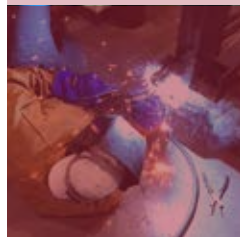


UNIVERSITY OF ARKANSAS SYSTEM

Consolidated Financial Statements



2019



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December 14, 2019

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, 2019. 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 that reads 'Gina T. Terry'.

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

Arkansas



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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, 2019, 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 28% 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, 2019, 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 2018 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, 2018. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2018, 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 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 Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, the Statement of Cash Flows – Direct Method – by Campus 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
November 19, 2019
EDHE14119

Introduction

The University of Arkansas System (“the University”) is pleased to present its financial statements for the fiscal year ended June 30, 2019, with comparative statements for the fiscal years ended June 30, 2018 and 2017.

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 at Rich Mountain Community College. 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 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

Condensed Statements of Net Position

	June 30, 2019	June 30, 2018	June 30, 2017
ASSETS			
Current assets	\$ 1,374,995,901	\$ 1,259,135,577	\$ 1,069,894,334
Capital assets, net	2,942,849,940	2,855,583,557	2,724,223,833
Other assets	321,856,512	387,896,241	486,050,598
Total Assets	<u>\$ 4,639,702,353</u>	<u>\$ 4,502,615,375</u>	<u>\$ 4,280,168,765</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 49,376,693</u>	<u>\$ 62,887,011</u>	<u>\$ 64,063,832</u>
LIABILITIES			
Current liabilities	\$ 383,767,844	\$ 372,590,089	\$ 352,818,138
Noncurrent liabilities	1,652,008,610	1,703,724,196	1,651,150,138
Total Liabilities	<u>\$ 2,035,776,454</u>	<u>\$ 2,076,314,285</u>	<u>\$ 2,003,968,276</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 33,351,146</u>	<u>\$ 23,156,359</u>	<u>\$ 5,953,926</u>
NET POSITION			
Net Investment in Capital Assets	\$ 1,499,325,092	\$ 1,440,744,532	\$ 1,408,755,133
Restricted			
Non-Expendable	84,931,511	76,561,144	74,648,862
Expendable	269,775,956	358,582,144	310,847,885
Unrestricted	765,918,887	590,143,922	540,058,515
Total Net Position	<u>\$ 2,619,951,446</u>	<u>\$ 2,466,031,742</u>	<u>\$ 2,334,310,395</u>

The University's total assets increased \$137.1 million, or 3.0%. Cash and cash equivalents increased \$27.3 million and investments increased by \$106.4 million. Cash and cash equivalents increased \$15.1 million at UAF, \$10.9 million at UALR and \$39.8 million at UAMS. These increases were offset by a decrease in UASYS cash and cash equivalents of \$43.8 million. UAF increased investments \$22.4 million, UASYS increased investments \$50.7 million and UAMS increased \$24.5 million. Deposits held in trust decreased by \$74.3 million of which UAF comprised \$52.6 million of the decrease which were related to spending of bond proceeds on capital projects completed during 2019. UAMS drew down funds of \$14.9 million through equipment financing as the installation occurred of a new phone system. Capital assets increased \$87.3

million net of accumulated depreciation. Fayetteville had an increase in capital asset additions of \$198 million with depreciation of \$86 million. Construction in progress increased by \$174.6 million during 2019 of which \$288 million were placed into service, including the football stadium expansion of the north end zone. The Windgate Art & Design District Buildings, library changes, and other athletic facilities are in progress along with new dorms in Fayetteville completed in the fall of 2019. UAMS has an increase in capital asset additions of \$61 million net of depreciation and amortization of \$67 million.

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 \$13.5 million, or (21.5%). Deferred outflows related to pensions comprised most of the decrease at \$11.8 million as a result of actuarially determined amounts. The amortization of the debt refunding decreased the deferred outflows balance by \$2.4 million.

Total liabilities decreased \$40.5 million, or 2.0%. The liability for bonds, notes, capital leases and installment contracts decreased \$34.6 million. Netted in that amount, UAF issued new bonds that totaled \$30 million. The additional debt is offset by a total of \$92.4 in repayments during fiscal 2019. The liability for future insurance claims increased by \$.9 million and is due to the UA Health Plan experiencing an overall plan loss ratio of 101% compared to a loss ratio of 95% in the previous fiscal year (Note 14).

Deferred inflows of resources related to pension plans increased \$8.7 million, or 99.4%, as a result of actuarially determined amounts. In addition, deferred inflows related to OPEBs increased of \$1.4 million.

The increase in net position was \$153.9 million, or 6.2%. The increase is the result of 2019 revenues, expenses and changes in net position. Net investments in capital assets increased \$58.6 million with UAF comprising \$64.9 million of the increase offset by changes at the other campuses. Restricted net position, expendable and non-expendable, decreased \$80.4 million with UAF decreasing \$17.9 million and UAMS decreasing \$62.9 million. Unrestricted net position increased \$175.8 million with UAF adding \$47.9 million, UAMS adding \$104.9 million, and UAFS adding \$8.3 million. These increases were offset by increases and decreases at the

remaining campuses. Although unrestricted net position is not subject to externally-imposed restrictions, the majority of the University's unrestricted net position is subject to internal designations to meet various specific commitments. These commitments include reserves established for future capital projects, other academic or research priorities; working capital for self-supporting auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position, as presented on the Statements of Net Position, is based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The statements present the revenues earned by the University, both operating and non-operating, and the expenses incurred by the University, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University. Operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for operating revenues and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. In accordance with GASB standards, significant recurring sources of University revenue such as state appropriations, gifts, investment income and certain grants and contracts are reported as non-operating revenues.

UNIVERSITY OF ARKANSAS SYSTEM: Management's Discussion and Analysis

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

	Year Ended		
	June 30, 2019	June 30, 2018	June 30, 2017
Operating revenues			
Student tuition and fees	\$ 403,004,046	\$ 397,569,567	\$ 379,908,656
Net patient services	1,301,036,000	1,231,064,000	1,186,364,000
Grants and contracts	329,385,879	321,694,307	305,234,008
Auxiliary enterprises	231,172,972	223,709,121	221,654,753
Other	250,952,769	228,138,290	204,772,534
Total operating revenues	<u>2,515,551,666</u>	<u>2,402,175,285</u>	<u>2,297,933,951</u>
Operating expenses			
Compensation and benefits	1,744,315,450	1,740,124,575	1,668,589,914
Supplies and services	913,937,918	881,853,703	851,807,551
Other	452,497,657	432,839,698	416,088,162
Total operating expenses	<u>3,110,751,025</u>	<u>3,054,817,976</u>	<u>2,936,485,627</u>
Operating Loss	(595,199,359)	(652,642,691)	(638,551,676)
Non-operating revenues and expenses			
State appropriations	434,202,736	445,771,370	443,698,581
Grants	150,237,502	151,453,040	148,624,103
Gifts	108,246,024	103,867,343	98,609,383
Other revenue	51,573,141	46,412,860	53,366,271
Non-operating expenses	(58,541,181)	(47,742,113)	(50,842,024)
Non-operating income	<u>685,718,222</u>	<u>699,762,500</u>	<u>693,456,314</u>
Income before other revenues and expenses	90,518,863	47,119,809	54,904,638
Other revenues and expenses			
Capital grants and gifts	62,034,926	104,375,914	40,864,347
Other, net	1,365,915	(12,267,688)	(7,104,726)
Other revenues and expenses	<u>63,400,841</u>	<u>92,108,226</u>	<u>33,759,621</u>
Increase in Net Position	153,919,704	139,228,035	88,664,259
Net Position, beginning of year	2,466,031,742	2,334,310,395	2,199,324,594
GASB 75 OPEB and Other	-	(7,506,688)	-
Mergers with UAPTC and UACCRM and Pension effect	-	-	46,321,542
Net Position, beginning of year, as restated	<u>2,466,031,742</u>	<u>2,326,803,707</u>	<u>2,245,646,136</u>
Net Position, end of year	<u>\$ 2,619,951,446</u>	<u>\$ 2,466,031,742</u>	<u>\$ 2,334,310,395</u>

The 2019 operating loss of \$595.2 million highlights the University's dependence on non-operating revenues, including state appropriations, to meet the costs of operations and provide funds for the acquisition of capital assets.

Operating revenues increased \$113.4 million, or 4.7%. Net student tuition and fees increased \$5.4 million, reflecting increases for UAF of \$10.2 million offset by small increases and decreases spread through the rest of the campuses. Net patient services increased \$70 million or 5.7% at UAMS due to increases in inpatient and outpatient volumes. Grants and contracts increased \$7.7 million, of which UAMS increased \$9.7 million and UAF decreased \$5.6 million. Other

operating revenue increased \$22.8 million, attributed to UAMS's increase of \$22.1 million for specialty and retail pharmacy activity.

Total operating expenses increased \$55.9 million, or 1.8%. Compensation and benefits only increased \$4.2 million, or 0.2% increase, over the previous year. UAF increased \$4.9 million due to increases in salaries for faculty and staff. The cost of supplies and services increased \$32.1 million, of which \$17.9 million is attributable to UAMS, UAF increased \$23.2 million, offset by UALR's decrease of \$7.9 million. The increase at UAMS was due to increases in medical supplies, primarily for a higher surgery volume, and drugs and medicines

for patient care. Depreciation increased \$13.7 million with UAF accounting for \$10.5 million of the increase. The changes were spread throughout the campuses. The insurance plan expenses increased \$6.9 million due to higher claims costs.

Net non-operating revenues decreased by \$14 million, or 2%. State appropriations decreased \$11.6 million and grants decreased \$1.2 million, offset by investment income increasing \$3.3 million and gifts increasing \$4.4 million. Loss on disposal of assets increased \$2.3 million.

Other changes in net position decreased \$28.7 million, or 31.2%. Capital grants and gifts decreased \$42.3 million with most of the decrease related to UAF. The pollution remediation costs decreased \$12.7 million at UAF during 2019.

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

Statements of Cash Flows

The Statement of Cash Flows provides information about the cash activity of the University during the year. The statement is divided into five parts. The first part shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-

capital financing activities. The third section deals with cash flows from capital and related activities, such as the acquisition and construction of capital assets and proceeds from, and payment of, debt. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest 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 2019 is \$351.2 million, an increase of \$110.8 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, 2019	June 30, 2018	June 30, 2017
Cash provided (used) by:			
Operating activities	\$ (355,322,445)	\$ (471,338,658)	\$ (422,406,834)
Noncapital financing activities	706,509,051	711,770,020	701,949,112
Net cash	351,186,606	240,431,362	279,542,278
Capital and related financing activities	(262,704,490)	(180,191,658)	(213,630,820)
Investing activities	(61,203,448)	(46,507,195)	(214,558,873)
Net change in cash	27,278,668	13,732,509	(148,647,415)
Cash, beginning of year	448,353,753	434,621,244	556,103,255
Mergers with UAPTC and UACCRM	-	-	27,165,404
Cash, beginning of the year, restated	448,353,753	434,621,244	583,268,659
Cash, end of year	\$ 475,632,421	\$ 448,353,753	\$ 434,621,244

Purchases of capital assets and repayments of long-term debt exceeded debt proceeds and capital grants and gifts during 2019 which was consistent with the previous years. Purchases of investments exceeds the proceeds from sales and maturities of investments 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, 2019, the University had \$2.9 billion of capitalized assets, net of accumulated depreciation of \$2.8 billion. Capital additions in 2019 totaled \$292 million which was offset by depreciation of \$200 million, net of transfers and deletions, resulted in a net increase in capital assets of \$87 million.

New debt issued for bonds, notes, capital leases and installment contracts offset by payments of principal was a net decrease of \$34.6 million for 2019. The University issued a total of \$30 million in bonds for the Fayetteville campus. More detailed information about debt activity was

discussed previously and is presented in Note 10.

Economic Outlook

The University's net position increased \$153.9 million for 2019. Moody's last reaffirmed the University's rating of Aa2 with a stable outlook on September 26, 2019. 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. Because the Fayetteville campus and the Medical Sciences campus account for 74.7% of total net position and 88.8% of operating revenues, discussion below is centered on these two campuses.

UAMS

UAMS closed fiscal year 2019 up \$39.9 million in net position, a much better outcome than the balanced budget projected for the period. UAMS was able to achieve this positive result through decreased spending efforts related to resource optimization and increases in

patient revenue. Additional one-time items included a \$15.7 million true up of the estimated DSH (disproportionate share hospital) payments.

The fiscal year 2020 budget reflects a balance of projected revenues and expenditures based on conservative estimates of revenue gains in patient services and includes budget control measures related to resource optimization. With modest budgetary goals to sustain continued support for UAMS' mission and maintenance of quality service to patients and students, to build back university reserves and to increase funding for capital improvements, deferred maintenance and infrastructure, UAMS expects to finish fiscal year 2020 within budget.

Despite efforts to reduce and control spending and increase revenues, UAMS expects continuing financial pressures in the near term. State appropriations are expected to remain flat over the next several years, except for \$10 million additional funding to support efforts by UAMS to seek designation as a National Cancer Institute Center. No significant downturn in state funding is anticipated.

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

Financial and political support from state government remains a critical element to the continued financial health of UAF. In 2019, the total general revenue distribution from the State, included in state appropriation revenue, increased slightly to \$208.2 million from the \$202.9 million reported in 2018. This was due primarily to Act 148 of 2017 discussed in the paragraph below. Estimates for 2020 indicate general revenue distributions from the State will remain flat, with no significant increase or decrease. 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 the 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 the new 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

allowance), private support and sponsored grants and contracts all contribute to support the mission of teaching, research and service. Tuition and mandatory fee increases totaling 0.74% for resident and 3.53% for nonresident students, respectively, were necessary in 2019 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 2019 was the penultimate year for Campaign Arkansas, the university's capital campaign to advance academic opportunity at UAF. Campaign Arkansas has a goal of raising \$1.25 billion by June 30, 2020, and the overall total reached \$1.11 billion by the end of fiscal year 2019. The campaign is raising funds for scholarships and fellowships, endowed faculty chairs, capital projects, interdisciplinary academic programs and other priority areas that will advance UAF's goals and objectives.

Like the previous years, fiscal year 2019 was another strong fundraising year, with \$163.4 million raised, surpassing the goal of \$125.6 million. The total amount raised includes gifts of cash, gifts-in-kind, planned gifts and new pledges. Approximately \$17.8 million of the total was directed by donors to be used as endowment when received. The private support garnered each year is needed to provide the resources, facilities, experiences and campus environment that ensures UAF fulfills its land-grant mission and remains a top-tier research institution for students while also

advancing the economic development of the State of Arkansas.

Preliminary figures indicate that the university enrolled 27,559 students for the fall 2019 semester while setting new records for retention and graduation rates. University enrollment has increased 28.75%, or 6,154 students over the past ten years. While enrollment topped 27,500 for the third year in a row, this year's total is slightly lower than last year's record enrollment of 27,778. This modest decline is an indication that the size of UAF's enrollment is stabilizing after two decades of unprecedented growth. This decline of 1.0% in fall 2019 comes after increases of 1.3% in fall 2017 and 0.8% in fall 2018. This more stable enrollment is welcomed as the university assesses future goals and the optimum number of students.

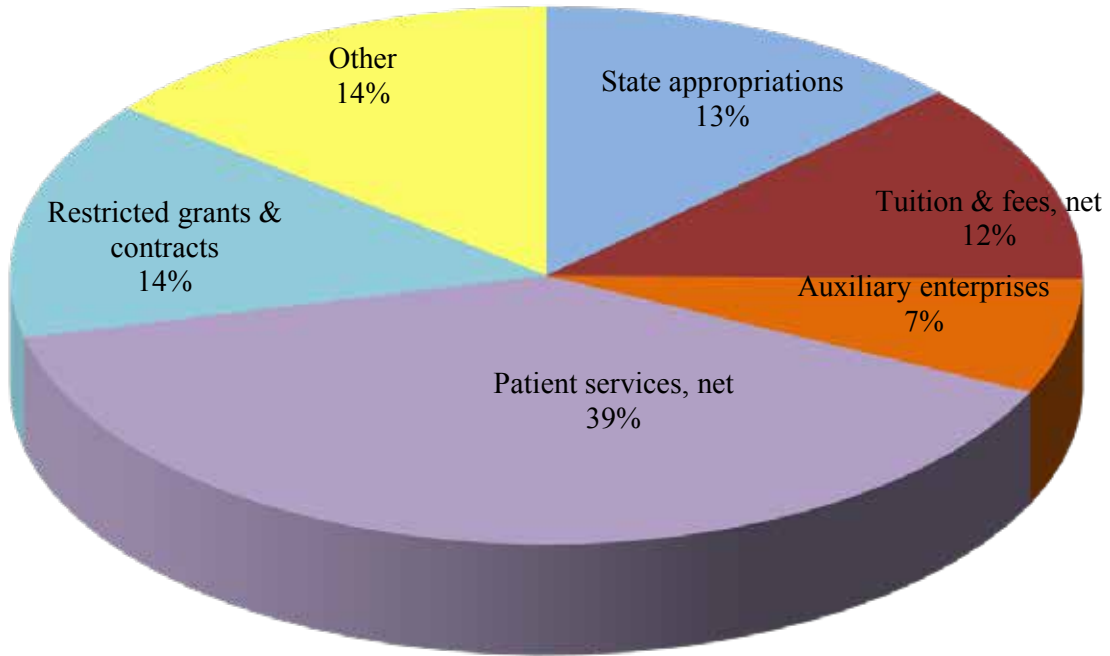
All Campuses

Financial support from state government for all campuses remains a critical element to the continued financial health of the University. Arkansas appears to have a healthy, growing economy as general revenue forecasts are positive and the state budget remains balanced. As the unemployment rate remains at record lows, enrollment in higher education may remain flat or decrease at most campuses, so management will continue to budget conservatively and to emphasize cost containment.

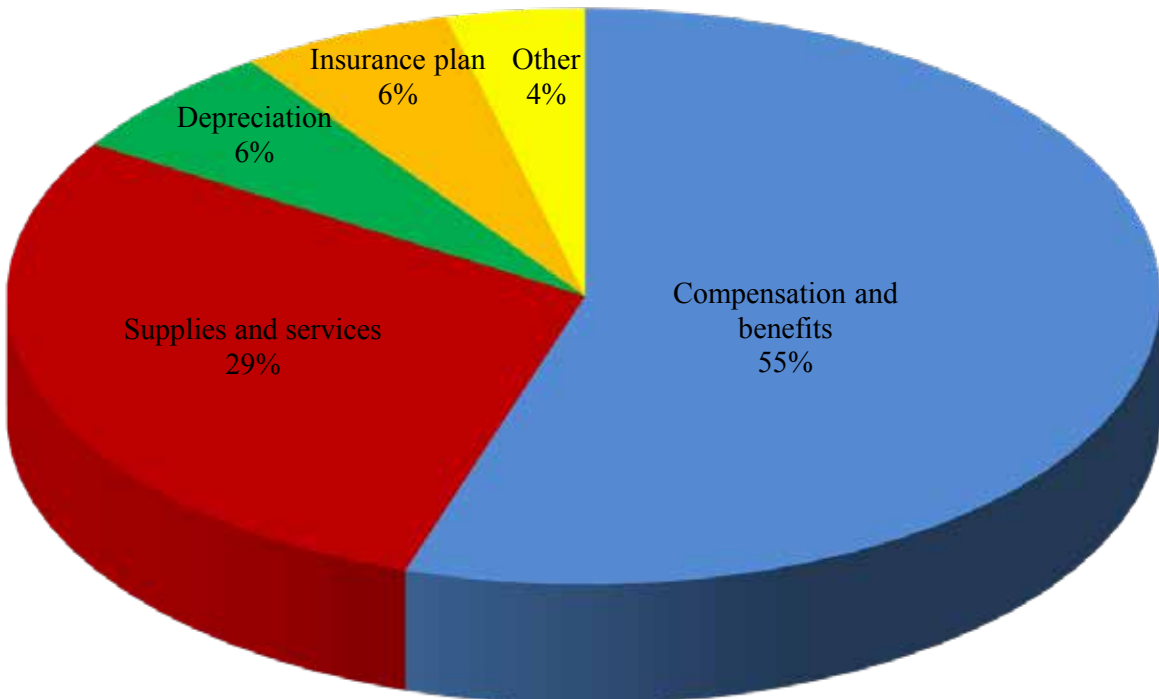
Preliminary data shows that the number of enrolled students (headcount) has decreased from the fall semester of 2018 to the fall semester of 2019, to 65,875. The number of full-time equivalent students has also decreased from 53,191 to 52,412.



2019 Revenues \$3.324 Billion



2019 Expenses \$3.170 Billion



FIVE YEAR SUMMARY OF KEY STUDENT DATA

Enrollment

Fall Semester	2019*	2018	2017	2016	2015
Undergraduate Students (Headcount)	56,809	58,307	60,283	53,797	53,295
Graduate Students (Headcount)	9,066	9,217	9,385	9,503	9,469
Total	65,875	67,524	69,668	63,300	62,764
Undergraduate Students (FTE)	45,620	46,898	47,700	43,358	43,085
Graduate Students (FTE)	6,792	6,293	6,332	7,340	6,554
Total	52,412	53,191	54,032	50,698	49,639

Degrees Awarded

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015
Certificates	4,495	3,333	4,007	2,331	2,369
Associate	3,203	2,425	2,965	2,016	2,226
Baccalaureate	8,088	7,837	7,654	7,774	7,399
Post-Baccalaureate	353	292	168	85	144
Master's	2,037	2,029	2,097	2,074	2,023
Doctoral	273	282	249	273	263
First Professional	546	535	548	535	525
Total	18,995	16,733	17,688	15,088	14,949

*Preliminary Data Reported by Institutions



UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2019

UNIVERSITY OF ARKANSAS SYSTEM Statement of Net Position June 30, 2019 with comparative figures at June 30, 2018

	June 30, 2019	June 30, 2018
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 448,871,459	\$ 426,739,043
Investments (Note 4)	585,916,377	498,540,405
Accounts receivable, net of allowances of \$27,067,763 and \$24,509,008 (Note 6)	129,873,115	124,776,537
Patient accounts receivable, net of allowances of \$323,478,000 and \$319,668,000	133,151,000	130,932,000
Inventories	33,123,594	31,352,556
Deposits and funds held in trust by others	5,332,422	5,902,405
Notes receivable, net of allowances of \$152,000 and \$391,541	5,999,644	6,522,941
Other assets	32,728,290	34,369,690
Total current assets	1,374,995,901	1,259,135,577
Non-Current		
Cash and cash equivalents (Note 4)	26,760,962	21,614,710
Investments (Note 4)	208,076,644	189,068,980
Notes receivable, net of allowance of \$4,116,546 and \$3,605,489	14,500,444	21,097,350
Deposits and funds held in trust by others	53,608,654	127,381,631
Other non-current assets	18,909,808	28,733,570
Capital assets, net of depreciation of \$2,789,165,152 and \$2,617,043,609 (Note 7)	2,942,849,940	2,855,583,557
Total non-current assets	3,264,706,452	3,243,479,798
TOTAL ASSETS	\$ 4,639,702,353	\$ 4,502,615,375
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding	\$ 26,286,190	\$ 28,715,694
Other postemployment benefits	2,707,710	2,018,574
Pensions	20,382,793	32,152,743
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 49,376,693	\$ 62,887,011
LIABILITIES		
Current		
Accounts payable and other accrued liabilities (Note 6)	\$ 183,516,569	\$ 168,033,495
Unearned revenue	45,736,231	49,954,598
Funds held in trust for others	5,536,021	6,216,125
Liability for future insurance claims (Note 14)	18,254,800	17,401,400
Estimated third party payor settlements	36,099,000	34,404,000
Compensated absences payable - current portion (Note 9)	7,713,494	6,522,298
Liability for other postemployment benefits - current portion (Note 16)	2,237,546	2,018,574
Bonds, notes, capital leases and installment contracts payable - current portion (Note 10)	84,674,183	88,039,599
Total current liabilities	383,767,844	372,590,089
Non-Current		
Unearned revenues, deposits and other	508,843	805,925
Refundable federal advance - Perkins loans	16,336,135	16,687,013
Compensated absences payable (Note 9)	84,435,964	86,496,442
Liability for other postemployment benefits (Note 16)	67,945,882	66,786,365
Liability for pensions (Note 15)	60,552,122	79,495,883
Bonds, notes, capital leases and installment contracts payable (Note 10)	1,422,229,664	1,453,452,568
Total non-current liabilities	1,652,008,610	1,703,724,196
TOTAL LIABILITIES	\$ 2,035,776,454	\$ 2,076,314,285
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	\$ 12,842,629	\$ 11,459,571
Pensions	17,507,517	8,779,788
Other	3,001,000	2,917,000
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 33,351,146	\$ 23,156,359
NET POSITION		
Net Investment in Capital Assets	\$ 1,499,325,092	\$ 1,440,744,532
Restricted		
Non-Expendable		
Scholarships and fellowships	14,071,187	13,970,721
Research	6,210,956	6,209,524
Other	64,649,368	56,380,899
Expendable		
Scholarships and fellowships	52,559,931	46,032,609
Research	52,336,643	67,652,828
Public service	14,371,948	15,499,916
Capital projects	110,155,482	186,361,485
Other	40,351,952	43,035,306
Unrestricted	765,918,887	590,143,922
TOTAL NET POSITION	\$ 2,619,951,446	\$ 2,466,031,742

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2019

UNIVERSITY OF ARKANSAS SYSTEM Statement of Revenues, Expenses, and Changes in Net Position For The Year Ended June 30, 2019 with comparative figures for 2018

	Year Ended June 30, 2019	Year Ended June 30, 2018
Operating Revenues		
Student tuition & fees, net of scholarship allowances of \$175,739,788 and \$175,276,652	\$ 403,004,046	\$ 397,569,567
Patient services, net of contractual allowances of \$1,968,128,000 and \$1,870,735,000	1,301,036,000	1,231,064,000
Federal and county appropriations	16,174,853	15,175,997
Federal grants and contracts	203,339,300	201,022,220
State and local grants and contracts	82,285,017	71,792,249
Non-governmental grants and contracts	43,761,562	48,879,838
Sales and services of educational departments	61,916,501	62,706,446
Insurance plan	58,540,366	56,487,149
Auxiliary enterprises		-
Athletics, net of scholarship allowances of \$2,668,184 and \$2,740,053	120,120,028	112,806,383
Housing/food service, net of scholarship allowances of \$27,475,082 and \$28,386,706	79,762,304	79,203,008
Bookstore, net of scholarship allowances of \$725,178 and \$756,455	12,890,672	13,501,969
Other auxiliary enterprises, net of scholarship allowances of \$650,231 and \$652,978	18,399,968	18,197,761
Other operating revenues	114,321,049	93,768,698
Total operating revenues	2,515,551,666	2,402,175,285
Operating Expenses		
Compensation and benefits	1,744,315,450	1,740,124,575
Supplies and services	913,937,918	881,853,703
Scholarships and fellowships	63,068,342	64,040,207
Insurance plan	189,065,098	182,157,005
Depreciation	200,364,217	186,642,486
Total operating expenses	3,110,751,025	3,054,817,976
Operating loss	(595,199,359)	(652,642,691)
Non-Operating Revenues (Expenses)		
State appropriations, net of Medicaid match payments of \$93,909,000 and \$79,747,000	434,202,736	445,771,370
Property and sales tax	14,030,615	13,558,511
Federal grants	100,998,594	101,605,401
State and local grants	48,010,261	48,570,883
Non-governmental grants	1,228,647	1,276,756
Gifts	108,246,024	103,867,343
Investment income (net)	31,787,677	28,443,092
Interest and fees on capital asset-related debt	(56,485,544)	(47,995,602)
Gain/loss on disposal of assets	(2,055,637)	253,489
Other	5,754,849	4,411,257
Net non-operating revenues	685,718,222	699,762,500
Income before other revenues and expenses	90,518,863	47,119,809
Other Changes in Net Position		
Capital appropriations	1,715,187	979,056
Capital grants and gifts	62,034,926	104,375,914
Adjustments to prior year revenues and expenses	(337,007)	(100,241)
Extraordinary item-pollution remediation	(571,154)	(13,224,210)
Other	558,889	77,707
Total other revenues and expenses	63,400,841	92,108,226
Increase in net position	153,919,704	139,228,035
Net Position, beginning of year, as originally reported	2,466,031,742	2,334,310,395
Cumulative effect of GASB No. 75 adoption	-	(7,118,973)
Restatements	-	(387,715)
Net Position, beginning of year, restated	2,466,031,742	2,326,803,707
Net Position, end of year	\$ 2,619,951,446	\$ 2,466,031,742

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2019

UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method For The Year Ended June 30, 2019 with comparative figures for 2018

	Year Ended June 30, 2019	Year Ended June 30, 2018
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	\$ 403,507,733	\$ 400,426,484
Patient and insurance payments	1,351,214,000	1,194,921,000
Federal and county appropriations	16,320,230	14,936,462
Grants and contracts	320,708,277	313,588,207
Collection of loans and interest	7,326,711	5,333,064
Insurance plan receipts	57,973,051	56,836,253
Auxiliary enterprise revenues:		
Athletics	117,785,338	111,250,830
Housing and food service	79,587,186	79,013,627
Bookstore	13,106,569	17,016,560
Other auxiliary enterprises	18,549,782	18,442,788
Payments to employees	(1,504,039,599)	(1,507,473,440)
Payments of employee benefits	(227,418,963)	(231,009,124)
Payments to suppliers	(916,730,209)	(886,634,643)
Loans issued to students	(3,640,313)	(4,711,636)
Scholarships and fellowships	(63,285,803)	(63,475,880)
Payments of insurance plan expenses	(188,221,205)	(179,892,581)
Other	161,934,770	190,093,371
Net cash used by operating activities	<u>(355,322,445)</u>	<u>(471,338,658)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	432,607,523	445,654,371
Property and sales tax	13,782,732	13,510,343
Gifts and grants for other than capital purposes	257,941,940	253,492,560
Repayment of loans	634,000	762,000
Direct Lending, Plus and FFEL loan receipts	242,082,299	304,189,961
Direct Lending, Plus and FFEL loan payments	(240,655,425)	(302,595,682)
Other agency funds - net	135,982	(3,243,533)
Refunds to grantors	(20,000)	-
Net cash provided by noncapital financing activities	<u>706,509,051</u>	<u>711,770,020</u>
Cash Flows from Capital and Related Financing Activities		
Distributions from debt proceeds	100,880,467	154,522,954
Capital appropriations	1,715,187	1,008,736
Capital grants and gifts	31,642,574	53,250,872
Proceeds from sale of capital assets	676,095	128,677
Purchases of capital assets	(251,521,174)	(255,926,874)
Payment of capital related principal on debt	(86,229,123)	(75,388,448)
Payment of capital related interest and fees	(60,312,126)	(58,013,362)
Insurance proceeds	-	225,787
Payments to/from trustee for reserve	148,610	-
Residual funds from student housing affiliated organization	295,000	-
Net cash used by capital and related financing activities	<u>(262,704,490)</u>	<u>(180,191,658)</u>
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	300,326,877	212,472,712
Investment income (net of fees)	7,777,444	3,623,512
Purchases of investments	(369,307,769)	(262,603,419)
Net cash used by investing activities	<u>(61,203,448)</u>	<u>(46,507,195)</u>
Net increase in cash	27,278,668	13,732,509
Cash, beginning of the year	448,353,753	434,621,244
Cash, end of year	<u>\$ 475,632,421</u>	<u>\$ 448,353,753</u>

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2019

UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method - Continued For The Year Ended June 30, 2019 with comparative figures for 2018

	Year Ended June 30, 2019	Year Ended June 30, 2018
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (595,199,359)	\$ (652,642,691)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	200,364,217	186,642,486
Other miscellaneous operating receipts	(1,847,863)	(219,070)
Adjustment to cash for amounts in transit within the system	(501,401)	(4,692)
Change in assets and liabilities:		
Receivables, net	(8,036,531)	(627,221)
Inventories	(1,833,956)	1,557,533
Prepaid expenses and other assets	1,058,845	(3,864,654)
Accounts payable and other accrued liabilities	43,050,784	(17,593,796)
Unearned revenue	(3,486,910)	177,711
Liability for future insurance claims	853,400	2,221,200
Loans to students and employees	2,464,330	562,055
Refundable federal advance	(350,878)	76,337
Compensated absences	(869,281)	777,467
OPEB liability	1,776,411	3,229,533
Pension related	(3,409,082)	2,470,997
Other	10,644,829	5,898,147
NET CASH USED BY OPERATING ACTIVITIES	\$ (355,322,445)	\$ (471,338,658)
Non-Cash Transactions		
Capital Gifts	\$ 49,151,610	\$ 18,682,308
Fixed assets acquired by incurring capital lease obligations	11,536,028	13,187,351
Capital outlay & maintenance paid directly from proceeds of debt	5,466,421	1,336,435
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	30,210,536	120,112,792
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	250,672	577,816
Payment of principal & interest on long-term debt from deposits with trustees	401,893	206,265
Interest earned on deposits with trustees	2,104,231	2,022,112
Loss on disposal of assets	3,279,999	2,477,829
Valuation adjustment to capital assets	(42,478)	1,363,690
Value of goods received from sponsorship agreements with vendors	3,486,821	3,507,595

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Discretely Presented Component Units FY2019

**UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Contributions receivable, net	\$ 43,656,718	\$ 27,274,658
Interest receivable	3,755,684	2,983,595
Investments, at fair value	1,329,835,542	1,164,638,882
Cash value of life insurance	1,570,547	1,492,384
Land	31,425	257,025
TOTAL ASSETS	<u>\$1,378,849,916</u>	<u>\$ 1,196,646,544</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,281,928	\$ 2,405,368
Annuity obligations	15,492,470	15,457,664
TOTAL LIABILITIES	<u>17,774,398</u>	<u>17,863,032</u>
 NET ASSETS		
Without donor restrictions	117,892,372	106,304,205
With donor restrictions	1,243,183,146	1,072,479,307
TOTAL NET ASSETS	<u>1,361,075,518</u>	<u>1,178,783,512</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,378,849,916</u>	<u>\$ 1,196,646,544</u>

**UNIVERSITY OF ARKANSAS
FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Financial Position
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Contribution receivable, net	\$ 4,608,550	\$ 7,862,099
Investments	573,191,353	565,080,692
TOTAL ASSETS	<u>\$ 577,799,903</u>	<u>\$ 572,942,791</u>
 LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 2,556,928	\$ 943,608
Net Assets with donor restrictions	575,242,975	571,999,183
TOTAL LIABILITIES & NET ASSETS	<u>\$ 577,799,903</u>	<u>\$ 572,942,791</u>

**UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2018 and 2019**

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contributions	\$ 23,934,202	\$ 166,640,659	\$ 190,574,861
Interest and dividends	5,677,017	7,823,924	13,500,941
Net realized and unrealized gains on investments	9,923,874	42,509,210	52,433,084
Net assets reclassifications, including released from or satisfaction of restrictions	43,848,704	(43,848,704)	-
Total revenues, gains and other support	<u>83,383,797</u>	<u>173,125,089</u>	<u>256,508,886</u>
Expenses and Losses:			
Program services:			
University System support	67,999,704	-	67,999,704
Supporting services:			
Management and general	1,728,893	-	1,728,893
Fundraising	1,894,935	-	1,894,935
Change in value of split-interest agreements	17,497	1,144,207	1,161,704
Provision for loss (recovery) on uncollectible contributions	154,601	1,277,043	1,431,644
Total supporting services	<u>3,795,926</u>	<u>2,421,250</u>	<u>6,217,176</u>
Total expenses and losses	<u>71,795,630</u>	<u>2,421,250</u>	<u>74,216,880</u>
Change in Net Assets	11,588,167	170,703,839	182,292,006
Net Assets, beginning of year	<u>106,304,205</u>	<u>1,072,479,307</u>	<u>1,178,783,512</u>
Net Assets, end of year	<u>\$ 117,892,372</u>	<u>\$1,243,183,146</u>	<u>\$1,361,075,518</u>

UNIVERSITY OF ARKANSAS SYSTEM: Discretely Presented Component Units FY2019

Year Ended June 30, 2018		
Without Donor Restrictions	With Donor Restrictions	TOTAL
\$ 16,299,843	\$ 172,061,503	\$ 188,361,346
4,103,381	6,624,753	10,728,134
5,025,739	71,627,701	76,653,440
45,394,437	(45,394,437)	-
<u>70,823,400</u>	<u>204,919,520</u>	<u>275,742,920</u>
65,792,756	-	65,792,756
1,785,528	-	1,785,528
2,275,866	-	2,275,866
8,809	(431,813)	(423,004)
330,500	498,803	829,303
<u>4,400,703</u>	<u>66,990</u>	<u>4,467,693</u>
<u>70,193,459</u>	<u>66,990</u>	<u>70,260,449</u>
629,941	204,852,530	205,482,471
<u>105,674,264</u>	<u>867,626,777</u>	<u>973,301,041</u>
<u>\$ 106,304,205</u>	<u>\$ 1,072,479,307</u>	<u>\$ 1,178,783,512</u>

UNIVERSITY OF ARKANSAS SYSTEM: Discretely Presented Component Units FY2019

**UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Activities
Years Ended June 30, 2019 and 2018**

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	TOTAL
Revenues, Gains and Other Support:			
Contribution	\$ -	\$ 171,450	\$ 171,450
Interest and dividends		3,974,565	3,974,565
Net realized and unrealized gains on investments		22,716,071	22,716,071
Net assets released from restrictions	23,618,294	(23,618,294)	-
Total revenues, gains and other support	23,618,294	3,243,792	26,862,086
Expenses and Losses:			
Program services:			
Fayetteville campus support	23,618,294	-	23,618,294
Total program services	23,618,294	-	23,618,294
Change in Net Assets	-	3,243,792	3,243,792
Net Assets, beginning of year	-	571,999,183	571,999,183
Net Assets, end of year	\$ -	\$ 575,242,975	\$ 575,242,975



UNIVERSITY OF ARKANSAS SYSTEM: Discretely Presented Component Units FY2019

Year Ended June 30, 2018		
Without Donor Restrictions	With Donor Restrictions	TOTAL
\$ -	\$ 9,891,099	\$ 9,891,099
-	3,490,572	3,490,572
	44,206,804	44,206,804
19,314,656	(19,314,656)	-
19,314,656	38,273,819	57,588,475
<hr/>		
19,314,656	-	19,314,656
19,314,656	-	19,314,656
<hr/>		
-	38,273,819	38,273,819
<hr/>		
-	533,725,364	533,725,364
<hr/>		
\$ -	\$ 571,999,183	\$ 571,999,183



UNIVERSITY OF ARKANSAS SYSTEM: Campus Financial Statements FY2019

UNIVERSITY OF ARKANSAS SYSTEM Statement of Net Position by Campus At June 30, 2019

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
ASSETS							
Current							
Cash and cash equivalents	\$ 162,667,988	\$ 10,583,818	\$ 20,517,771	\$ 146,081,000	\$ 7,753,233	\$ 24,889,651	\$ 13,514,776
Investments	337,800,994	5,520,926	38,282,612	133,756,000	3,077,974		50,665,586
Accounts receivable	56,175,037	5,067,123	5,576,992	39,018,000	4,585,135	10,094,891	19,317,105
Patient accounts receivable				133,151,000			
Inventories	7,081,785	16,843	254,400	23,676,000	357,158	23,805	
Deposits and funds held in trust by others	4,659,661		222,208		324,485		
Notes receivable	3,865,795			2,148,000	13,453		
Other assets	20,271,187	349,607	991,144	9,084,000	359,969	11,840	247,107
Total current assets	592,522,447	21,538,317	65,845,127	486,914,000	16,471,407	35,020,187	83,744,574
Non-Current							
Cash and cash equivalents	-	11,743,115	6,064		783,923	13,553,698	
Investments	89,640,957	20,754,192	24,557,327	63,942,000	2,794,695	2,219,621	
Notes receivable	10,318,903	149,458	386,750	11,186,000	89,349	467,457	
Deposits and funds held in trust by others	37,176,347	170,109	3,922,238	6,219,000			
Other non-current assets	16,129,272						2,930,536
Capital assets	1,464,377,332	136,172,108	225,636,552	738,084,000	53,050,882	111,294,278	4,304,651
Total non-current assets	1,617,642,811	168,988,982	254,508,931	819,431,000	56,718,849	127,535,054	7,235,187
TOTAL ASSETS	\$ 2,210,165,258	\$ 190,527,299	\$ 320,354,058	\$ 1,306,345,000	\$ 73,190,256	\$ 162,555,241	\$ 90,979,761
DEFERRED OUTFLOWS OF RESOURCES							
Debt refunding	\$ 12,967,665	\$ 2,951,434	\$ 3,434,457	\$ 4,560,000	\$ 498,722	\$ 230,076	
Other postemployment benefits	698,732	89,773	215,273	1,004,000	100,283	266,456	13,367
Pensions	4,632,899	744,552	2,427,711	4,197,000	817,174	208,058	145,820
Other			-				-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 18,299,296	\$ 3,785,759	\$ 6,077,441	\$ 9,761,000	\$ 1,416,179	\$ 704,590	\$ 159,187
LIABILITIES							
Current							
Accounts payable and other accrued liabilities	\$ 62,610,586	\$ 3,641,878	\$ 3,461,967	\$ 120,681,000	\$ 2,136,891	\$ 2,263,516	\$ 3,121,757
Unearned revenue, deposits and other	32,246,315	325,326	5,259,106	6,574,000	93,145	140,436	20,172
Funds held in trust for others	1,645,803	215,734	619,356	543,000	113,317	1,859,038	
Liability for future insurance claims							18,254,800
Estimated third party payor settlements				36,099,000			
Refundable federal advance - Perkins loans - current portion							
Compensated absences payable - current portion	1,770,865	198,349	376,686	4,629,000	125,292	224,713	31,150
Liability for other post employment benefits - current portion	698,732	52,632	190,164	826,000	70,617	71,401	12,445
Bonds, notes, capital leases and installment contracts payable - current	42,276,009	6,004,480	7,835,424	21,685,000	1,004,003	1,884,319	49,944
Total current liabilities	141,248,310	10,438,399	17,742,703	191,037,000	3,543,265	6,443,423	21,490,268
Non-Current							
Unearned revenues, deposits and other	32,054		270,586	93,000		76,046	
Refundable federal advance - Perkins loans	14,380,000			1,911,000	45,135		
Compensated absences payable	19,087,187	1,328,778	3,761,965	53,557,000	1,021,250	2,151,463	726,936
Liability for other post employment benefits	20,494,321	1,289,993	5,729,414	30,152,000	1,713,794	3,048,086	379,302
Liability for pensions	12,751,895	2,449,831	7,798,382	11,930,000	2,522,184	609,386	427,320
Bonds, notes, capital leases, installment contracts payable	815,580,220	58,702,898	106,576,173	259,002,000	27,671,999	32,288,251	15,261,872
Total non-current liabilities	882,325,677	63,771,500	124,136,520	356,645,000	32,974,362	38,173,232	16,795,430
TOTAL LIABILITIES	\$ 1,023,573,987	\$ 74,209,899	\$ 141,879,223	\$ 547,682,000	\$ 36,517,627	\$ 44,616,655	\$ 38,285,698
DEFERRED INFLOWS OF RESOURCES							
Other postemployment benefits	\$ 2,843,268	\$ 214,285	\$ 1,114,732	\$ 5,550,000	\$ 218,786	\$ 245,586	\$ 48,195
Pensions	2,333,208	953,702	1,870,786	2,685,000	875,849	183,225	153,169
Other			-	3,001,000			-
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 5,176,476	\$ 1,167,987	\$ 2,985,518	\$ 11,236,000	\$ 1,094,635	\$ 428,811	\$ 201,364
NET POSITION							
Net Investment in Capital Assets	\$ 649,366,007	\$ 74,416,164	\$ 114,592,512	\$ 462,802,000	\$ 24,954,883	\$ 77,204,160	\$ 4,024,937
Restricted							
Non-Expendable							
Scholarships and fellowships	8,658,175	310,912	3,772,579	394,000	56,017		
Research	5,739,659		149,738		321,559		
Other	17,567,085	8,339	5,657,460	36,034,000	5,099	5,377,385	
Expendable							
Scholarships and fellowships	17,088,923	204,943	679,142	32,192,000	344,520	1,437,165	
Research	36,662,420		344,968	12,425,000	1,964,421	939,834	
Public service	8,269,424	33,946	5,758,172			310,406	
Capital projects	65,834,505	318,906	62,609	35,109,000	776,890	5,633,124	
Other	23,214,920	3,261,782	3,105,201	331,000	511,404	2,504,084	
Unrestricted	367,312,973	40,380,180	47,444,377	177,901,000	8,059,380	24,808,207	48,626,949
TOTAL NET POSITION	\$ 1,199,714,091	\$ 118,935,172	\$ 181,566,758	\$ 757,188,000	\$ 36,994,173	\$ 118,214,365	\$ 52,651,886

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Campus Financial Statements FY2019

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (See Note 19)	TOTAL
\$ 2,284,199	\$ 8,670,937	\$ 4,444,598	\$ 3,100,382	\$ 3,927,474	\$ 30,797,140	\$ 2,982,209	\$ 6,425,443	\$ 230,840	\$ 448,871,459
912,588	3,363,966		2,178,737	3,565,694	5,699,242	1,092,058			585,916,377
1,256,649	1,548,202	893,695	1,212,448	1,017,377	2,601,121	638,686	232,878	(19,362,224)	129,873,115
	140,273	61,502	311,481	934,934	93,041				133,151,000
	197					172,372			33,123,594
					6,270	119,601			5,332,422
	50,746	9,091	89,162	30,591	126,319	1,135,182	19,132	103,213	(27,604)
									(150,000)
4,644,455	13,653,895	5,738,936	7,457,092	8,729,905	40,238,955	5,024,058	6,761,534	(19,308,988)	1,374,995,901
649,922				11,740	-	12,500			26,760,962
75,000		2,200,000			864,891	1,027,961			208,076,644
36,878	89,936	48,846	33,266	42,060			29,396	(8,377,855)	14,500,444
			149,761	106,107	5,811,108	53,984			53,608,654
								(150,000)	18,909,808
12,726,027	18,051,372	12,781,237	24,681,758	24,181,070	88,441,801	9,395,327	19,671,545		2,942,849,940
13,487,827	18,141,308	15,030,083	24,864,785	24,340,977	95,117,800	10,489,772	19,700,941	(8,527,855)	3,264,706,452
\$ 18,132,282	\$ 31,795,203	\$ 20,769,019	\$ 32,321,877	\$ 33,070,882	\$ 135,356,755	\$ 15,513,830	\$ 26,462,475	\$ (27,836,843)	\$ 4,639,702,353
\$ 80,594	\$ 839,912		\$ 156,477	\$ 5,833	\$ 552,031	\$ 8,989			\$ 26,286,190
4,379	62,058	\$ 9,222	23,357	19,614	134,632	62,411	\$ 4,153		2,707,710
663,583	370,120	702,819	779,858	881,210	2,975,941	569,639	299,409	\$ (33,000)	20,382,793
\$ 748,556	\$ 1,272,090	\$ 712,041	\$ 959,692	\$ 906,657	\$ 3,662,604	\$ 641,039	\$ 303,562	\$ (33,000)	\$ 49,376,693
\$ 294,066	\$ 821,668	\$ 357,715	\$ 79,861	\$ 1,006,443	\$ 1,736,933	\$ 210,368	\$ 373,304	\$ (19,281,384)	\$ 183,516,569
222,375	126,303	113,367		14,047	516,191	30,693	54,755		45,736,231
48,025	16,390	20,889	92,333	119,424	123,740	23,838	95,134		5,536,021
									18,254,800
									36,099,000
									-
21,662	19,545	30,324	28,162	67,381	139,828	23,098	27,439		7,713,494
4,379	62,058	6,739	23,357	19,614	134,632	62,411	2,365		2,237,546
303,793	366,496	298,635	446,426	507,613	2,203,720	370,863		(562,542)	84,674,183
894,300	1,412,460	827,669	670,139	1,734,522	4,855,044	721,271	552,997	(19,843,926)	383,767,844
	37,157						150,000	(150,000)	508,843
									16,336,135
411,573	461,777	270,003	355,145	259,684	724,295	212,571	106,337		84,435,964
498,971	1,106,459	364,947	449,117	769,841	1,099,774	636,673	213,190		67,945,882
2,056,516	952,830	2,025,326	2,224,536	2,616,286	9,724,668	1,652,458	810,504		60,552,122
3,478,058	9,843,565	1,435,179	2,576,433	10,848,421	80,633,616	6,153,376	20,520	(7,842,917)	1,422,229,664
6,445,118	12,401,788	4,095,455	5,605,231	14,494,232	92,182,353	8,655,078	1,300,551	(7,992,917)	1,652,008,610
\$ 7,339,418	\$ 13,814,248	\$ 4,923,124	\$ 6,275,370	\$ 16,228,754	\$ 97,037,397	\$ 9,376,349	\$ 1,853,548	\$ (27,836,843)	\$ 2,035,776,454
\$ 208,742	\$ 1,016,570	\$ 84,706	\$ 363,977	\$ 263,355	\$ 443,514	\$ 200,382	\$ 26,531		\$ 12,842,629
746,587	564,405	847,985	897,636	880,982	3,434,151	735,340	378,492	\$ (33,000)	17,507,517
\$ 955,329	\$ 1,580,975	\$ 932,691	\$ 1,261,613	\$ 1,144,337	\$ 3,877,665	\$ 935,722	\$ 405,023	\$ (33,000)	\$ 33,351,146
\$ 9,024,770	\$ 8,644,467	\$ 11,047,424	\$ 21,830,063	\$ 12,877,756	\$ 6,232,481	\$ 2,934,062	\$ 19,373,406		\$ 1,499,325,092
80,587					798,917				14,071,187
									6,210,956
									64,649,368
	233,747			313,516	65,975				52,559,931
									52,336,643
									14,371,948
649,922	981,498	776,528				12,500			110,155,482
30,242					7,233,764	55,305	104,250		40,351,952
800,570	7,812,358	3,801,293	3,914,523	3,413,176	23,773,160	2,840,931	5,029,810		765,918,887
\$ 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

UNIVERSITY OF ARKANSAS SYSTEM: Campus Financial Statements FY2019

UNIVERSITY OF ARKANSAS SYSTEM Statement of Revenues, Expenses, and Changes in Net Position by Campus For the Year Ended June 30, 2019

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Operating Revenues							
Student tuition & fees, net of scholarship allowances	\$ 250,731,149	\$ 18,210,841	\$ 43,271,993	\$ 48,592,000	\$ 10,591,500	\$ 10,289,148	\$ 1,597,074
Patient services, net of contractual allowances				1,301,036,000			
Federal and county appropriations	15,987,853			187,000			
Federal grants and contracts	70,399,139	1,241,600	16,042,166	85,217,000	1,380,070	18,030,768	
State and local grants and contracts	25,556,054	2,777,888	7,088,806	32,023,000	2,381,333	3,109,829	
Non-governmental grants and contracts	19,641,617	3,849,897	1,808,702	16,347,000	796,063	569,560	
Sales and services of educational departments	22,098,014	220,270	1,296,586	36,043,000	388,747	227,764	4,575,953
Insurance plan							189,312,168
Auxiliary enterprises							
Athletics, net of scholarship allowances	112,613,294	173,616	3,990,480		684,296	2,653,672	
Housing/food service, net of scholarship allowances	55,654,857	3,129,091	5,167,071	8,427,000	2,065,143	5,241,771	
Bookstore, net of scholarship allowances	10,903,754	354,700	188,605		353,433	100,832	
Other auxiliary enterprises, net of scholarship allowances	12,180,224	380,907	1,780,033	2,852,000	614,116	314,720	
Other operating revenues	11,652,343	683,391	1,993,230	94,371,000	88,442	4,791,147	
Total operating revenues	607,418,298	31,022,201	82,627,672	1,625,095,000	19,343,143	45,329,211	195,485,195
Operating Expenses							
Compensation and benefits	516,859,882	41,071,079	112,758,241	1,044,749,000	26,983,003	43,116,052	8,108,647
Supplies and services	279,744,590	18,514,784	40,250,836	508,403,000	11,310,694	24,824,827	1,884,492
Scholarships and fellowships	23,495,596	3,562,554	9,851,415	1,641,000	6,166,843	4,907,135	
Insurance plan							189,065,098
Depreciation	86,167,691	7,690,184	17,130,278	66,917,000	3,644,178	6,217,172	267,593
Total operating expenses	906,267,759	70,838,601	179,990,770	1,621,710,000	48,104,718	79,065,186	199,325,830
Operating income (loss)	(298,849,461)	(39,816,400)	(97,363,098)	3,385,000	(28,761,575)	(33,735,975)	(3,840,635)
Non-Operating Revenues (Expenses)							
State appropriations, net of Medicaid match payments	212,639,371	24,190,209	68,330,942	14,896,000	18,709,078	28,249,264	3,928,167
Property and sales tax		6,247,185					
Federal grants	23,262,107	13,330,578	16,427,085		8,176,913	9,370,906	
State and local grants	30,816,891	5,734,733	6,399,643		2,180,768	1,451,338	
Non-governmental grants	39,414	71,250	1,117,983				
Gifts	78,997,092		6,366,221	19,840,000	207,450	2,525,835	50,000
Investment income (net)	19,356,562	785,849	2,445,713	6,522,000	281,403	109,423	1,331,066
Interest and fees on capital asset-related debt	(31,883,875)	(2,448,217)	(4,095,572)	(10,425,000)	(1,046,241)	(1,403,905)	(141,537)
Gain (loss) on disposal of assets	135,459	(1,299,417)	(17,863)	(528,000)	(18,677)	(8,214)	(475,289)
Other	5,305,618	1,301	-		(9,264)	34,071	41,977
Net non-operating revenues	338,668,639	46,613,471	96,974,152	30,305,000	28,481,430	40,328,718	4,734,384
Income before other revenues and expenses	39,819,178	6,797,071	(388,946)	33,690,000	(280,145)	6,592,743	893,749
Other Changes in Net Position							
Capital appropriations	1,173,500	501,687	-				
Capital grants and gifts	54,209,072	21,550	250,269	6,163,000	10,585	150,000	
Adjustments to prior year revenues and expenses			(214,597)		(122,410)		
Extraordinary item-pollution remediation	(571,154)						
Other	200,173	13,564			350,044		
Total other revenues and expenses	55,011,591	536,801	35,672	6,163,000	238,219	150,000	-
Increase (decrease) in net position	94,830,769	7,333,872	(353,274)	39,853,000	(41,926)	6,742,743	893,749
Net Position, beginning of year	1,104,883,322	111,601,300	181,920,032	717,335,000	37,036,099	111,471,622	51,758,137
Net Position, end of year	\$ 1,199,714,091	\$ 118,935,172	\$ 181,566,758	\$ 757,188,000	\$ 36,994,173	\$ 118,214,365	\$ 52,651,886

See accompanying notes.



UNIVERSITY OF ARKANSAS SYSTEM: Campus Financial Statements FY2019

CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
\$ 1,826,529	\$ 1,197,747	\$ 1,149,100	\$ 1,422,701	\$ 3,160,978	\$ 10,326,591	\$ 636,695			\$ 403,004,046
									1,301,036,000
									16,174,853
496,337	2,472,901	749,549	1,646,602	580,558	2,573,731	2,508,879			203,339,300
1,133,171	1,387,617	791,921	1,602,506	1,785,140	1,417,608	581,585	\$ 648,559		82,285,017
235,078	72,910	124,251		156,149		136,886	23,449		43,761,562
156,140	39,699	12,045	215,034	124,690	446,509	28,893	53,275	\$ (4,010,118)	61,916,501
								(130,771,802)	58,540,366
4,670									120,120,028
77,371									79,762,304
142,878	30,008	222,235	398,812			195,415			12,890,672
	83,525	120,555	25,279			48,609			18,399,968
61,609	211,951	62,983	14,682	139,075	481,627	62,210	265,969	(558,610)	114,321,049
4,133,783	5,496,358	3,232,639	5,325,616	5,946,590	15,246,066	4,199,172	991,252	(135,340,530)	2,515,551,666
8,768,793	12,234,826	7,533,350	8,151,741	9,894,612	24,781,951	5,241,235	4,834,840	(130,771,802)	1,744,315,450
2,654,242	5,115,137	2,943,000	3,371,941	2,877,678	10,150,922	2,700,523	3,759,980	(4,568,728)	913,937,918
977,157	1,965,892	1,309,658	2,974,022	2,479,314	2,926,987	810,769			63,068,342
									189,065,098
907,070	1,418,251	773,073	1,425,831	1,547,277	4,613,085	1,187,321	458,213		200,364,217
13,307,262	20,734,106	12,559,081	15,923,535	16,798,881	42,472,945	9,939,848	9,053,033	(135,340,530)	3,110,751,025
(9,173,479)	(15,237,748)	(9,326,442)	(10,597,919)	(10,852,291)	(27,226,879)	(5,740,676)	(8,061,781)		(595,199,359)
5,028,601	10,411,433	4,973,488	6,559,868	6,277,094	17,347,378	3,432,750	9,229,093		434,202,736
1,377,932	2,215,791	1,502,001	1,501,702	744,688		441,316			14,030,615
2,441,998	2,859,101	2,988,204	3,774,044	4,537,878	11,975,651	1,854,129			100,998,594
322,473		335,939			768,476				48,010,261
									1,228,647
152,132				16,662	(6,850)	3,661	93,821		108,246,024
37,513	95,020	102,266	54,330	165,600	576,037	34,038	5,113	(114,256)	31,787,677
(140,923)	(370,483)	(16,468)	(97,990)	(408,885)	(3,804,501)	(229,314)	(186)	27,553	(56,485,544)
	(193,993)		65,580	284,777					(2,055,637)
			(557)				295,000	86,703	5,754,849
9,219,726	15,016,869	9,885,430	11,856,977	11,617,814	26,856,191	5,536,580	9,622,841		685,718,222
46,247	(220,879)	558,988	1,259,058	765,523	(370,688)	(204,096)	1,561,060	-	90,518,863
40,000									1,715,187
11,850	508,492			38,384	8,724		663,000		62,034,926
									(337,007)
									(571,154)
		(4,892)							558,889
51,850	508,492	(4,892)	-	38,384	8,724	-	663,000	-	63,400,841
98,097	287,613	554,096	1,259,058	803,907	(361,964)	(204,096)	2,224,060		153,919,704
10,487,994	17,384,457	15,071,149	24,485,528	15,800,541	38,466,261	6,046,894	22,283,406		2,466,031,742
\$ 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



UNIVERSITY OF ARKANSAS SYSTEM: Campus Financial Statements FY2019

**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
Cash Flows from Operating Activities							
Student tuition and fees (net of scholarships)	\$ 250,387,437	\$ 17,563,442	\$ 46,126,868	\$ 48,944,000	\$ 10,013,714	\$ 10,082,449	\$ 1,327,610
Patient and insurance payments				1,351,214,000			
Federal and county appropriations	16,320,230						
Grants and contracts	114,405,574	7,626,428	26,358,829	126,438,000	4,779,327	20,145,276	
Collection of loans and interest	4,291,090			2,457,000	578,621		
Insurance plan receipts							187,180,281
Auxiliary enterprise revenues:							
Athletics	110,459,379	173,616	3,802,831		665,255	2,679,587	
Housing and food service	55,761,186	3,094,005	5,149,752	8,434,000	1,829,073	5,241,799	
Bookstore	11,144,414	356,567	188,605		326,670	101,329	
Other auxiliary enterprises	12,262,776	363,969	1,714,952	3,008,000	607,456	314,720	
Payments to employees	(409,412,975)	(32,794,798)	(90,069,216)	(846,861,000)	(21,208,193)	(34,888,448)	(6,171,339)
Payment of employee benefits	(102,875,179)	(8,233,039)	(22,248,189)	(187,276,000)	(5,966,933)	(8,851,318)	(1,810,059)
Payments to suppliers	(272,322,848)	(18,279,152)	(39,849,364)	(521,780,000)	(11,006,178)	(21,657,244)	(1,709,254)
Loans issued to students	(1,350,313)	-	-	(2,290,000)			
Scholarships and fellowships	(23,639,271)	(3,562,554)	(9,851,415)	(1,641,000)	(6,234,630)	(4,907,135)	
Payments of insurance plan expenses							(188,221,205)
Other receipts and payments	30,505,944	895,611	4,006,296	118,484,000	750,499	5,027,216	4,345,114
Net cash used by operating activities	(204,062,556)	(32,795,905)	(74,670,051)	99,131,000	(24,865,319)	(26,711,769)	(5,058,852)
Cash Flows from Noncapital Financing Activities							
State appropriations	212,639,371	24,190,209	68,330,941	13,720,000	18,709,078	28,249,264	3,928,167
Property and sales tax		6,249,015				-	
Gifts and grants for other than capital purposes	132,490,470	19,124,490	30,310,932	19,840,000	10,632,220	13,348,079	50,000
Repayment of loans				634,000			
Direct Lending, Plus and FFEL loan receipts	132,284,770	15,791,610	51,364,332		13,287,259	13,462,405	
Direct Lending, Plus and FFEL loan payments	(129,569,558)	(15,753,441)	(51,517,616)		(13,857,661)	(14,066,754)	
Other agency funds - net	124,473	7,822	96,168	42,000	(7,350)	(243,571)	129,418
Payment of interest on debt							(87,439)
Inter-fund loan receipts							150,000
Inter-fund loan payments							
Refunds to grantors					(20,000)		
Net cash provided (used) by noncapital financing activities	347,969,526	49,609,705	98,584,757	34,236,000	28,743,546	40,749,423	4,170,146
Cash Flows from Capital and Related Financing Activities							
Distributions from debt proceeds	85,187,322	188,906	2,857,433	2,163,000			10,035,000
Capital appropriations	1,173,500	501,687					
Capital grants and gifts	23,888,632	7,874		6,163,000		143,468	
Proceeds from sale of capital assets				86,000	7,070		
Purchases of capital assets	(164,021,216)	(3,291,444)	(4,876,760)	(57,401,000)	(1,385,571)	(8,982,587)	(3,518,335)
Payment of capital related principal on debt	(35,809,393)	(5,523,470)	(6,953,164)	(31,046,000)	(1,050,984)	(1,745,050)	(49,834)
Payments of capital related interest and fees	(35,050,396)	(2,475,678)	(4,654,323)	(10,500,000)	(1,100,837)	(1,440,615)	(90,427)
Payments to/from trustee for reserve							
Residual funds from student housing affiliated organization							
Net cash provided (used) by capital & related financing act	(124,631,551)	(10,592,125)	(13,626,814)	(90,535,000)	(3,530,322)	(12,024,784)	6,376,404
Cash Flows from Investing Activities							
Proceeds from sales and maturities of investments	114,023,052	23,595,808	101,994	149,179,000	3,712	1,171,998	4,000,000
Investment income (net of fees)	2,315,480	537,948	1,140,046	1,590,000	143,922	47,842	1,331,066
Purchases of investments	(120,545,710)	(28,766,172)	(632,008)	(153,830,000)	(350,000)	(642,617)	(54,665,586)
Net cash provided (used) by investing activities	(4,207,178)	(4,632,416)	610,032	(3,061,000)	(202,366)	577,223	(49,334,520)
Net increase/decrease in cash	15,068,241	1,589,259	10,897,924	39,771,000	145,539	2,590,093	(43,846,822)
Cash, beginning of year	147,599,747	20,737,674	9,625,911	106,310,000	8,391,617	35,853,256	57,361,598
Cash, end of year	\$ 162,667,988	\$ 22,326,933	\$ 20,523,835	\$ 146,081,000	\$ 8,537,156	\$ 38,443,349	\$ 13,514,776

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Campus Financial Statements FY2019

	CCCUA	PCCUA	UACCB	UACCHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
\$	1,685,880	\$ 1,139,515	\$ 1,082,558	\$ 1,515,555	\$ 3,065,273	\$ 9,955,163	\$ 618,269			\$ 403,507,733
	1,822,264	4,054,660	1,678,384	3,001,197	2,665,838	3,949,029	3,135,401	\$ 648,070		1,351,214,000
									\$ (129,207,230)	16,320,230
										320,708,277
										7,326,711
										57,973,051
	4,670									117,785,338
	77,371									79,587,186
	142,878	31,560	220,143	398,812			195,591			13,106,569
		83,525	120,496	25,279			48,609			18,549,782
	(6,677,214)	(8,866,751)	(5,784,732)	(6,620,860)	(7,458,981)	(19,252,465)	(4,123,449)	(3,849,178)		(1,504,039,599)
	(2,043,863)	(3,298,278)	(1,890,630)	(1,726,707)	(2,445,296)	(5,440,796)	(1,314,357)	(1,031,028)	129,032,709	(227,418,963)
	(2,512,979)	(5,276,844)	(2,967,882)	(3,643,696)	(2,999,693)	(10,187,818)	(2,809,116)	(3,753,650)	4,025,509	(916,730,209)
										(3,640,313)
	(977,157)	(1,970,313)	(1,310,696)	(2,977,287)	(2,476,589)	(2,926,987)	(810,769)			(63,285,803)
										(188,221,205)
	225,749	243,141	80,806	307,062	280,158	883,959	44,625	206,979	(4,352,389)	161,934,770
	(8,252,401)	(13,859,785)	(8,771,553)	(9,720,645)	(9,369,290)	(23,019,915)	(5,015,196)	(7,778,807)	(501,401)	(355,322,445)
	5,028,601	10,411,433	4,973,488	6,140,656	6,277,094	17,347,378	3,432,750	9,229,093		432,607,523
	1,295,052	2,122,443	1,510,404	1,511,854	678,043		415,921			13,782,732
	2,918,547	2,866,064	3,343,668	3,774,044	4,554,540	12,737,276	1,857,790	93,820		257,941,940
										634,000
			1,267,119		2,196,038	12,428,766				242,082,299
			(1,265,591)		(2,196,038)	(12,428,766)				(240,655,425)
	(2,544)	(615)	4,030	(16,752)	3,208	(12,654)	(366)	12,715		135,982
									87,439	-
									(150,000)	-
									(150,000)	-
										(20,000)
	9,239,656	15,399,325	9,833,118	11,409,802	11,512,885	30,072,000	5,706,095	9,185,628	87,439	706,509,051
			31,579				417,227			100,880,467
	40,000									1,715,187
	100,000	629,492			38,384	8,724		663,000		31,642,574
				65,580	517,445					676,095
	(354,905)	(1,433,131)	(1,402,010)	(898,093)	(494,554)	(569,527)	(838,679)	(2,053,362)		(251,521,174)
	(289,339)	(358,453)	(592,418)	(705,328)	(460,911)	(2,014,015)	(172,123)	(1,860)	543,219	(86,229,123)
	(141,735)	(338,992)	(18,234)	(96,181)	(441,127)	(3,774,295)	(216,653)	(186)	27,553	(60,312,126)
			148,610							148,610
								295,000		295,000
	(645,979)	(1,501,084)	(1,832,473)	(1,634,022)	(840,763)	(6,349,113)	(810,228)	(1,097,408)	570,772	(262,704,490)
		2,981,509	2,100,000		3,169,804					300,326,877
	21,241	15,871	100,565	1,119	90,568	543,345	362	13,061	(114,992)	7,777,444
		(3,000,000)	(2,200,000)	(1,000,000)	(3,500,000)	(175,676)				(369,307,769)
	21,241	(2,620)	565	(998,881)	(239,628)	367,669	362	13,061	(114,992)	(61,203,448)
	362,517	35,836	(770,343)	(943,746)	1,063,204	1,070,641	(118,967)	322,474	41,818	27,278,668
	2,571,604	8,635,101	5,214,941	4,044,128	2,876,010	29,726,499	3,113,676	6,102,969	189,022	448,353,753
\$	2,934,121	\$ 8,670,937	\$ 4,444,598	\$ 3,100,382	\$ 3,939,214	\$ 30,797,140	\$ 2,994,709	\$ 6,425,443	\$ 230,840	\$ 475,632,421

UNIVERSITY OF ARKANSAS SYSTEM: Campus Financial Statements FY2019

UNIVERSITY OF ARKANSAS SYSTEM Statement of Cash Flows - Direct Method - Continued - By Campus For the Year Ended June 30, 2018

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:							
Operating revenue (loss)	\$ (298,849,461)	\$ (39,816,400)	\$ (97,363,098)	\$ 3,385,000	\$ (28,761,575)	\$ (33,735,975)	\$ (3,840,635)
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:							
Depreciation expense	86,167,691	7,690,184	17,130,278	66,917,000	3,644,178	6,217,172	267,593
Other miscellaneous operating receipts	(1,847,863)						
Adjustment to cash for amounts in transit within the system							
Change in assets and liabilities:							
Receivables, net	(1,809,644)	(514,240)	1,341,582	(2,363,000)	941,332	(1,837,589)	(2,650,166)
Inventories	(2,367,991)	1,197	(88,838)	858,000	(29,357)	3,270	3,270
Prepaid expenses and other assets	(130,228)	6,660	1,025,026	-	(36,081)	8,486	98,995
Accounts payable and other accrued liabilities	13,990,612	(225,328)	(492,529)	31,050,000	(41,969)	(569,095)	66,734
Unearned revenue	(2,241,569)	(11,881)	3,324,056	(4,663,000)	(127,918)	28,342	17,976
Liability for future insurance claims							853,400
Loans to students and employees	2,464,330						
Refundable federal advance	(834)				(350,044)		
Compensated absences	(744,328)	27,455	(196,139)	136,000	(67,855)	8,200	104,232
OPEB liability	218,724	75,213	81,569	698,000	31,435	125,872	(30,684)
Pension related	1,088,005	(28,765)	568,042	(4,385,000)	(67,465)	(23,016)	53,703
Other				7,498,000		3,062,564	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (204,062,556)	\$ (32,795,905)	\$ (74,670,051)	\$ 99,131,000	\$ (24,865,319)	\$ (26,711,769)	\$ (5,058,852)
Non-Cash Transactions							
Capital Gifts	\$ 42,706,202	\$ 21,550	\$ 250,273	\$ 6,163,000	\$ 10,585		
Fixed assets acquired by incurring capital lease obligations				8,628,000		2,908,028	
Capital outlay & maintenance paid directly from proceeds of debt	4,972,013		439,145				\$ 35,000
Payment of bond proceeds/premium/accrued interest/debt svc reserve directly into deposits with trustees/escrow	30,210,536						
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	250,672						
Payment of principal & interest on long-term debt from deposits with trustees	20,976		4,442				
Interest earned on deposits with trustees	1,813,143	12,608	112,737	144,000	12,020		
Loss on disposal of assets	664,984	1,292,979	17,863	528,000	18,677	8,214	475,289
Valuation adjustments to capital assets		6,439					
Value of goods received from sponsorship agreements with vendors	3,486,821						

See accompanying notes.



UNIVERSITY OF ARKANSAS SYSTEM: Campus Financial Statements FY2019

CCCUA	PCCUA	UACCB	UACHT	UACCM	UAPTC	UACCRM	ASMSA	Elimination (Note 19)	TOTAL
\$ (9,173,479)	\$ (15,237,748)	\$ (9,326,442)	\$ (10,597,919)	\$ (10,852,291)	\$ (27,226,879)	\$ (5,740,676)	\$ (8,061,781)		\$ (595,199,359)
907,070	1,418,251	773,073	1,425,831	1,547,277	4,613,085	1,187,321	458,213		200,364,217
								\$ (501,401)	(1,847,863)
(129,815)	162,122	(71,454)	(77,712)	60,021	(808,799)	(161,975)	(117,194)		(8,036,531)
32,286	(1,655)	(66,765)	(126,750)	(37,193)		(10,160)			(1,833,956)
105,263	24,513	(3,449)	(30,591)	(26,773)	881	21,336	(5,193)		1,058,845
(103,690)	(282,258)	85,259	(298,723)	(94,825)	(35,972)	(68,628)	71,196		43,050,784
(48,652)	(106,079)	26,448		(22,055)	350,884	5,298	(18,760)		(3,486,910)
									853,400
									2,464,330
									(350,878)
68,566	(18,673)	(170,051)	28,330	(128,976)	100,283	2,023	(18,348)		(869,281)
137,607	239,102	11,561	13,652	151,668	198,116	(193,777)	18,353		1,776,411
(47,557)	(57,360)	(29,733)	(56,763)	(46,799)	(211,514)	(59,567)	(105,293)		(3,409,082)
				80,656		3,609			10,644,829
<u>\$ (8,252,401)</u>	<u>\$ (13,859,785)</u>	<u>\$ (8,771,553)</u>	<u>\$ (9,720,645)</u>	<u>\$ (9,369,290)</u>	<u>\$ (23,019,915)</u>	<u>\$ (5,015,196)</u>	<u>\$ (7,778,807)</u>	<u>\$ (501,401)</u>	<u>\$ (355,322,445)</u>
									\$ 49,151,610
						\$ 20,263			11,536,028
									5,466,421
									30,210,536
									250,672
\$ 790						375,685			401,893
857	\$ 840	\$ 2,624	\$ 2,326			3,076			2,104,231
273,993		(48,917)							3,279,999
									(42,478)
									3,486,821



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 contractual allowances (related to patient care revenue). 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 current 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 \$93,909,000 and \$79,747,000 for the fiscal years ended June 30, 2019 and 2018, respectively.

Component Units

In fiscal year 2019, 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, 2019 and 2018, the Foundation distributed \$69,355,873 and \$67,569,344, 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, 2019 and 2018, the Foundation distributed \$23,618,294 and \$19,314,656,

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

Encumbrances

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

New Accounting Pronouncements

The GASB issued the following statements, which became effective for the fiscal year ended June 30, 2019:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

Management has determined that there was no material impact on the financial statements for the implementation of these two Statements. In addition to the implementation of these two Statements, the State of Arkansas prospectively early implemented Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The effect of the implementation on the current fiscal year was not material to the financial statements.

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

For the year ending June 30, 2020

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

For the year ending June 30, 2021

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (early implemented in fiscal 2019)

For the year ending June 30, 2022

- Statement No. 91, *Conduit Debt Obligations*

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, 2019 and 2018 are recorded net of an allowance for doubtful accounts of \$323,478,000 and \$319,668,000, respectively.

Net patient services revenue for the years ended June 30, 2019 and 2018, are as follows:

GROSS PATIENT REVENUE	2019	2018
Gross patient revenue	\$ 3,326,003,000	\$ 3,152,259,000
Less: patient services contractual allowances	(1,968,128,000)	(1,870,735,000)
Less: provision for bad debt	(56,839,000)	(50,460,000)
TOTAL	\$ 1,301,036,000	\$ 1,231,064,000

UAMS provided approximately \$52,706,000 and \$59,210,000 in charity care, based on established rates, during the years ended June 30, 2019 and 2018, 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, 2019 and 2018, includes approximately \$97,368,000 and \$62,274,000, 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, 2019 and 2018, includes approximately \$41,128,000 and \$38,286,000, respectively, of net revenue from the Supplemental Medicaid program. Parking services for the years ended June 30, 2019 and 2018, valued at \$1,281,000 and \$1,289,000, 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, 2019, 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, 2019,

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, 2019 and 2018. 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, 2019:

Cash and Cash Equivalents	
Cash deposits at year end	\$ 449,664,990
cash held on deposit in state treasury	24,208,092
cash equivalents	9,252,883
cash on hand	257,333
Less: cash/cash equiv shown as deposits held in trust on SNP	(7,981,717)
adjustment for deposits in transit within the system	230,840
TOTAL	<u>\$ 475,632,421</u>

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2019, none of the University’s bank balances 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, 2019:

<u>Investment Type</u>	<u>Fair Value</u>
Mutual & Money Market Funds	\$ 20,475,753
Corporate & Municipal Bonds	61,071,614
External Investment Pool	164,981,393
Short-term Investment Fund Pool	240,317,781
Certificate of Deposits	53,549,684
U.S. Treasury & Government Sponsored Agencies	258,736,300
Commercial Paper	50,561,167
Other	<u>4,746,267</u>
Sub-Total	854,439,959
-shown as cash/cash equiv on Stmt of Net Position	(9,487,579)
-shown as deposits held in trust on Stmt of Net Position	<u>(50,959,359)</u>
Investments as reported on Stmt of Net Position	<u>\$ 793,993,021</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	\$ 50,561,167	\$ 50,561,167	\$ -	\$ -	\$ -
Bonds	61,071,614	31,754,062	28,460,424	857,128	-
U.S. Treasury & Agency Securities	258,736,300	181,181,445	69,380,180	8,174,512	163
			-	-	-
Totals	<u>\$ 370,369,081</u>	<u>\$ 263,496,674</u>	<u>\$ 97,840,604</u>	<u>\$ 9,031,640</u>	<u>\$ 163</u>

Investment Type	Fair Value	Credit Risk				
		AAA	AA	A	B & below	Not Rated
Mutual Funds	\$ 9,168,863	\$ 1,782,620	\$ 130,853	\$ 6,702,180	\$ -	\$ 553,210
Commercial Paper	50,561,167	-	-	50,561,167	-	-
Bonds	61,071,614	3,754,112	34,931	56,809,591	-	472,980
		-	-	-	-	-
Totals	<u>\$ 120,801,644</u>	<u>\$ 5,536,732</u>	<u>\$ 165,784</u>	<u>\$ 114,072,938</u>	<u>\$ -</u>	<u>\$ 1,026,190</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, 2019, four campuses and one division (UAF, Division of Agriculture-Cooperative Extension Service, UALR, UAMS, and UAM) and six foundations participated in the Pool, whose net assets totaled \$2,039,688,708. The Pool was combined with 8.08% 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, 2019

Investment Type	Fair Value*
Equities	\$ 530,277,214
Common Stock	243,200,465
Funds - Common Stock	286,118,374
Rights/Warrants	26,323
Funds - Equities ETF	932,052
Fixed Income	158,926,676
Government Bonds	158,839,229
Corporate Bonds	87,404
Government Mortgage Backed Securities	43
Venture Capital and Partnerships	804,451,728
Partnerships	804,451,728
Hedge Fund	301,546,365
Hedge Equity	265,841,480
Hedge Event Driven	35,704,885
All Other	486,961
Recoverable Taxes	486,961
Cash/Cash Equivalents	243,999,764
Funds - Short Term Investments	237,229,952
Cash	1,313,503
Invested Cash	5,456,309
TOTAL	\$ 2,039,688,708

*Includes accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - S&P Quality Ratings
June 30, 2019

Investment Type & Fair Value*	Fair Value*	AAA	AA	A	B and less	NR	US Government Guaranteed
Corporate Bonds	\$ 87,404					\$ 87,404	
Funds - Short Term Investment	236,774,363					236,774,363	
Government Bonds	158,831,673						\$ 158,831,673
Govt. Mortgage Backed Securities	43						43
Hedge Event Driven	35,704,885					35,704,885	
Total	\$ 431,398,368	\$ -	\$ -	\$ -	\$ -	\$ 272,566,652	\$ 158,831,716

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Years to Maturity
June 30, 2019

Investment Type	Fair Value*	Less than 1	1+ to 6	6+ to 10	10+	Maturity not Determined
Corporate Bonds	\$ 87,404				\$ 87,404	
Funds - Short Term Investment	236,774,363					\$ 236,774,363
Government Bonds	158,831,673		\$ 158,831,673			
Government Mortgage Backed Securities	43			\$ 43		
Hedge Event Driven	35,704,885					35,704,885
Total	\$ 431,398,368	\$ -	\$ 158,831,673	\$ 43	\$ 87,404	\$ 272,479,248

*Does not include accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2019**

Investment Type	Fair Value*	Effective Duration
Corporate Bonds	\$ 87,404	N/A
Funds - Short Term Investment	236,774,363	N/A
Government Bonds	158,831,673	4.78
Government Mortgage Backed Securities	43	2.59
Hedge Event Driven	35,704,885	N/A
Total	\$ 431,398,368	

*Does not include accrued income

**UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk By Investment Type
June 30, 2019**

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	\$ 5,754,756	\$ 3,352,073	
CANADIAN DOLLAR	(1,248,945)	2,293,423	
SWISS FRANC	177,526	10,625,458	\$ 221,449
CHINESE YUAN RENMINBI	(5,936,308)		
DANISH KRONE		850,491	8,778
EURO	(739,204)	31,486,479	232,993
BRITISH POUND STERLING	6,682,065	9,467,835	
HONG KONG DOLLAR	(1)	6,573,370	
JAPANESE YEN	2,941,794	23,708,124	21,152
SOUTH KOREAN WON	88,676	1,613,996	
NORWEGIAN KRONE	587,514		
SWEDISH KRONA	2,293,230	1,390,147	
SINGAPORE DOLLAR	900,799	275,718	
Total	\$ 11,501,904	\$ 91,637,113	\$ 484,372

*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, 2019 is as follows: System-21.08%, UALR-14.13%, UAMS-55.66%, UAM-1.28%, PCCUA-1.27%, UACCM-1.48%, and the Division of Agriculture-Cooperative Extension Service-5.10%. The following tables contain information on the risk disclosures of the STIF.

**UNIVERSITY OF ARKANSAS SYSTEM SHORT-TERM
INVESTMENT FUND POOL
Statement of Invested Assets
June 30, 2019**

<u>Investment Type</u>	<u>Fair Value*</u>
Fixed Income	\$ 148,068,630
International Developed Bonds	5,088,776
Corporate Bonds	55,635,310
U.S. Government Agency Bonds	50,750,567
U.S. Treasury Bonds	36,593,977
Cash/Cash Equivalents	92,249,151
Certificates of Deposit	50,443,996
Commercial Paper	41,628,628
Money Market Funds	176,527
TOTAL	<u>\$ 240,317,781</u>

*includes accrued income

**UNIVERSITY OF ARKANSAS SYSTEM SHORT-TERM INVESTMENT FUND POOL
Credit Risk - S&P Quality Ratings
June 30, 2019**

<u>Investment Type</u>	<u>Fair Value*</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>B & Below</u>	<u>Not Rated</u>
International Developed Bonds	\$ 5,043,540		\$ 3,000,780	\$ 2,042,760		
Corporate Bonds	55,020,857		501,340	54,519,517		
U.S. Government Agency Bonds	50,539,399		41,451,425			\$ 9,087,974
U.S. Treasury Bonds	36,292,071	\$ 36,292,071				
Total	<u>\$ 146,895,867</u>	<u>\$ 36,292,071</u>	<u>\$ 44,953,545</u>	<u>\$ 56,562,277</u>	<u>\$ -</u>	<u>\$ 9,087,974</u>

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM SHORT-TERM INVESTMENT FUND POOL
Years to Maturity
June 30, 2019**

<u>Investment Type</u>	<u>Fair Value*</u>	<u>Less than 1</u>	<u>1 to 5</u>
International Developed Bonds	\$ 5,043,540		\$ 5,043,540
Corporate Bonds	55,020,857	\$ 26,166,440	28,854,417
U.S. Government Agency Bonds	50,539,399	19,068,224	31,471,175
U.S. Treasury Bonds	36,292,071	798,096	35,493,975
Total	<u>\$ 146,895,867</u>	<u>\$ 46,032,760</u>	<u>\$ 100,863,107</u>

*Does not include accrued income

**UNIVERSITY OF ARKANSAS SYSTEM SHORT-TERM INVESTMENT
FUND POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2019**

Investment Type	Fair Value*	Effective Duration
International Developed Bonds	\$ 5,043,540	1.23
Corporate Bonds	55,020,857	0.93
U.S. Government Agency Bonds	50,539,399	0.80
U.S. Treasury Bonds	36,292,071	1.07
Total	<u>\$ 146,895,867</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, 2019 and 2018, is as follows:

	June 30, 2019	June 30, 2018
Total Endowment	\$ 175,184,496	\$ 173,123,979
Less: Funds treated as endowment	(51,416,993)	(51,612,966)
Less: Non-expendable portion of endowment	(75,446,954)	(75,283,028)
Available for Expenditure	<u>\$ 48,320,549</u>	<u>\$ 46,227,985</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, 2019:

Summary of Investments by Fair Value Level				
Investment by fair value level	Level 1	Level 2	Level 3	Total
Equity Securities:				
US	\$ 6,764,211	\$ 413,189	\$ -	\$ 7,177,400
International	-	152,910	-	152,910
Fixed Income Securities:				
US Government Debt	43,606,570	45,406,541	-	89,013,111
Other Debt Securities	8,522,548	287,432,190	-	295,954,738
Commingled Funds:				
US Equity	104,334	66,797	-	171,131
International Equity	21,419	25,736	-	47,155
US Government Bonds	4,634,037	686,799	-	5,320,836
Non-US Government Bonds	-	-	-	-
Corporate Bonds	234,930	643,347	-	878,277
Exchange Traded Funds:				
Equity	604,000	-	-	604,000
Fixed Income	179,000	-	-	179,000
Other Partnerships:				
US (j)	-	-	379	379
International (k)	-	-	-	-
Non-marketable alternatives	-	-	3,460,015	3,460,015
Marketable alternatives	-	-	383,000	383,000
Certificates of Deposit	32,188,961	1,244,825	-	33,433,786
Money markets and short-term investments	2,814,386	63,082	-	2,877,468
Total investments by fair value level	\$ 99,674,396	\$ 336,135,416	\$ 3,843,394	439,653,206
Investments measured at NAV (net asset value)				
External Investment Pool - Total Return Pool - UA Foundation				164,748,752
Short-Term Investment Fund Pool - UA System				240,317,781
External Investment Pool - UA FS Foundation				232,641
Total investments by NAV				405,299,174
TOTAL INVESTMENTS				\$ 844,952,380

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, 2019:

	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
External Investment Pool - UA Foundation Total Return Pool (1)	\$ 164,748,752	Daily	7 - 30 days
Short-Term Investment Fund Pool - UA System (2)	240,317,781	Daily	0-3 days
External Investment Pool - UA Foundation	<u>232,641</u>	Daily	0 days
Total Investments measured at the NAV	<u><u>\$ 405,299,174</u></u>		

- (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, 2019 and 2018, as shown on the Statements of Net Position, consist of the following:

<u>ACCOUNTS RECEIVABLE</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Student accounts	\$ 17,444,964	\$ 15,008,544
Non-student accounts	72,124,617	70,275,493
Grants and contracts	36,061,290	35,979,006
Property and sales taxes	2,859,023	2,562,436
Other	<u>1,383,222</u>	<u>951,058</u>
Total	<u><u>\$ 129,873,115</u></u>	<u><u>\$ 124,776,537</u></u>

Current accounts payable balances at June 30, 2019 and 2018, as shown on the Statements of Net Position, consist of the following:

<u>ACCOUNTS PAYABLE</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Trade related	\$ 64,893,018	\$ 68,933,261
Payroll related	82,836,459	70,128,503
Interest	9,081,253	9,053,825
Other	<u>26,705,839</u>	<u>19,917,906</u>
Total	<u><u>\$ 183,516,569</u></u>	<u><u>\$ 168,033,495</u></u>

Note 7: Capital Assets

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 developmen	1,616,511	10,013,915	(1,082,000)	-	10,548,426	
Intangibles - Leasehold improvemen	39,585,819	546,000	(10,025,000)	496,000	29,610,819	
Intagibles - 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 improveme	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	

Beginning balances at July 1, 2018 were restated for the Intangibles-software in development that include the implementation costs of the Enterprise Resource Planning software for each campus. Certain costs were in Construction in progress for \$251,859 and Intangibles-software for \$26,747 and were decreased and reclassified to Intangibles-software in development for a total increase of \$278,606.

The following table includes changes in capital assets for the year ended June 30, 2018:

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2019

CAPITAL ASSETS	June 30, 2017				June 30, 2018
	Balance	Additions	Transfers	Deletions	Balance
Land	\$ 110,201,422	\$ 6,768,379	\$ -	\$ 1,257,513	\$ 115,712,288
Library Holdings	145,942,593	2,999,380	-	936,219	148,005,754
Construction in progress	128,719,239	227,281,154	(55,766,449)	127,754	300,106,190
Improvements and infrastructure	332,494,636	1,537,383	6,055,522	1,056	340,086,485
Buildings	3,584,057,194	37,005,334	48,309,235	1,885,684	3,667,486,079
Equipment	660,537,994	42,186,917	12,000	24,135,663	678,601,248
Intangibles - Software	167,497,711	35,276	1,406,902	-	168,939,889
Intangibles - Software in developmen	155,000	1,200,115	(17,210)	-	1,337,905
Intangibles - Leasehold improvemen	37,620,819	1,965,000	-	-	39,585,819
Intangibles - Radio License	67,809	-	-	-	67,809
Other	13,531,053	31,150	-	864,503	12,697,700
Total Capital Assets	5,180,825,470	321,010,088	-	29,208,392	5,472,627,166
Less accumulated depreciation:					
Library Holdings	121,348,781	4,669,747	-	933,268	125,085,260
Improvements and infrastructure	154,243,842	14,732,092	-	(5,152)	168,981,086
Buildings	1,516,604,236	114,198,772	-	601,737	1,630,201,271
Equipment	534,450,156	39,264,993	-	23,504,280	550,210,869
Intangibles - Software	107,172,543	8,876,704	-	-	116,049,247
Intangibles - Leasehold improveme	19,321,509	4,478,797	-	1,000	23,799,306
Intangibles - Radio License	-	-	-	-	-
Other	2,972,189	421,381	-	677,000	2,716,570
Total Accum Depreciation	2,456,113,256	186,642,486	-	25,712,133	2,617,043,609
Capital Assets, Net	\$ 2,724,712,214	\$ 134,367,602	\$ -	\$ 3,496,259	\$ 2,855,583,557

The balance at June 30, 2017 was restated in the amount of \$488,381 for capitalized interest as further discussed in Note 23.

Library holdings, including old and rare books, valued at \$1,273,000 and \$1,109,000 at June 30, 2019 and 2018, respectively, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying Statements of Net Position.

During the year ended June 30, 2018, UACCHT recorded a capital gift of \$8,762,345 from Hempstead County. Hempstead County residents voted to approve the issuance of bonds by Hempstead County in a special election on March 11, 2008 to finance the cost of the construction of an auditorium and conference center to be located on the campus of UACCH. The bond proceeds were used to construct Hempstead Hall, a 64,000 square foot facility featuring a conference center, a state-of-the-art theatrical stage, and outdoor amphitheater. Hempstead Hall cost \$10,478,721 to construct. Hempstead County and UACCHT entered into a long-term ground lease in July 2008 for the land on which Hempstead Hall was constructed. The County and UACCH also entered into an operating agreement in July 2008 for UACCH to operate Hempstead Hall. On May 24, 2018, the Hempstead County Quorum Court terminated the ground lease and operating agreement effective June 30, 2018, thereby, returning exclusive control and operation of the property to UACCHT. The bonds issued to fund construction of Hempstead Hall have been paid in full and retired. The carrying value of Hempstead Hall was determined to be \$8,762,345 at the time of transfer.

During the year ended June 30, 2018, ASMSA recorded a capital gift of \$852,153 from Delta Student Housing. This transaction is described in greater detail in Note 18. Delta Student Housing gifted the Student Center Building to ASMSA with net depreciated values for the building of \$11,787,195 and equipment of \$37,223 which were recorded as capital assets. A note receivable from Delta Student Housing totaling \$10,972,265 was reduced to zero noting satisfaction of the note.

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, 2019 or 2018.

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. Three campuses have chosen to follow the policy for non-classified employees: CCCUA, UACCB and UACCM. Sick leave for those three campuses can be paid upon termination in accordance with guidelines outlined in the law. In no event shall an employee receive a sick leave amount upon separation that exceeds \$7,500.

Changes in compensated absences are shown below:

COMPENSATED ABSENCES

Campus	Balance 6/30/18	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
TOTAL	\$ 93,018,740	\$ 65,985,823	\$ 66,855,105	\$ 92,149,458	\$ 7,713,494

COMPENSATED ABSENCES

Campus	Balance 6/30/17	Additions	Reductions	Balance 6/30/18	Current Portion
UAF	\$ 21,236,614	\$ 835,051	\$ 469,285	\$ 21,602,380	\$ 1,602,373
UAFS	1,689,309	18,464	208,101	1,499,672	164,221
UALR	4,309,281	297,815	272,306	4,334,790	332,108
UAMS	57,699,000	4,573,000	4,222,000	58,050,000	3,756,000
UAM	1,089,741	974,567	849,911	1,214,397	116,504
UAPB	2,401,523	2,256,900	2,290,447	2,367,976	162,918
SYSTEM	567,522	590,684	504,352	653,854	27,668
CCCUA	369,434	354,844	359,609	364,669	18,233
PCCUA	513,857	416,829	430,691	499,995	28,447
UACCB	482,679	398,094	410,395	470,378	27,528
UACCH	380,695	380,408	406,125	354,978	37,725
UACCM	371,747	447,592	363,298	456,041	50,240
UAPTC	767,189	715,041	718,390	763,840	152,269
UACCRM	219,697	225,255	211,306	233,646	27,000
ASMSA	142,984	33,231	24,091	152,124	19,064
TOTAL	\$ 92,241,272	\$ 12,517,775	\$ 11,740,307	\$ 93,018,740	\$ 6,522,298

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 \$1,512,528,681 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of \$1,506,903,847 shown on the Statement of Net Position. This is due to an elimination entry of \$5,624,834 to account for two loans between UA campuses (see Note 19).

Schedule of Debt by Campus

UNIVERSITY OF ARKANSAS FAYETTEVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
12/15/2009	11/1/2039	3.00% to 5.00%	\$ 52,430,000	\$ 8,870,000	43,560,000
6/30/2010	9/15/2020	1.00% to 4.82%	23,965,000	18,740,000	5,225,000
6/29/2011	11/1/2040	2.00% to 5.00%	101,225,000	15,080,000	86,145,000
6/29/2011	11/1/2022	3.00% to 5.00%	8,895,000	1,710,000	7,185,000
4/17/2012	11/1/2032	1.00% to 5.00%	56,965,000	10,770,000	46,195,000
9/13/2012	11/1/2042	2.00% to 5.00%	60,540,000	6,000,000	54,540,000
5/16/2013	11/1/2042	1.00% to 5.00%	54,450,000	6,895,000	47,555,000
5/16/2013	9/15/2027	1.00% to 5.00%	30,355,000	9,450,000	20,905,000
6/30/2014	11/1/2043	2.00% to 5.00%	24,730,000	2,075,000	22,655,000
6/30/2014	11/1/2043	0.85% to 4.50%	5,020,000	475,000	4,545,000
2/12/2015	11/1/2036	2.00% to 5.00%	70,360,000	10,970,000	59,390,000
2/12/2015	9/15/2022	2.00% to 5.00%	14,180,000	5,660,000	8,520,000
8/27/2015	11/1/2045	1.02% to 4.40%	7,510,000	445,000	7,065,000
8/27/2015	11/1/2021	2.00% to 5.00%	36,675,000	22,430,000	14,245,000
4/5/2016	11/1/2046	3.00% to 5.00%	93,590,000	6,065,000	87,525,000
4/5/2016	11/1/2028	0.87% to 3.25%	15,280,000	3,155,000	12,125,000
10/19/2016	9/15/2036	5.00%	24,845,000	-	24,845,000
10/19/2016	9/15/2034	1.192% to 3.388%	90,000,000	2,350,000	87,650,000
8/1/2017	11/1/2047	2.00 to 5.00%	95,805,000	1,475,000	94,330,000
11/30/1991	5/1/2022	3.32% to 5.50%	7,533,870	3,407,295	4,126,575
11/29/1995	11/1/2034	2.00% to 5.00%	2,690,557	1,421,715	1,268,842
7/31/2015	7/1/2023	0.0197	4,935,766	1,918,395	3,017,371
7/31/2015	11/19/2023	0.0199	16,969,012	7,666,031	9,302,981
7/31/2015	1/8/2023	0.0195	6,844,590	3,301,733	3,542,857
7/26/2018	5/1/2049	5.00%	20,385,000	-	20,385,000
7/26/2018	11/1/2038	2.65 to 4.00%	6,560,000	-	6,560,000
Various	Various	Various	1,836,141	742,138	1,094,003
		Net unamortized premium/discount	95,316,583	20,962,983	74,353,600
		TOTALS	\$ 1,029,891,519	\$ 172,035,290	\$ 857,856,229

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%-4%	\$ 29,895,000	\$ 20,880,000	\$ 9,015,000
12/1/2010	12/1/2035	2%-4.75%	9,300,000	2,070,000	7,230,000
1/1/2012	12/1/2030	2%-4.25%	17,540,000	6,360,000	11,180,000
6/1/2014	12/1/2031	2%-3.5%	5,295,000	1,205,000	4,090,000
6/1/2014	6/1/2039	2%-5%	10,930,000	1,415,000	9,515,000
10/20/2016	12/1/2034	2%-5%	19,500,000	940,000	18,560,000
2/29/2012	1/1/2022	0.00%	2,166,500	1,516,550	649,950
5/12/2012	5/4/2027	4.00%	650,000	259,115	390,885
		Net unamortized premium/discount	5,882,032	1,919,861	3,962,171
		TOTALS	\$ 101,158,532	\$ 36,565,526	\$ 64,593,006

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2019

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
8/23/2011	12/1/2020	0.00%	1,732,620	1,555,556	177,064
4/1/2012	5/1/2037	2%-5%	\$ 14,880,000	\$ 2,755,000	\$ 12,125,000
9/19/2012	12/1/2029	1%-5%	13,850,000	4,370,000	9,480,000
4/24/2013	12/1/2024	1%-5%	10,770,000	4,775,000	5,995,000
4/24/2013	12/1/2024	.530%-2.884%	6,530,000	3,090,000	3,440,000
8/1/2013	10/1/2030	2%-5%	28,740,000	6,250,000	22,490,000
10/1/2015	10/1/2020	1.260%	98,193	71,401	26,792
2/24/2016	10/1/2029	2%-5%	22,475,000	1,895,000	20,580,000
4/6/2016	10/1/2034	2%-5%	24,490,000	2,650,000	21,840,000
1/11/2017	1/1/2027	0.00%	2,000,000	400,000	1,600,000
9/19/2017	10/1/2037	2%-5%	6,510,000	215,000	6,295,000
	Net unamortized premium/discount		14,167,687	4,127,950	10,039,737
	TOTALS		\$ 146,243,500	\$ 32,154,907	\$ 114,088,593

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	\$ 6,610,000	\$ 995,000
12/21/2010	12/1/2030	2.00% - 5.00%	42,680,000	10,235,000	32,445,000
11/15/2011	7/1/2034	2.0% - 4.25%	8,985,000	2,345,000	6,640,000
5/14/2013	11/1/2034	1.0% - 5.0%	112,665,000	17,970,000	94,695,000
12/17/2014	3/1/2036	2.00% - 5.00%	86,035,000	5,845,000	80,190,000
Various	Various	Various	61,564,000	42,352,000	19,212,000
Various	Various	Various	43,916,000	22,868,000	21,048,000
	Net unamortized premium/discount		32,760,000	9,251,000	23,509,000
	TOTALS		\$ 396,210,000	\$ 117,476,000	\$ 278,734,000

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	2,010,000	6,735,000
12/1/2012	10/1/2037	1% - 4.0%	8,650,000	1,555,000	7,095,000
3/30/2017	12/1/2041	5.00%	11,270,000		11,270,000
3/30/2017	12/1/2023	1.94%-2.99%	1,765,000		1,765,000
	Net unamortized premium/discount		1,999,713	269,992	1,729,721
	TOTALS		\$ 32,429,713	\$ 3,834,992	\$ 28,594,721

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2014	6/30/2036	2% - 5.0%	15,160,000	880,000	14,280,000
6/1/2014	12/1/2018	1.875%	1,810,000	1,810,000	-
12/15/2016	1/1/2035	2.51%	17,245,359	533,260	16,712,099
12/15/2018	2/1/2023	3.78%	2,808,028	597,687	2,210,341
	Net unamortized premium/discount		1,095,017	240,827	854,190
	TOTALS		\$ 38,118,404	\$ 4,061,774	\$ 34,056,630

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2019

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	\$ 198,682	\$ 301,318
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	3.00%	10,035,000		10,035,000
			<u>\$ 15,510,498</u>	<u>\$ 198,682</u>	<u>\$ 15,311,816</u>

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	\$ 1,505,443	\$ 494,557
6/13/2013	5/1/2035	1.0% - 3.625%	3,930,000	745,000	3,185,000
Net unamortized premium/discount			141,059	38,765	102,294
TOTALS			<u>\$ 6,071,059</u>	<u>\$ 2,289,208</u>	<u>\$ 3,781,851</u>

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	\$ 1,325,000	\$ 9,945,000
Net unamortized premium/discount			272,074	47,901	224,173
TOTALS			<u>\$ 11,542,074</u>	<u>\$ 1,372,901</u>	<u>\$ 10,169,173</u>

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/15/2010	12/1/2018	1.0% - 3.25%	\$ 2,295,000	\$ 2,295,000	\$ -
2/2/2010	2/1/2020	0.45%	1,000,000	897,967	102,033
10/1/2016	10/1/2026	0.68%	2,000,000	389,231	1,610,769
Net unamortized premium/discount			4,032	4,032	-
TOTALS			<u>\$ 5,299,032</u>	<u>\$ 3,586,230</u>	<u>\$ 1,712,802</u>

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	1.00% - 4.00%	\$ 4,625,000	\$ 4,120,000	\$ 505,000
3/27/2012	4/1/2022	0.20%	1,100,000	767,689	332,311
6/1/2013	10/1/2038	1.00% - 3.625%	2,590,000	440,000	2,150,000
Net unamortized premium/discount			111,731	97,666	14,065
TOTALS			<u>\$ 8,426,731</u>	<u>\$ 5,425,355</u>	<u>\$ 3,001,376</u>

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	1,460,000	570,000
7/30/2010	8/1/2020	0.38%	800,000	678,056	121,944
2/23/2016	5/1/2046	3.5% - 5.0%	10,000,000	200,000	9,800,000
Net unamortized premium/discount			975,148	111,058	864,090
TOTALS			<u>\$ 13,805,148</u>	<u>\$ 2,449,114</u>	<u>\$ 11,356,034</u>

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2019

UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
9/29/2011	4/1/2041	2.0-5.0%	\$ 69,485,000	\$ 10,020,000	\$ 59,465,000
7/1/2015	6/30/2037	2.0-5.0%	25,875,000	3,305,000	22,570,000
	Net unamortized premium/discount		907,167	180,816	726,351
	TOTALS		\$ 96,267,167	\$ 13,505,816	\$ 82,761,351

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	\$ 715,000	\$ 4,115,000
8/15/2012	4/1/2042	1.2 - 4.15%	1,870,000	290,000	1,580,000
12/6/2017	9/25/2022	2.00%	825,000	-	825,000
	Net unamortized premium/discount		(11,610)	(2,709)	(8,901)
	TOTALS		\$ 7,513,390	\$ 1,002,291	\$ 6,511,099

Schedule of Changes in Debt

BONDS

Campus	Balance 6-30-18	Additions	Reductions	Balance 6-30-19	Current Portion
UAF	\$ 764,860,000	\$ 26,945,000	\$ 30,655,000	\$ 761,150,000	\$ 32,480,000
Net unamortized prem/disc	75,613,483	3,359,301	4,619,184	74,353,600	4,628,438
UAFS	64,795,000		5,205,000	59,590,000	5,400,000
Net unamortized prem/disc	4,307,179		345,008	3,962,171	345,008
UALR	108,640,000	-	6,395,000	102,245,000	6,625,000
Net unamortized prem/disc	10,853,044	-	813,307	10,039,737	813,308
UAMS	223,140,000		8,175,000	214,965,000	10,510,000
Net unamortized prem/disc	25,089,000		1,580,000	23,509,000	
UAM	27,825,000		960,000	26,865,000	925,000
Net unamortized prem/disc	1,809,928		80,207	1,729,721	79,003
UAPB	14,860,000		580,000	14,280,000	590,000
Net unamortized prem/disc	904,436		50,246	854,190	50,246
CCCUA	3,325,000		140,000	3,185,000	145,000
Net unamortized prem/disc	108,755		6,461	102,294	6,461
PCCUA	10,290,000		345,000	9,945,000	355,000
Net unamortized prem/disc	235,669		11,496	224,173	11,496
UACCB	285,000		285,000	-	-
Net unamortized prem/disc	200		200	-	-
UACCHT	3,250,000		595,000	2,655,000	325,000
Net unamortized prem/disc	24,942		10,877	14,065	10,877
UACCM	10,750,000		380,000	10,370,000	393,889
Net unamortized prem/disc	896,595		32,505	864,090	32,505
UAPTC	84,125,000		2,090,000	82,035,000	2,165,000
Net unamortized prem/disc	765,071		38,720	726,351	38,720
UACCRM	5,860,000		165,000	5,695,000	165,000
Net unamortized prem/disc	(9,288)		(387)	(8,901)	(387)
TOTAL	\$ 1,442,604,014	\$ 30,304,301	\$ 63,557,824	\$ 1,409,350,491	\$ 66,094,564

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2019

NOTES

Campus	Balance 6-30-18	Additions	Reductions	Balance 6-30-19	Current Portion
UAF	\$ 1,404,234	\$ 5,153,287	\$ 1,162,103	\$ 5,395,418	\$ 1,133,464
UAFS	866,600		216,650	649,950	216,650
UALR	2,199,287		422,223	1,777,064	377,064
UAMS	32,397,000	8,000	13,193,000	19,212,000	5,733,000
UAM	90,985		90,985	-	
SYSTEM	5,326,650	10,035,000	49,834	15,311,816	49,944
CCCUA	642,525		147,968	494,557	152,332
UACCB	2,009,653		296,851	1,712,802	298,635
UACCHT	442,639		110,328	332,311	110,549
UACCM	202,856		80,912	121,944	81,219
UACCRM	407,773	417,227		825,000	206,250
TOTAL	\$ 45,990,202	\$ 15,613,514	\$ 15,770,854	\$ 45,832,862	\$ 8,359,107

CAPITAL LEASES

Campus	Balance 6-30-18	Additions	Reductions	Balance 6-30-19	Current Portion
UAF	\$ 1,115,257	\$ 438,143	\$ 459,398	\$ 1,094,002	\$ 430,887
UAFS	432,070		41,185	390,885	42,822
UALR	46,593	-	19,801	26,792	20,052
UAMS	20,314,000	8,628,000	7,894,000	21,048,000	4,907,000
UAPB	17,245,359	2,808,028	1,130,947	18,922,440	1,244,073
TOTAL	\$ 39,153,279	\$ 11,874,171	\$ 9,545,331	\$ 41,482,119	\$ 6,644,834

INSTALLMENT CONTRACTS

Campus	Balance 6-30-18	Additions	Reductions	Balance 6-30-19	Current Portion
UAF	\$ 19,396,101		\$ 3,532,892	\$ 15,863,209	\$ 3,603,220

The current portion shown above for bonds, notes, capital leases, and installment contracts differs from the statement of net position by \$27,542, which is the current portion of an elimination entry (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 \$1,512,528,681 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of \$1,506,903,847 shown on the Statement of Net Position. This is due to an elimination entry of \$5,624,834 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
2020	\$ 60,075,000	\$ 59,568,454	\$ 119,643,454
2021	60,825,000	55,462,578	116,287,578
2022	60,375,000	52,600,925	112,975,925
2023	60,195,000	49,769,755	109,964,755
2024	57,590,000	47,049,292	104,639,292
2025-2029	308,485,000	194,529,772	503,014,772
2030-2034	317,805,000	122,258,632	440,063,632
2035-2039	236,440,000	56,441,488	292,881,488
2040-2044	96,745,000	18,081,294	114,826,294
2045-2049	34,445,000	3,512,960	37,957,960
2050-2054	-	-	-
Subtotal	1,292,980,000	659,275,148	1,952,255,148
+ Net unamortized premiums/discounts	116,370,491	-	116,370,491
GRAND TOTALS	\$ 1,409,350,491	\$ 659,275,148	\$ 2,068,625,639

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON NOTES PAYABLE

Year Ended June 30,	Principal	Interest	Total
2020	\$ 8,359,107	\$ 975,986	\$ 9,335,093
2021	7,496,627	895,899	8,392,526
2022	7,713,215	715,996	8,429,211
2023	5,837,986	540,175	6,378,161
2024	4,555,218	383,430	4,938,648
2025-2029	11,567,548	600,990	12,168,538
2030-2034	247,336	36,747	284,083
2035-2039	55,825	1,116	56,941
TOTALS	\$ 45,832,862	\$ 4,150,339	\$ 49,983,201

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON CAPITAL LEASES

Year Ended June 30,	Principal	Interest	Total
2020	6,644,834	1,234,134	7,878,968
2021	5,668,028	1,042,871	6,710,899
2022	4,717,110	876,482	5,593,592
2023	3,008,057	739,279	3,747,336
2024	2,351,570	638,718	2,990,288
2025-2029	11,497,302	2,237,975	13,735,277
2030-2034	6,579,240	597,799	7,177,039
2035-2039	1,015,978	19,165	1,035,143
TOTALS	\$ 41,482,119	\$ 7,386,423	\$ 48,868,542

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON INSTALLMENT CONTRACTS

Year Ended June 30,	Principal	Interest	Total
2020	\$ 3,603,220	\$ 287,067	\$ 3,890,287
2021	3,674,948	215,339	3,890,287
2022	3,748,104	142,183	3,890,287
2023	3,577,209	67,571	3,644,780
2024	1,259,728	8,939	1,268,667
TOTALS	\$ 15,863,209	\$ 721,099	\$ 16,584,308

Capitalization of Assets held under Capital Leases

The capitalized value of capital assets held under capital leases totaled \$46,876,736 at June 30, 2019. The present value of the net minimum lease payments is as follows:

	Cost	Accumulated Depreciation	Net
CIP	\$ 2,808,028	\$ -	\$ 2,808,028
Improvements/Infrastructure	5,735,660	4,457,153	1,278,507
Buildings	39,827,359	9,120,609	30,706,750
Equipment	46,751,158	34,667,707	12,083,451
		TOTAL	\$ 46,876,736
Total Minimum Lease Payments			\$ 48,868,542
Less: Amount representing interest			7,386,423
Total Present Value of Net Minimum Lease Payments			<u>\$ 41,482,119</u>

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, 2019, that are pledged:



BOND SERIES	REVENUE SOURCE	FY19 REVENUE
UNIVERSITY OF ARKANSAS FAYETTEVILLE		
Series 2009A Various Facilities	Student Tuition and Fees	\$ 326,830,169
Series 2011A Various Facilities	Sales and Services	9,738,047
Series 2011B Various Facilities	Residential Life	70,636,688
Series 2012A Various Facilities	Bookstore*	13,892,207
Series 2012B Various Facilities	Student Health Services	3,051,023
Series 2013 Various Facilities	Transit and Parking	8,960,419
Series 2014A Various Facilities	Other Auxiliaries	168,782
Series 2014B Various Facilities		
Series 2015A Various Facilities		
Series 2015B Various Facilities		
Series 2015C Various Facilities		
Series 2016A Various Facilities		
Series 2016B Various Facilities		
Series 2017 Various Facilities		
Series 2018 A Various Facilities		
Series 2018 B Various Facilities		
		<u>\$ 433,277,335</u>
Maturity dates range from November 2021 through November 2047		
	FY19 Principal and Interest	\$ 50,718,212
	% of Revenues Pledged	11.71%
	Remaining Principal & Interest	\$ 988,558,366
* For the purposes of calculating pledged revenues, Bookstore revenues shown include internally generated revenues from sales to the University campus of \$2,852,358 for the year ending 6/30/19.		
Series 2010 Athletic Refunding	Men's Athletics	102,179,170
Series 2013 Athletic Facilities		
Series 2015 Athletic Facilities		
Series 2016A Athletic Facilities		
Series 2016B Athletic Facilities		
		<u>\$ 102,179,170</u>
Maturity dates range from September 2020 through September 2036		
	FY19 Principal and Interest	\$ 14,482,472
	% of Revenues Pledged	14.17%
	Remaining Principal & Interest	\$ 196,401,410

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2019

UNIVERSITY OF ARKANSAS AT FORT SMITH			
Series 2010 Student Fee Revenue	Student Fees	\$	41,076,603
Series 2010B Student Fee Revenue			
Series 2012 Refunding			
Series 2014A Student Fee Revenue			
Series 2014B Student Fee Revenue			
Series 2016 Refunding			
		<u>\$</u>	<u>41,076,603</u>
Maturity dates range from December 2021 through June 2039			
	FY19 Principal and Interest	\$	7,662,693
	% of Revenue Pledge		18.65%
	Remaining Principal & Interest	\$	78,551,861

UNIVERSITY OF ARKANSAS AT LITTLE ROCK			
Series 2013A Revenue Refunding	Student Fees	\$	69,113,530
Series 2013 Student Fee Revenue Capital Improvements			
Series 2013B Taxable Revenue Refunding			
Series 2016, Student Fee Revenue			
Series 2017, Student Fee Revenue		<u>\$</u>	<u>69,113,530</u>
Maturity dates range from December 2024 through October 2037			
	FY19 Principal and Interest	\$	7,037,751
	% of Revenue Pledge		10.18%
	Remaining Principal & Interest	\$	75,096,748
Series 2012A Student Housing Revenue	Auxiliaries	\$	15,574,425
Series 2012B Student Housing Refunding			
Series 2016 Auxiliary Enterprises Revenue Refunding			
		<u>\$</u>	<u>15,574,425</u>
Maturity dates range from December 2029 through May 2037			
	FY19 Principal and Interest	\$	3,989,606
	% of Revenue Pledge		25.62%
	Remaining Principal & Interest	\$	60,164,166

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES		
Series 2010 Various Facilities Refunding	Clinical Programs	\$ 942,770,891
Series 2013 Various Facilities		
Series 2014 Various Facilities		
		<u>\$ 942,770,891</u>
Maturity dates range from December 2030 through March 2036		
	FY19 Principal and Interest	\$ 16,834,313
	% of Revenue Pledge	1.79%
	Remaining Principal & Interest	\$ 317,180,000
Series 2010 Refunding Parking System	Parking Fees	\$ 3,912,773
Series 2011 Refunding Parking System		
		<u>\$ 3,912,773</u>
Maturity dates range from July 2019 through July 2034		
	FY19 Principal and Interest	\$ 1,601,000
	% of Revenue Pledge	40.92%
	Remaining Principal & Interest	\$ 9,768,000

UNIVERSITY OF ARKANSAS AT MONTICELLO		
Series 2012 Various Facilities Refunding	Student Fees	\$ 26,316,820
Series 2017B (Taxable) Various Facilities	Sales and Services	
Series 2017A (Tax-Exempt) Various Facilities		
		<u>\$ 26,316,820</u>
Maturity dates range from December 2023 through December 2041		
	FY19 Principal and Interest	\$ 1,144,399
	% of Revenue Pledge	4.35%
	Remaining Principal & Interest	\$ 30,811,821
Series 2010 Auxiliary Facilities Refunding	Auxiliary Enterprises	\$ 6,410,323
Series 2012 Auxiliary Facilities		
		<u>\$ 6,410,323</u>
Maturity dates range from October 2037 through December 2041		
	FY19 Principal and Interest	\$ 903,990
	% of Revenue Pledge	14.10%
	Remaining Principal & Interest	\$ 9,733,933

UNIVERSITY OF ARKANSAS AT PINE BLUFF		
Series 2005B Various Facilities Revenue	Unrestricted Funds	\$ 35,054,884
Series 2014A Various Facilities		
Series 2014B Various Facilities Refunding		
		<u>\$ 35,054,884</u>
Maturity dates range through December 2035		
	FY19 Principal and Interest	\$ 1,173,372
	% of Revenue Pledge	3.35%
	Remaining Principal & Interest	\$ 19,720,922

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS		
Series 2013	Student Fees	\$ 3,780,943
Maturity date is May 2035		
	FY19 Principal and Interest	\$ 264,488
	% of Revenue Pledge	7.00%
	Remaining Principal & Interest	\$ 4,237,218

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS		
Series 2015 Refunding	Student Fees	\$ 3,003,617
Maturity date is December 2038		
	FY19 Principal and Interest	\$ 682,081
	% of Revenue Pledge	22.71%
	Remaining Principal & Interest	\$ 13,625,378

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE		
Series 2010 Student Fee Refunding	Student Fees	\$ 3,411,879
Maturity date was December 2018		
	FY19 Principal and Interest	\$ 289,275
	% of Revenue Pledge	8.48%
	Remaining Principal & Interest	\$ -

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA		
Series 2010 Student Fee Revenue	Student Fees	\$ 3,245,990
Series 2013 Student Fee Refunding		\$ 3,245,990
Maturity dates are September 2020 through October 2038		
	FY19 Principal and Interest	\$ 409,294
	% of Revenue Pledge	12.61%
	Remaining Principal & Interest	\$ 3,532,894

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON		
Series 2010 Student Fee Refunding	Student Fees	\$ 6,510,844
Series 2016 Student Fee		\$ 6,510,844
Maturity dates are May 2022 through May 2046		
	FY19 Principal and Interest	\$ 814,042
	% of Revenue Pledge	12.50%
	Remaining Principal & Interest	\$ 17,069,855

UNIVERSITY OF ARKANSAS PULASKI TECHNICAL COLLEGE			
Series 2011 Student Tuition and Fee	Student Fees	\$	23,258,226
Series 2015 Student Tuition and Fee Refunding			
		\$	23,258,226
Maturity dates are June 2037 through April 2041			
	FY19 Principal and Interest	\$	5,820,940
	% of Revenue Pledge		25.03%
	Remaining Principal & Interest	\$	133,082,878

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT RICH MOUNTAIN			
Series 2012 Student Fee & Tuition Revenue	Student Fees	\$	2,341,937
Maturity date is April 2042			
	FY19 Principal and Interest	\$	103,203
	% of Revenue Pledge		4.41%
	Remaining Principal & Interest	\$	2,419,545
Series 2012 Refunding and Capital Improvement	Property Taxes	\$	441,316
Maturity date is April 2042			
	FY19 Principal and Interest	\$	268,913
	% of Revenue Pledge		60.93%
	Remaining Principal & Interest	\$	6,279,505

New Bonds Payable and Refundings

Fayetteville Campus:

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.

On August 1, 2017, the University issued \$95,805,000 in Various Facility Revenue Bonds (Fayetteville Campus), Series 2017, with an interest rate ranging from 2.0% to 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. Projects include construction of an addition to the Pat Walker Student Health Center, an off-site library storage facility, new student housing facilities, a new black box theater, upgrades to the campus utility system, renovation of Kimpel Hall, and preliminary design of various other facilities planned for the campus.

On April 5, 2016, the University issued \$93,590,000 in Various Facility Revenue Bonds, (Fayetteville Campus), Refunding and Improvement Series 2016A and \$15,280,000 in Various Facility Revenue Bonds, (Fayetteville Campus), Refunding Series 2016B. The Series 2016A bonds, with interest rates of 3.0% to 5.0% were issued to provide funds to finance various construction and renovation projects on the University campus, and to refund \$38,200,000 of outstanding bonds dated October 2, 2007, (Series 2007) with interest rates of 4.0% to 5.0%; and \$35,545,000 of outstanding bonds dated August 1, 2008, (Series 2008A) with interest rates of 4.0% to 5.0%. Net bonds proceeds and premiums of \$28,504,688 was available to finance construction of a civil engineering research and education center, a library storage building, campus entrance signs, intramural sports playing fields, and an addition to the Pat Walker Student Health Center; to finance renovations of student housing; and to continue renovations of Kimpel Hall, and Discovery Hall. The Series 2016B bonds with interest rates of 0.87% to 3.35% were issued on a taxable basis to refund \$13,500,000 of outstanding bonds dated August 1, 2008, (Series 2008B) with interest rates of 5.1% to 6.375%.

Net bond proceeds and premiums from Series 2016A and Series 2016B of \$94,689,148 along with \$1,873,821 of cash from the University was deposited into an escrow account to retire the bonds. The refunding of the bonds dated October 2, 2007, and all of the bonds dated August 1, 2008, was an advance refunding. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,764,322 for the Series 2016A bonds and \$1,679,827 for the Series 2016B bonds. These differences, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through the fiscal year 2039 for Series 2016A and fiscal year 2029 for Series 2016B. The University completed the refunding to reduce its total debt service payments over the next twenty-three years by \$13,450,092 and to obtain an economic gain of \$10,092,618. The escrow account was closed out when the refunded bonds were redeemed as of November 1, 2018, and therefore has no outstanding balance at June 30, 2019.

Little Rock Campus:

On September 19, 2017, the University issued the Board of Trustees of the University of Arkansas Student Fee Revenue Bonds (Little Rock Campus), Series 2017 with a par amount of \$6,510,000, with an interest rate ranging from 2.0% to 5.0%. The bonds provided resources for the purpose of constructing, renovating, equipping and furnishing the Physics Building, infrastructure upgrades, roof repairs to the Donaghey Student Center, and other critical maintenance needs.

On April 6, 2016, the University issued \$24,490,000 in Series 2016 Auxiliary Revenue Refunding Bonds, with interest rates of 2% to 5% to advance refund \$25,600,000 of the Series 2009 Auxiliary Revenue Bonds, with interest rates of 4% to 5%. Bond proceeds and premium of \$28,581,504 were deposited into an escrow account with the trustee for defeasance of the prior bond. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of

the old debt of \$2,543,643. This difference, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through the fiscal year 2035 using the straight-line method. The University completed the refunding to reduce its total debt service requirements by \$1,736,111 over the next nineteen years and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,152,088. The bonds will be fully paid by October 1, 2019. The balance in the escrow account at June 30, 2019, was \$23,320,153, and the remaining balance of the defeased bonds was \$21,840,000.

Fort Smith Campus: On October 20, 2016, the University issued refunding bonds of \$19,500,000.00 with interest rates of 2% to 5% to advance refund \$21,435,000.00 of outstanding bonds dated May 1, 2009 with interest rates of 2% to 5%. Bond proceeds of \$22,002,809 and debt service reserve funds of \$857,507 and deposit with trustee funds of \$781,102 were deposited in the advance refunding fund to retire the 2009 bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,206,417. The difference, reported in the accompanying financial statements as a deferred outflow, will be amortized through the fiscal year 2035 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next eighteen years by \$1,874,533 and to obtain an economic gain (difference between the present values of the old and new debt) of \$1,709,148. The escrow account was closed out when the refunded bonds were redeemed as of June 1, 2019, and therefore has no outstanding balance at June 30, 2019.

Note 11: Commitments

The University has contracted for the construction and renovations of several facilities. At June 30, 2019, the estimated remaining costs to complete these facilities are shown below.

Campus	Contract Balance
UAF	\$ 47,298,706
UAFS	798,712
UALR	2,195,627
UAMS	3,716,474
UAPB	571,864
PCCUA	765,662
UACCB	1,489,012
UACCRM	5,571,312
	<u>\$ 62,407,369</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, 2019 and 2018, were \$10,962,374 and \$16,839,095, respectively. Below are the scheduled payments for each of the five succeeding fiscal years and thereafter.

Operating Leases	
Year Ended June 30,	Amount
2020	\$ 9,083,225
2021	6,235,703
2022	2,969,308
2023	1,834,490
2024	1,496,381
2025-2029	3,461,141

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, 2019. 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 with the exception of the Fort Smith campus. UAFS moved into the System coverage effective July 1, 2019. The role of the System Office is to analyze and recommend insurance coverage, but it is ultimately up to each campus to inform the System Office regarding their specific coverage requirements.

Property coverage was insured through FM Global through August 31, 2018, with a \$100,000 deductible at the Fayetteville, Medical Sciences, and Little Rock campuses. The other covered campuses have a \$50,000 deductible. The FM Global policy also contained earthquake/flood and domestic/foreign terrorism coverage. Additionally, the Fayetteville, Medical Sciences, Phillips, and Morrilton campuses had business interruption coverage with FM Global. On September 1, 2018, property insurance was switched to Travelers’ Insurance Company, maintaining the existing coverage levels and design but with the required addition of a specific wind and hail deductible which is insured separately.

Auto coverage, through Cypress Insurance 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 maintains malpractice insurance for certain employees under a claims-made policy. Through June 30, 2019, the Fort Smith campus carries its own property insurance through Lexington Insurance Company (\$25,000 deductible) and auto insurance through Cypress Insurance Company (\$5,000 deductible).

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 off-campus, 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, 2019, a total of 17,553 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2019, there were three different health plans: the Classic Plan, the Premier Plan and the Health Savings Plan. Campuses pay anywhere from 43% to 88% of the Classic Plan premium, 44% to 78% of the Premier Plan premium, and 45% to 94% 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 18,994 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2019. 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 \$18,254,800 at June 30, 2019. 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 95%. As of June 30, 2019, the loss ratio for the health plan was 101% and the loss ratio for the dental plan was 95%.

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

Reconciliation of Changes in the Liability for Future Insurance Claims		
	FY19	FY18
Unpaid claims and claim adjustment expenses at beginning of year	\$ 17,401,400	\$ 15,180,200
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	173,381,850	163,194,359
Adjustment in provision for insured events of prior years	<u>(2,681,608)</u>	<u>(330,773)</u>
Total incurred claims and claim adjustment expenses	170,700,242	162,863,586
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	155,127,050	145,792,959
Claims and claim adjustment expenses attributable to insured events of prior years	<u>14,719,792</u>	<u>14,849,427</u>
Total Payments	169,846,842	160,642,386
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 18,254,800</u>	<u>\$ 17,401,400</u>

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

Retirement Plans

Approximately 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, varying by campus. All four-year campuses are

transitioning to a uniform contribution formula by July 2020. That contribution formula requires an employer base contribution of 5% of an employee's eligible salary to their TIAA and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice, with a required employee contribution of 5%. The University makes an equal contribution for employee contributions in excess of 5%, with a maximum total University contribution of 10% of eligible salary up to the IRS match limit, which at June 30, 2019, was \$28,000. The transition period began in July 2016 and provides for an annual increase of 1% in the employee required contribution percentage to reach 5% by July 2020. The most common formula in place at the community college campuses is a required employee contribution of 6% of eligible salary with a University contribution of 10% of eligible salary. 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 2019 and 2018 were \$105,808,392 and \$101,485,764, respectively. The participants' contributions for the fiscal years 2019 and 2018 were \$122,017,565 and \$116,965,688, respectively.

The majority of 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 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 15.32% in fiscal year 2019. 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 2019 and 2018 were \$5,079,699 and \$5,446,489, respectively. Participants' contributions for the fiscal years 2019 and 2018 were \$1,353,108 and \$1,513,576, respectively. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. APERS issues a publicly available financial report, which may be obtained by writing: APERS, One Union National Plaza, 124 W. Capitol, 5th Floor, Little Rock, AR 72201.

ATRS is a cost-sharing multi-employer defined benefit pension plan. The University contributes 14% of all covered employees' salaries. Under certain conditions, covered employees may voluntarily contribute 6% of their salary. The University's contributions for the fiscal years 2019 and 2018 were \$1,616,340 and \$1,899,208, respectively. Participants' contributions for the fiscal years 2019 and 2018 were \$512,590 and \$638,640, respectively. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. ATRS issues a publicly available financial report, which may be obtained by writing: ATRS, 1400 W. 3rd Street, Little Rock, AR 72201.

The University has, from time to time, negotiated voluntary early retirement agreements with faculty and staff which may include the provision of a stipend and healthcare or other benefits for future periods. The amount of liability established for these type agreements was \$805,964 at June 30, 2019.

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 as contributory. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the plan 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/annualreports>.

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 survivor benefits. The normal retirement benefit is determined based on the member's final average compensation (an average of the highest 36 months' earnings) and the number of years of credited service. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The re-determined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%.

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.

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, 2019. The University’s contributions for the years ending June 30, 2019 and 2018, were \$5,079,699 and \$5,446,489, respectively, while members’ contributions for the years ending June 30, 2019 and 2018 were \$1,353,108 and \$1,513,576, respectively.

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

At June 30, 2019, the University reported a liability of \$44,294,023 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2019, the university’s proportion was 2.008%, which was a decrease of 0.19% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the University recognized pension expense of \$8,054,768. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

APERS	Deferred outflows	Deferred inflows
Diff - expected & actual experience	\$ 704,440	\$ (464,980)
Changes of assumptions	5,039,768	(2,739,250)
Net difference in projected/actual earnings	-	(1,120,850)
Changes in proportion	3,782,934	(4,699,932)
University contributions subsequent to measure	5,079,699	-
	<u>\$ 14,606,841</u>	<u>\$ (9,025,012)</u>

Deferred outflows of resources of \$5,079,699, 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, 2020. 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>
2020	\$ 3,852,321
2021	927,186
2022	(3,181,347)
2023	(1,096,030)
2024	-
Thereafter	-
	<u>\$ 502,130</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 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	21 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%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the valuation pursuant to an experience study for the period 2012-2017.
Mortality Table	RP-2014 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.
Average Service Life of All Members	4.1233

*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 2018 to 2027 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, 2018, these best estimates are summarized in the following table:

Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	5.97%
International Equity	24	6.07
Real Assets	16	4.59
Absolute Return	5	3.15
Domestic Fixed	18	0.83
Total	100%	

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 3.56% 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, calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a single discount rate that is 1% lower (6.15%) and 1% higher (8.15%) than the current rate:

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.15%	7.15%	8.15%
\$ 72,418,902	\$ 44,294,023	\$ 21,093,683

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.arts.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. The normal retirement benefit is determined based on the member's final average salary (effective April 1, 1998, computed using highest three years' salary) and the member's number of years of service.

Members are eligible to retire with a full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of completion of 28 years of credited service or attainment of age 60.

Members are eligible for disability benefits with five 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% of applicable compensation for the fiscal year ended June 30, 2019. The University's contributions for the years ending June 30, 2019 and 2018, were \$1,616,340 and \$1,899,208, respectively, while members' contributions for the years ending June 30, 2019 and 2018 were \$512,590 and \$638,640, respectively.

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

At June 30, 2019, the University reported a liability of \$16,258,099 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2019, the University’s proportion was 0.447%, which was a decrease of 0.093% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the University recognized pension expense of \$294,571. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ATRS	Deferred outflows	Deferred inflows
Diff - expected & actual experience	\$ 163,102	\$ (331,118)
Changes of assumptions	3,894,331	-
Net difference in projected/actual earnings	-	(2,783,112)
Changes in proportion	102,179	(5,368,275)
University contributions subsequent to measure	1,616,340	-
	<u>\$ 5,775,952</u>	<u>\$ (8,482,505)</u>

Deferred outflows of resources related to pensions of \$1,616,340, 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, 2020. 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>
2020	\$ (620,498)
2021	(964,467)
2022	(1,665,483)
2023	(814,794)
2024	(257,651)
Thereafter	-
	<u>\$ (4,322,893)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018, 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
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant

	to an experience study for the period July 1, 2010 – June 30, 2015.
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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan’s trustees after considering input from the plan’s investment consultant and actuary. For each major asset class included in the pension plan’s target asset allocation as of June 30, 2018, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	55%	4.9%
Fixed Income	15	1.2
Alternatives	5	4.3
Real Assets	15	4.2
Private Equity	10	6.0
Cash Equivalents	-	0.3
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% 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% lower (6.50%) or 1% higher (8.50%):

Sensitivity of Discount Rate		
1% Decrease	Discount Rate	1% Increase
6.50%	7.50%	8.50%
\$ 27,884,836	\$ 16,258,099	\$ 6,616,145

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.

UAPTC, who paid the premium for single coverage for a closed group of retirees through 1/1/18, but none of the premium for a spouse or unmarried dependent. Employees who retire currently and since December 31, 2017, 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:

CCCUA: Prior to 1/1/19, employees had to be at least age 60 with at least 5 years of service. Currently, they are consistent with “All Others” category.

UACCRM: Prior to 1/1/19, employees were eligible for retirement benefits if they were at least age 60 with 12 years of service, or if they were at least age 55 and their age plus service equaled 72 points (“Rule of 72”). Currently, they are consistent with “All Others” category.

ALL OTHERS: 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, 2019, the following employees were covered by the benefit terms:

Employees covered by Benefit Terms	Medical	Life
Inactive employees or beneficiaries currently receiving benefit payments	344	2,219
Active employees	18,896	19,845
Total Employees covered by Benefit Terms	19,240	22,064

Total OPEB Liability

Total OPEB liability as of June 30, 2019 was \$70,183,428, determined by actuarial valuations as of July 1, 2018, rolled forward.

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2018 valuation for the year ended June 30, 2019
Valuation year	Census data collected as of February 2019
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	3.87%
Rate of salary increase for amortization	4.0%
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, 2017 was 3.58%, the unfunded rate determined as of June 30, 2017 based on the Bond Buyer 20-Bond GO Index. 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-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, 2018 to June 30, 2019. 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, 2017 to June 30, 2018 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 3.58% to 3.87%.

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 ending on June 30, 2019.

Balances at 6/30/2017 (Reporting Date 6/30/2018)	\$ 68,804,939
Changes for the year:	
Service cost	3,952,830
Interest (includes interest on service cost)	2,568,932
Changes of benefit terms	832,130
Differences between expected and actual experience	(3,266,590)
Changes of assumptions	(690,230)
Benefit payments, including refunds of member contributions	(2,018,583)
Net changes in total OPEB liability	1,378,489
Balances at 6/30/2018 (Reporting Date 6/30/2019)	\$ 70,183,428

During the measurement year, the TOL increased by approximately \$1.4 million. The service cost and interest cost increased the TOL by approximately \$6.5 million while benefit payments decreased the TOL by approximately \$2.0 million.

The eligibilities and life insurance benefits were updated for select campuses which resulted in a \$.8 million increase due to changes in benefits. The discount rate changed from 3.58% to 3.87% between June 30, 2017 and June 30, 2018. This created an assumption gain of \$.7 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 \$3.3 million due to favorable claim experience and lower than expected elections, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan.

Sensitivity of the Total OPEB Liability

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the TOL to the discount rate.

Sensitivity of Total OPEB Liability to Changes in Discount Rate		
1% Decrease	Discount Rate	1% Increase
2.87%	3.87%	4.87%
\$79,064,956	\$70,183,428	\$62,809,483

A one percent decrease in the discount rate increases the TOL by approximately 13%. A one percent increase in the discount rate decreases the TOL by approximately 11%.

Changes in the healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trends.

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates		
1% Decrease	Healthcare Trend	1% Increase
\$65,066,510	\$70,183,428	\$76,131,300

A one percent decrease in the healthcare trends decreases the TOL by approximately 7%. A one percent increase in the healthcare trends increases the TOL by approximately 8%.

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

For the year ended June 30, 2019, the University recognized OPEB expense of \$4,251,736. At June 30, 2019, 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	\$ 202,771	\$ 2,913,920
Changes in assumptions	324,522	9,928,709
Contributions subsequent to the measurement date	2,180,417	-
Total	\$ 2,707,710	\$ 12,842,629

The \$2,180,417 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 ending June 30, 2020. 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:	
2020	\$ (3,102,156)
2021	(3,102,155)
2022	(3,055,656)
2023	(2,187,050)
2024	(506,638)
Thereafter	(361,681)

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 2019:

UNIVERSITY OF ARKANSAS SYSTEM – Notes to Consolidated Financial Statements FY2019

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

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 2018:

Functional Classifications	Natural Classifications					
	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	\$ 394,405,858	\$ 58,751,305	\$ -	\$ -	\$ -	\$ 453,157,163
Research	176,482,146	89,671,342	-	-	-	266,153,488
Public Service	86,248,379	48,905,103	-	-	-	135,153,482
Academic Support	91,104,699	36,434,472	-	-	-	127,539,171
Student Services	54,152,903	22,268,881	-	-	-	76,421,784
Institutional Support	181,442,554	43,181,666	1,782,156	-	-	226,406,376
Scholarships/Fellowship	120,475	95,373	59,321,479	-	-	59,537,327
Plant Operations	69,023,763	80,789,686	-	-	-	149,813,449
Auxiliary Enterprises	76,083,366	119,221,875	2,936,572	-	-	198,241,813
Depreciation	-	-	-	-	186,642,486	186,642,486
Patient Care	606,900,432	367,657,000	-	-	-	974,557,432
Other	4,160,000	14,877,000	-	-	-	19,037,000
Insurance expenses	-	-	-	182,157,005	-	182,157,005
TOTAL	\$ 1,740,124,575	\$ 881,853,703	\$ 64,040,207	\$ 182,157,005	\$ 186,642,486	\$ 3,054,817,976

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, 2019, 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, 2019**

Assets	
Cash and investments	\$ 22,860,322
Other assets	<u>40,410,832</u>
Total Assets	<u><u>\$ 63,271,154</u></u>
Liabilities and Net Assets	
Liabilities	\$ 577,656
Net Assets	<u>62,693,498</u>
Total Liabilities and Net Assets	<u><u>\$ 63,271,154</u></u>

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

Income and Other Additions	\$ 36,133,280
Expenditures and Other Deductions	<u>(29,661,304)</u>
Total Increase in Net Assets	<u><u>\$ 6,471,976</u></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, 2019, are presented below in summary form.

**ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2019**

Assets	
Cash and investments	\$ 3,494,376
Other assets	<u>10,749,171</u>
Total Assets	<u><u>\$ 14,243,547</u></u>
Liabilities and Net Assets	
Liabilities	\$ 1,582,914
Net Assets	<u>12,660,633</u>
Total Liabilities and Net Assets	<u><u>\$ 14,243,547</u></u>

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

Income and Other Additions	\$ 4,734,419
Expenditures and Other Deductions	<u>(3,984,391)</u>
Total Increase in Net Assets	<u><u>\$ 750,028</u></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, 2019, are presented below in summary form.

**ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2019**

Assets	
Cash and investments	\$ 4,867,126
Other assets	4,628,234
Total Assets	<u>\$ 9,495,360</u>
Liabilities and Net Assets	
Liabilities	\$ 223,918
Net Assets	9,261,442
Total Liabilities and Net Assets	<u>\$ 9,485,360</u>

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

Income and Other Additions	\$ 2,105,546
Expenditures and Other Deductions	(2,414,396)
Total Decrease in Net Assets	<u>\$ (308,850)</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, 2019, are presented below in summary form.



**UNIVERSITY OF ARKANSAS TECHNOLOGY
DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2019**

Assets	
Cash and investments	\$ 1,964,911
Other assets	6,999
Total Assets	<u>\$ 1,971,910</u>
Liabilities and Net Assets	
Liabilities	\$ 63,371
Net Assets	1,908,539
Total Liabilities and Net Assets	<u>\$ 1,971,910</u>

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

Income and Other Additions	\$ 1,810,889
Expenditures and Other Deductions	<u>(1,589,598)</u>
Total Increase in Net Assets	<u>\$ 221,291</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, 2019, are presented below in summary form.

**TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2019**

Assets	
Cash	\$ 303,011
Other Assets	67,794
Total Assets	\$ 370,805
Liabilities and Net Assets	
Liabilities	\$ 11,756
Net Assets	359,049
Total Liabilities and Net Assets	\$ 370,805

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

Income and Other Additions	\$ 380,065
Expenditures and Other Deductions	(377,178)
Total Increase in Net Assets	\$ 2,887

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, 2018, are presented below in summary form.



**UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION-
UNAUDITED
As of December 31, 2018**

Assets	
Cash & investments	\$ 292,337
Other assets	68,178
Total Assets	<u>\$ 360,515</u>
Liabilities and Net Assets	
Liabilities	\$ 38,164
Net Assets	322,351
Total Liabilities and Net Assets	<u>\$ 360,515</u>

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

Income and Other Additions	\$ 115,858
Expenditures and Other Deductions	<u>(130,358)</u>
Total Decrease in Net Assets	<u>\$ (14,500)</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 included 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	<u>(234,264)</u>
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, 2019, 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, 2019**

Assets	
Cash and investments	\$ 129,876
Other	1,041,451
Total Assets	<u>\$ 1,171,327</u>
Liabilities and Net Assets	
Liabilities	\$ 6,954
Net Assets	1,164,373
Total Liabilities and Net Assets	<u>\$ 1,171,327</u>

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

Income and Other Additions	\$ 144,277
Expenditures and Other Deductions	<u>(135,424)</u>
Total Increase in Net Assets	<u>\$ 8,853</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, 2018, are presented below in summary form.

**PHILLIPS COMMUNITY COLLEGE FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2018**

Assets	
Cash and investments	\$ 3,764,451
Other Assets	65,103
Total Assets	<u>\$ 3,829,554</u>
Liabilities and Net Assets	
Liabilities	\$ 312,316
Net Assets	3,517,238
Total Liabilities and Net Assets	<u>\$ 3,829,554</u>

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

Income and Other Additions	\$ 246,500
Expenditures and Other Deductions	<u>(422,577)</u>
Total Decrease in Net Assets	<u>\$ (176,077)</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, 2019, are presented below in summary form.

**UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE
AT HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2019**

Assets	
Cash and investments	\$ 3,042,107
Other Assets	66,641
Total Assets	<u>\$ 3,108,748</u>
Liabilities and Net Assets	
Liabilities	\$ 64,066
Net Assets	3,044,682
Total Liabilities and Net Assets	<u>\$ 3,108,748</u>

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

Income and Other Additions	\$ 939,596
Expenditures and Other Deductions	(693,271)
Total Increase in Net Assets	<u>\$ 246,325</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	\$ 5,274,334
Liabilities and Net Assets	
Liabilities	\$ 1,250
Net Assets	5,273,084
Total Liabilities and Net Assets	\$ 5,274,334

**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	\$ 619,452

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	<u>24,684,402</u>
Total Assets	<u>\$ 138,240,943</u>

Liabilities and Net Assets	
Liabilities	\$ 484,287
Net Assets	<u>137,756,656</u>
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	<u>(6,859,221)</u>
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. In the fiscal year ended June 30, 2010, the Arkansas School for Mathematics, Sciences and the Arts (ASMSA) received \$6,000,000 in American Recovery & Reinvestment Act funds through the State of Arkansas and \$1,000,000 from state general improvement funds to be used toward the construction of a new residence/student life facility. In addition, ASMSA had almost \$4,000,000 of reserve funds to be used for the project. By leveraging these available funds, a financing structure was developed using federal New Markets Tax Credits (NMTC) which made available almost \$15,000,000 to construct the facility. Construction of the facility was completed in the summer of 2012. The facility was owned and managed by Delta until the completion of the NMTC compliance period of seven years, at which time the transaction was unwound and the building transferred to ASMSA through the Board of Trustees of the University. Final payouts of residual funds following the final expenses related to the transaction during fiscal 2018. Unaudited financial statements for the year ended June 30, 2019, are presented below in summary form.

DELTA STUDENT HOUSING, INC.
UNAUDITED CONDENSED STATEMENT OF
FINANCIAL POSITION
As of June 30, 2019

Assets	
Cash	\$ 16,612
Property and equipment	-
Total Assets	\$ 16,612
Liabilities and Net Assets	
Liabilities	\$ -
Net Assets	16,612
Total Liabilities and Net Assets	\$ 16,612

UNAUDITED CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2019

Income and Other Additions	\$ 3,955
Expenditures and Other Deductions	(311,021)
Total Decrease in Net Assets	\$ (307,066)

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.

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
	<hr/>
	\$ 2,780,536
	<hr/>

FY18 - Statement of Net Position

An elimination entry was made to reduce accounts receivable by \$17,142,300, 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 \$17,103,278, representing these billed amounts adjusted by cash in-transit within the system. Cash was increased by \$189,022 to account for payments in-transit within the system.

Three loans between University entities were eliminated to reduce assets and liabilities: (1) \$450,000 (current portion \$150,000) to reflect a loan to ASMSA by the System Administration; and (2) \$675,931 (current portion \$26,506) to reflect a loan from UAMS to UAF, and (3) \$4,975,498 to reflect a loan from the campuses to eVersity.

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.

FY18 - 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 \$135,541,167.

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 \$3,929,091. An elimination entry for services provided among campuses in the amount of \$865,145. 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.

FY19 and FY18 - 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, 2019, bank balances held at Arvest Bank Group, Inc. banks total \$18,773,746 at UAF (book balances included on the Statements of Net Position were \$18,260,279).

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 \$3,431,000 and \$3,311,000 for this insurance during the years ended June 30, 2019 and 2018, 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, 2019, the University would have incurred a liability of \$69,704,000 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: Restatements

Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues from grants and contracts were restated for the year ended June 30, 2018. Federal grants and contracts revenue increased by \$23,716,556 related to the reclassification of pass-through awards from state and nongovernmental sources. This change decreased state and local grants and contracts revenue by \$16,713,434 offset by a reclassification of promotion board awards from non-governmental grants and contracts revenue which decreased by \$7,003,122.

Beginning net position on June 30, 2017, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was restated due to the implementation of GASB Statement 75, as amended. As a result, Net Position – beginning of the year at June 30, 2017, was reduced by \$7,118,973 to reflect the net effect of recognizing the University's total OPEB liability and deferred outflows of resources attributable to the year ended June 30, 2017.

Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, has also been restated for the year ended June 30, 2017 to reflect a change in the recognition of certain grants and contracts revenue in the amount of \$876,096 for UALR and the capitalization of interest expense of \$488,381 for UACCM. UACCM capitalized interest totaling \$488,381 on the new Workforce Building put into service in the fiscal year ended June 30, 2017.

The net effect of these restatements was a decrease to total net position for the prior year of \$7,506,688. The Statement of Cash Flows for the prior year was also restated to reflect the changes.

Statement of Net Position

A reclassification at June 30, 2018, to increase Restricted Expendable Net Position-Scholarships and Fellowships by \$24,040,000 and to decrease Unrestricted Net Position by the same amount was made to beginning net position for UAMS. There was no effect on total net position.

Note 24: 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. This study developed an estimate for future remediation costs and assessed the university's obligation for remediation at the site. The cost estimate was \$26.1 million to complete remediation of the site. Although the study concluded that the University was under no obligation to begin remediation work at that time, the study was considered Phase 1 of the voluntary remediation of the SEFOR site. During 2014, DOE

appropriated an additional \$1 million to review estimated remediation costs. Of that award, \$968,500 was made available to the university in the 2017 funding obligation.

The remediation of the SEFOR site has been completed. Expenses paid during fiscal year 2019 totaled \$7,664,343. The remaining project costs totaling \$945,758 were accrued and are included in the accounts payable at June 30, 2019 reported on the Statements of Net Position. Drawdowns during fiscal year 2019 totaled \$7,881,202. A receivable of \$1,906,166, reflecting amounts that have not yet been invoiced to the DOE award, was also established, and is included in accounts receivable at June 30, 2019 reported on the Statements of Net Position.

During fiscal year 2018, the Fayetteville campus received another DOE award totaling \$7,904,718. In August of 2018, the Fayetteville campus received an additional DOE award totaling \$5,595,282. These awards, combined with the residual left from the 2014 appropriation, brought total funds available for remediation costs to \$23,968,500. The Fayetteville campus began Phase 3B of the voluntary remediation by entering into a contract with EnergySolutions, LLC on May 18, 2018 to provide technical services for deconstruction and green fielding of the site. Total estimated cost of the Phase 3B voluntary remediation project was \$9,457,585. Expenditures incurred during fiscal year 2018 totaled \$8,030,005. The remaining project costs to complete Phase 3B, totaling \$7,566,068, were accrued and are included in accounts payable reported on the Statements of Net Position at June 30, 2018. All project costs were funded by the DOE award on a cost reimbursement basis. Drawdowns during fiscal year 2018 totaled \$7,852,519. A receivable of \$8,743,334 is included in the accounts receivable at June 30, 2018 reported on the Statements of Net Position.

Note 25: Subsequent Events

Long-Term Debt-Fayetteville Campus

On August 22, 2019, the University closed the Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Refunding and Improvement Series 2019A with a par amount of \$59,655,000. The bonds provide resources of \$30,000,000 for the renovation and reorganization of the interior of Mullins Library; construction, equipping and furnishing of the Student Success Center; construction and equipping of improvements to the north chilled water plant and utility systems; the acquisition, construction, and equipping of intramural sports facilities; and the acquisition, construction, improvement, renovation, equipping and/or furnishings of other qualifying capital projects. In addition, the bonds provide resources of \$44,551,904 for the current refunding of the Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Series 2009A. The University contributed \$1,889,889 into the escrow account to pay the principal amount of \$1,270,000 due on November 1, 2019 plus accrued interest. The remaining outstanding balance of \$42,290,000 will be redeemed via the escrow account on the same day.

On August 22, 2019, the University closed the Board of Trustees of the University of Arkansas Athletic Facilities Revenue Bonds (Fayetteville Campus) Series 2019A with a par amount of \$24,900,000. The bonds provide resources of \$31,043,204 for the acquisition, construction, furnishing and equipping of a track and field high performance center; and the acquisition, construction, furnishing and equipping of a baseball development center and the acquisition,

construction, improvement, renovation, equipping and/or furnishings of other qualifying capital projects.

On November 5, 2019, the University closed the Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus) Taxable Refunding Series 2019B with a par amount of \$139,220,000. The bonds provide resources of \$138,656,975 to advance refund \$78,945,000 of outstanding Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus) Series 2011A, and \$50,645,000 of outstanding Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus) Series 2012B. The amount of each refunded series represents all of the outstanding maturities starting with the November 1, 2022 until final maturity for each issue. After the regularly scheduled debt service payments were made on November 1, 2019, there are remaining balances of \$4,905,000 for Series 2011A and \$2,650,000 for Series 2012B representing bonds with maturity dates through November 1, 2021.

Long-Term Debt-UAMS

On October 24, 2019, the University closed the Board of Trustees of the University of Arkansas Various Facilities Revenue Bonds (Medical Sciences Campus), Series 2019A (tax exempt) of bonds with a par amount of \$48,615,000 and 2019B (taxable) of bonds with a par amount of \$97,470,000. The bonds provide resources of \$157,359,253 for the Energy Savings Performance Contract and the Construction Interest Expense Account. The bonds will be repaid over a period of 23 years.

Long-Term Debt-UAPTC

On November 5, 2019, the University closed the Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (Pulaski Technical College campus), Taxable Refunding Series 2019A with a par amount of \$56,685,000. The bonds provide resources of \$59,465,000 for the advance refunding of the Board of Trustees of the University of Arkansas Student Tuition and Fee Revenue Bonds (Pulaski Technical College Campus), Series 2011. The University contributed \$805,000 into the escrow account along with the release of the 2011 escrow account balance of \$5,847,542. The remaining outstanding balance of the bonds will be redeemed when eligible to do so.

Long-Term Debt-UACCRM

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.

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2019
REQUIRED SUPPLEMENTARY INFORMATION**

Employee Benefits

Schedule of University's Proportional Share of the Net Pension Liability Arkansas Public Employees Retirement System Last Five Fiscal Years*					
	2019	2018	2017	2016	2015
University's proportion of net pension liability	2.008%	2.198%	2.202%	1.659%	1.462%
University's proportionate share of net pension liability	\$ 44,294,023	\$ 56,807,517	\$ 52,660,632	\$ 30,550,726	\$ 20,737,110
University's covered payroll**	\$ 36,710,317	\$ 40,658,901	\$ 39,968,417	\$ 29,241,762	\$ 24,610,760
University's proportionate share of the net pension liability as a percentage of its covered payroll	120.66%	139.72%	131.76%	104.48%	84.26%
Plan fiduciary net position as a percentage of the total pension liability	79.59%	75.65%	75.50%	80.39%	84.15%
*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.					
The amounts presented for each fiscal year were determined as of June 30 of the previous year.					

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

Schedule of University's Proportional Share of the Net Pension Liability Arkansas Teacher Retirement System Last Five Fiscal Years*					
	2019	2018	2017	2016	2015
University's proportion of net pension liability	0.447%	0.540%	0.589%	0.395%	0.437%
University's proportionate share of net pension liability	\$ 16,258,099	\$ 22,688,366	\$ 26,000,421	\$ 12,850,498	\$ 11,467,444
University's covered payroll**	\$ 13,540,283	\$ 15,932,158	\$ 17,474,936	\$ 11,516,407	\$ 11,527,065
University's proportionate share of the net pension liability as a percentage of its covered payroll	120.07%	142.41%	148.79%	111.58%	99.48%
Plan fiduciary net position as a percentage of the total pension liability	82.78%	79.48%	76.75%	82.20%	84.98%
*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.					
The amounts presented for each fiscal year were determined as of June 30 of the previous year.					

**UNIVERSITY OF ARKANSAS SYSTEM CONSOLIDATED FINANCIAL STATEMENTS FY2019
REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of University Contributions Arkansas Teacher Retirement System Last Five Fiscal Years*					
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,616,340	\$ 1,899,208	\$ 2,210,329	\$ 1,448,084	\$ 1,612,297
Contributions in relation to the contractually required contribution	(1,616,340)	(1,899,208)	(2,210,329)	(1,448,084)	(1,612,297)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 11,429,162	\$ 13,540,283	\$ 15,932,158	\$ 10,392,131	\$ 11,516,407
Contributions as a percentage of covered payroll	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, 2018 valuation for the year ended June 30, 2019
Valuation year	Census data collected as of February 2019
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	3.87%
Rate of salary increase for amortization	4.0%
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, 2017 was 3.58%, the unfunded rate determined as of June 30, 2017 based on the Bond Buyer 20-Bond GO Index. 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-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 FY2019
REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability	2019	2018
Service cost	\$ 3,952,830	\$ 4,589,055
Interest (includes interest on service cost)	2,568,932	2,320,787
Changes of benefit terms	832,130	
Differences between expected and actual experience	(3,266,590)	
Changes of assumptions	(690,230)	(13,904,426)
Benefit payments, including refunds of member contributions	(2,018,583)	(2,109,079)
Net change in total OPEB liability	1,378,489	(9,103,663)
Total OPEB liability - beginning	68,804,939	77,908,602
Total OPEB liability - ending	\$ 70,183,428	\$ 68,804,939
Covered employee payroll	\$ 1,309,045,000	\$ 1,320,436,000
 Total OPEB liability as a percentage of covered employee payroll	5.36%	5.21%

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

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 \$1.4 million. The service cost and interest cost increased the TOL by approximately \$6.5 million while benefit payments decreased the TOL by approximately \$2.0 million.

Change of Benefits:

The eligibilities and life insurance benefits were updated for select campuses which resulted in a \$.8 million increase due to changes in benefits. The discount rate changed from 3.58% to 3.87% between June 30, 2017 and June 30, 2018. This created an assumption gain of \$.7 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 \$3.3 million due to favorable claim experience and lower than expected elections, which will be amortized over the average expected remaining service life of all active and inactive members of the Plan.

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

Enrollment listed by campus are the preliminary official 11th-day headcounts as provided in September 2019 to the Arkansas Department of Higher Education for Fall 2019.

UNIVERSITY OF ARKANSAS, FAYETTEVILLE

Established: 1871
Enrollment: 27,559
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: 6,264
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 premiere 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: 9,627
www.ualr.edu

The University of Arkansas at Little Rock is a metropolitan research university that improves students' lives 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 100 degree programs are offered in the classroom and online, including in-demand fields such as nursing, engineering, data quality, business, criminal justice, computer science and education.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Established: 1879
Enrollment: 2,768
www.uams.edu | www.uamshealth.com

The University of Arkansas for Medical Sciences (UAMS) is the only health sciences university in Arkansas. It is the state's largest public employer with more than 10,000 employees in 73 of the state's 75 counties. 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 514-bed UAMS Medical Center; eight Regional Campuses, (each with a Family Medical Center); a statewide network of Centers on Aging; the Translational Research Institute; the Winthrop P. Rockefeller Cancer Institute; the Jackson T. Stephens Spine & Neurosciences Institute; the Donald W. Reynolds Institute on Aging;

the Harvey & Bernice Jones Eye Institute; the Psychiatric Research Institute; and the Institute for Digital Health & Innovation.

UNIVERSITY OF ARKANSAS AT MONTICELLO

Established: 1909
Joined System: 1971
Enrollment: 2,856
www.uamont.edu

Founded in 1909 as the Fourth District Agricultural School, the University of Arkansas at Monticello (UAM) is one of the region's few remaining open access universities. Serving southeast Arkansas, UAM offers 31 baccalaureate and seven master's degree programs. Additionally, the university offers eight two-year associate degrees, 17 technical certificates and 14 certificates of proficiency through its College of Technology in Crossett and McGehee.

UAM has established a reputation for academic excellence in areas such as forestry, nursing, teacher education, pre-medicine, health-related sciences, business and social sciences. The university is home to the Arkansas Forest Resources Center, which brings together interdisciplinary expertise from across the University System. In recent years, UAM has added new opportunities to its curriculum, including popular programs in social work and criminal justice, a fast-track master's degree program to place more teachers in the classroom, online master's degree programs in coaching, education, educational leadership and creative writing and a low residency master of music in jazz studies.

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Established: 1873
Joined System: 1972
Enrollment: 2,535
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 30 undergraduate programs, eight master's degrees, and a doctorate program in Aquaculture/Fisheries, one of the country's leading programs that also supports Arkansas's \$165 million aquaculture and baitfish industry. The university's bachelor's degree program in regulatory science is a designated Center of Excellence by the U.S. Department of Agriculture. Other areas of emphasis at UAPB include teacher education, business development and student leadership development and its NSF-funded Science, Technology, Engineering and Math (STEM) Academy.

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Established: 1975
Joined System: 2001
Enrollment: 1,521
www.cccua.edu

Cossatot Community College of the University of Arkansas (CCCUA) is located in De Queen with classroom sites in Nashville, Ashdown, Lockesburg, Dierks and Foreman. The college offers both technical certification and associate degrees and collaborates with other colleges and universities to offer bachelor's and master's degrees. Accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, CCCUA is the only community college in the state supported by sales taxes in three separate counties and one city and has the highest percentage of Hispanic students in Arkansas.

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Established: 1964
Joined System: 1996
Enrollment: 1,536
www.pccua.edu

The first community college established in Arkansas, Phillips Community College of the University of Arkansas (PCCUA) is a multi-campus, two-year college serving Eastern Arkansas in Helena-West Helena, DeWitt, and Stuttgart. PCCUA offers adult education, technical certification and associate degrees in academic, occupational/technical and continuing education programs and partners with other colleges and universities to offer bachelor's and master's degrees. We are accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, the National League for Nursing Accrediting Commission, the National Accrediting Agency for Clinical Library Sciences, and the Accreditation Council for Business Schools and Programs. PCCUA is committed to helping every student succeed providing quality, affordable, and accessible education.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Established: 1975
Joined System: 1997
Enrollment: 1,480
www.uaccb.edu

The University of Arkansas Community College at Batesville (UACCB) serves a multi-county area in north central Arkansas, offering associate degrees, technical certificates, certificates of proficiency, adult education (GED and ESL) and kids' college. Accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, the campus has expanded program offerings and student services in order to meet its student-focused mission. Supported by an Independence County sales tax, UACCB provides affordable access to technical education and

college transfer programs that meet the diverse higher education needs of the citizens of northeast Arkansas.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE-TEXARKANA

Year Established: 1965

Joined System: 1996

Enrollment: 1,480

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: 1,839

www.uaccm.edu

Originally established as a vocational-technical school and then a technical college, the University of Arkansas Community College at Morrilton (UACCM) is a two-year institution offering university-transfer and career-specific training programs, adult education, workforce education and community outreach programs. UACCM offers an associate of arts and an associate of science degrees designed for university transfer, as well as associate of applied science degrees, technical certificates and certificates of proficiency designed for immediate entry into the job market.

UACCM has transfer agreements with all state universities, and in collaboration with individual four-year colleges, has also developed 2+2 plans that ensure a smooth transfer to specific academic degree programs.

UACCM is supported by a Conway County sales tax. Construction was completed in the spring of 2018 on the 53,843-square-foot Workforce Training Center (WTC) and is considered one of the premier technical training facilities in the state.

UNIVERSITY OF ARKANSAS-PULASKI TECHNICAL COLLEGE

Established: 1945
Joined System: 2017
Enrollment: 5,545
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: 865
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

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

Located on the grounds of the William J. Clinton Presidential Center and Park in Little Rock, the University of Arkansas Clinton School of Public Service is the first graduate school in the nation to offer a Master of Public Service (MPS) degree, both in a classic campus setting and online. As part of the school's unique curriculum, students complete hands-on public service projects, including local work in Arkansas communities and international projects across the world.

The model is unique in higher education because most of the school's financial investment is in scholarship and service and not in infrastructure and overhead. Little Rock's River Market serves as its student union. The Central Arkansas Main Library is the school library. When there is a need for auditorium space, the school accesses the Clinton Library, the Statehouse Convention Center or the Ron Robinson Theater – all of which are within walking distance.

The school's curriculum is enhanced with a national and international speaker series which brings in leaders and scholars from the arts, business, education, government, international development, nonprofits, philanthropy and public service and are free and open to the public. The speakers have included United States presidents and ambassadors, Pulitzer Prize recipients, and Nobel Prize winners.

DIVISION OF AGRICULTURE

Established: 1959

www.division.uaex.edu

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

The Division of Agriculture has earned patents in a variety of research programs in food science, 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.uark.edu/campus-resources/archinfo/

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 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 48,000 archeological sites and 8,000 projects, available to qualified professional archeologists at state and federal agencies, colleges and universities, and federally recognized tribes. The Survey's curation facility, managed jointly with the University of Arkansas Museum, provides a secure, state-of-the-art home for both Survey and University artifact collections. Students and teachers across Arkansas use the Survey's educational websites to learn about our state's prehistoric and historic cultural heritage.

CRIMINAL JUSTICE INSTITUTE

Established: 1988

www.cji.edu

The Criminal Justice Institute (CJI) is a campus of the University of Arkansas System that serves a unique population of non-traditional students—certified law enforcement professionals who are actively employed within the state's law enforcement organizations. The Institute is committed to making communities safer by supporting law enforcement professionals through training, education, resources and collaborative partnerships.

Utilizing both online learning opportunities and classroom-based instruction, CJI provides an educational experience designed to enhance the performance and professionalism of law enforcement in progressive areas of policing, including law enforcement leadership and management, forensic sciences, computer technologies and related crimes, traffic safety, illicit drug investigations and school safety. In addition, the Institute develops and delivers curriculum in cyberterrorism and sexual assault management and investigation through the National Center for Rural Law Enforcement (NCRLE), a division of CJI committed to helping rural law enforcement agencies effectively combat crime in their communities.

UNIVERSITY OF ARKANSAS SYSTEM *e*VERSITY

Established: 2014

Enrollment: 636

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.

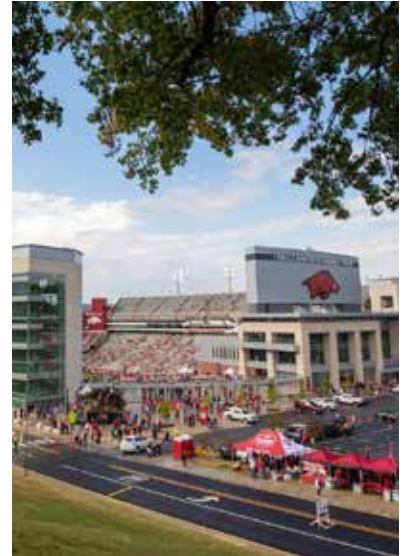
Faculty from across the UA System develop and deliver rigorous certificate and degree programs in tandem with *e*Versity's award-winning instructional design team to provide students with high-quality online coursework through Open Educational Resources. There are never any fees or additional charges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

UNIVERSITY OF ARKANSAS SYSTEM

www.uasys.edu

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

The System administration includes the activities that further the efforts to meet the goals of the strategic plan for the UA System and to achieve the comprehensive mission of the UA System. 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 relations, media 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*

Michael White, *Interim Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS AT FORT SMITH

Terisa Riley, *Chancellor*

Brad Sheriff, *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

Karla Hughes, *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

E. 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

Chris Thomason, *Chancellor*

Brian Berry, *Executive Vice Chancellor for Student Services 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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