2019:

Functional Classifications	Natural Classifications					
	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	\$ 397,524,708	\$ 56,242,387	\$ -	\$ -	\$ -	\$ 453,767,095
Research	181,121,873	95,925,760				277,047,633
Public Service	84,501,714	48,789,359				133,291,073
Academic Support	93,004,409	40,154,264				133,158,673
Student Services	56,369,024	24,680,447				81,049,471
Institutional Support	187,104,064	57,877,425				244,981,489
Scholarships/Fellowship	118,934	254,459	60,439,811			60,813,204
Plant Operations	62,782,761	89,645,696				152,428,457
Auxiliary Enterprises	75,740,264	119,165,121	2,628,531			197,533,916
Depreciation					200,364,217	200,364,217
Patient Care	604,232,699	368,508,000				972,740,699
Other	1,815,000	12,695,000			-	14,510,000
Insurance expenses				189,065,098	-	189,065,098
TOTAL	\$ 1,744,315,450	\$ 913,937,918	\$ 63,068,342	\$ 189,065,098	\$ 200,364,217	\$ 3,110,751,025

#### Note 18: Other Organizations

There are several entities, in addition to those identified as component units in Note 1, which are related to the University. The purposes of these organizations are varied, but all were established to benefit the University, or its students, faculty and staff in some manner.

**The Razorback Foundation, Inc.** was incorporated on October 17, 1980, for the sole purpose of supporting intercollegiate athletics at the Fayetteville campus. Audited financial statements for the year ended June 30, 2020, 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, 2020**

Assets	
Cash and investments	\$ 30,735,223
Other assets	31,909,375
Total Assets	<u>\$ 62,644,598</u>
Liabilities and Net Assets	
Liabilities	\$ 272,647
Net Assets	62,371,951
Total Liabilities and Net Assets	<u>\$ 62,644,598</u>

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2020**

Income and Other Additions	\$ 28,713,915
Expenditures and Other Deductions	(29,035,462)
Total Decrease in Net Assets	<u>\$ (321,547)</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, 2020, are presented below in summary form.

**ARKANSAS ALUMNI ASSOCIATION, INC.**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2020**

Assets	
Cash and investments	\$ 4,625,336
Other assets	9,935,716
Total Assets	<u>\$ 14,561,052</u>
Liabilities and Net Assets	
Liabilities	\$ 1,507,327
Net Assets	13,053,725
Total Liabilities and Net Assets	<u>\$ 14,561,052</u>

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2020**

Income and Other Additions	\$ 4,125,664
Expenditures and Other Deductions	(3,732,572)
Total Increase in Net Assets	<u>\$ 393,092</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, 2020, are presented below in summary form.

**ARKANSAS 4-H FOUNDATION, INC.**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2020**

Assets	
Cash and investments	\$ 4,824,311
Other assets	4,317,764
Total Assets	<u>\$ 9,142,075</u>
Liabilities and Net Assets	
Liabilities	\$ 307,745
Net Assets	8,834,330
Total Liabilities and Net Assets	<u>\$ 9,142,075</u>

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2020**

Income and Other Additions	\$ 1,633,564
Expenditures and Other Deductions	(2,060,676)
Total Decrease in Net Assets	<u>\$ (427,112)</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, 2020, are presented below in summary form.



**UNIVERSITY OF ARKANSAS TECHNOLOGY  
DEVELOPMENT FOUNDATION  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of June 30, 2020**

Assets	
Cash and investments	\$ 2,147,501
Other assets	8,706
Total Assets	<u>\$ 2,156,207</u>
Liabilities and Net Assets	
Liabilities	\$ 86,636
Net Assets	2,069,571
Total Liabilities and Net Assets	<u>\$ 2,156,207</u>

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended June 30, 2020**

Income and Other Additions	\$ 1,824,183
Expenditures and Other Deductions	<u>(1,663,151)</u>
Total Increase in Net Assets	<u>\$ 161,032</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, 2019, are presented below in summary form.

**UNIVERSITY OF ARKANSAS FORT SMITH  
FOUNDATION, INC.  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of June 30, 2019**

Assets	
Cash and investments	\$ 98,609,581
Other assets	356,424
Total Assets	<u>\$ 98,966,005</u>
Liabilities and Net Assets	
Liabilities	\$ 938,439
Net Assets	98,027,566
Total Liabilities and Net Assets	<u>\$ 98,966,005</u>

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended June 30, 2019**

Income and Other Additions	\$ 6,045,138
Expenditures and Other Deductions	<u>(5,433,176)</u>
Total Increase in Net Assets	<u>\$ 611,962</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, 2020, are presented below in summary form.

**TROJAN ATHLETIC FOUNDATION, INC.**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As of June 30, 2020**

Assets	
Cash	\$ 194,309
Other Assets	63,758
Total Assets	<u>\$ 258,067</u>
Liabilities and Net Assets	
Liabilities	\$ 13,617
Net Assets	244,450
Total Liabilities and Net Assets	<u>\$ 258,067</u>

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2020**

Income and Other Additions	\$ 285,495
Expenditures and Other Deductions	(400,094)
Total Decrease in Net Assets	<u>\$ (114,599)</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, 2019, are presented below in summary form.



**UAPB/AM&N ALUMNI ASSOCIATION, INC.**  
**CONDENSED STATEMENT OF FINANCIAL POSITION-**  
**UNAUDITED**  
**As of December 31, 2019**

Assets	
Cash & investments	\$ 459,142
Other assets	64,823
Total Assets	<u>\$ 523,965</u>
Liabilities and Net Assets	
Liabilities	\$ 48,131
Net Assets	475,834
Total Liabilities and Net Assets	<u>\$ 523,965</u>

**CONDENSED STATEMENT OF ACTIVITIES-UNAUDITED**  
**FY Ended December 31, 2019**

Income and Other Additions	\$ 312,239
Expenditures and Other Deductions	(170,837)
Total Increase in Net Assets	<u>\$ 141,402</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, 2018, 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, 2018**

Assets	
Cash & investments	\$ 4,778,879
Total Assets	<u>\$ 4,778,879</u>
Liabilities & Net Assets	
Liabilities	\$ -
Net Assets	4,778,879
Total Liabilities & Net Assets	<u>\$ 4,778,879</u>

**CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended December 31, 2018**

Income and Other Additions	\$ 430,533
Expenditures and Other Deductions	(234,264)
Total Increase in Net Assets	<u>\$ 196,269</u>

*Cossatot Community College of the University of Arkansas Foundation, Inc.* assists in developing and improving the programs and facilities for their campuses. Audited financial statements for the year ended June 30, 2020, are presented below in summary form.

**COSSATOT COMMUNITY COLLEGE OF THE  
UNIVERSITY OF ARKANSAS FOUNDATION, INC.  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of June 30, 2020**

Assets	
Cash and investments	\$ 63,471
Other	1,067,874
Total Assets	<u>\$ 1,131,345</u>
Liabilities and Net Assets	
Liabilities	\$ 2,910
Net Assets	1,128,435
Total Liabilities and Net Assets	<u>\$ 1,131,345</u>

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended June 30, 2020**

Income and Other Additions	\$ 125,800
Expenditures and Other Deductions	(161,738)
Total Decrease in Net Assets	<u>\$ (35,938)</u>

*Phillips Community College Foundation* is dedicated to raising funds to support the Phillips Community College campus and to provide scholarships for its students. Audited financial statements for the year ended December 31, 2019, are presented below in summary form.



**PHILLIPS COMMUNITY COLLEGE FOUNDATION  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of December 31, 2019**

Assets	
Cash and investments	\$ 2,335,118
Other Assets	40,118
Total Assets	<u>\$ 2,375,236</u>
Liabilities and Net Assets	
Liabilities	\$ 50,150
Net Assets	2,325,086
Total Liabilities and Net Assets	<u>\$ 2,375,236</u>

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended December 31, 2019**

Income and Other Additions	\$ 920,138
Expenditures and Other Deductions	(2,112,290)
Total Decrease in Net Assets	<u>\$ (1,192,152)</u>

*University of Arkansas Community College at Hope Foundation, Inc.* operates for the sole benefit of the Hope campus. Audited financial statements for the year ended June 30, 2020, are presented below in summary form.

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE  
AT HOPE FOUNDATION, INC.  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of June 30, 2020**

Assets	
Cash and investments	\$ 3,069,497
Other Assets	44,420
Total Assets	<u>\$ 3,113,917</u>
Liabilities and Net Assets	
Liabilities	\$ -
Net Assets	3,113,917
Total Liabilities and Net Assets	<u>\$ 3,113,917</u>

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended June 30, 2020**

Income and Other Additions	\$ 570,595
Expenditures and Other Deductions	(501,360)
Total Increase in Net Assets	<u>\$ 69,235</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, 2019, are presented below in summary form.

**RICH MOUNTAIN COMMUNITY COLLEGE  
FOUNDATION, INC.  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of June 30, 2019**

Assets	
Cash and investments	\$ 4,388,663
Other assets	885,671
Total Assets	<u>\$ 5,274,334</u>
Liabilities and Net Assets	
Liabilities	\$ 1,250
Net Assets	5,273,084
Total Liabilities and Net Assets	<u>\$ 5,274,334</u>

**CONDENSED STATEMENT OF ACTIVITIES  
FY Ended June 30, 2019**

Income and Other Additions	\$ 834,335
Expenditures and Other Deductions	(214,883)
Total Increase in Net Assets	<u>\$ 619,452</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, 2019, are presented below in summary form.





**UNIVERSITY OF ARKANSAS WINTHROP  
ROCKEFELLER CENTER, INC.  
CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION  
As of June 30, 2019**

Assets	
Cash and investments	\$ 113,100,750
Grant Receivable	19,096
Other	436,695
Property and Equipment, Net	24,684,402
Total Assets	<u>\$ 138,240,943</u>

Liabilities and Net Assets	
Liabilities	\$ 484,287
Net Assets	137,756,656
Total Liabilities and Net Assets	<u>\$ 138,240,943</u>

**CONDENSED CONSOLIDATED STATEMENT OF  
ACTIVITIES  
FY Ended June 30, 2019**

Income and Other Additions	\$ 126,114,566
Expenditures and Other Deductions	(6,859,221)
Total Increase in Net Assets	<u>\$ 119,255,345</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. Unaudited financial statements for the year ended June 30, 2020, are presented below in summary form.



**DELTA STUDENT HOUSING, INC.**  
**UNAUDITED CONDENSED STATEMENT OF**  
**FINANCIAL POSITION**  
**As of June 30, 2020**

Assets	
Cash	\$ 15,120
Property and equipment	-
Total Assets	<u>\$ 15,120</u>
Liabilities and Net Assets	
Liabilities	\$ -
Net Assets	<u>15,120</u>
Total Liabilities and Net Assets	<u>\$ 15,120</u>

**UNAUDITED CONDENSED STATEMENT OF ACTIVITIES**  
**FY Ended June 30, 2019**

Income and Other Additions	\$ 1,997
Expenditures and Other Deductions	<u>(3,489)</u>
Total Decrease in Net Assets	<u>\$ (1,492)</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.

***FY20 - Statement of Net Position***

An elimination entry was made to reduce accounts receivable by \$16,232,638, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, amounts owed between campuses, and interest due from a System Administration loan for eVersity from the campuses. Accounts payable was reduced by \$16,373,283, representing these billed amounts.

Four loans between University entities were eliminated to reduce assets and liabilities: (1) \$150,000 (current portion \$150,000) to reflect a loan to ASMSA by the System Administration; and (2) \$621,821 (current portion \$28,770) to reflect a loan from UAMS to UAF, and (3) \$4,975,498 to reflect a loan from the campuses to eVersity and (4) inter-institutional loans between the System Administration and 11 campuses to assist in financing the ERP implementation costs. The following schedule details the balance of the loans at June 30, 2020 which were eliminated against current and long-term debt (current portion \$971,061) and notes receivable:



Campus	Balance at June 30, 2020
UAFS	\$ 510,693
UALR	1,416,164
UAM	358,937
UAMS	8,325,346
UAPB	504,723
PCCUA	178,675
UACCB	93,550
UACCHT	95,868
ASMSA	87,350
UAPTC	342,886
UACCRM	58,744
	<u>\$ 11,972,936</u>

***FY19 - Statement of Net Position***

An elimination entry was made to reduce accounts receivable by \$19,362,224, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, amounts owed between campuses, and interest due from a System Administration loan for eVersity from the campuses. Accounts payable was reduced by \$19,281,384, representing these billed amounts adjusted by cash in-transit within the system. Cash was increased by \$230,840 to account for payments in-transit within the system.

Three loans between University entities were eliminated to reduce assets and liabilities: (1) \$300,000 (current portion \$150,000) to reflect a loan to ASMSA by the System Administration; and (2) \$649,425 (current portion \$27,604) to reflect a loan from UAMS to UAF, and (3) \$4,975,498 to reflect a loan from the campuses to eVersity. In addition, a new group of 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, 2019 which were eliminated against long-term debt (current portion \$534,938) and notes receivable:

Campus	Balance at June 30, 2019
UAFS	\$ 114,372
UALR	323,004
UAM	81,281
UAMS	1,952,912
UAPB	115,939
PCCUA	40,888
UACCB	21,012
UACCHT	21,483
ASMSA	20,520
UAPTC	75,985
UACCRM	13,140
	<u>\$ 2,780,536</u>

***FY20 - Statement of Revenues, Expenses, and Changes in Net Position***

As explained in Note 14, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation and benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of \$130,394,138.

An elimination entry was made for billings by System Administration to the campuses for services rendered to reduce operating sales and services revenue and operating supplies/services expense in the amount of \$4,142,544. An elimination entry for services provided among campuses in the amount of \$827,616. These amounts decreased operating sales and services, other operating revenues and operating supplies/services.

An elimination entry for the System Administration's interest expense for a loan from the campuses was made to decrease other non-operating revenues (expenses) and investment income in the amount of \$87,071. An elimination entry for the System Administration's interest income for the loans referred to above with 11 campuses was made to decrease interest expense and investment income in the amount of \$190,245.

***FY19 - Statement of Revenues, Expenses, and Changes in Net Position***

As explained in Note 14, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues, and insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation and benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of \$130,771,802.

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 \$3,741,960. An elimination entry for services provided among campuses in the amount of \$826,768. 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 \$86,703. 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 \$27,553.

***FY20 and FY19 - Statements of Cash Flows***

The effects of the elimination entries described above to the statement of net position and the statement of revenues, expenses and changes in net position are also reflected in the statement of cash flows.

**Note 20: Joint Endeavor**

In 1987, the University of Arkansas and the City of Fayetteville engaged in a joint endeavor to operate the Walton Arts Center. Funds were pooled from each entity to provide for the construction and operation of the center. The University of Arkansas/City of Fayetteville Arts Foundation, Inc., now called the Walton Arts Center Foundation, Inc., was established to administer this project and its funds. Activities of the foundation were managed by nine directors - three appointed by the University, three by the City of Fayetteville, and three recommended by the Foundation that were approved by the mayor and chancellor.

The Walton Arts Center Council, Inc. was formed to construct, operate, manage, and maintain the Arts Center in Fayetteville, Arkansas, in accordance with the Interlocal Cooperation Agreement between the City of Fayetteville and the University of Arkansas. The ownership of the Arts Center facilities, including land, is held equally by the City and the University. The Arts Center Council was required to submit an annual budget to both the City and the University for approval. The Board of Trustees of The Arts Center Council was comprised of five members appointed by the University, five members appointed by the City, and ten members appointed at large, all of whom served as volunteers.

On August 14, 2014, the governing documents establishing and defining the joint endeavor between the City of Fayetteville and the University of Arkansas to operate the Walton Arts Center were revised to ensure clarity and flexibility to allow the Walton Arts Center to meet the arts and entertainment needs of all residents of Northwest Arkansas with a multi-venue system, while at the same time confirming support of the original partnership. Revisions were made to the respective Articles of Incorporation of the Walton Arts Center Foundation, Inc. and the Walton Arts Center Council, Inc. to clarify the purpose of each entity to encompass multiple venues in the Northwest Arkansas region; to allow the Walton Family Foundation to appoint nine additional directors to the Board of Directors of the Arts Center Council while ensuring that the City and University maintain their proportionate number of directors on the Board; to return the City of Fayetteville's initial payment of \$1.5 million to the Foundation back to the City for the City's use in the construction of a parking facility adjacent to the Walton Arts Center or as otherwise determined by the Fayetteville City Council; and with consent by the University to expend the institution's initial payment of \$1.5 million to the Foundation to help defray the construction costs of the proposed enlargement and enhancement of the Walton Arts Center located in Fayetteville, Arkansas. To date, the University's funds placed in the endowment have not been spent. Accordingly, the relationship of the University and Walton Arts Center Foundation, Inc. remains unchanged. In the event the funds are expended, as provided in the revised agreement, the Walton Arts Center Foundation, Inc. would no longer be an agent for the University nor would the University have the right of appointment of Walton Arts Center Foundation, Inc. directors.

An Amended and Restated Interlocal Cooperation Agreement was also executed that permits the Walton Arts Center to conduct business as a separate, free-standing non-profit corporation; that budget and operational oversight rests exclusively with the Walton Arts Center Council and confirms the Walton Arts Center is no longer an agent of the University or the City, nor restricted to the terms of the original agreement; and affirms the Walton Arts Center must comply with the

terms of a new lease agreement executed by the University, City of Fayetteville and the Walton Arts Center Council.

The lease agreement extends the term to twenty-five years and recognizes the changed scope of the Walton Arts Center. The lease also provides assurances regarding the on-going quality and type of performances at the Walton Arts Center in Fayetteville.

#### **Note 21: Related Parties**

The following are significant related party transactions other than those with component units discussed in Note 1.

The Vice Chancellor for Economic Development for the Fayetteville campus is a member of the Board of Directors of Arvest Bank Fayetteville, one of 16 autonomous community-oriented banks which comprise Arvest Bank Group, Inc., based in Bentonville, Arkansas. At June 30, 2020, bank balances held at Arvest Bank Group, Inc. banks total \$9,618,516 at UAF (book balances included on the Statements of Net Position were \$9,284,418).

#### **Note 22: Contingencies**

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

Immunity provisions in Arkansas law prohibit suits naming the Board of Trustees of the University of Arkansas System as a defendant in Arkansas State courts. Employees of UAMS acting in good faith in the course and scope of their employment may be sued in state courts, but only to the extent of maintained insurance coverage. UAMS maintains malpractice insurance for certain employees under a claims-made policy. Premiums are accrued based on estimated claims, with the final premium amount determined based on actual claims experience. The cost of this policy is included in supplies and other expenses. UAMS incurred costs of \$3,585,000 and \$3,431,000 for this insurance during the years ended June 30, 2020 and 2019, respectively. A party may bring an action against the University through the Arkansas State Claims Commission (the Claims Commission). The Claims Commission may award a claim of up to \$15,000 without further review or appropriation. Awards that the Claims Commission approves in excess of \$15,000 must be approved and appropriated by the Arkansas State Legislature. Appropriations of this type, if any, reduce appropriations from the state to the University in the period in which the claim is appropriated.

In the fiscal year ended June 30, 2006, the Arkansas Development Finance Authority (the Authority) issued \$36,775,000 in Tobacco Settlement Revenue Bonds. The Authority made the proceeds of the bonds available to the University of Arkansas Board of Trustees (UA Board) to fund an expansion to the Arkansas Cancer Research Center, now known as the Winthrop P. Rockefeller Cancer Institute, on the campus of the University of Arkansas for Medical Sciences (UAMS). The bonds have an approximate yield to maturity of 4.77% to 5.10% and principal and

accumulated interest are payable beginning in 2021 through 2031 for \$22,158,000 of serial bonds and beginning in 2036 through 2046 for \$14,617,000 of term bonds.

Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a Loan Agreement dated June 1, 2006, between the UA Board and the Authority, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the debt service revenues will be sufficient to service the entire principal and interest due. The *Global Insights USA, Inc.* report, prepared in August 2006, on the *Forecast of U.S. Cigarette Consumption (2004-2046)* indicated that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received \$60,067,457 from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately \$27.6 million in 2046 with the first \$5 million dedicated to pay the debt service on this bond issue.

If debt service revenues had been considered insufficient at June 30, 2020, the University would have incurred a liability of \$73,206,000 related to the issue. This amount includes drawdown of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue. The revenues pledged by UAMS to secure the Loan Agreement consist of inpatient service fees and fees collected from other ancillary, therapeutic, and diagnostic services provided within the walls of the hospital but exclude physician-generated revenues, State appropriations, and revenues restricted for other purposes.

### **Note 23: Pollution Remediation**

The Fayetteville campus completed a study in 2012, funded by a \$1,889,647 award from the United States Department of Energy (DOE), to develop a plan for remediation of the Southwest Experimental Fast Oxide Reactor (SEFOR) site. All project costs were funded by awards from the United States Department of Energy (DOE) on a cost reimbursement basis.

Remediation of the SEFOR site was completed in 2019. A drawdown of \$1,906,166 related to June 30, 2019 receivables was invoiced to and received from DOE in 2020. As of June 30, 2020, there was no pollution remediation liability or receivable cost recoveries. Remediation costs drawn down from DOE since inception totaled \$25,824,492.

### **Note 24: Subsequent Events**

#### **Long-Term Debt-Fayetteville Campus**

On September 11, 2020, the University executed a loan agreement with Regions Bank in the amount to \$18,664,000. The overall loan consisted of two parts, one a tax-exempt loan in the amount of \$4,727,000 with an interest rate of 1.38% and the other a taxable loan in the amount of \$13,937,000 with an interest rate of 1.81%. The purpose of the loan is to pay for and/or refund a portion of the debt service for multiple series of bonds benefitting the University of Arkansas, Fayetteville Department of Athletics for the amounts due in 2020 and 2021.

**Long-Term Debt-Monticello Campus**

On October 1, 2020, the University of Arkansas Board of Trustees issued \$5,185,000 in Various Facilities Revenue Bonds Refunding Series 2020A (Monticello Campus). These bonds with interest rates of 4% to 5% were issued to refund \$6,430,000 of outstanding Various Facilities Revenue Refunding Bonds, Series 2012, with interest rates of 3% to 4%. Bond proceeds of \$6,582,439 (including a premium of \$1,397,439), less the Underwriters' discount of \$8,037, resulted in a net deposit to the Escrow Deposit fund of \$6,574,402 to retire the 2012 bonds on November 2, 2020. The amount of \$6,430,000 in principal and \$94,310 in accrued interest will be paid on that date from the Escrow Deposit fund. The remaining premium proceeds were earmarked for the payment of issuance costs. The University completed the refunding to reduce its total debt service payments over a period of fifteen years by \$930,100, and to have an economic gain (difference between the present values of the old and new debt service payments) of \$916,802.

On October 1, 2020, the University of Arkansas Board of Trustees also issued \$7,035,000 in Various Facilities Revenue Bonds Taxable Refunding Series 2020B (Monticello Campus). These bonds with interest rates of .487% to 2.568% were issued to refund \$6,530,000 of outstanding Auxiliary Facilities Revenue Bonds, Series 2012 with interest rates of 2.5% to 4%. Bond proceeds of \$7,035,000, less the Underwriters' Discount of \$10,904, resulted in a deposit to the Escrow Deposit fund of \$7,024,096 to retire the 2012 bonds on October 1, 2022, the call date for these 2012 bonds. The total amount to be refunded for principal for these 2012 bonds is \$6,530,000 and interest payments are \$441,458. The remaining bond proceeds were earmarked for the payment of issuance costs. The University completed the refunding to reduce its total debt service payments over a period of seventeen years by \$370,030, and to have an economic gain (difference between the present values of the old and new debt service payments) of \$361,128.

**Long-Term Debt-Fort Smith Campus**

On October 20, 2020, the University closed the Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (Fort Smith Campus) Taxable Refunding Series 2020A with a par amount of \$10,715,000. The bonds provide resources of \$10,607,843 plus University deposits and funds held in trust by others of \$2,419 to advance refund \$10,065,000 of outstanding Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (Fort Smith Campus) Series 2012. The amount of each refunded series represents all the outstanding maturities starting with the December 1, 2020 until final maturity. After the regularly scheduled debt service payments are made on December 1, 2020, there are remaining balances of \$8,905,000 for Series 2012 representing bonds with maturity dates through December 1, 2021. The remaining bond proceeds were earmarked for the payment of issuance costs. The University completed the refunding to reduce its total debt service payments over a period of ten years by \$713,422, and to have an economic gain (difference between the present values of the old and new debt service payments) of \$665,830.

On October 20, 2020, the University closed the Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (Fort Smith Campus) Tax-Exempt Refunding Series 2020B with a par amount of \$5,765,000. The bonds provide resources of \$7,063,606 (including a premium of \$1,357,104) plus University deposits and funds held in trust by others of \$18,910 to current refund \$6,930,000 of outstanding Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (Fort Smith Campus) Series 2010B. The escrow account will pay the principal amount of



\$310,000 due on December 1, 2020 plus accrued interest. The remaining outstanding balance of \$6,620,000 will be redeemed via the escrow account on the same day. The remaining bond proceeds were earmarked for the payment of issuance costs. The University completed the refunding to reduce its total debt service payments over a period of fifteen years by \$1,668,046, and to have an economic gain (difference between the present values of the old and new debt service payments) of \$1,517,686.

#### **Long-Term Debt-Little Rock Campus**

On October 20, 2020, the University closed the Various Facilities Revenue Bonds (UA Little Rock Campus) Taxable Refunding Series 2020 Bonds with a principal amount of \$18,795,000. Proceeds from this sale will be used to (a) refund certain maturities of the Board's Auxiliary Enterprises Capital Improvement Revenue Bonds (UALR Campus), Series 2012A totaling \$11,550,000, (b) advance refund certain maturities of the Board's Auxiliary Enterprises Refunding Revenue Bonds (UALR Campus), Series 2012B totaling \$7,245,000, and pay costs of issuance. The University completed the refunding to reduce its total debt service payments over a period of sixteen years by \$2,618,791, and to have an economic gain (difference between the present values of the old and new debt service payments) of \$2,171,804.

The Series 2012A and the Series 2012B Bonds, both tax-exempt issues, were secured by and payable from auxiliary enterprises revenues of the UALR. The Series 2020 Bonds are taxable issues which are secured by "Pledged Revenues" which are, except as set forth below, (a) all tuition and fees revenues collected by the UALR, (b) all sales and services revenues derived from projects at UALR funded with bonds issued pursuant to the Act and (c) auxiliary enterprises revenues derived from the operations of residence halls, or other student housing facilities operated by UALR, athletic gate receipts, and other revenues derived from intercollegiate athletics at UALR, and revenues from the operation of the bookstore or other auxiliary operations at UALR; provided, however, that such Pledged Revenues are subject to previous pledges to Senior Bonds and that such Pledged Revenues shall not include any fees authorized or imposed by UALR and dedicated to a specific purpose.

#### **Long-Term Debt-Medical Sciences Campus**

On October 28, 2020, the University closed the Board of Trustees of the University of Arkansas Various Facilities Revenue Refunding Bonds (UAMS Campus) Tax-Exempt Series 2020 with a principal amount of \$24,325,000. Proceeds from this sale will be used to refund certain maturities of the Board's Various Facilities Revenue Bonds (UAMS Campus), Series 2010A totaling \$31,170,250 and pay costs of issuance. The University completed the refunding to reduce its total debt service payments over a period of eleven years by \$8,610,760, and to have an economic gain (difference between the present values of the old and new debt service payments, less the release of the prior debt service reserve fund) of \$6,221,805.

#### **CARES Act Funds- Medical Sciences Campus**

UAMS received CARES stimulus funds in 2020, and UAMS believes the amounts recorded as revenue and the amounts deferred for recognition in future periods as of and for the year ended June 30, 2020 are consistent with the guidance available from HHS as of June 30, 2020. HHS released General and Targeted Distribution Post-Payment Notice of Reporting Requirements on September 19, 2020. This new HHS guidance does not represent a clarification of existing

information, but rather resulted in substantive changes to the requirements related to the Provider Relief Funds. Since this information could not have been known at June 30, 2020 any change in the estimate of revenue to be recognized will be recorded in future periods. UAMS is evaluating the effects of the reporting requirements and believes complying with the reporting requirements will not have a material impact on the financial statements.







**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2020  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**Employee Benefits**

<b>Schedule of University's Proportional Share of the Net Pension Liability Arkansas Public Employees Retirement System Last Six Fiscal Years*</b>						
	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	1.656%	2.008%	2.198%	2.202%	1.659%	1.462%
University's proportionate share of net pension liability	\$ 39,944,209	\$ 44,294,023	\$ 56,807,517	\$ 52,660,632	\$ 30,550,726	\$ 20,737,110
University's covered payroll**	32,838,844	36,710,317	40,658,901	39,968,417	29,241,762	24,610,760
University's proportionate share of the net pension liability as a percentage of its covered payroll	121.64%	120.66%	139.72%	131.76%	104.48%	84.26%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%
The amounts presented for each fiscal year were determined as of June 30 of the previous year. *Information is presented for those years for which it is available until a full 10-year trend is compiled. **Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.						

<b>Schedule of University Contributions Arkansas Public Employees Retirement System Last Six Fiscal Years*</b>						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,474,936	\$ 5,079,699	\$ 5,446,489	\$ 5,847,656	\$ 5,122,338	\$ 4,316,084
Contributions in relation to the contractually required contribution	(4,474,936)	(5,079,699)	(5,446,489)	(5,847,656)	(5,122,338)	(4,316,084)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 29,263,785	\$ 32,838,844	\$ 36,710,317	\$ 40,658,901	\$ 35,350,993	\$ 29,241,762
Contributions as a percentage of covered payroll	15.29%	15.47%	14.84%	14.38%	14.49%	14.76%
*Information is presented for those years for which it is available until a full 10-year trend is compiled.						

<b>Schedule of University's Proportional Share of the Net Pension Liability Arkansas Teacher Retirement System Last Six Fiscal Years*</b>						
	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.372%	0.447%	0.540%	0.589%	0.395%	0.437%
University's proportionate share of net pension liability	\$ 15,527,796	\$ 16,258,099	\$ 22,688,366	\$ 26,000,421	\$ 12,850,498	\$ 11,467,444
University's covered payroll**	\$ 11,429,162	\$ 13,540,283	\$ 15,932,158	\$ 17,474,936	\$ 11,516,407	\$ 11,527,065
University's proportionate share of the net pension liability as a percentage of its covered payroll	135.86%	120.07%	142.41%	148.79%	111.58%	99.48%
Plan fiduciary net position as a percentage of the total pension liability	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%
The amounts presented for each fiscal year were determined as of June 30 of the previous year. *Information is presented for those years for which it is available until a full 10-year trend is compiled. **Includes Pulaski Technical College and Rich Mountain Community College for fiscal years beginning 2017.						

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2020  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

Schedule of University Contributions Arkansas Teacher Retirement System Last Six Fiscal Years *						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,416,960	\$ 1,616,340	\$ 1,899,208	\$ 2,210,329	\$ 1,448,084	\$ 1,612,297
Contributions in relation to the contractually required contribution	(1,416,960)	(1,616,340)	(1,899,208)	(2,210,329)	(1,448,084)	(1,612,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 10,026,138	\$ 11,429,162	\$ 13,540,283	\$ 15,932,158	\$ 10,392,131	\$ 11,516,407
Contributions as a percentage of covered payroll	14.13%	14.14%	14.03%	13.87%	13.93%	14.00%
*Information is presented for those years for which it is available until a full 10-year trend is compiled.						

## Other Postemployment Benefits

### Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2019 valuation for the year ended June 30, 2020
Valuation year	Census data collected as of February 2020
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	3.50%
Rate of salary increase for amortization	4.00%
Medical inflation rate	6.75% grading to 4.00% over 15 years
Pharmacy inflation rate	8.50% grading to 4.00% over 15 years
Retiree contribution inflation rate	5.30% then 6.90% grading to 4.00% over 14 years

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2018 was 3.87%, the unfunded rate determined as of June 30, 2018 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, 2019 was 3.50%, the unfunded rate determined as of June 30, 2019 based on the Bond Buyer 20-year-Bond GO Index.

### Mortality Rates:

Healthy	RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using projection scale MP-2014
Disabled	RP-2014 Fully Generational Mortality Table for disabled retirees using projection scale MP-2014

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2020  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**Schedules of Required Supplementary Information**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

<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

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

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

5.63%                      5.36%                      5.21%

**Notes to Schedule:**

No assets for the Plan are accumulated in a trust.

***Change of Assumptions:***

During the measurement year, the TOL increased by approximately \$4.6 million. The service cost and interest cost increased the TOL by approximately \$6.9 million while benefit payments decreased the TOL by approximately \$2.2 million. The discount rate changed from 3.87% as of June 30, 2018 to 3.5% as of June 30, 2019. This created an assumption loss of \$3.1 million, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan. The actual experience decreased the liability by \$3.2 million due to changes in population, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan.

***Change of Benefits:***

There were no benefit changes for the year.



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 2020 to the Arkansas Division of Higher Education for Fall 2020.

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

Established: 1871

Enrollment: 27,549

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

Founded in 1871, the University of Arkansas, Fayetteville (UAF) is the flagship institution of the University of Arkansas System. UAF 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, UAF 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 UAF 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: 4,708

[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: 8,019

[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 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: 2,907

[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 Hospital, 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; a 535-bed UAMS Medical Center;

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: 2,418  
[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: 2,793  
[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: 910  
[www.cccua.edu](http://www.cccua.edu)

Cossatot Community College of the University of Arkansas (CCCUA) has campuses in De Queen, Nashville, Ashdown, and Lockesburg that support our mission and our newly-minted five-point 2025 Strategic Plan. We adhere to our 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 over 75 online courses at CCCUA. We also collaborate with several universities to offer bachelor and master's level degrees. Accredited by the Higher Learning Commission, we are the only Hispanic Serving Institution (HSI) in Arkansas and we now offer 64% 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: 659  
[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: 870  
[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: 864

[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: 1961

Joined System: 2001

Enrollment: 1,670

[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



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: 4,705

[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: 570

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

The University of Arkansas Community College at Rich Mountain (UACCRM), based in Mena, is a comprehensive, learning-centered community college providing a range of programs including transfer and technical degrees, workforce development and adult education, among others. Through its main campus and satellite locations in Mt. Ida and Waldron, UACCRM serves the Ouachita Mountain Region with exemplary educational and enrichment opportunities to improve quality of life and economic advancement.

### **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 fifteen public 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 the school's "college bridge" program, ASMSA graduates average 50 hours of college credit while finishing high school.

Beyond the residential experience, ASMSA's outreach programs provide Saturday enrichment opportunities for motivated middle and early high school students. Digital learning programs like Coding Arkansas' Future and STEM Pathways provides online instruction for students whose local school districts lack the resources for advanced instruction.

## **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

[www.archeology.uark.edu](http://www.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

## UNIVERSITY OF ARKANSAS SYSTEM *e*VERSITY

Established: 2014

Enrollment: 676

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

The University of Arkansas System *e*Versity is a fully accredited, 100 percent-online institution created by the UA Board of Trustees in March 2014 to serve students who are unable to access traditional higher education campuses and to help adult working learners earn credentials and degrees. The mission of *e*Versity is to provide high-quality online courses, affordable tuition and workforce-relevant degree programs, along with using data analytics to help promote student success to earn credentials. *e*Versity began offering classes in partnership with existing UA System institutions in the spring of 2016 and is now a fully self-sustaining operation that processes financial aid, enrolls, promotes and graduates students within its unique schedule of seven annual abbreviated sessions.

Faculty from across the UA System develop and deliver rigorous certificate and degree programs in tandem with *e*Versity's award-winning instructional design team to provide students with high-quality online coursework through Open Educational Resources. There are never any fees or additional charges for books. *e*Versity currently enjoys an incredibly high student success rate with more than 90 percent of its students succeeding in their classes.

## UNIVERSITY OF ARKANSAS SYSTEM

[www.uasys.edu](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**

Joseph E. Steinmetz, *Chancellor*  
Ann Bordelon, *Vice Chancellor for Finance and Administration*

**UNIVERSITY OF ARKANSAS AT FORT SMITH**

Terisa Riley, *Chancellor*  
Kathy McDermott, *Interim Vice Chancellor for Finance and Administration*

**UNIVERSITY OF ARKANSAS AT LITTLE ROCK**

Christy Drale, *Chancellor*  
Steve McClellan, *Vice Chancellor for Finance and Administration*

**UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**

Cam Patterson, *Chancellor*  
Amanda George, *Vice Chancellor for Finance and Administration and CFO*

**UNIVERSITY OF ARKANSAS AT MONTICELLO**

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

**UNIVERSITY OF ARKANSAS AT PINE BLUFF**

Laurence Alexander, *Chancellor*  
Carla Martin, *Vice Chancellor for Finance and Administration*

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

Steve Cole, *Chancellor*  
Charlotte Johnson, *Vice Chancellor for Business and Financial Services*

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

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

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE**

Deborah J. Frazier, *Chancellor*  
Gayle Cooper, *Vice Chancellor for Finance and Administration*

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE**

Laura Clark, *Interim Chancellor*  
Cindy Lance, *Vice Chancellor for Finance and Administration*

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON**

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

**UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE**

Margaret Ellibee, *Chancellor*  
Charlette Moore, *Vice Chancellor of Finance and CFO*

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

Phillip Wilson, *Chancellor*  
Morris Boydston, *Vice Chancellor of Administration*

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

Corey Alderdice, *Director*  
Ashley Smith, *Director of Finance*

**UNIVERSITY OF ARKANSAS SYSTEM eVersity**

Michael Moore, *Chief Academic Officer*





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AND IS AVAILABLE ON THE UNIVERSITY OF ARKANSAS SYSTEM'S WEBSITE AT [WWW.UASYS.EDU](http://WWW.UASYS.EDU)