OFFICIAL STATEMENT

NEW ISSUE **RATING: Moody's: "Aa2" (stable outlook)***
(Book-Entry Only)

*In the opinion of bond counsel, under existing law, assuming compliance with certain covenants described herein, interest on the Series 2016A Bonds is excludable from gross income for federal income tax purposes, and interest on the Series 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided that with respect to corporations, interest on the Series 2016A Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax. INTEREST ON THE SERIES 2016B BONDS IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In bond counsel's further opinion, under existing law, the Series 2016A Bonds and Series 2016B Bonds, and interest thereon, are exempt from all present State, county and municipal taxation in the State of Arkansas (See **TAX MATTERS** herein.).*

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS ATHLETIC FACILITIES REVENUE BONDS (FAYETTEVILLE CAMPUS) $24,845,000 TAX-EXEMPT SERIES 2016A AND $90,000,000 TAXABLE SERIES 2016B

Dated: Date of Delivery **Due: September 15, as shown on the inside cover**

The Bonds are general obligations only of the Board of Trustees of the University of Arkansas (the "Board"). The Bonds will be secured by a specific pledge of, and payable first from, Pledged Revenues (as hereinafter defined), subject to existing pledges thereof as described herein. Neither the faith and credit nor the taxing power of the State of Arkansas are pledged to the payment of the principal of or the interest on the Bonds, and the Bonds are not secured by a mortgage or lien on any lands or buildings of the State of Arkansas or the Board. The Board has no taxing power. The Bonds are being issued for the purpose of (i) financing the construction and equipping of improvements, renovations, replacements and expansions to various athletic facilities on the Fayetteville campus of the University of Arkansas, and (ii) paying the costs of issuance of the Bonds.

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

Interest on the Bonds is payable semiannually on March 15 and September 15, commencing March 15, 2017. All such interest payments shall be payable to the person in whose name such Bonds are registered on the bond registration books maintained by Regions Bank, Little Rock, Arkansas, as Trustee (the "Trustee"). Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of DTC participants or indirect participants, as more fully described herein.

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

The Bonds are offered when, as and if issued, subject to the approval of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, bond counsel. Certain legal matters will be passed upon for the underwriters by Kutak Rock LLP, Little Rock, Arkansas, counsel to the underwriters. It is expected that the Bonds will be available for delivery at the facilities of DTC in New York, New York on or about October 19, 2016.

Stephens Inc. Crews&Associates

RAYMOND JAMES® J.P.Morgan

Official Statement dated October 5, 2016.

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* See **DESCRIPTION OF RATING** herein.

$24,845,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
ATHLETIC FACILITIES REVENUE BONDS
(FAYETTEVILLE CAMPUS)
TAX-EXEMPT SERIES 2016A

Year (September 15)	Principal Amount	Interest Rate	Yield	CUSIP*
2034	$7,370,000	5.000%	2.560%**	914072 H48
2035	8,520,000	5.000%	2.610%**	914072 H55
2036	8,955,000	5.000%	2.650%**	914072 H63

$90,000,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
ATHLETIC FACILITIES REVENUE BONDS
(FAYETTEVILLE CAMPUS)
TAXABLE SERIES 2016B

Year (September 15)	Principal Amount	Interest Rate	Yield	CUSIP*
2018	$2,350,000	1.192%	1.192%	914072 H71
2019	2,380,000	1.364%	1.364%	914072 H89
2020	2,415,000	1.605%	1.605%	914072 H97
2021	2,460,000	1.805%	1.805%	914072 J20
2022	5,725,000	2.043%	2.043%	914072 J38
2023	5,850,000	2.293%	2.293%	914072 J46
2024	5,990,000	2.416%	2.416%	914072 J53
2025	6,140,000	2.516%	2.516%	914072 J61
2026	6,300,000	2.616%	2.616%	914072 J79
2027	6,470,000	2.716%	2.716%	914072 J87
2028	6,655,000	2.916%	2.916%	914072 J95
2029	6,855,000	3.016%	3.016%	914072 K28
2030	7,065,000	3.116%	3.116%	914072 K36
2031	7,290,000	3.166%	3.166%	914072 K44
2032	7,530,000	3.288%	3.288%	914072 K51
2033	7,785,000	3.338%	3.338%	914072 K69
2034	740,000	3.388%	3.388%	914072 K77

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

** Priced to the first optional redemption date of September 15, 2026.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOARD TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO THE BONDS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT, NOR ANY SALES HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOARD SINCE THE DATE HEREOF. CERTAIN OF THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

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SUMMARY STATEMENT

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

The Bonds

The Board of Trustees of the University of Arkansas Athletic Facilities Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2016A, in the aggregate principal amount of $24,845,000 (the "Series 2016A Bonds"), and Taxable Series 2016B, in the aggregate principal amount of $90,000,000 (the "Series 2016B Bonds," and together with the Series 2016A Bonds, the "Bonds"), each series to be dated as of the date of their delivery, will be issued under the authority of the Constitution and laws of the State of Arkansas, including particularly Arkansas Code Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and pursuant to a resolution duly adopted by the Board on September 8, 2016. The Board's resolution authorizes, among other things, the execution of a Trust Indenture (the "Indenture"), to be dated as of the date of delivery of the Bonds, between the Board and the Trustee. The Bonds will be issued under and secured by the Indenture. See **SUMMARY OF THE INDENTURE**, herein.

Use of Proceeds

The proceeds from the sale of the Bonds will be used for the purpose of (i) financing the construction and equipping of improvements, renovations, replacements and expansions to various athletic facilities on the Fayetteville campus of the University of Arkansas ("UA, Fayetteville"), and (ii) paying the costs of issuance of the Bonds. See **PURPOSES FOR THE BONDS** herein.

Security

The Bonds will be general obligations only of the Board and will not constitute an indebtedness for which the full faith and credit of the State of Arkansas or any of its revenues are pledged and are not secured by a mortgage or lien on any land or building belonging to the State of Arkansas (the "State") or to the Board. The Bonds will be secured by a specific pledge of, and payable primarily from, Pledged Revenues, as hereinafter defined. To the extent Pledged Revenues are insufficient to pay obligations under the Indenture, the Board shall pay such obligations from such other moneys as are available to the Board under the Constitution and laws of the State. The Bonds are issued on a parity basis with respect to the Pledged Revenues to (i) the Board of Trustees of the University of Arkansas Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2010 (the "Series 2010 Bonds"), (ii) the Board of Trustees of the University of Arkansas Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A (the "Series 2013 Bonds"), and (iii) the Board of Trustees of the University of Arkansas Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2015A (the "Series 2015 Bonds").

The term "Pledged Revenues" is defined as (i) Athletic Gate Receipts (defined in the Indenture as those revenues of UA, Fayetteville derived from men's intercollegiate athletic events, including settlements, guarantees, the sale of tickets, television and radio revenues, concession revenues, and all amounts transferred from the Razorback Foundation, Inc., or the successor thereto, representing priority seating requirement proceeds, which are received by the Men's Athletic Department of UA, Fayetteville, less amounts paid to State and local taxing authorities and amounts paid by UA, Fayetteville, for settlements and guarantees for scheduled men's intercollegiate athletic events), together with (ii) revenues of UA, Fayetteville, derived from any Student Athletic Fee (defined in the Indenture as any fee charged to students attending UA, Fayetteville to support intercollegiate athletics, whether such fee is imposed pursuant to Arkansas Code Annotated Sections 6-62-801 through 6-62-806 or pursuant to Section 711 of the Indenture). The Pledged Revenues do not include (A) tuition or fee revenues collected by UA, Fayetteville, sales and services revenues, or auxiliary enterprises revenues, or (B) any fees authorized or imposed by UA, Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations.

The Board has also reserved the right to pledge Pledged Revenues to additional bonds issued under the Act, subject to certain limitations and conditions set forth in the Indenture. The pledge may be on a parity with or subordinate to the pledge in favor of these Bonds. (See **SUMMARY OF THE INDENTURE**, **Additional Bonds**, herein).

The Board has covenanted that it shall use due diligence to ensure collection of the Pledged Revenues until all Bonds have been retired in full. The Board has further covenanted that it will maintain Pledged Revenues at a level equal to or exceeding 115% of current annual debt service on the Bonds, the Series 2010 Bonds, the Series 2013 Bonds, the Series 2015 Bonds and any Additional Parity Bonds (as defined under the caption **SUMMARY OF THE INDENTURE, Additional Bonds** herein) and trustee's and paying agent's fees on such bonds. The Board has further covenanted that it will, to the extent necessary to maintain Pledged Revenues at the 115% coverage described in the preceding sentence, impose a Student Athletic Fee on students attending the University of Arkansas, Fayetteville.

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OFFICIAL STATEMENT

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
ATHLETIC FACILITIES REVENUE BONDS
(FAYETTEVILLE CAMPUS)
$24,845,000 TAX-EXEMPT SERIES 2016A
AND
$90,000,000 TAXABLE SERIES 2016B

INTRODUCTION

This Official Statement of the Board of Trustees of the University of Arkansas (the "Board"), including the cover page, Summary Statement, and Appendices, is furnished with respect to the sale by the Board of its Athletic Facilities Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2016A, in the aggregate principal amount of $24,845,000 (the "Series 2016A Bonds"), and Taxable Series 2016B, in the aggregate principal amount of $90,000,000 (the "Series 2016B Bonds," and together with the Series 2016A Bonds, the "Bonds"), each series of such Bonds to be dated their date of delivery.

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

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Arkansas Code Annotated Title 6, Chapter 62, Subchapter 3, as amended (the "Act"), and a Resolution adopted by the Board on September 8, 2016.

The Bonds are general obligations only of the Board. The Bonds are equally and ratably secured by a Trust Indenture to be dated as of the date of delivery of the Bonds (the "Indenture"), between the Board and the Trustee. The Indenture establishes the terms and conditions upon which the Bonds are issued. The Bonds will be payable from Pledged Revenues (defined below), and, to the extent Pledged Revenues are insufficient, from such other moneys as are available to the Board under the Constitution and laws of the State. The Bonds are issued on a parity basis with respect to the Pledged Revenues to (i) the Board of Trustees of the University of Arkansas Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2010 (the "Series 2010 Bonds"), (ii) the Board of Trustees of the University of Arkansas Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A (the "Series 2013 Bonds"), and (iii) the Board of Trustees of the University of Arkansas Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2015A (the "Series 2015 Bonds"). The Board has reserved the right to issue additional bonds payable from Pledged Revenues. Specific covenants concerning revenues are described under **SECURITY FOR THE BONDS** herein.

The term "Pledged Revenues" is defined as (i) Athletic Gate Receipts (defined in the Indenture as those revenues of UA, Fayetteville derived from men's intercollegiate athletic events, including settlements, guarantees, the sale of tickets, television and radio revenues, concession revenues, and all amounts transferred from the Razorback Foundation, Inc. or the successor thereto, representing priority seating requirement proceeds, which are received by the Men's Athletic Department of UA, Fayetteville, less amounts paid to state and local taxing authorities and amounts paid by UA, Fayetteville, for settlements and guarantees for scheduled men's intercollegiate athletic events), together with (ii) revenues of UA, Fayetteville, derived from any Student Athletic Fee (defined in the Indenture as any fee charged to students attending UA, Fayetteville to support intercollegiate athletics, whether such fee is imposed pursuant to Arkansas Code Annotated Sections 6-62-801 through 6-62-806 or pursuant to Section 711 of the Indenture). The Pledged Revenues do not include (A) tuition or fee revenues collected by UA, Fayetteville, sales and services revenues, or auxiliary enterprises revenues, or (B) any fees authorized or imposed by UA, Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations.

Descriptions of the Board, the Bonds, the University of Arkansas, UA, Fayetteville, the Indenture, and other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive; all references herein to the Indenture or other documents are qualified in their entirety by reference to such documents, copies of which are available from the Board and the underwriter listed on the cover; and all references to the Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture. Terms not defined herein shall be given the meaning set forth in the specific instruments or documents.

PURPOSES FOR THE BONDS

Proceeds of the Bonds will be utilized to pay a portion of the costs of certain capital improvements to the athletic facilities of UA, Fayetteville and the costs of issuance of the Bonds. Proceeds of the Bonds are expected to be used particularly, without limitation, to finance all or a portion of the costs of constructing and equipping an expansion and update of Donald W. Reynolds Razorback Stadium, the renovation and replacement of the Frank Broyles Athletic Center and related improvements to athletic facilities at UA, Fayetteville (the "Project"). The total scope of the Project will include an expansion and additional premium seating at the north end of the football stadium, updates to existing seating and other areas of the stadium, and new football facilities and administrative offices. The total cost is presently estimated to be approximately $160 million, with approximately $120 million of such costs expected to be funded with proceeds of the Bonds and investment earnings thereon. Other funding sources for the Project include current UA, Fayetteville Athletic Department revenues, capital gifts, priority seating payments and other donations received to support the UA, Fayetteville Athletic Department.

The architect selected to design the Project is Populous, Inc. and the contractor for the Project is CDI – Hunt Arkansas Joint Venture. Construction of the Project is expected to commence in December 2016, with completion anticipated in time for the 2018 football season.

Project components include:

- Expansion and new seating at the north end of the football stadium, including new suites, loge boxes, club seats and club areas;
- Connection of existing east and west stadium concourses to new seating areas to allow the flow of patrons around the stadium, as well as providing new restrooms and concession areas;
- Additional and expanded entrances to improve patron flow;
- Updates to existing seating and other areas of the stadium, including existing suites, club areas and concourses;
- New elevators at the northeast and northwest corners of the stadium to service the existing east and west suites, club areas and upper level seating;
- New video board to be added to the south end of the stadium;
- Expansion and enhancement of stadium security and safety systems;
- New football administrative offices and facilities, including a game day locker room, training room and pre/post game support rooms; and
- Rebuilding of existing athletic department administrative offices around the new north end seating and club areas.

The Indenture generally defines the "Series 2016A Project" (to be funded with the proceeds of the Series 2016A Bonds) and the "Series 2016B Project" (to be funded with the proceeds of the Series 2016B Bonds) as follows:

> "Series 2016A Project" shall mean that portion of the Project primarily used by the student athletes, coaching staff and athletic administration for UA, Fayetteville purposes in the operation and facilitation of intercollegiate athletic events, including, but not limited to, areas designated for use as locker rooms, lobbies, administrative offices, student-athlete recruiting areas, interview rooms, team meeting rooms, facility operation spaces, and such portions of the Project that are open to and available for use by the general public.
>
> "Series 2016B Project" shall mean all portions of the Project that are not part of the Series 2016A Project.

SOURCES AND USES

The proceeds of the Series 2016A Bonds are expected to be utilized as follows:

Sources	
Par Amount of Series 2016A Bonds	$24,845,000
Original Issue Premium	5,154,015
Total Sources:	$29,999,015
Uses	
Deposit to Series 2016A Construction Account	$29,876,019
Costs of Issuance*	122,996
Total Uses:	$29,999,015

The proceeds of the Series 2016B Bonds are expected to be utilized as follows:

Sources	
Par Amount of Series 2016B Bonds	$90,000,000
Total Sources:	$90,000,000
Uses	
Deposit to Series 2016B Construction Account	$89,554,451
Costs of Issuance*	445,549
Total Uses:	$90,000,000

* Including underwriting fees and expenses.

DESCRIPTION OF THE BONDS

The Bonds will be dated their date of delivery, and will bear interest from that date, payable semiannually on March 15 and September 15 of each year commencing March 15, 2017, at the rates as set forth on the inside cover page of this Official Statement, and will mature on September 15 in the years and amounts as set forth on the inside cover page of this Official Statement. The Bonds are issuable as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. Principal of the Bonds is payable at the principal office of the Trustee. Interest will be payable to the person in whose name such Bonds are registered on the registration books maintained by the Trustee (the "Registered Owner") at the close of business on the first day of the month in which any interest payment date on the Bonds occurs, or, if such a day is not a Business Day, the immediately preceding Business Day (the "Record Date"). Interest will be payable by check drawn upon the Trustee or by wire transfer if requested by a Registered Owner of Bonds in the principal amount of $1,000,000 or more.

REDEMPTION

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

Optional Redemption

Series 2016A Bonds. The Series 2016A Bonds may be redeemed on or after September 15, 2026, in whole at any time or in part on any Interest Payment Date, at the option of the Board from funds from any source, at a price of 100% of the principal amount being redeemed plus accrued interest to the date of redemption, and if in part, from such maturities as may be selected by the Board.

Series 2016B Bonds. The Series 2016B Bonds maturing on and after September 15, 2027, may be redeemed on or after September 15, 2026 in whole at any time or in part on any Interest Payment Date, at the option of the Board from funds from any source, at a price of 100% of the principal amount being redeemed plus accrued interest to the date of redemption, and if in part, from such maturities as may be selected by the Board.

In addition to and independent of the redemption rights described in the preceding paragraph, the Series 2016B Bonds of any maturity may be redeemed, in whole or in part, at the option of the Board, from funds from any source, at any time at a redemption price equal to the greater of (i) 100% of the principal amount of the Series 2016B Bonds of such maturity to be redeemed and (ii) the sum of the present values of the applicable remaining scheduled payments of principal and interest on the Series 2016B Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2016B Bonds are to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points, plus in each case, accrued and unpaid interest on the Series 2016B Bonds being redeemed to the date fixed for redemption.

For purposes of the preceding paragraph, the following terms shall have the meanings ascribed below:

"*Treasury Rate*" means, with respect to any redemption date, with respect to the Series 2016B Bonds of a particular maturity, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second Business Day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

"*Comparable Treasury Issue*" means, with respect to the Series 2016B Bonds of a particular maturity, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Series 2016B Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2016B Bonds of such maturity to be redeemed.

"*Comparable Treasury Price*" means, with respect to any redemption date, with respect to the Series 2016B Bonds of a particular maturity, (A) the average of the applicable Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Series 2016B Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers as designated by the Board.

"*Reference Treasury Dealer*" means each of four firms, as designated by the Board, and their respective successors; provided, however, that if any of them ceases to be a primary U.S. Government securities dealer in the City of New York (a "Primary Treasury Dealer"), the Board will substitute another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotation*" means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2016B Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Board, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

"*Business Day*" means any day, other than a Saturday or Sunday, and other than a day on which the Trustee or a Paying Agent (other than the Trustee), as applicable, is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

Redemption Within a Maturity

So long as the Bonds are issued in book-entry only form (see **BOOK-ENTRY ONLY SYSTEM** herein), if fewer than all of a particular maturity of the Bonds of a series are to be called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by The Depository Trust Company ("DTC"). If the Bonds are no longer held pursuant to the Book-Entry Only System, and if fewer than all of a particular maturity of the Bonds of a series then outstanding shall be called for redemption, the Bonds or portions of Bonds to be redeemed within such maturity shall be selected by the Trustee by lot in such manner as the Trustee shall determine appropriate.

Notice of Redemption

The Trustee shall mail a copy of a notice of redemption by first-class mail, postage prepaid, or shall send a copy of such notice via other standard means, including electronic or facsimile communication, not less than thirty (30) days before such redemption date, to the owner of any Bond, all or a portion of which is to be redeemed, at the last address appearing upon the registration books maintained by the Trustee. Failure to give such notice by mail to any owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds.

Notwithstanding anything to the contrary in the preceding paragraph, while any Bonds are in book-entry form, notice of redemption shall be given in accordance with the procedures of DTC or any successor or replacement securities depository.

After the date specified in such call, the Bonds so called will cease to bear interest, provided that funds for their payment have been deposited with the Trustee, and, except for the purpose of payment, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

While the Bonds are being held by DTC under the book-entry system, notice of redemption will be sent only by DTC. See **BOOK-ENTRY ONLY SYSTEM** herein.

SECURITY FOR THE BONDS

The Bonds will be general obligations only of the Board and will not constitute an indebtedness for which the full faith and credit of the State of Arkansas or any of its revenues are pledged, and the Bonds are not secured by a mortgage or a lien on any land or building belonging to the State of Arkansas or to the Board. To the extent Pledged Revenues are insufficient to pay obligations under the Indenture, the Board shall pay such obligations from such other moneys as are available to the Board under the Constitution and laws of the State. The Bonds will be secured by Pledged Revenues on a parity of security with respect to each other. The Bonds are issued and secured on a parity basis with respect to the Pledged Revenues to the Series 2010 Bonds, the Series 2013 Bonds and the Series 2015 Bonds, to the extent outstanding.

The term "Pledged Revenues" is defined as (i) Athletic Gate Receipts (defined in the Indenture as those revenues of UA, Fayetteville derived from men's intercollegiate athletic events, including settlements, guarantees, the sale of tickets, television and radio revenues, concession revenues, and all amounts transferred from the Razorback Foundation, Inc., or the successor thereto, representing priority seating requirement proceeds, which are received by the Men's Athletic Department of UA, Fayetteville, less amounts paid to state and local taxing authorities and amounts paid by UA, Fayetteville, for settlements and guarantees for scheduled men's intercollegiate athletic events, together with (ii) revenues of UA, Fayetteville, derived from any Student Athletic Fee (defined in the Indenture as any fee charged to students attending UA, Fayetteville to support intercollegiate athletics, whether such fee is imposed pursuant to Arkansas Code Annotated Sections 6-62-801 through 6-62-806 or pursuant to Section 711 of the Indenture). The Pledged Revenues do not include (A) tuition or fee revenues collected by UA, Fayetteville, sales and services revenues, or auxiliary enterprises revenues, or (B) any fees authorized or imposed by UA, Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations.

Pledged Revenues for each of the last five fiscal years are set out below under **THE FAYETTEVILLE CAMPUS OF THE UNIVERSITY**, **Pledged Revenues**. The existing obligations payable from Pledged Revenues are shown under **THE FAYETTEVILLE CAMPUS OF THE UNIVERSITY**, **Existing Obligations**.

The Board has reserved the right to pledge Pledged Revenues to additional bonds to be issued under the Act, subject to the limitations and conditions set forth in the Indenture (see **SUMMARY OF THE INDENTURE**, **Additional Bonds**). The issuance of additional bonds is subject to compliance with the requirements of the Indenture, and the pledge in favor of the additional bonds may either be on a parity with, or subordinate to the pledge in favor of the Bonds.

The Board has covenanted (i) to promptly pay the principal of and interest on the Bonds, (ii) that it shall use due diligence to ensure collection of the Pledged Revenues until all Bonds have been retired in full, (iii) that it will maintain Pledged Revenues at a level equal to or exceeding 115% of current annual debt service on the Bonds, the Series 2010 Bonds, the Series 2013 Bonds, the Series 2015 Bonds and any Additional Parity Bonds (as defined under the caption **SUMMARY OF THE INDENTURE, Additional Bonds** herein) and trustee's and paying agent's fees on such bonds, (iv) that it will, to the extent necessary to maintain Pledged Revenues at the 115% coverage described in the preceding sentence, impose a Student Athletic Fee on students attending the University of Arkansas, Fayetteville, (v) not to pledge the Pledged Revenues as security for any other indebtedness or borrowing and not to create any charges upon or liens against the Pledged Revenues, except as permitted to secure additional bonds as permitted pursuant to the Act (see **SUMMARY OF THE INDENTURE**, **Additional Bonds)**, and (vi) to promptly discharge all claims and judgments which will become liens against the Pledged Revenues.

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

BOOK-ENTRY ONLY SYSTEM

The information in this caption concerning DTC and DTC's book-entry system has been obtained from DTC, and neither the Board, the Trustee nor the Underwriters take any responsibility for the accuracy thereof.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the

Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

CONCERNING THE TRUSTEE

Regions Bank ("Trustee") will be the Trustee under the Indenture. The Trustee has experience serving as trustee, paying agent, and registrar for municipalities, school districts, universities, state and county agencies, hospitals, retirement centers, and various non-profit entities, as well as to issuers of corporate debt.

The Trustee may resign at any time. The Trustee may be removed at any time (i) by the Board; provided, however, that the Board may not remove the Trustee so long as an Event of Default (as defined under **SUMMARY OF THE INDENTURE**, herein) shall have occurred which has not been cured, or any event shall have occurred which with the passage of time would lead to an Event of Default, or (ii) by an instrument or concurrent instruments in writing, signed by the registered owners of not less than a majority in principal amount of each series of bonds issued under the Indenture and then outstanding. No such resignation or removal will be effective until a successor Trustee is appointed and has accepted the appointment.

Each successor Trustee must be a trust company or bank organized and doing business under the laws of the United States or of a state, duly authorized to exercise trust powers and which has a reported capital surplus of at least $75,000,000. The preceding criteria may be met by a parent corporation if the parent corporation has guaranteed the obligations of the successor Trustee.

The Trustee is also the bond registrar and paying agent for the Bonds.

Except during the continuance of an Event of Default of which the Trustee is deemed to have notice, the Trustee shall perform only the duties specifically set forth in the Indenture. The Trustee is deemed to have notice only of Events of Default described under paragraphs (a) or (b) under **SUMMARY OF THE INDENTURE**, **Events of Default**, and of other Events of Default of which it has received written notice from the owners of not less than 20% in outstanding principal amount of the Bonds. During the continuance of an Event of Default of which the

Trustee is deemed to have notice, the Trustee is required to use the degree of care and skill in the exercise of its duties as would be exercised by a prudent man in the conduct of his own affairs.

The Trustee shall not be required to take any action in discharging its trust until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees, and other reasonable disbursements, and against all liability.

The Trustee is entitled to reasonable compensation from the Board. The Trustee's compensation will be paid from Pledged Revenues. If an Event of Default has occurred and is continuing, the Trustee's right to compensation from Pledged Revenues shall be entitled to a preference therefore over the claim of owners for payment of principal of and interest on Bonds from such Pledged Revenues.

SUMMARY OF THE INDENTURE

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

Application of Bond Proceeds

Proceeds of the Bonds will be applied as follows:

Project. A portion of the proceeds of the Series 2016A Bonds shall be deposited to the credit of the Series 2016A Construction Account within the Construction Fund (described below). A portion of the proceeds of the Series 2016B Bonds shall be deposited to the credit of the Series 2016B Construction Account within the Construction Fund

Cost of Issuance. A portion of the proceeds of the Series 2016A Bonds and the Series 2016B Bonds in the total amount necessary to pay the costs of issuing the Bonds shall be deposited to the credit of the Cost of Issuance Account within the Construction Fund (described below).

Use of Pledged Revenues and Flow of Funds

Disposition of Pledged Revenues. The Bonds are secured by a pledge of, and are payable from, the Pledged Revenues, and by moneys in the various funds and accounts created pursuant to the Indenture. The pledge of Pledged Revenues to the Bonds is on a parity of security with respect to the pledge in favor of the Series 2010 Bonds, the Series 2013 Bonds and the Series 2015 Bonds, to the extent outstanding. The Board has pledged the Pledged Revenues to the payment of the principal of, premium if any, and interest on the Bonds. To the extent the Pledged Revenues and the Trust Estate established pursuant to the Indenture are insufficient to pay the obligations of the Board pursuant to the Indenture, the Board has covenanted to pay such obligations from such other moneys as are available to the Board under the Constitution and laws of the State.

Bond Fund. The Board has established with the Trustee a special fund in the name of the Board designated "Series 2016 Bond Fund" (the "Bond Fund"). Amounts credited to the Bond Fund shall be expended solely (i) to pay the principal of, premium, if any, and interest on the Bonds; and (ii) to pay the fees and expenses of the Trustee. The Board shall, no later than three Business Days prior to March 15 and September 15 of each year, or, if such day is not a business day, then on the immediately preceding business day, deposit with the Trustee for the credit of the Bond Fund an amount of Pledged Revenues, or such other moneys as are available to the Board under the Constitution and laws of the State, equal to (i) the amount necessary to pay the principal of and interest on the Bonds due on the next succeeding Interest Payment Date; (ii) the fees and expenses of the Trustee and Paying Agent due on the next succeeding Interest Payment Date; and (iii) any amount required to be deposited into the Rebate Fund. The deposits described in the preceding sentences shall be reduced by any amounts already held in the Bond Fund at the time the deposit is made which are available for meeting the purpose for which a deposit is to be made, including amounts of accrued interest.

The obligation to make payments into the Bond Fund pursuant to the Indenture, the obligation to make payments into the bond fund for the Series 2010 Bonds (the "2010 Bond Fund") required by the trust indenture authorizing the issuance of the Series 2010 Bonds (the "2010 Indenture"), the obligation to make payments into the bond fund for the Series 2013 Bonds (the "2013 Bond Fund") required by the trust indenture authorizing the issuance of the Series 2013 Bonds (the "2013 Indenture"), the obligation to make payments into the bond fund for the Series 2015 Bonds (the "2015 Bond Fund") required by the trust indenture authorizing the issuance of the Series 2015 Bonds (the "2015 Indenture"), and the obligation to make payments into the bond fund for any Additional Parity Bonds (as defined below under the subcaption **Additional Parity Bonds**), shall be ranked on a parity basis. If Pledged Revenues and such other monies as are lawfully available are insufficient to make the payments into the Bond Fund, the Series 2010 Bond Fund, the Series 2013 Bond Fund, the Series 2015 Bond Fund and the bond fund for any Additional Parity Bonds, the available monies shall be distributed between the Bond Fund, the Series 2010 Bond Fund, the Series 2013 Bond Fund, the Series 2015 Bond Fund and the bond fund for any Additional Parity Bonds in proportion to the required payments.

Construction Fund. The Board has established with the Trustee a special fund in the name of the Board designated the "Series 2016 Construction Fund" (the "Construction Fund"), within which there shall be a 2016A Construction Account (the "2016A Construction Account"), a 2016B Construction Account (the "2016B Construction Account," and together with the 2016A Construction Account, the "Construction Accounts"), and a Cost of Issuance Account (the "Cost of Issuance Account"). Moneys in the Construction Accounts shall be used for the purpose of financing the Project, except as provided in the Indenture. Moneys in the Cost of Issuance Account shall be used for the purpose of paying the costs incurred in connection with issuing the Bonds. Moneys in the Construction Accounts will be disbursed by the Trustee on the basis of requisitions prepared by the Board and meeting the requirements of the Indenture.

Moneys remaining in the Cost of Issuance Account on January 31, 2017, will be transferred to the 2016A Construction Account and used to pay costs of the Series 2016A Project. Moneys remaining in the 2016A Construction Account and the 2016B Construction Account upon completion of the Project will be transferred to the Bond Fund and applied pursuant to the Indenture, first, to make payments on the Bonds on the next succeeding Interest Payment Date, and second, to redeem the Bonds on the first optional redemption date; provided, however, that moneys transferred from the 2016A Construction Account may be used only to pay interest on or redeem the Series 2016A Bonds and moneys transferred from the 2016B Construction Account may be used only to pay interest on or redeem the Series 2016B Bonds. Notwithstanding the foregoing, if any Event of Default shall have occurred, amounts in the 2016A Construction Account shall be applied to the payment of the principal and interest on the Series 2016A Bonds and amounts in the 2016B Construction Account shall be applied to the payment of the principal and interest on the Series 2016B Bonds.

Rebate Fund. The Board has established with the Trustee a special fund in the name of the Board designated the "Series 2016A Rebate Fund" (the "Rebate Fund"). The Board shall, pursuant to the Indenture, at the end of each five-Bond Year period and upon payment of all principal of the Series 2016A Bonds, calculate the amount of money to be rebated to the United States Treasury (the "Rebate Amount") pursuant to §148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations established thereunder. The Board shall direct the Trustee to deposit an amount equal to the Rebate Amount into the Rebate Fund within 60 days after the end of each five-Bond Year period and upon payment of all principal of the Series 2016A Bonds. Such deposit may be made from any Pledged Revenues. The Rebate Fund shall be held in trust for the benefit of the United States of America, and not for the benefit of the owners of the Bonds or of the Trustee. The Board shall pay from the amounts held in the Rebate Fund to the United States Treasury the Rebate Amount at times and in amounts necessary to comply with the Code.

Investments. Amounts in the Construction Fund shall, pursuant to the written direction of the Vice Chancellor for Finance and Administration for UA, Fayetteville (the "Vice Chancellor"), be invested and reinvested by the Trustee in Permitted Investments (defined below), which mature, or shall be subject to redemption, at the option of the owner, on or prior to the date on which the funds invested will be needed for authorized expenditures.

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

Moneys held for the credit of the Rebate Fund shall, pursuant to the written direction of the Vice Chancellor, be invested and reinvested by the Trustee in Permitted Investments which shall mature, or shall be subject to redemption by the owner thereof, at the option of the owner, not later than the date or dates on which payments of the Rebate Amount must be made.

"Permitted Investments" shall mean any of the following:

(1) Cash or bank deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) or (3) below);

(2) Obligations that are backed or guaranteed by the full faith and credit of the Department of the Treasury of the United States of America;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations rated “Aaa” by Moody’s or “AAA” by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC); (ii) obligations of the Resolution Funding Corporation (REFCORP); (iii) senior debt obligations of the Federal Home Loan Bank System; and (iv) senior debt obligations of other government sponsored agencies;

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

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

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

(7) Investments in a money market fund, including funds of the Trustee or its affiliates, rated (at the time of purchase) in the highest rating category for this type of investment by S&P or Moody’s;

(8) Pre-refunded Municipal Obligations; and

(9) General obligations of the State of Arkansas with a rating of at least “A3/A-” or higher by Moody’s or S&P.

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

Additional Bonds

No additional bonds may be issued with a prior pledge of the Pledged Revenues. The Board reserves the right to issue additional bonds ranking on a parity of pledge of the Pledged Revenues (“Additional Parity Bonds”) for the purposes of accomplishing any duly authorized project of the UA, Fayetteville Athletic Department or refunding outstanding bonds or notes issued for such purposes, provided the Vice Chancellor certifies that the Pledged Revenues in the immediately preceding Fiscal Year equaled or exceeded 115% of the combined maximum annual debt service on the outstanding Bonds, the outstanding Series 2010 Bonds, the outstanding Series 2013 Bonds, the outstanding Series 2015 Bonds and any other outstanding Additional Parity Bonds.

Additional bonds may also be issued on a junior and subordinate basis to the Bonds with respect to the Pledged Revenues (the “Subordinate Bonds”); provided, however, that before any such Subordinate Bonds are issued, the Board will deliver to the Trustee a certificate signed by the Vice Chancellor to the effect that the amount of Pledged Revenues received during the immediately preceding Fiscal Year was in an amount at least equal to 100% of the aggregate amount of (l) the amount of principal and interest due on the Bonds, Series 2010 Bonds, Series 2013 Bonds, Series 2015 Bonds and any Additional Parity Bonds then outstanding on the next two ensuing Interest Payment Dates; and (2) maximum annual debt service on all other Subordinate Bonds during the term of the Bonds, computed with regard to all outstanding Bonds, Series 2010 Bonds, Series 2013 Bonds, Series 2015 Bonds, other Additional Parity Bonds and other Subordinate Bonds as of the time immediately following the issuance of the Subordinate Bonds proposed to be issued.

Events of Default

The Indenture defines “Events of Default” as:

(a) Payment of the principal and premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) The Board shall for any reason be rendered incapable of fulfilling its obligations under the Indenture; or

(d) Any proceeding shall be instituted, with the consent or acquiescence of the Board, for the purpose of adjusting the claims of creditors pursuant to any federal or State statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of Pledged Revenues; or

(e) The Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or the Indenture, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Board by the Trustee, which may give such notice in its discretion and shall give such notice upon the written request of the registered owners of not less than twenty percent (20%) in principal amount of the Bonds then outstanding; provided, however, that if the default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by or on behalf of the Board within the applicable period and diligently pursued until the default is corrected; or

(f) An event of default shall occur under the 2010 Indenture, the 2013 Indenture, the 2015 Indenture or any subsequent Indenture securing any Additional Parity Bonds.

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

Upon the happening and continuance of any Event of Default, the Trustee may proceed, and upon the written request of the owners of not less than twenty percent (20%) in principal amount of the Bonds then outstanding shall proceed, subject to the provisions of the Indenture giving the Trustee the right to indemnity (see **CONCERNING THE TRUSTEE,** herein), to protect and enforce its rights and the rights of the registered owners of the Bonds under the applicable laws of the State or under the Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of a power herein granted or for the enforcement of any proper legal or equitable remedy, including mandamus, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

If at any time the moneys in the Bond Fund shall not be sufficient to pay the principal of or the interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturities as provided above), such moneys then available or thereafter becoming available for such purposes after payment of the fees and expenses of the Trustee, whether through the exercise of the remedies provided above or otherwise, shall be applied as follows:

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

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

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege; and

THIRD: To the payment of the interest on and the principal of the Bonds in accordance with the provisions of the Indenture.

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

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

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

THE UNIVERSITY OF ARKANSAS

Generally

The University of Arkansas was established in Fayetteville as a land grant institution, originally named "Arkansas Industrial University," by legislative act of the General Assembly in 1871. Classes at the University of Arkansas commenced January 22, 1872, and in 1899, the institution's name was changed to the University of Arkansas (the "University"). The University is now comprised of twelve (12) campuses, including UA, Fayetteville (see **THE FAYETTEVILLE CAMPUS OF THE UNIVERSITY** herein). The other 11 existing campuses are briefly described below:

University of Arkansas for Medical Sciences ("UAMS")

Founded in 1879 as the University of Arkansas Department of Medicine, the University of Arkansas Medical Center was established by the Board as a campus of the University in 1975. In 1981, the name was changed to the University of Arkansas for Medical Sciences. UAMS is comprised of the College of Medicine, the College of Pharmacy, the College of Nursing, the College of Health Professions, the College of Public Health, the Graduate School, the Area Health Education Centers, the UAMS Library, the Ambulatory Care Center, the Winthrop P. Rockefeller Cancer Institute, the Diagnostic Support Center, the Harvey and Bernice Jones Eye Institute, the Jackson T. Stephens Spine and Neuroscience Institute and the Donald W. Reynolds Center on Aging.

University of Arkansas at Little Rock ("UALR")

UALR was founded in 1927 as Little Rock Junior College and, in 1957, became a four-year institution called Little Rock University. In 1969, Little Rock University merged with the University of Arkansas and the school adopted the name University of Arkansas at Little Rock. The William H. Bowen UALR School of Law offers the professional degree of Juris Doctor, and UALR now offers 48 other graduate and professional programs and eight doctoral programs. Little Rock, in Pulaski County, is the capital of Arkansas.

University of Arkansas at Monticello ("UAM")

UAM was established in 1909 by Legislative Act of the General Assembly. Originally called the Fourth District Agricultural School, UAM by merger joined the University of Arkansas on July 1, 1971. Monticello, the county seat of Drew County, is located approximately 100 miles southeast of Little Rock. UAM offers Bachelor and Associate Degrees in various fields including Agriculture, Business Administration, Communication Arts, Education, Fine Arts, Forest Resources and Nursing. UAM has satellite campuses in Crossett and McGehee.

University of Arkansas at Pine Bluff ("UAPB")

UAPB was founded in 1873 as Branch Normal College and became a land-grant institution in 1891. It joined the University of Arkansas and changed its name in 1972 to the University of Arkansas at Pine Bluff. Pine Bluff is located approximately 42 miles southeast of Little Rock. UAPB offers 43 Bachelor Degree programs and two Associate Degree programs among the following academic schools: Agriculture and Home Economics, Business Management, Education, Liberal and Fine Arts, and Science and Technology.

Phillips Community College of the University of Arkansas ("PCCUA")

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

University of Arkansas Community College at Hope ("UACCH")

On July 1, 1965, Hope, Arkansas, was named as a site for Red River Vocational Technical School pursuant to applicable law. Classes began in August, 1966 at a sixty-acre campus donated by the City of Hope. In 1991, under applicable law, the school was changed to technical college status and was named "Red River Technical College." UACCH provides higher educational opportunities, both occupational and academic, in its service area and currently offers associate degrees and certificate programs. Effective July 1, 1996, Red River Technical College was merged with the University of Arkansas and was designated "University of Arkansas Community College at Hope."

University of Arkansas Community College at Batesville ("UACCB")

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

The University of Arkansas Community College at Morrilton ("UACCM")

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

Cossatot Community College of the University of Arkansas ("CCCUA")

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

University of Arkansas at Fort Smith ("UAFS")

UAFS was first established as Fort Smith Junior College in 1928 as an extension of the local public school system. Until 1950, it operated within the public school system and offered primarily college-parallel courses. In 1950, it was separated from the public school system and incorporated as a private, nonprofit educational institution. At a special election in November, 1966, the electorate approved the creation of the Sebastian County Community Junior College District and a tax levy on the real and personal property within the District. UAFS has experienced several name changes since the creation of the District. In 1966, the College was renamed Westark Junior College, in 1972 it became Westark Community College, and in 1998 it became Westark College. On January 1, 2002, Westark College became the University of Arkansas at Fort Smith.

University of Arkansas Clinton School of Public Service ("CSPS")

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

Pending Mergers

The University has entered into merger agreements with respect to the following schools:

University of Arkansas Community College at Rich Mountain. On July 28, 2016, the Board entered into a merger agreement with the Board of Trustees of Rich Mountain Community College ("RMCC"), a publicly supported community college located in Mena, Arkansas. After the merger, RMCC will be known as the University of Arkansas Community College at Rich Mountain. The merger, which is to be effective January 1, 2017, is subject to the approval of accreditation by the Higher Learning Commission of the North Central Association (the "Higher Learning Commission").

University of Arkansas – Pulaski Technical College ("UA – Pulaski Tech"). On July 28, 2016, the Board entered into a merger agreement with the Board of Trustees of Pulaski Technical College ("PTC"), a publicly supported technical college located in Pulaski County, Arkansas. After the merger, PTC will be known as the University of Arkansas - Pulaski Technical College. The merger with PTC, which is to be effective February 1, 2017, is subject to approval of accreditation by the Higher Learning Commission. In addition, the merger is subject to approval by the Arkansas General Assembly of enacting legislation authorizing the control of UA-Pulaski Tech to be vested with the Board.

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

University of Arkansas System eVersity ("eVersity")

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

Cammack Campus

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

University of Arkansas System Division of Agriculture

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

Arkansas Archeological Survey

The mission of the Arkansas Archeological Survey is to study and protect the 13,000-year archeological heritage of Arkansas, to preserve and manage information and collections from archeological sites and to communicate what is learned to the people of the state. The survey has 11 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 and are available to local officials, amateur archeologists, landowners, educators and students in need of information about archeology or archeological sites.

Criminal Justice Institute (CJI)

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

Arkansas School for Mathematics, Sciences and the Arts (ASMSA)

ASMSA is the state's premier high school focusing on excellence in math, science and the arts. Located in Hot Springs, ASMSA is one of 16 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 over 50 concurrent courses. Through ASMSA's Concurrent Core program, all students graduate high school with at least 30 hours of college credit.

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Board of Trustees

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

The current members of the Board of Trustees of the University are:

Name and Office	Business or Profession	Term Expires
Reynie Rutledge*, Chairman	Banker	2017
David Pryor, Vice Chairman	Former U.S. Senator	2019
Morril Harriman**, Secretary	Attorney	2024
Mark Waldrip, Asst. Secretary	Business Executive	2020
Ben Hyneman***	Business Executive	2018
John Goodson	Attorney	2021
Stephen Broughton	Physician	2022
Cliff Gibson	Attorney	2023
Sheffield Nelson	Attorney	2025
Kelly Eichler****	Governor's Director of Policy	2026

* Mr. Rutledge is Chairman of First Security Bancorp and of Crews & Associates, Inc. Crews & Associates, Inc. is one of the Underwriters, and is a wholly owned subsidiary of First Security Bancorp.

** Mr. Harriman is Counsel at Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel.

*** Mr. Hyneman is the father-in-law of an employee of Raymond James & Associates, Inc., one of the Underwriters, and the father-in-law of Counsel at Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel.

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

University Administration

The current officers of the University are:

Name	Office
Donald R. Bobbitt	President
Barbara Goswick	Vice President for Finance and CFO
Michael Moore	Vice President for Academic Affairs
Ann Kemp	Vice President for Administration
Mark Cochran	Vice President for Agriculture
Melissa K. Rust	Vice President for University Relations
JoAnn Maxey	General Counsel

The central administrative offices of the University system are located on the Cammack Campus at 2404 North University Avenue, Little Rock, Arkansas 72201; telephone: (501) 686-2500.

Student Enrollment-All Campuses

Enrollment* for the fall semester of the 2016/17 school year for each campus of the University (expressed as full-time equivalent) was as follows:

University of Arkansas, Fayetteville	23,583
University of Arkansas at Little Rock**	8,035
University of Arkansas for Medical Sciences	2,555
University of Arkansas at Monticello	2,770
University of Arkansas at Pine Bluff	2,637
Phillips Community College of the University of Arkansas	988
University of Arkansas Community College at Hope	945
University of Arkansas Community College at Batesville	889
University of Arkansas Community College at Morrilton	1,519
Cossatot Community College of the University of Arkansas	870
University of Arkansas at Fort Smith	5,119
Total, All Campuses	49,910

* Preliminary numbers.

** Includes full-time equivalent enrollment numbers for University of Arkansas Clinton School of Public Service.

THE FAYETTEVILLE CAMPUS OF THE UNIVERSITY

Administrative Officers

The current administrative officers of UA, Fayetteville are:

Name	Office
Joseph Steinmetz	Chancellor
Tim O'Donnell	Vice Chancellor for Finance and Administration
Ashok Saxena	Provost and Vice Chancellor for Academic Affairs
Randy Massanelli	Vice Chancellor for Government and Community Relations
Charles Robinson	Vice Chancellor for Student Affairs
Mark Power	Interim Vice Chancellor for Advancement
Jeff Long	Vice Chancellor and Director of Athletics

General Information

The Fayetteville campus was the original site of the University. Fayetteville is the county seat of Washington County and had a 2006 population of 67,158, and a 2010 population of 73,580. The 2000 population of Washington County was 157,715 and the 2010 population was 203,065.

UA, Fayetteville, a land-grant institution, provides technical and professional services to individuals and groups throughout the State of Arkansas. The campus is the State's major source of theoretical and applied research. UA, Fayetteville seeks to have all of its programs regionally competitive.

The Campus and Facilities

The campus encompasses approximately 738 acres with some 215 buildings. On the campus are the Dale Bumpers College of Agricultural, Food and Life Sciences, the Fay Jones School of Architecture, the J. William Fulbright College of Arts and Sciences, the Sam M. Walton College of Business, the College of Education and Health Professions, and the College of Engineering. Also located there are the Honors College, the School of Law, the Graduate School and International Education, the Departments of Army and Air Force ROTC, the Agricultural Experiment Station and the Global Campus.

In addition to academic departments, campus facilities house nationally recognized units such as the National Center for Reliable Electric Power Transmission; Terrorism Research Center; Institute for Advanced Data Analysis; Mack-Blackwell Rural Transportation Center; Center of Excellence for Poultry Science; Center for Advanced Spatial Technology; Arkansas Center for Space and Planetary Sciences; Center for Semiconductor Physics in Nanostructures; Diane Blair Center for the Study of Southern Politics and Society; Garvan Woodland Gardens; King Fahd Center for Middle East and Islamic Studies; Lake Wedington Research Center; Microelectronics and Photonics Program; High Density Electronic Component Center; Plant Breeding Program; Reducing Family Violence Through Workplace Intervention Program; Rural Water Quality Program; Social Work Research Center; David and Barbara Pryor Center for Arkansas Oral and Visual History; and University of Arkansas Community Design Center.

Library

The UA, Fayetteville library houses 2,432,228 volumes. There are 318 on-line bibliographic services, 5,590,687 units of microfilm, and 152,333 periodical titles.

Accreditations

UA, Fayetteville, is accredited by the Higher Learning Commission. It was most recently reaffirmed for accreditation in 2007-08, and the next reaffirmation of accreditation is underway, with a campus visit scheduled for the first quarter of calendar year 2017.

Degree Programs

UA, Fayetteville offers 86 bachelor's degrees, 84 master's and specialist degrees, 17 graduate certificates, 7 post-master certificates, 3 undergraduate certificates, and 36 doctoral degrees. UA, Fayetteville offers pre-professional programs in several health related professions such as pharmacy and dentistry. The School of Law offers a Juris Doctor degree and an LL.M. program in Agricultural and Food Law.

Faculty Summary

The number of full time faculty at UA, Fayetteville and the percentage of tenured faculty for the past five years was as follows:

	2012	2013	2014	2015	2016[(1)]
Number of Faculty	1,035	1,083	1,108	1,137	1,167
Percent Tenured	54.1%	50.9%	50.0%	48.1%	47.3%

(1) Preliminary numbers.

Admissions

The current admission standards for undergraduates were phased into effect beginning with the fall 1997 semester and were fully in effect by the fall 2000 semester. Entering freshmen must have a minimum high school grade point average ("HSGPA") of 3.0, an ACT score of 20 or SAT score of 930 and have completed 16 units of high school courses in English, mathematics, social studies, and natural sciences, plus three units of electives chosen from the above subjects, communication or foreign languages. The following is a seven-year history of undergraduate admissions:

	New Freshmen					New Transfers		
Year	Admitted	Applied	Enrolled	ACT	HSGPA	Applied	Admitted	Enrolled
2010	8,468	14,019	3,810	25.8	3.55	3,091	2,268	1,395
2011	10,129	16,633	4,447	25.7	3.56	3,005	2,464	1,568
2012	10,630	16,749	4,574	25.8	3.60	3,848	2,461	1,483
2013	11,076	18,908	4,339	25.8	3.62	3,711	2,065	1,404
2014	11,773	19,015	4,571	25.9	3.63	3,728	1,732	1,530
2015	12,337	20,542	4,915	25.9	3.64	3,755	2,368	1,538
2016[(1)]	13,628	21,581	4,967	26.0	3.68	3,633	2,493	1,471

(1) Preliminary numbers.

Student Enrollment

Total student enrollment (expressed as full-time equivalent) at UA, Fayetteville for the fall semester listed below has been as follows:

Year	Undergraduate	Graduate and Law	Total
2010	15,553	2,595	18,148
2011	17,526	2,317	19,843
2012	18,611	2,632	21,243
2013	19,465	2,760	22,225
2014	20,110	2,758	22,868
2015	20,422	2,860	23,282
2016[(1)]	20,700	2,883	23,583

(1) Preliminary numbers.

The number of students from within the State of Arkansas, from out of State, and of international students for the last five years has been as follows:

	2012	2013	2014	2015	2016[(1)]
In State	15,418	15,307	15,329	15,237	15,282
Out of State	7,882	8,647	9,383	9,972	10,446
International	1,237	1,387	1,525	1,545	1,466

(1) Preliminary numbers.

Undergraduate Student Fees

Tuition and fees at UA, Fayetteville for the school years indicated below, on a per student basis, have been as follows (based on a student taking 15 credit hours per semester):

	2012-2013		2013-2014		2014-2015		2015-2016		2016-2017	
	In State	Out of State	In State	Out of State	In State	Out of State	In State	Out of State	In State	Out of State
Tuition	$ 6,141	$17,022	$ 6,353	$17,610	$ 6,824	$18,914	$ 7,028	$20,332	$7,204	$21,552
Tuition/Hour	204.70	567.41	211.77	587.01	227.44	630.45	234.27	677.73	240.12	718.39
Fees	1,052	1,052	1,105	1,105	1,026	1,026	1,111	1,111	1,224	1,224
College Fees	360	360	360	360	360	360	383	383	392	392
Total	$ 7,553	$18,434	$ 7,818	$19,075	$ 8,210	$20,300	$ 8,522	$21,826	$8,820	$23,168

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Summary of Revenues, Expenses and Changes in Net Assets

The following table contains a summary of the revenues, expenses and changes in net assets for UA, Fayetteville for the past four fiscal years:

Fiscal Year Ended June 30	2013	2014	2015	2016[1]
OPERATING REVENUES				
Student tuition and fees, net	$149,979,017	$166,512,378	$189,315,846	$206,138,574
Federal appropriations	14,035,901	13,464,969	12,116,593	11,138,807
County appropriations	2,992,672	3,028,154	3,054,500	3,449,528
Federal grants and contracts	33,897,047	28,988,196	31,709,977	33,598,011
State and local grants and contracts	17,631,073	17,857,206	23,668,832	25,347,076
Nongovernmental grants and contracts	24,715,454	32,358,570	32,831,792	32,821,266
Sales and services of educational departments	21,486,061	23,501,926	22,070,764	23,093,648
Auxiliary enterprises				
Residence Life, net	26,936,578	29,115,616	32,673,491	34,785,840
Athletics	71,739,926	66,772,739	86,417,607	98,143,466
Bookstore	13,369,754	13,063,465	13,516,538	12,629,223
Student Health Services	753,775	970,252	2,881,754	2,310,530
Transit and Parking	6,684,527	7,374,258	7,892,613	8,874,690
Student Organizations/Activities	180,157	122,812	104,576	92,917
Other Auxiliary Enterprises	3,769,719	3,628,849	487,258	289,940
Other operating revenues	12,890,424	11,196,123	9,134,758	10,810,896
Total operating revenues	$401,062,085	$417,955,513	$467,876,899	$503,524,412
OPERATING EXPENSES				
Salaries, wages, and benefits	$414,557,521	$431,440,254	$449,757,461	$468,599,991
Scholarships and fellowships	27,368,387	24,340,455	21,247,744	20,603,854
Supplies and other services	179,198,304	190,833,287	202,439,536	225,229,984
Depreciation	64,325,083	67,219,710	68,688,526	73,379,367
Total operating expenses	$685,449,295	$713,833,706	$742,133,267	$787,813,196
Operating loss	($284,387,210)	($295,878,193)	($274,256,368)	($284,288,784)
NONOPERATING REVENUES (EXPENSES)				
State appropriations	$200,939,410	$206,144,734	$205,745,146	$210,455,158
Gifts	68,337,167	65,739,713	66,653,990	70,317,049
Investment income, net	8,362,479	14,621,623	4,338,885	3,078,937
Interest on capital asset - related debt	(19,291,196)	(24,063,674)	(24,003,224)	(24,013,039)
Federal grants (nonexchange)	24,409,373	23,806,815	23,140,414	22,309,930
State & local grants (nonexchange)	34,615,555	30,609,388	28,644,847	28,055,324
Nongovernmental grants (nonexchange)	802,351	814,885	-0-	-0-
Loss on disposal of assets	(205,515)	(219,121)	(1,047,765)	(188,529)
Other nonoperating revenues	3,348,125	2,641,870	3,077,806	3,134,598
Other nonoperating expenses	-0-	(264,133)	(722,671)	(955,818)
Net nonoperating revenues	$321,317,749	$319,832,100	$305,827,428	$312,193,610
Gain or loss before other revenues and changes in net assets	$ 36,930,539	$ 23,953,907	$ 31,571,060	$ 27,904,826
OTHER REVENUES AND CHANGES IN NET POSITION				
Capital appropriations	$ 800,000	$ 6,125,000	$ 2,143,171	$ 1,000,000
Capital grants and gifts	26,868,665	19,516,817	31,954,904	6,036,286
Other changes	(961,359)	214,570	911,058	(1,016,001)
Total other revenues and changes in net assets	$ 26,707,306	$ 25,856,387	$ 35,009,133	6,020,285
Increase in net assets	$ 63,637,845	$ 49,810,294	$ 66,580,193	$ 33,925,111
NET ASSETS - beginning of year	$710,241,153[2]	$770,500,504[3]	$812,390,583[4]	$878,970,776
NET ASSETS - end of year	$773,878,998	$820,310,798	$878,970,776	$912,895,887

(1) Unaudited.
(2) The beginning net assets balance was restated by $2,451,360 for fiscal year 2013.
(3) The beginning net assets balance was restated by $3,378,494 for fiscal year 2014.
(4) The beginning net assets balance was restated by $7,920,215 for fiscal year 2015 due to GASB 68, as amended.

Pledged Revenues

The term "Pledged Revenues" is defined as (i) Athletic Gate Receipts (defined in the Indenture as those revenues of UA, Fayetteville derived from men's intercollegiate athletic events, including settlements, guarantees, the sale of tickets, television and radio revenues, concession revenues, and all amounts transferred from the Razorback Foundation, Inc., or the successor thereto, representing priority seating requirement proceeds, which are received by the Athletic Department of UA, Fayetteville, less amounts paid to state and local taxing authorities and amounts paid by UA, Fayetteville, for settlements and guarantees for scheduled men's intercollegiate athletic events, together with (ii) revenues of UA, Fayetteville, derived from any Student Athletic Fee (defined in the Indenture as any fee charged to students attending UA, Fayetteville to support intercollegiate athletics, whether such fee is imposed pursuant to Arkansas Code Annotated Sections 6-62-801 through 6-62-806 or pursuant to Section 711 of the Indenture). Pledged Revenues does not include (A) tuition or fee revenues collected by UA, Fayetteville, sales and services revenues, or auxiliary enterprises revenues, or (B) any fees authorized or imposed by UA, Fayetteville and dedicated to a specific purpose unrelated to obligations issued pursuant to the Act or to facilities funded with such obligations.

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

Source	2012	2013	2014	2015	2016*
Football	$27,239,825	$27,604,571	$22,596,833	$26,548,819	$28,671,559
Basketball	5,510,967	5,532,489	5,713,660	5,397,302	6,227,169
Spring Sports	1,287,064	1,726,377	1,531,818	1,689,769	2,204,505
(Less Game Guaranties)	(3,368,027)	(3,368,109)	(3,111,403)	(3,186,843)	(3,474,792)
SEC, NCAA Distributions	20,465,751	21,121,140	21,404,352	33,467,486	42,881,937
Concessions and Novelty Sales	990,347	1,120,984	628,817	955,887	1,064,149
Gifts, Donations & Other Income**	781,955	3,264,709	4,275,028	4,979,464	4,930,877
Multimedia Rights Sponsorship	5,945,574	3,747,024	6,969,056	5,010,226	7,672,662
Totals	$58,853,456	$60,749,185	$60,008,161	$74,862,110	$90,178,066

* Unaudited.

** Includes unrestricted amounts transferred from the Razorback Foundation, Inc. representing priority seating requirement proceeds as allowed per the definition of Pledged Revenues.

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Existing Obligations

The Bonds are issued on a parity basis with respect to the Pledged Revenues to the Series 2010 Bonds, the Series 2013 Bonds and the Series 2015 Bonds. There are no other obligations of UA, Fayetteville secured by or payable from the Pledged Revenues. Debt service requirements for all bonds secured by the Pledged Revenues for the fiscal years ending June 30, are as follows:

Fiscal Year	Series 2010 Bonds	Series 2013 Bonds	Series 2015 Bonds	The Bonds	Total
2017	$2,734,891	$2,886,050	$1,123,250	$ 1,484,739	$ 8,228,930
2018	2,736,316	2,883,200	2,857,400	3,660,999	12,137,915
2019	2,735,428	2,886,250	2,863,800	5,996,993	14,482,471
2020	2,739,115	2,883,125	2,858,625	5,996,756	14,477,621
2021	2,739,468	2,886,375	2,850,875	5,996,144	14,472,862
2022	-	2,884,625	2,856,625	5,999,562	11,740,812
2023	-	2,882,750	671,375	9,183,880	12,738,005
2024	-	2,885,375	-	9,183,328	12,068,703
2025	-	2,882,250	-	9,183,899	12,066,149
2026	-	2,883,125	-	9,184,299	12,067,424
2027	-	2,882,625	-	9,184,653	12,067,278
2028	-	2,885,375	-	9,184,387	12,069,762
2029	-	-	-	9,184,494	9,184,494
2030	-	-	-	9,184,091	9,184,091
2031	-	-	-	9,180,645	9,180,645
2032	-	-	-	9,180,172	9,180,172
2033	-	-	-	9,180,978	9,180,978
2034	-	-	-	9,182,253	9,182,253
2035	-	-	-	9,180,536	9,180,536
2036	-	-	-	9,180,750	9,180,750
2037	-	-	-	9,178,875	9,178,875
Total	$13,685,218	$34,611,125	$16,081,950	$166,872,433	$231,250,726

Coverage

Unaudited Pledged Revenues for the Fiscal Year ended June 30, 2016 were $90,178,066. Combined maximum annual debt service for the Series 2010 Bonds, the Series 2013 Bonds, the Series 2015 Bonds and the Bonds is $14,482,471 (in the Fiscal Year ending June 30, 2019). Accordingly, the Pledged Revenues in the Fiscal Year ended June 30, 2016 equaled or exceeded 6.23 times the combined maximum annual debt service on the outstanding Series 2010 Bonds, Series 2013 Bonds, Series 2015 Bonds and the Bonds.

Other Debt of UA, Fayetteville

In addition to the Various Facilities Bonds described below, UA, Fayetteville has other outstanding debt obligations which are not secured by or paid from the Pledged Revenues. These obligations are either unsecured, or secured by revenues other than Pledged Revenues or financed equipment. These obligations consist of the following:

Notes Payable. A note payable by UA, Fayetteville to the United States Department of Education in the outstanding principal amount of $1,037,298* finally matures in the Fiscal Year ending June 30, 2022. The revenues generated by the operation of two dormitories are pledged to the repayment of this note. The annual combined principal and interest payments on the note are in the amount of $205,320.

A note payable by UA, Fayetteville to UAMS in the outstanding principal amount of $717,559* evidences the obligation of UA, Fayetteville to reimburse UAMS for the principal of and interest on debt incurred by the Board for the benefit of UA, Fayetteville, but payable from revenues belonging to UAMS. The Note finally matures in Fiscal Year 2035.

UA, Fayetteville has one capital lease outstanding in the aggregate remaining principal amount of $265,662* for a mainframe computer. Payments under the lease are in the annual amount of $137,786. The lease will mature on September 1, 2017.

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* As of June 30, 2016

Installment Contracts. UA, Fayetteville has entered into three installment purchase agreements for the acquisition and installation of energy equipment pursuant to energy savings contracts with Energy Systems Group, LLC. These agreements have been refinanced with JPMorgan Chase Bank, N.A., and as of June 30, 2016, there was $26,191,591 in principal amount outstanding under these agreements. The leases are secured only by the purchased equipment and are paid from savings pursuant to the energy savings contracts. Interest rates on the contracts range from 1.95% to 1.99%. The latest of the contracts expire in Fiscal Year 2024.

Various Facilities Bonds. The Board has issued bonds for various UA, Fayetteville academic facilities, secured by and payable from tuition and fee revenues collected by UA, Fayetteville, sales and services revenues and auxiliary enterprises revenues (as such terms are used in the context of generally accepted accounting principles), other than the Pledged Revenues. Annual debt service on these bonds is as follows:

Fiscal Year	Debt Service	Fiscal Year	Debt Service
2017	$43,194,953	2032	$34,517,413
2018	43,480,689	2033	34,398,058
2019	43,595,227	2034	30,470,339
2020	43,678,823	2035	30,606,265
2021	42,972,037	2036	30,732,240
2022	42,951,471	2037	30,870,640
2023	42,055,806	2038	25,561,067
2024	37,553,634	2039	21,531,227
2025	37,655,861	2040	19,158,637
2026	36,785,934	2041	15,929,843
2027	35,367,069	2042	9,616,953
2028	35,469,493	2043	9,635,555
2029	35,556,701	2044	3,832,850
2030	34,302,214	2045	1,996,360
2031	34,422,973	2046	2,002,225
		2047	1,568,250

For additional information concerning the outstanding debt of UA, Fayetteville, see Note 8 to the Audited Financial Statements for UA, Fayetteville for the Fiscal Year ended June 30, 2015, attached hereto as Appendix B.

FINANCIAL STATEMENTS

UA, Fayetteville

Set forth in Appendix B to this Official Statement are the financial statements of UA, Fayetteville for the fiscal year ended June 30, 2015, which financial statements have been audited by Arkansas Legislative Audit, as indicated in its report dated November 16, 2015, which report is also included in Appendix B. The notes set forth in Appendix B are an integral part of the financial statements, and the statements and notes should be read in their entirety.

The financial report of UA, Fayetteville includes three primary financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. The financial statements of three component units are presented discretely from UA, Fayetteville. The notes to the financial statements provide additional information that is essential to understanding the primary financial statements. Other required supplementary information provides additional information related to other post-employment benefits.

The financial statements of UA, Fayetteville are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. The statement establishes standards for financial reporting of public colleges and universities and requires that financial statements be presented on an entity-wide basis to focus on UA, Fayetteville as a whole. Statements are prepared using the accrual basis of accounting, which is consistent with the accounting method used by private-sector entities. All of the current year's revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The University has identified three foundations as component units subject to inclusion in the financial report: the University of Arkansas Fayetteville Campus Foundation, Inc., the Razorback Foundation, Inc., and the Arkansas 4-H Foundation, Inc. As component units, their financial information is included in the UA, Fayetteville financial report in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units.* This statement provides criteria for determining which related organizations should be reported as component units based on the nature and significance of their relationship to the primary government, which is the University. Additional information regarding this reporting requirement is provided at Notes to the Financial Statements (Note) No. 1 "Summary of Significant Accounting Policies", under the "Component Units" heading.

Reference is made to The Management Discussion and Analysis which is included in full in Appendix B.

University of Arkansas System

Set forth in Appendix C to this Official Statement is the consolidated financial report of the University of Arkansas System for the fiscal year ended June 30, 2015, which consolidated financial report has been audited by Arkansas Legislative Audit, as indicated in its report dated November 16, 2015, which report is also included in Appendix C. The notes set forth in Appendix C are an integral part of the consolidated financial report, and the report's financial statements and notes should be read in their entirety. Audited financial statements of the University of Arkansas System for prior fiscal years may be obtained at the University of Arkansas System's website (currently http://www.uasys.edu/system-administration/finance-and-administration/financial-statements/) or at Arkansas Legislative Audit's website (currently http://www.arklegaudit.gov/ using the search term "University of Arkansas").

TAX MATTERS

Series 2016A Bonds

In the opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., bond counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond counsel notes, however, that for the purpose of computing the alternative minimum tax imposed on corporations, regulated investment companies, real estate investment trusts (REITs), real estate mortgage investment conduits (REMICs), or financial asset securitization investment trusts (FASITs), such interest is taken into account in determining adjusted current earnings. The opinion of bond counsel with respect to the Series 2016A Bonds is subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2016A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Series 2016A Bonds, and restrictions on the ownership and use of the facilities financed with the proceeds of the Series 2016A Bonds. The Board has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2016A Bonds in gross income for federal tax purposes to be retroactive to the date of issuance of the Series 2016A Bonds.

The proposed opinion of bond counsel is attached as Appendix A hereto. Bond counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2016A Bonds.

Prospective purchasers of the Series 2016A Bonds should be aware that ownership of the Series 2016A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, financial institutions, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income", foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2016A Bonds. Bond counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Series 2016A Bonds should consult their tax advisors concerning their tax consequences of purchasing and holding the Series 2016A Bonds.

Current or future legislative proposals, if enacted into law, may cause interest on the Series 2016A Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which bond counsel expresses no opinion. It is not an event of default on the Series 2016A Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

Tax Treatment of Original Issue Premium. When the initial public offering price for any of the Series 2016A Bonds, as reflected on the confirmation of sale received from the Underwriter, is greater than the stated redemption price at maturity thereof, such difference constitutes original issue premium (such bond is referred to herein as a "Premium Bond"). Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is "bond premium." An initial purchaser of a Premium Bond must amortize any bond premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the bond premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As bond premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Backup Withholding. Interest on tax-exempt obligations such as the Series 2016A Bonds are subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to § 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2016A Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Series 2016B (Federally Taxable) Bonds

Internal Revenue Service Circular 230 Notice

Any federal tax advice contained in this Official Statement pertaining to the Series 2016B Bonds was written to support the marketing of and is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the Code. All taxpayers should seek advice based on such taxpayer's particular circumstances from an independent tax advisor. This notice is given solely for purposes of ensuring compliance with IRS Circular 230.

Summary of Federal Income Tax Consequences

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2016B Bonds under the Code, the Regulations and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. This summary does not address owners that may be subject to special tax rules, such as financial institutions, insurance companies, tax exempt organizations, dealers in securities or currencies, purchasers that hold the Series 2016B Bonds (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Series 2016B Bond and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed below under "Foreign Investors," this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary does not discuss the tax laws of any state other than Arkansas or any local or foreign governments. Potential purchasers of the Series 2016B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2016B Bonds.

General. Although there are not any regulations, published rulings, or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the Series 2016B Bonds, the Series 2016B Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Board and not as an ownership interest in the trust estate securing the Series 2016B Bonds or as an equity interest in the Board or any other party, or in a separate association taxable as a corporation. Although the Series 2016B Bonds are issued by the Board, interest on the Series 2016B Bonds is not excludable from gross income for federal income tax purposes under Code Section 103. Interest on the Series 2016B Bonds will be fully subject to federal income taxation. Thus, owners of the Series 2016B Bonds generally must include interest on the Series 2016B Bonds in gross income for federal income tax purposes, as defined in § 61 of the Code, and in net investment income, as applicable, for purposes of § 1411 of the Code.

In general, interest paid on the Series 2016B Bonds and original issue discount, if any, will be treated as ordinary income to the owners of the Series 2016B Bonds, and principal payments will be treated as a return of capital.

Sales or Other Dispositions. If a Series 2016B Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss will be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the Series 2016B Bond. The adjusted basis of a Series 2016B Bond generally will be equal to its costs, increased by any original issue discount included in the gross income of the transferor with respect to the Series 2016B Bond and reduced by any amortized bond premium under § 171 of the Code and by the payments on the Series 2016B Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in § 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss taxable at the applicable rate determined by the Code if the Series 2016B Bond to which it is attributable is held as a "capital asset."

Gain on the sale or other disposition of a Series 2016B Bond that was acquired at an original issue discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period that the Series 2016B Bond was held by the transferor (after reduction by any original issue discount includable in income by such transferor in accordance with the rules described above under "Tax Treatment of Original Issue Discount").

Backup Withholding. Payments of principal and interest on the Series 2016B Bonds, as well as payments of proceeds from the sale of the Series 2016B Bonds, may be subject to "backup withholding" under § 3406 of the Code with respect to current or accrued interest on the Series 2016B Bonds if recipients of such payments (other than foreign investors who have properly provided certifications described below) fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax withholding. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient. Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Series 2016B Bonds. Beneficial owners of the Series 2016B Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Foreign Investors. An owner of a Series 2016B Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2016B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2016B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose, the term "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% (subject to change) United States withholding tax will apply to interest paid on the Series 2016B Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2016B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of the Series 2016B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2016B Bond.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an "ERISA Plan") and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA, or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Series 2016B Bond, could be viewed as violating those prohibitions. In addition, § 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons, and § 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Board or any underwriter of the Series 2016B Bonds might be considered, or might become, a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to §§ 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2016B Bonds are acquired by such plans or arrangements with respect to which the Board or any underwriter is a party in interest or disqualified person. In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2016B Bonds.

The foregoing summary as to the Series 2016B Bonds is not intended as an exhaustive recital of the potential tax consequences of holding the Series 2016B Bonds. Prospective purchasers of the Series 2016B Bonds should consult their own tax advisors with respect to the federal, state and local tax consequences of the ownership of the Series 2016B Bonds. Bond counsel will not render any opinion with respect to any federal tax consequences of ownership of the Series 2016B Bonds.

State Law

In the opinion of bond counsel, under existing laws, the Series 2016A Bonds, the Series 2016B Bonds, and the interest thereon are exempt from all Arkansas state, county and municipal taxation.

CONTINUING DISCLOSURE

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

For a summary of certain provisions of the Disclosure Agreement, see Appendix D attached hereto.

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

Certain items of the annual financial information required to be filed by the Board pursuant to applicable continuing disclosure agreements for the fiscal years ended June 30, 2011, 2012 and 2013 either did not contain all of the information required by the applicable continuing disclosure agreements or was not filed. Also, filings made prior to the year ended June 30, 2012 for one campus did not contain separate audited financial statements of such campus and did not contain required supplemental financial information as required by the applicable continuing disclosure agreements. However, supplemental filings have been made containing the remainder of the required information.

In addition, in the case of five campuses, the Board made a timely filing of financial information and financial statements with the trustees, but the financial information and financial statements were not uploaded by the trustees to the EMMA system. This has been cured.

Also, in the case of one campus, since the fiscal year ended June 30, 2011, annual report filings were made later than the date that such annual reports were due (on average, approximately 30 days late).

Further, in the past the Board did not file notices of late filings or notice of certain listed events as required. These instances include (1) the failure to file notices of ratings recalibrations (a rating recalibration from Moody's Aa3 to Aa2), (2) the failure to make a timely filing of notice that a trustee had changed its name (though such trustee did not notify the Board in a timely manner as required), and (3) the failure to file a notice of non-compliance with its continuing disclosure obligations.

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

ENFORCEABILITY OF REMEDIES

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

FINANCIAL ADVISOR

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

LEGAL AND LEGISLATIVE MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, bond counsel. The proposed opinion of bond counsel is attached as Appendix A hereto. Copies of such opinion will be available at the time of the delivery of the Bonds. Certain legal matters will be passed upon for the underwriter by Kutak Rock LLP, Little Rock, Arkansas, counsel to the underwriters.

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

Factors Affecting the Board's Funding

The State portion of the Board's budget is subject to appropriation by the General Assembly of the State every year, and the Board has no control over the amounts so appropriated. There can be no assurance that the levels of future appropriations to the Board will not impair its ability to make payments on the Bonds.

In July 2016, Arkansas Governor Asa Hutchinson announced support of a plan to change the funding formula for Arkansas higher education institutions, including campuses of the University. The proposed Higher Education Productivity Funding Model follows an outcomes-based approach, which is designed to place a higher priority on program completion than the current funding formula, which is based largely on student enrollment. The Arkansas Department of Higher Education Coordinating Board approved the proposal on July 29, 2016. Governor Hutchinson has announced that the proposal will go before the Arkansas General Assembly during its general session in early 2017. At this time, the Board is unable to determine the effect of the outcomes-based higher education funding model if such model is approved.

Factors Related to UAMS, the Health Reform Law and the Arkansas Private Option Program

The Board has previously issued bonds secured by revenues attributable to in-patient services and other ancillary, therapeutic and diagnostic services (the "UAMS Hospital Revenue Bonds") provided at hospital facilities of the University of Arkansas for Medical Sciences ("UAMS"). As of June 30, 2016, approximately $225,950,000 in aggregate principal amount of UAMS Hospital Revenue Bonds was outstanding (this amount does not include the $36,775,159.75 outstanding principal amount of Arkansas Development Finance Authority Tobacco Settlement Revenue Bonds, Series 2006 (Arkansas Cancer Research Project), which are secured in part by UAMS revenues (see Note 17 in Appendix C hereto)). The UAMS Hospital Revenue Bonds, like the Bonds, are general obligations of the Board, and to the extent the revenues pledged to such obligations are insufficient to pay debt service thereon, the Board is obligated to pay debt service from any other monies available in accordance with the Constitution and laws of the State.

It should be noted that approximately 39% of the Board's fiscal year 2015 revenues and approximately 41% of the Board's fiscal year 2016 revenues (based on unaudited financial information) were derived from patient care services provided through UAMS and the University Hospital of Arkansas ("UHA"). While this exposes the Board to the healthcare sector's challenges, the Board believes that UHA's substantial scale, specialty services not provided elsewhere in the State, strong inpatient and outpatient utilization levels and generally favorable patient care reimbursement mitigate the overall healthcare risk to the Board's revenues.

The Patient Protection and Affordable Care Act of 2010 and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the "Health Reform Law" and commonly referred to as "Obamacare") are designed to overhaul the United States health care system and regulate many aspects of the health care industry, impacting individuals, employers and health insurers. The Health Reform Law addresses almost all aspects of hospital and provider operations and health care delivery and changes how health care services are covered, delivered and reimbursed. These changes have resulted in lower reimbursement from Medicare, utilization changes, increased government enforcement, and the necessity for health care providers to assess and potentially alter their business strategy and practices. The reimbursement reductions associated with the Health Reform Law are intended to be offset in part by the expansion of access to Medicaid to millions of previously uninsured Americans.

On June 28, 2012, the U.S. Supreme Court upheld most provisions of the Health Reform Law, including the requirement that individuals purchase and maintain health insurance coverage. Since the Supreme Court's decision was handed down, certain political leaders have announced their intention to proceed with legislation to repeal or amend provisions of the Health Reform Law and to take action to defund its enforcement. Given the current highly charged political environment surrounding this subject, it is not possible to predict the outcome of legislative attempts to repeal, amend or defund the Health Reform Law or the result of additional legal challenges to the enforceability of certain of its provisions.

In the decision referred to in the previous paragraph, the Supreme Court also ruled that the federal government could not compel states to comply with the Health Reform Law's requirement to expand Medicaid by eliminating all federal funds a state receives for its existing Medicaid program. Under the relevant provisions of the Health Reform Law, Medicaid was expected to cover all individuals with incomes of less than 133% of the federal poverty level, expanding eligibility to approximately 16 million people. Beginning in 2014, states were also permitted to expand Medicaid eligibility to non-elderly, non-pregnant individuals who were not otherwise eligible for Medicare, if such individuals have incomes of less than 133% of the federal poverty level. To assist states with the cost of covering such newly eligible individuals, the federal government will pay 100% of the additional cost to the states for a limited number of years. Thereafter, the cost share is expected to decrease to 90%. However, as stated above, the Supreme Court's decision made the decision to expand Medicaid optional to the states.

Instead of fully expanding the Arkansas Medicaid program as envisioned by the Health Reform Law, the State sought and obtained a waiver from the federal government to instead institute a hybrid approach commonly referred to as the "private option." Under the private option, individuals in Arkansas earning less than 138% of the federal poverty level income amount are eligible to receive a government subsidy to purchase private insurance through the Arkansas Health Insurance Exchange. The adoption of the State's private option program by the Arkansas General Assembly, effective January 1, 2014, has resulted in insurance coverage to an estimated 300,000 previously uninsured persons and a corresponding decrease in the costs of uncompensated care to Arkansas hospitals.

Under Arkansas law, the private option program requires annual reauthorization and appropriation by a vote of at least 75% of the senators and representatives in each chamber of the Arkansas General Assembly. Approval in 2016 was accomplished with 28 votes (27 required) in the Senate and 76 votes (75 required) in the House. This result was obtained after a number of amendments to the program such as requiring the payment of small premiums by persons earning between 100% and 138% of the federal poverty level income amount and the end of certain retroactive coverage and a rebranding of the program as "Arkansas Works." The amendments are subject to approval through a waiver process with the Centers for Medicare and Medicaid Services ("CMS"). Given the annual appropriation requirement for Arkansas Works (which is also subject to a lengthy review and approval process by CMS with respect to any changes to the program), as well as the continuing volatile political environment, the long-term status of Arkansas Works cannot be assured.

The expansion of coverage afforded to uninsured individuals through the health insurance exchange created by the Health Reform Law and the expansion of Medicaid eligibility in Arkansas resulted in an increase in UAMS gross patient services revenue of approximately 2.5% for the fiscal year ended June 30, 2015. If repeal or revision of the Health Reform Law invalidated the Arkansas Works program, if the Arkansas Works program changes are invalidated by CMS, or if the Arkansas General Assembly fails to reauthorize, continue or approve funding for the Arkansas Works program, UAMS estimates that approximately $60-70 million in revenue could be lost from patients no longer covered by insurance who would return to self-pay status. UAMS management anticipates that the net effect on UAMS' finances would be approximately half that amount since there would be some corresponding reduction in expenditures associated with this change. Additionally, UAMS could take action to reduce its care of indigent patients for elective medical treatments, as permitted by Board policy, to help offset the potential loss of funds. Although revenues tied to the Arkansas private option program accounted for only a 2.5% increase in gross patient services revenue for the fiscal year ended June 30, 2015, an increase which has carried forward into the fiscal year ended June 30, 2016, and there are mitigation measures available to UAMS, the invalidation of the Arkansas Works program or the failure by the Arkansas General Assembly to reauthorize, continue or approve funding for the Arkansas Works program could have an adverse impact on the results of UAMS's operations.

UNDERWRITING

Under a Bond Purchase Agreement (the "Agreement") entered into by and between the Board and the underwriters listed on the cover page (collectively, the "Underwriters"), the Bonds are being purchased at a purchase price of $119,759,469.73 (being the principal amount thereof, plus original issue premium on the Series 2016A Bonds of $5,154,015.35 and less underwriters' discount of $239,545.62). The Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Bonds or any proceedings in connection with the issuance thereof and the absence of material adverse changes in the financial or operating condition of the Board.

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

Reynie Rutledge, Chairman of the University of Arkansas Board of Trustees, is the Chairman of Crews & Associates, Inc., one of the Underwriters. Morril Harriman, Secretary of the University of Arkansas Board of Trustees, is an attorney with Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel. Kelly Eichler, a member of the University of Arkansas Board of Trustees, is the spouse of Brad Eichler, Executive Vice President of Stephens Inc., one of the Underwriters. Ben Hyneman, a member of the University of Arkansas Board of Trustees, is the father-in-law of Landon Myers, an employee of Raymond James & Associates, Inc., one of the Underwriters, and the father-in-law of Ginger Hyneman, an attorney with Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel.

DESCRIPTION OF RATING

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

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

MISCELLANEOUS

Appendices B and C contain the audited financial statements for UA, Fayetteville and for the University of Arkansas as a whole for the most recent fiscal years available.

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

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

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

DATED: As shown on the Cover Page hereof.

BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS

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

APPENDIX A

Opinion of Bond Counsel

Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel, expects to render an opinion with respect to the Bonds, dated the date of delivery of the Bonds, in substantially the following form:

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

Regions Bank, as Trustee
Little Rock, Arkansas

Re: $24,845,000 Board of Trustees of the University of Arkansas Athletic Facilities Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2016A

$90,000,000 Board of Trustees of the University of Arkansas Athletic Facilities Revenue Bonds (Fayetteville Campus), Taxable Series 2016B

Ladies and Gentlemen:

We have acted as Bond Counsel to the Board of Trustees of the University of Arkansas (the "Issuer") in connection with the issuance of its $24,845,000 Athletic Facilities Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2016A (the "Series 2016A Bonds") and its $90,000,000 Athletic Facilities Revenue Bonds (Fayetteville Campus), Taxable Series 2016B (the "Series 2016B Bonds," and collectively with the Series 2016A Bonds, the "Bonds"), pursuant to Ark. Code Ann. §§ 6-62-301 *et seq.* (the "Act") and a Trust Indenture dated as of October 19, 2016 (the "Indenture"), between the Issuer and Regions Bank, as trustee thereunder (the "Trustee").

The Bonds are secured by a pledge of, and payable primarily from, Pledged Revenues, as described in the Indenture. The pledge of Pledged Revenues in favor of the Bonds is on a parity with the pledge of Pledged Revenues in favor of the Issuer's $23,965,000 Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2010 (the "Series 2010 Bonds"), $30,355,000 Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A (the "Series 2013 Bonds"), and $14,180,000 Athletic Facilities Revenue Refunding Bonds (Fayetteville Campus), Series 2015A (the "Series 2015 Bonds"), each to the extent outstanding. The Bonds are general obligations only of the Issuer and do not constitute an indebtedness for which the full faith and credit of the State of Arkansas (the "State") or any of its revenues are pledged, and the Bonds are not secured by a mortgage or lien on any land or building belonging to the State or the Issuer.

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

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

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

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

3. Pursuant to the Act, the Indenture creates a valid lien on the Pledged Revenues, as defined in the Indenture, for the security of the Bonds on a parity with the pledge of Pledged Revenues in favor of the Series 2010 Bonds, the Series 2013 Bonds and the Series 2015 Bonds, each to the extent outstanding.

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

5. The interest on the Series 2016A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations. It should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2016A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2016A Bonds to be included in gross income retroactive to the date of issuance of the Series 2016A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2016A Bonds.

6. The Series 2016B Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Issuer. Interest on the Series 2016B Bonds is not excludable from gross income for federal income tax purposes and will be fully subject to federal income taxation. All taxpayers should seek advice based on such taxpayer's particular circumstances from an independent tax advisor.

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

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

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

Sincerely yours,

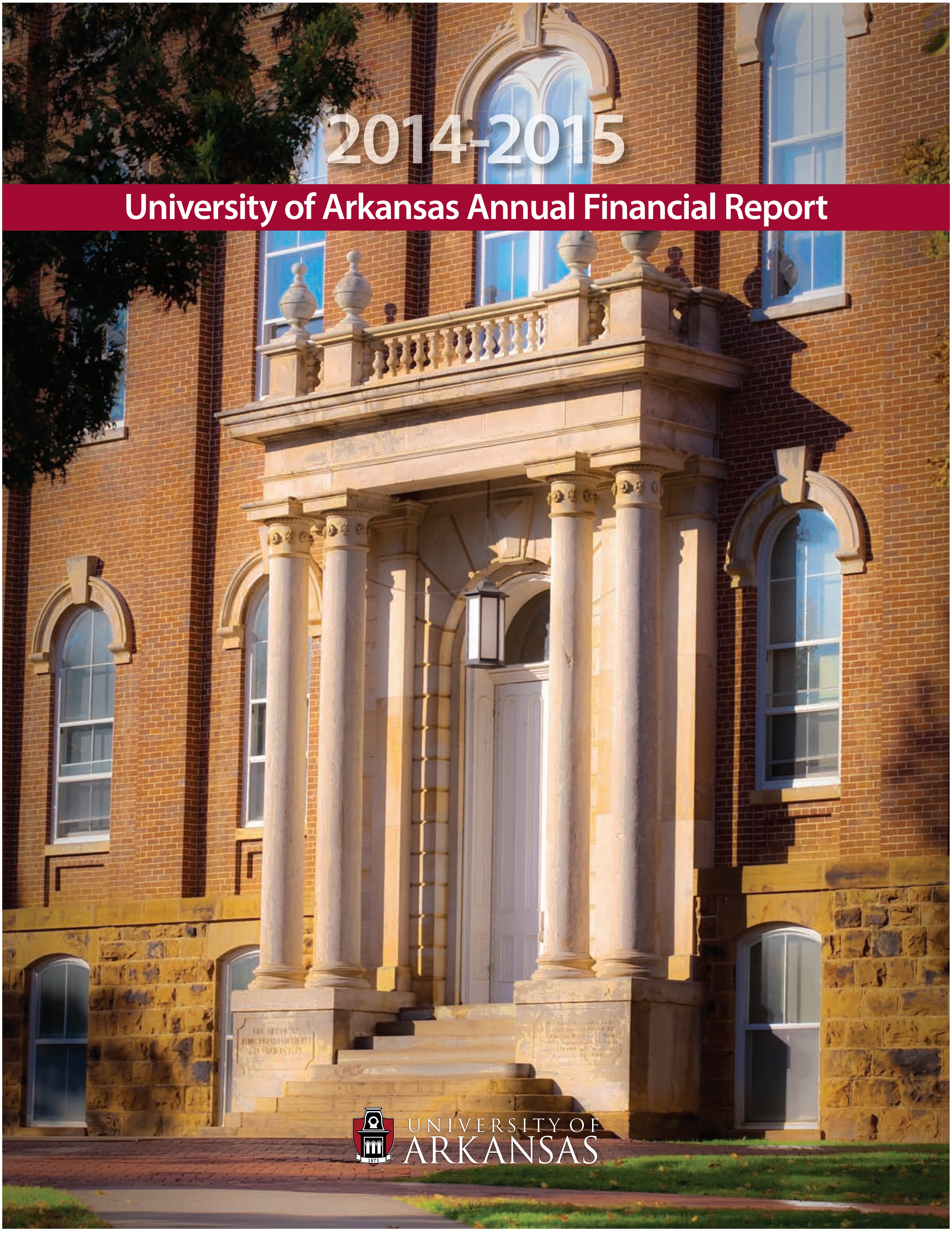
MITCHELL, WILLIAMS, SELIG
GATES & WOODYARD, P.L.L.C.

APPENDIX B

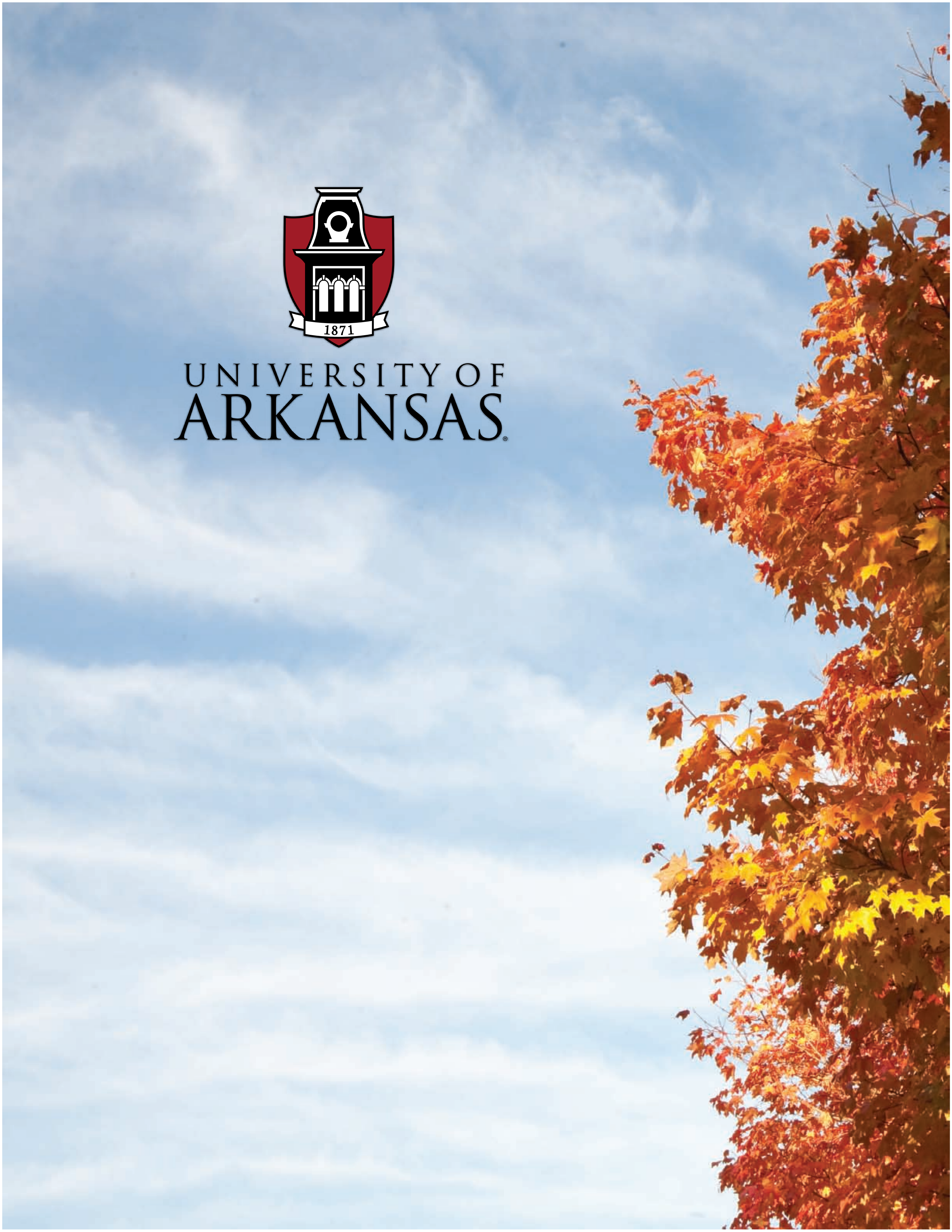
Audited Financial Statements for the University of Arkansas, Fayetteville
for the Fiscal Year Ended June 30, 2015

2014-2015

University of Arkansas Annual Financial Report



UNIVERSITY OF ARKANSAS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UNIVERSITY OF
ARKANSAS

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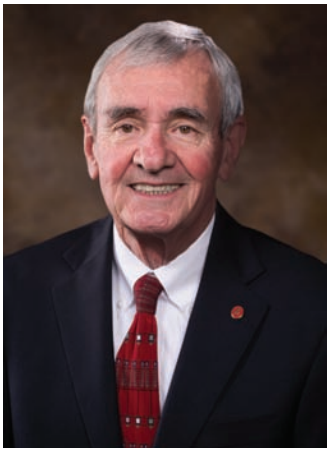
The University of Arkansas

MESSAGE FROM THE CHANCELLOR



Thank you for your interest in our annual financial report. At the University of Arkansas, we strive to be good stewards of state resources, without which we could not fulfill our mission of teaching, research and outreach. State resources, however, are only one component of university finances. We also depend on tuition dollars, research grants, philanthropy, and our various auxiliaries, like housing and athletics. It's important that we can account for how every dollar is acquired and spent.

This financial report is an effort to be completely open in our financial accounting. However, it inevitably must represent the diversity and complexity of financing a major public research university. We tried to make this report as clear and straight forward as possible.

What I want you to know is that University finances are in great shape. Research expenditures and private giving, fueled by Campaign Arkansas, are robust. Rising enrollment has generated much needed additional revenue, which in turn have helped finance our Facility Renewal and Stewardship Plan. This plan has been so successful, in fact, that the University has reduced its backlog of deferred maintenance from $215 million in 2008 to $150 million in 2014—something we believe is a unique accomplishment across the nation.

Our athletics department is self-sustaining and is helping to support the University's academic mission. One critical way the department is doing this is by paying the lion's share of the estimated $26.5 million construction cost of our newest general lab and class building, Champions Hall.

All of this is to say your University is in great hands. We take pride in the sound fiscal management of university resources, and welcome the opportunity to share that information with our stakeholders across the state.

Thank you so much for your support.

Dan Ferritor
Chancellor
1987-1998, 2015

PROGRESS AND MAJOR INITIATIVES

Private Gift Support • Capital Projects • Research Funding & Expenditures

Private Gift Support Impacts the Institution

Fundraising at the University of Arkansas has been very successful over the last several years, as the university prepares to go public with a new capital campaign in 2016.

The university raised $116.5 million in private gift support in fiscal year 2015, surpassing the $100 million mark for the fifth consecutive year and marking the fourth-best year in the university's fundraising history.

The amount raised surpassed the university's goal of $112 million and included gifts of cash, gifts-in-kind, planned gifts and new pledges to the U of A received from July 1, 2014, through June 30, 2015.

Approximately $20.8 million of the total amount raised, or nearly 18 percent, was allocated for endowed funds and will add to the university's overall endowment total. Cash receipts, which include pledge payments, outright gifts and estate and planned gift distributions, reached nearly $98 million in fiscal year 2015.

Of the $116.5 million raised during the 2015 fiscal year, 30 percent came from individuals such as alumni, friends, parents, faculty and staff. Another 33 percent came from corporations, while 27 percent came from foundations and 10 percent came from other organizations, including trusts and estates. All gifts are designated and allocated for specific purposes set forth by each donor and used solely for those purposes.

Students and programs were supported with 40 percent of the money raised, while 40 percent supported capital improvements, 10 percent supported faculty and staff and 10 percent supported other initiatives. The campus brought in a record-setting 91,728 outright gifts and new pledges from 49,570 benefactors during the fiscal year.

Fundraising totals reached $121.3 million in 2011, $108.1 million in 2012, $108.4 million in 2013 and $113.3 million in 2014.

Private gift support continues to be a critical component to the university's success, as it adds to the academic opportunities available to faculty, staff and students on campus. These contributions enhance all aspects of the student experience, including academic and need-based scholarships, technology enhancements, new and renovated facilities, undergraduate, graduate and faculty research, study abroad opportunities and innovative programs.

The university makes every effort to align donors' giving interests with campus priorities. The following gifts of $1 million or more were announced publicly during fiscal year 2015.

Jerry and Gene Jones Family – Former Razorback football student-athlete and member of Arkansas' 1964 national championship football team, Jerry Jones, and his wife, Gene, made a gift of $10.65 million to Razorback Athletics. The gift will help support the Jerry and Gene Jones Family Student-Athlete Success Center, which was dedicated in September 2015; a *Wild Band of Razorbacks* monument to establish a permanent tribute to the Razorbacks' 1964 national championship football team; the football team locker room at the Fred W. Smith Football Center and the entrance lobby of the Student-Athlete Success Center. The Board of Trustees approved naming the locker room in honor of Jerry and Stephen Jones and naming the lobby in honor of Mr. and Mrs. John Chambers, Gene Jones' parents.

Tyson Family and Tyson Foods Inc. – A $5 million gift from Tyson to the University of Arkansas System Division of Agriculture will significantly finance the new $16 million Don Tyson Center for Agricultural Sciences. The 60,000-square-foot building will feature high-tech agriculture research laboratories that will advance plant and animal sustainability, along with water quality research.

Palmer and Marie Hotz and the Walton Family Foundation – The College of Education and Health Professions created an endowed dean's chair thanks to a $1.5 million gift from Palmer and Marie Hotz of Foster City, California, and a $2 million grant from the Walton Family Foundation. The chair is the first of its kind in the college and was named in honor of Palmer and Hartman Hotz's father, Henry G. Hotz, who served nine years as the college's fourth dean.

Wallace and Jama Fowler – Wallace and Jama Fowler of Jonesboro pledged $2.93 million to fund the second construction phase of the Wallace W. and Jama M. Fowler House, the chancellor's residence on the University of Arkansas campus.

The second phase will include construction of the Fowler House Garden and Conservatory, a separate structure designed to hold large seated dinners and receptions, meetings and other events and will have a seated dinner capacity of 120 people, as well as a 300-square-foot catering kitchen.

Windgate Charitable Foundation – The university and J. William Fulbright College of Arts and Sciences will transform a former complex into a cutting-edge educational art facility thanks to a $500,000 gift from the Windgate Charitable Foundation in Siloam Springs. An additional $1.5 million from the foundation will be used for equipment and $64,000 was given to support student summer residency scholarships for the Department of Art.

Reagan sisters – University of Arkansas alumnae and sisters Agnes Lytton, Mary Sue and Betty Lynn Reagan designated an estate gift valued at over $1.2 million to the University Libraries. Born and raised in Northwest Arkansas, the sisters had deep connections to history, education and library science. Their gift will be utilized for the purchase of library materials, such as books, periodicals and digital resources.

Bob and Marilyn Bogle – The Bogles pledged $1 million to create the Bob and Marilyn Bogle Endowed Dean's Innovation Fund in the Dale Bumpers College of Agricultural, Food and Life Sciences. The endowed fund will provide Bumpers College with resources for teaching, research and meaningful project-based learning experiences, giving the dean the flexibility to enhance the college's national prestige, recognition and impact. Special emphasis will be given to the Horticulture Department to become one of the premier programs in the nation.

Dave and Jane Gearhart – The former chancellor and first lady pledged $1 million to the University of Arkansas' upcoming campaign efforts. The campaign, known as Campaign Arkansas, is still in the organizational phase and will become public in fall 2016.

Richard Greene – Alumnus Richard Greene of Lowell established the Camden E. and Dortha Sue Greene CARE Endowed Scholarship with a $1 million gift. The scholarship will benefit the Office of Diversity and Community and support academically accomplished and promising underrepresented Arkansas students who demonstrate financial need.

Capital Projects – Transforming the Campus

The university opened several new academic and athletics facilities over the course of the last year.

Champions Hall, a new 62,000-square-foot class and lab building made possible by a transfer of funds from the athletics department, opened just in time for the fall semester. This was the first general lab and class building to be built since Willard Walker Hall in 2007. Math and biology labs and general classrooms will be housed in Champions, which has large areas for collaboration and study nooks for smaller groups to congregate. Each floor will also showcase works of art selected by the Public Art Advisory Committee.

The 55,000-square-foot Jerry and Gene Jones Student-Athlete Success Center addresses the academic, personal, professional, and nutritional needs of the university's approximately 460 student athletes. The center was made possible by a gift from former Razorback and Dallas Cowboy's owner Jerry Jones and his family, and should help the university's efforts to recruit and graduate student-athletes.

The Jim and Joyce Faulkner Performing Arts Center provides the university with something it hasn't had before – a 585-seat, state-of-the-art performance venue where faculty and students can showcase their talents. The renovation of the Old Fieldhouse was made possible by a gift of $6 million from Jim and Joyce Faulkner, and should help the university's efforts to strengthen its performing arts programs.

The university also broke ground on the Fowler House Garden and Conservatory thanks to a gift of $2.93 million from Jama and Wallace Fowler. Since its completion, the house has held more than 800 events, with more than 17,000 guests in attendance. Despite frequent use, Fowler House was not able to accommodate larger dinners, which required that space be rented elsewhere.

The Garden and Conservatory will be a separate structure designed to hold large, seated dinners and receptions, meetings and other events and will have a seated dinner capacity of 120 people, as well as a 300-square-foot catering kitchen.

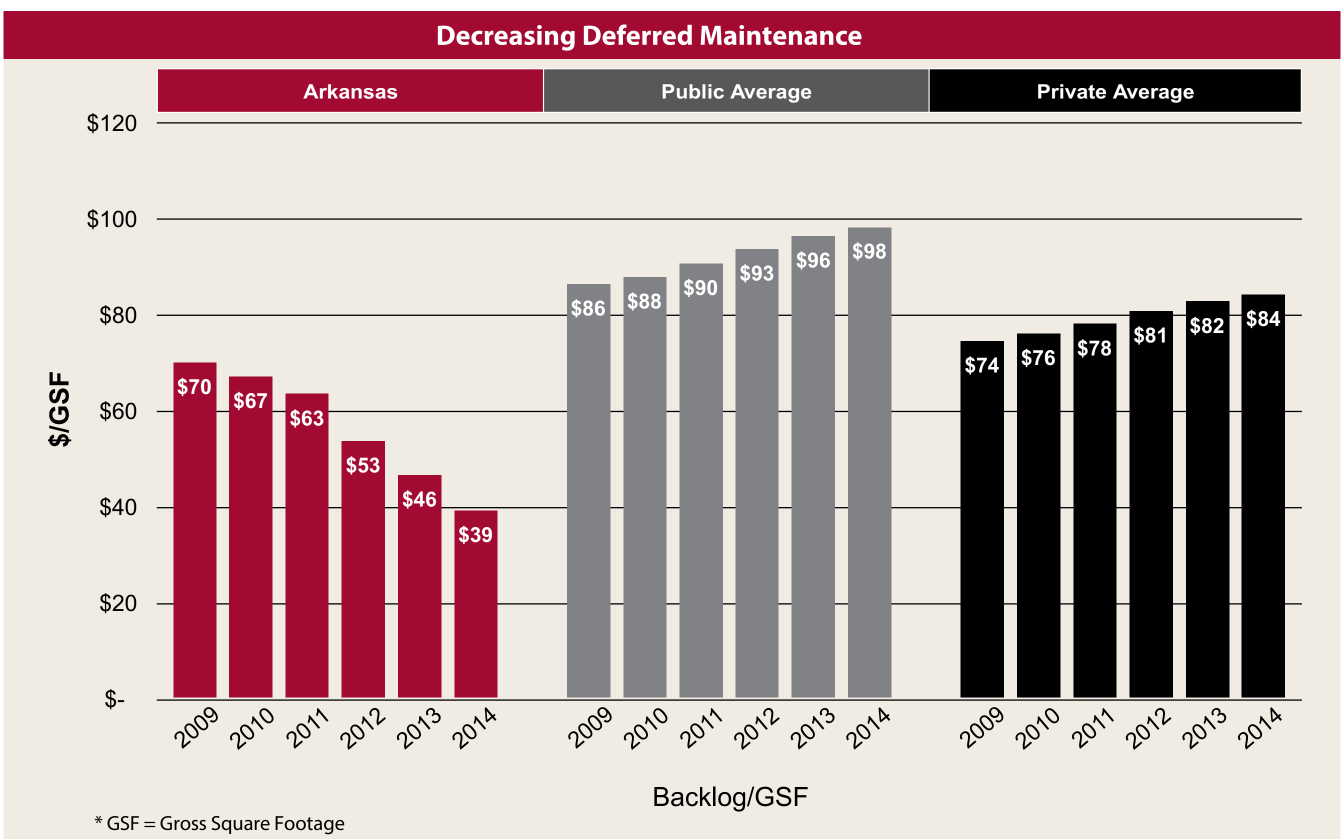
The Basketball Performance Center opened its doors for the fall 2015 semester. The $25 million Center will provide the University with a premier facility dedicated to the development of men's and women's basketball student-athletes on and off the court. The facility will help bolster the Razorback men's and women's basketball programs, which previously have competed in the Southeastern Conference as the only league school without an independent basketball practice facility.

Last fall, the university also dedicated the Fowler Family Baseball and Track Training Center, on the north side of the Randal Tyson Track Center. This 55,000-square-foot facility will serve more than 150 student-athletes annually, providing climate controlled practice space as well as a venue for championship meets.

Chi Omega recently rededicated the Greek Theatre after a comprehensive round of restoration work facilitated by a $100,000 gift from the Chi Omega Foundation. The Alpha Zeta chapter of Pi Kappa Alpha also dedicated a new house.

Thanks to forward planning from the Board of Trustees, which approved the facility renovation and refurbishment plan funded by student fees, the university has greatly reduced its backlog of deferred maintenance.

The university now has one of the lowest backlogs in the country, less than half the national average. In fact, the national trend has been toward an increasing backlog of deferred maintenance, while the U of A's backlog is steadily decreasing.



Awards Enable Cutting-Edge Research

It was another successful year for research at the University of Arkansas in terms of grants made by federal entities to support the university's research mission.

The Office of Research and Sponsored Programs received 592 awards – up 32 percent from fiscal 2014 – totaling $63.7 million, a 6 percent increase from FY14.

Including awards made to the Division of Agriculture, U of A external support for sponsored activities received in FY15 was close to $80 million.

The growth in research funding led to a rise in campus research expenditures, which surpassed $133 million in FY15.

Among the fiscal year's sponsored-research highlights:

Brent Thomas Williams, associate professor of rehabilitation education and research in the College of Education and Health Professions, received $7.1 million for Arkansas PROMISE – a $32.4 million, five-year research project funded by the U.S. Department of Education.

The PROMISE project is a joint initiative of four federal agencies: the departments of Education, Health and Human Services, Labor, and the Social Security Administration. Its underlying premise is that improved coordination between services can improve outcomes for youth and their families.

Alan Mantooth, Distinguished Professor of electrical engineering and holder of a Twenty-First Century Research Leadership Chair in the College of Engineering, was the lead investigator on 24 grants totaling $3.5 million.

Mantooth directs four centers at the university that research power electronics and power systems related to electric power transmission, the nation's electrical grid and energy research, including three centers sponsored by the National Science Foundation. He and his research team have designed electronics used on the International Space Station, in deep-well drilling and in electric cars.

The Maritime Transportation Research and Education Center, directed by Heather Nachtmann, professor of industrial engineering, was awarded a total of $2.3 million from the U.S. Department of Transportation. Researchers at the center focus on maritime and multimodal logistics, construction of resilient and sustainable multimodal infrastructure and the creation and promotion of livable coastal and river-valley communities with effective emergency management systems.

Jak Chakhalian, professor of physics in the J. William Fulbright College of Arts and Sciences, was awarded $1.8 million by the Gordon and Betty Moore Foundation to create and investigate novel quantum materials and the relationships at the interface between those materials on the nanoscale. Chakhalian is building a state-of-the-art facility to grow artificial quantum materials at the atomic scale, with the ultimate goal of controlling their properties.

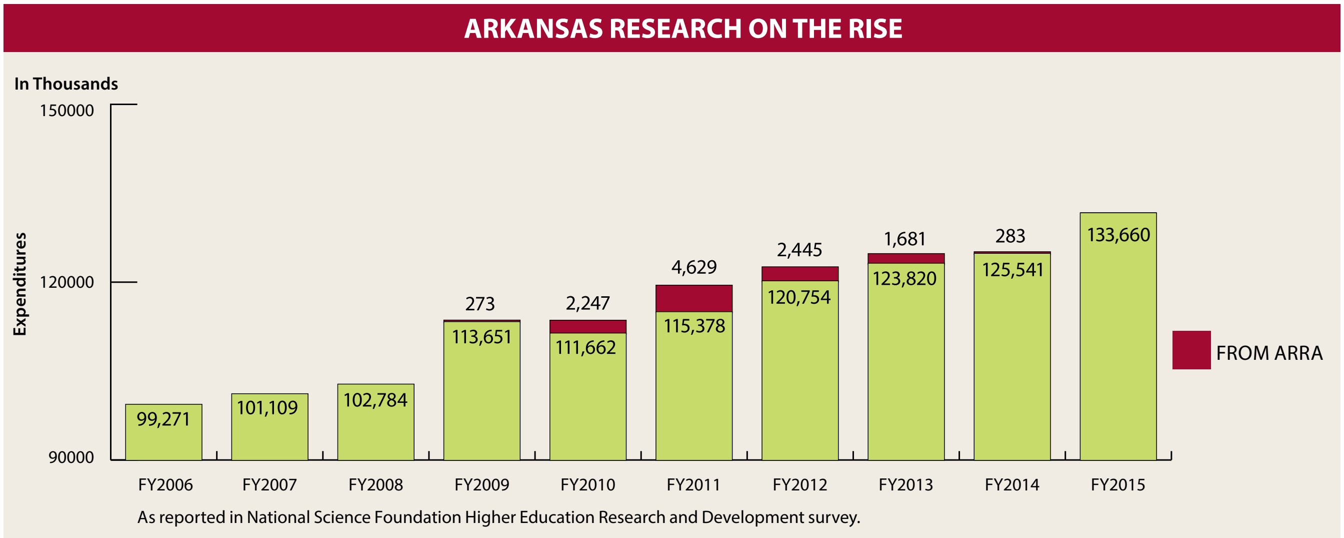
Electrical engineering professors Hameed Naseem and Shui-Qing "Fisher" Yu are investigators on a $725,000 award to the U of A and the University of Arkansas at Pine Bluff to further develop a new material for advanced electronics devices. The material – a combination of silicon, germanium and tin grown on silicon substrates – will create a so-called silicon optoelectronics "superchip" by improving processing speed and reliability by combining photonic and silicon devices. The project, funded by the U.S. Air Force Office of Scientific Research, will improve lasers, detectors and cameras.

Rock Coffman, assistant professor of civil engineering, received $1.14 million to develop a decision support system for assessing areas at risk for mudslides or rock falls caused by the effects of wildfires. The funding includes a $570,000 grant from the U.S. Department of Transportation, $433,000 in matching funds from the university and $137,000 in matching funds from other institutions. The system, based on remote-sensing technologies, will help highway managers determine the threat of mudslides or rock falls to transportation infrastructure, develop plans to close routes and ensure public safety.

Assistant engineering professors Jing Yang and Kartik Balachandran each received $500,000 Faculty Early Career Development Program grants through the National Science Foundation. The grants, better known as CAREER awards, are one of the highest honors given by NSF to junior faculty members. Recipients are selected based on high-quality research and the integration of that research with education initiatives in the context of the university's mission.

Jeff Luckstead, an assistant professor in the department of agricultural economics and agribusiness in the Dale Bumpers College of Agricultural, Food and Life Sciences, will analyze the relationship between U.S. immigration policies and the nation's agricultural labor markets. His research is funded by a $400,000 grant from the U.S. Department of Agriculture's National Institute of Food and Agriculture.

Kartik Balachandran and Jeffrey Wolchok, assistant professor of biomedical engineering, received a $395,722 grant from the National Science Foundation to study how brain cells respond



to traumatic injury. The researchers have developed a device that can mimic the physical impact that causes brain injuries.

The National Institute of Neurological Disorders and Stroke of the National Institutes of Health awarded $375,000 to researchers in Fulbright College who are investigating the interplay of two types of signaling in the brain. Woodrow Shew, assistant professor of physics, and Julie Stenken, professor of chemistry and biochemistry, are the co-principal investigators on the grant.

Jennifer Veilleux, assistant professor of psychological science in Fulbright College, was awarded $142,947 by Florida State University to lead a project that will examine how people think of their temptations. Veilleux will collaborate with Eric Funkhouser, associate professor of philosophy in Fulbright College. Their project is part of a $4.5 million grant from the John Templeton Foundation awarded to Florida State for an initiative called the Philosophy and Science of Self-Control.

The National Institutes of Health awarded Tricia Starks, associate professor of history, a $121,250 grant to complete the researching and writing of her book, *Cigarettes and Soviets: The Culture of Tobacco Use in Modern Russia*. The grant came through a program aimed at supporting scholarly works of value to U.S. health professionals, public health officials, biomedical researchers and historians of the health sciences.

In fiscal 2015, research expenditures jumped 9 percent to reach an all-time high of $133.66 million.

LETTER OF TRANSMITTAL

UNIVERSITY OF ARKANSAS

Vice Chancellor for Finance and Administration

November 9, 2015

Chancellor Ferritor,
President Bobbitt, and
Members of the Board of Trustees

I am pleased to present the annual Financial Report of the University of Arkansas for the year ended June 30, 2015. The report includes the annual financial statements, Management's Discussion and Analysis and supplemental information to assist the reader in clearly understanding the University's financial activities and outcomes.

University management is responsible for the accuracy and completeness of the information presented, including all disclosures. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on judgments and estimates by management.

State law, federal guidelines and certain bond covenants require the University's accounting and financial records be audited each year. The University's annual audit is performed by the Arkansas Legislative Audit. The reports resulting from the audit are shared with University management and the Board of Trustees. For the year ended June 30, 2015, Arkansas Legislative Audit issued an unqualified opinion, the most favorable outcome of the audit process. The independent auditor's report follows this letter of transmittal.

The University maintains a system of internal controls over financial reporting. Such controls are designed to identify internal control weaknesses in order to permit management to take appropriate corrective action on a timely basis. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide management with reasonable, although not absolute, assurance that the financial statements are free of material misstatements.

Based on the above, I certify that the information contained in the accompanying financial statements fairly presents, in all material respects, the financial condition, changes in net position and cash flows of the University.

Sincerely,

Tim O'Donnell

Timothy J. O'Donnell
Interim Vice Chancellor for Finance and Administration

406 Administration Building • Fayetteville, AR 72701 • 479-575-5828 • Fax: 479-575-5400 • http://vcfa.uark.edu/

INDEPENDENT AUDITOR'S REPORT

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Linda Chesterfield
Senate Vice Chair

Rep. Mary Broadaway
House Chair
Rep. Sue Scott
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Arkansas, Fayetteville
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, Fayetteville (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2015, 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 Fayetteville Campus Foundation, Inc., the Razorback Foundation, Inc., and the Arkansas 4-H Foundation, Inc., which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas Fayetteville Campus Foundation, Inc., the Razorback Foundation, Inc., and the Arkansas 4-H 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 Fayetteville Campus Foundation, Inc., the Razorback Foundation, Inc., and the Arkansas 4-H 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.

500 WOODLANE STREET, SUITE 172 • LITTLE ROCK, ARKANSAS 72201-1099 • PHONE: (501) 683-8600 • FAX: (501) 683-8605
www.arklegaudit.gov

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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the beginning net position of the University has been restated due to the adoption of Governmental Accounting Standards Board Statement no. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement no. 27.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
November 9, 2015
EDHE13515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MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The University of Arkansas (the University) is pleased to present its financial statements for fiscal year 2015. While audited financial statements for fiscal year 2014 are not presented with this report because of implementation of new GASB pronouncements, condensed operations and financial position data will be presented in this discussion and analysis in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on the current year data. The University's financial statements, notes to the financial statements and discussion and analysis are the responsibility of, and have been prepared by management. The discussion and analysis should be read in conjunction with financial statements and notes. All references to "2015", "2014" or another year refer to the fiscal year ended June 30, unless otherwise noted.

Overview of the Financial Report and Financial Analysis

The University's financial report includes three basic financial statements: the Statement of Net Position, which presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the University as of the fiscal year end; the Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expenses recognized during the fiscal year; and the Statement of Cash Flows, which provides information on the major sources and uses of cash during the fiscal year. These financial statements and related note disclosures are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB) and present a comprehensive, entity-wide perspective. Financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when services are provided and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged. The report also includes other required supplementary information for other post-employment benefits and pension liabilities.

Effective for the year ended June 30, 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* These statements established standards of accounting and financial reporting for defined benefit pension plans and defined contribution pension plans. As a result, the University reported deferred outflows of resources attributable to pension plans of $1.8 million, pension liabilities of $6.4 million and deferred inflows of resources attributable to pension plans of $2.7 million in the Statement of Net Position. Sufficient information was not available to restate the 2014 statements, and accordingly no comparative amounts for 2014 are presented. The beginning net position balance for 2015 was restated on the Statement of Revenues, Expenses and Changes in Net Position to recognize the effects of implementation of the GASB statements.

The University has identified three legally separate foundations: the University of Arkansas Fayetteville Campus Foundation, Inc., the Razorback Foundation, Inc., and the Arkansas 4-H Foundation, Inc. (Foundations) that meet the criteria set forth for component units under GASB Statement No. 39, *Determining Whether Certain Organizations are 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 benefit the University. Because these resources held by the Foundations can only be used by, or for the benefit of, the University, they are considered component units and are discretely presented in the financial report. Additional information about component units is provided at Notes to the Financial Statements (Note) No. 1 "Summary of Significant Accounting Policies", under the "Discretely Presented Component Units" heading.

Note 16, "Other Entities" refers to the University of Arkansas Foundation, Inc., (the Foundation). The University is the beneficiary of only 51% of the net assets of the Foundation; therefore the Foundation does not meet the requirements of a component unit.

Statement 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 presented in four categories:
Net invested in capital assets – capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted nonexpendable - net position subject to externally-imposed stipulations that it be maintained permanently by the University.

Restricted expendable - net position 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.

Unrestricted - net position that is not subject to externally-imposed stipulations, but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2015, and 2014:

Condensed Summary of Net Position

	2015	2014*
ASSETS		
Current Assets	$ 405,046,702	$ 344,180,136
Capital Assets, Net of Depreciation	1,186,589,373	1,135,648,519
Other Noncurrent Assets	101,943,352	169,442,303
Total Assets	$ 1,693,579,427	$ 1,649,270,958
Deferred Outflows of Resources	$ 11,831,017	$ 5,605,180
LIABILITIES		
Current Liabilities	$ 113,400,878	$ 107,410,960
Noncurrent Liabilities	710,328,839	727,154,380
Total Liabilities	$ 823,729,717	$ 834,565,340
Deferred Inflows of Resources	$ 2,709,951	$ 0
Net Position		
Net Invested in Capital Assets	$ 517,259,642	$ 506,674,608
Restricted – Nonexpendable	24,334,251	23,606,266
Restricted – Expendable	95,201,785	76,777,319
Unrestricted	242,175,098	213,252,605
Total Net Position	$ 878,970,776	$ 820,310,798

** Figures presented to illustrate increases and decreases and are not comparative*

Overall, the University's total assets increased $44.3 million. A review of the statement of net position reveals that there were several offsetting variances, but the increase was largely attributable to increases in cash and cash equivalents of $58 million, and capital assets of $50.9 million offset by reductions in deposits with trustees of $70.9 million.

The University continues to strengthen its liquidity position, with 68% of current assets comprised of cash and cash equivalents. For several years, the University's year-over-year cash balances have shown a steady increase. The rate and risk environment in the financial markets has not provided a significant premium over cash returns and cannot match the liquidity and low-risk benefits of cash and cash equivalents. Thus, the University has been intentional in maintaining a strong cash position to provide needed flexibility in deploying resources during a multi-year period of unprecedented growth in enrollment coupled with an aggressive reinvestment in campus facilities.

Deposits with bond trustees represent unspent bond proceeds and bond reserve funds. The decrease in 2015 reflects the continued spending of 2014 and earlier bond proceeds for ongoing construction projects. No bonds were issued for new construction during 2015.

The increase in Capital Assets, net of depreciation, is primarily a reflection of the University acquiring capital assets at a rate greater than these assets are disposed of or depreciated. The section "Significant Changes in Capital Assets and Long Term Debt Activity" below and Note 4 "Capital Assets" provide additional information about capital assets.

Deferred outflows of resources consist of deferred amounts on refinancing of debt and deferred outflows related to pensions. Overall deferred outflows increased $6.2 million. Deferred amounts on refinancing of debt increased $4.4 million as a result of increased deferred losses totaling $5.2 million related to two new refunding bond issues, offset by scheduled amortization. As discussed previously, deferred outflows related to pensions of $1.8 million were also reported as a result of implementation of new GASB statements.

Overall, liabilities decreased $10.8 million. The decrease was largely attributable to a $3.9 million increase in accounts payable and accrued liabilities and the addition of a $6.4 million pension liability offset by a $23 million net decrease in bonds, notes, capital leases and installment contracts (long-term debt). The increase in accounts payable and accrued liabilities is mostly a reflection of timing of invoicing for construction projects. The pension liability was established with implementation of new GASB statements as discussed earlier. Overall long term debt decreased because no new bonds were issued for construction projects in 2015 and debt was paid down with scheduled payments.

The University continued its investment in facilities renewal and replacement along with the addition of new facilities and improvements in 2015. Additional information about University debt, and the projects financed with debt proceeds, is provided in the "Significant Changes in Capital Assets and Long Term Debt Activity" discussion below and at Note 8 "Long-Term Debt".

Deferred inflows of resources related to pension plans of $2.7 million were reported in 2015 as a result of implementation of new GASB statements. Additional information about the effects of the implementation of these statements can be found at Note 11 "Employee Benefits".

The increases in assets and deferred outflows of resources of $44.3 million and $6.2 million, respectively, combined with the decrease in liabilities of $10.8 million provides positive support to net position. This positive support is offset by the deferred inflows of resources of $2.7 million, resulting in a net increase of $58.6 million in net position.

The following summarizes the composition of unrestricted net position owned by the units of the University of Arkansas Fund as of June 30, 2015 and 2014:

Unrestricted Net Position

Unit	2015	2014*
Fayetteville Campus	$ 170,501,191	$ 142,786,608
Agricultural Experiment Station	43,992,878	42,495,318
Cooperative Extension Service	18,707,815	19,360,536
Arkansas Archeological Survey	758,653	542,413
Criminal Justice Institute	3,998,583	3,133,939
Clinton School of Public Service	1,098,504	1,271,004
AREON	3,117,474	3,662,787
Total Unrestricted Net Position	$ 242,175,098	$ 213,252,605

** Figures presented to illustrate increases and decreases and are not comparative*

Unrestricted net position for the Fayetteville Campus as of June 30, 2015 and 2014 is allocated as follows:

Unrestricted Net Position – Fayetteville Campus

Allocation	2015	2014*
Working Capital	$ 750,000	$ 750,000
E & G Department Uses	80,693,694	77,900,431
Service Operations	2,219,770	2,126,727
Auxiliaries	24,700,414	24,187,624
Plant Funds	48,725,397	24,376,617
Quasi-Endowment Funds	13,411,916	13,445,209
Total Fayetteville Campus Unrestricted Net Position	$ 170,501,191	$ 142,786,608

** Figures presented to illustrate increases and decreases and are not comparative*

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 capital projects, scholarships, and other academic or research priorities; working capital for self-supporting auxiliary enterprises; reserves for the continued recognition of OPEB and pension obligations; reserves for student information system technologies and unrestricted quasi endowments. For 2015, the increase in reserves was primarily due to additional amounts reserved for capital projects, as denoted by the increase in Plant Funds in the table above.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating. Generally speaking, 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. As a result, the operating loss of $274.3 million is of little significance, but does highlight the University's dependency on non-operating revenues to meet the costs of operations and provide funds for the acquisition of capital assets. The utilization of capital assets is reflected in the statement as depreciation, which amortizes the cost of an asset over its expected useful life.

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

The following summarizes the University's revenues, expenses and changes in net position for the years ended June 30, 2015 and 2014:

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

	2015	2014*
Operating Revenues	$ 467,876,899	$ 417,955,513
Operating Expenses	742,133,267	713,833,706
Operating loss	(274,256,368)	(295,878,193)
Net nonoperating revenues	305,827,428	319,832,100
Gain before other revenues and changes in net position	31,571,060	23,953,907
Other revenues and changes in net position	35,009,133	25,856,387
Increase in Net Position	$ 66,580,193	$ 49,810,294

** Figures presented to illustrate increases and decreases and are not comparative*

Operating revenue increased 11.9% or $49.9 million in 2015. Net student tuition and fees increased $22.8 million, a reflection of continued record enrollment growth and a 5% rate increase for the Fayetteville campus. Auxiliary enterprises revenue attributable to Athletics increased $19.6 million, due to increases in post-season and SEC conference distributions, an additional home football game and the reclassification of trademark licensing revenue to athletics. The remaining auxiliary enterprises realized a net increase totaling $3.3 million collectively, demonstrating the impact of enrollment growth. Grants and contracts collectively increased $9 million, primarily as a result of timing of certain awards and other cyclical changes. Operating revenue decreases include $1.3 million in federal appropriations, $1.4 million in sales and services of educational departments and $2.1 million in other operating revenues.

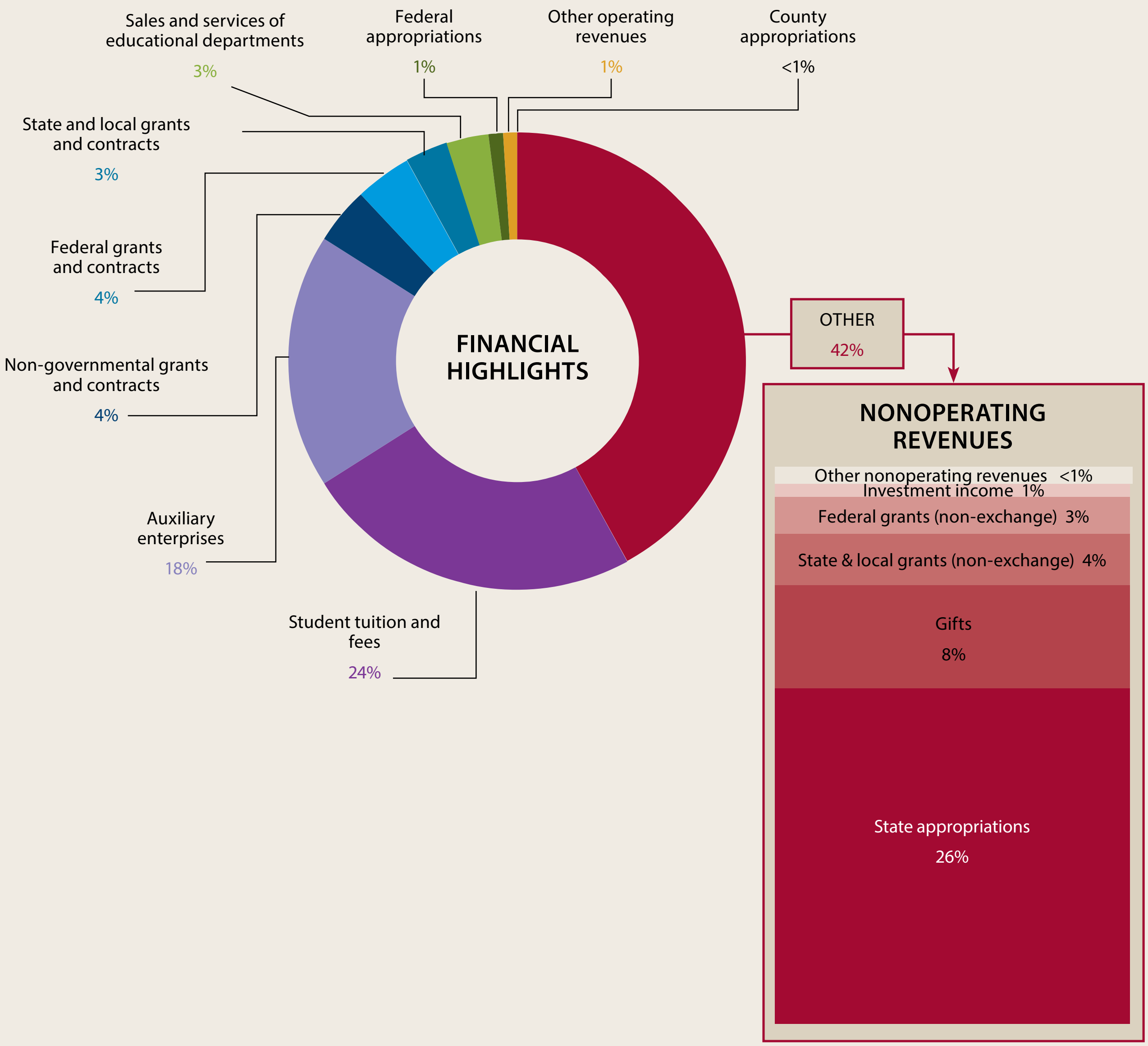
Operating expenses increased $28.3 million or 4% over 2014. Compensation and benefits costs grew $18.3 million, due in part to necessary increases in faculty to support enrollment growth, along with modest increases in salaries for faculty and staff. The implementation of GASB statements related to pensions also impacted compensation and benefits with increased pension expense. The University continues to focus on cost containment initiatives to control expenses.

Overall, net non-operating revenues decreased $14 million with nearly every non-operating category experiencing a decrease. The primary decrease was related to investment income, which decreased $10.3 million due to market performance. Gift revenue increased nearly $1 million, evidencing continued growth in private support.

Gifts reported on the Statement of Revenues, Expenses and Changes in Net Position only reflect 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, Inc. whose financial information is presented in summary form at Note 16 "Other Entities".

Other Revenues and Changes in Net Position reflect changes in capital appropriations and capital gifts. Capital appropriations decreased nearly $4 million, reflecting one-time State General Improvement Funds received in 2014. Capital grants and gifts increased $12.4 million as a result of gifts supporting five separate capital building projects for educational and general and athletic facilities.

Fiscal Year Operating and Nonoperating Revenues

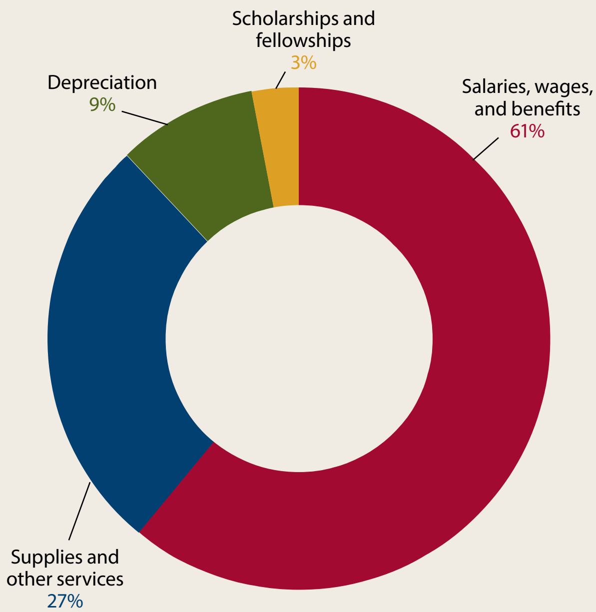


Financial Highlights

Operating Revenues	FY2015
Student tuition and fees	$189,315,846
Auxiliary enterprises	143,973,837
Non-governmental grants and contracts	32,831,792
Federal grants and contracts	31,709,977
State and local grants and contracts	23,668,832
Sales and services of educational departments	22,070,764
Federal appropriations	12,116,593
Other operating revenues	9,134,758
County appropriations	3,054,500
Total	**$467,876,899**

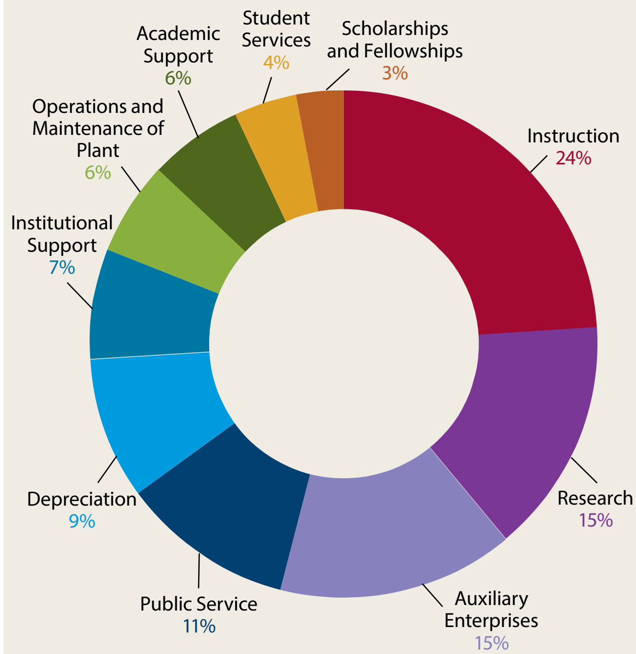
Nonoperating Revenues	FY2015
State appropriations	$205,745,146
Gifts	66,653,990
State & local grants (non-exchange)	28,644,847
Federal grants (non-exchange)	23,140,414
Investment income	4,338,885
Other nonoperating revenues	3,077,806
Total	**$331,601,088**

Fiscal Year 2015
Operating Expenses by Natural Classification



Operating Expenses by Natural Classification	FY2015
Salaries, wages, and benefits	$ 449,757,461
Supplies and other services	202,439,536
Depreciation	68,688,526
Scholarships and fellowships	21,247,744
Total operating expenses	**$ 742,133,267**

Fiscal Year 2015
Operating Expenses by Function



Operating Expenses by Function	FY2015
Instruction	179,937,325
Research	110,462,628
Auxiliary Enterprises	108,789,553
Public Service	83,567,516
Depreciation	68,688,526
Institutional Support	54,494,165
Operations and Maintenance of Plant	44,057,242
Academic Support	43,888,006
Student Services	26,697,500
Scholarships and Fellowships	21,550,806
Total	**742,133,267**

Statement 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 deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

The 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.

The following summarizes the University's cash flows for the years ended June 30, 2015 and 2014:

Condensed Summary of Cash Flows

	2015	2014*
Net Cash Used By Operating Activities	$ (199,759,210)	$ (220,243,075)
Net Cash Provided By Noncapital Financing Activities	323,624,325	324,100,302
Net Cash Provided By Operating And Noncapital Financing Activities	123,865,115	103,857,227
Net Cash Used By Capital And Related Financing Activities	(68,288,153)	(85,709,879)
Net Cash Provided By Investing Activities	2,475,163	5,378,806
Net Increase In Cash	$ 58,052,125	$ 23,526,154

** Figures presented to illustrate increases and decreases and are not comparative*

The University used $199.8 million of cash for operating activities in 2015 offset by cash provided by noncapital financing activities of $323.6 million. Similar to the operating loss on the Statement of Revenues, Expenses and Changes in Net Position, net cash provided by operating activities is of little significance to the University. The net cash provided by the combination of operating activities and noncapital financing activities is a much more meaningful number for the University. The positive amount of $123.9 million for 2015 indicates that these activities contributed to cash and liquidity for the year.

Cash used by capital financing activities reflects the University's continued use of bonded debt to finance the acquisition of capital assets. Net cash provided by investing activities illustrates the positioning of the cash component of matured investments to other university accounts.

Significant Changes in Capital Assets and Long-Term Debt Activity

The University continued work on the multi-year Facilities Renewal and Stewardship Plan. This large-scale, long-range plan is intended to upgrade and add facilities in order to expand capacity and modernize the campus. A dedicated facilities fee, phased in over the time beginning in 2009, provides a revenue stream that is used to leverage bonded debt in order to fund a portion of this aggressive plan. The condition of the University's capital assets is an important measure of the University's overall financial health. Providing and maintaining facilities that create an attractive environment in which to learn and live is vital to attracting new students, as well as recruiting excellent faculty and staff. The University maintains a Facility Condition Index (FCI) to assist in assessment of the overall management of capital assets. The index trend is positive, demonstrating the positive effect of additions, renovations and the elimination of deferred maintenance to campus infrastructure and educational and general buildings as the Facilities Renewal and Stewardship Plan is implemented.

A summary of the change in Net invested in capital assets is as follows:

Changes in Net Invested in Capital Assets

	Amount
Net Invested In Capital Assets As Of July 1, 2014	$ 506,674,608
Land Additions And Disposals (Net)	4,745,728
Buildings Additions And Disposals, Net Of Depreciation	(13,034,503)
Improvements/Infrastructure Additions, Net Of Depreciation	8,529,319
Equipment Additions And Disposals, Net Of Depreciation	1,512,255
Construction In Progress Additions Net Of Transfers To Buildings, Improvements/Infrastructure, And Intangible Assets	50,369,781
Livestock Additions/Deductions	509,766
Library Holdings Additions And Disposals, Net Of Depreciation	(1,248,456)
Intangible Assets, Net Of Amortization	(443,036)
Bond Debt Moved To Net Invested In Capital Assets	(152,247,707)
Bond Principal Paid In 2015	23,865,000
Bond Debt Refinanced	91,980,000
Deferred Loss On Refinanced Bond Issues, Amortized	4,375,352
Net Unamortized Bond Issue Premium	(11,165,892)
Capital Leases Assumed In 2015	(564,083)
Note, Capital Lease And Installment Contract Principal Paid In 2015	3,401,510
Net Invested In Capital Assets As Of June 30, 2015	$ 517,259,642

Note 4, "Capital Assets" provides additional information related to the University's depreciable and non-depreciable capital assets.

Capital projects continued at an impressive pace in 2015, with several construction projects begun in previous years completed or substantially completed, continued progress on multi-year projects and new projects initiated.

The list of projects begun in previous years completed in 2015 include:

- Fowler Family Baseball and Track Indoor Training Facility – new construction of a climate-controlled multi-use space for student-athletes in the baseball, men's track and women's track programs. Total project cost was $9.2 million, funded by a mix of bond proceeds, athletic reserves and private support.
- Athletics Communication Center – a state-of-the-art facility for video productions and broadcast support including three video control rooms, a production studio and broadcast equipment. Total project cost was $5.4 million, funded by athletic reserves.
- Student Housing – renovation and expansion of student Greek housing operated by the University. Total project cost was $7.6 million, funded by $5.6 million bond proceeds with the remainder from private support.
- Utility Combined Heat and Power (CHP) Project – an upgrade to the existing Heating Plant production infrastructure that provides steam and hot water to the campus, providing capacity for future growth and the opportunity to use electrical power from CHP to provide uninterruptible power for the campus, especially to critical research buildings. Total project cost was $21 million, funded with a mix of bond proceeds and university reserves.
- Cato Springs Research Center – purchase of a building that was previously utilized by the University as leased space providing laboratory, support and office space for the Department of Biomedical Engineering and other Engineering departments. Total cost was $7.8 million funded by bond proceeds.

Projects begun in previous years that continued in 2015, with substantial completion expected in time for occupancy for the 2016 fall semester include:

- Champions Hall classroom and laboratory building – new construction of general use classrooms and teaching laboratories to meet the capacity demands of a growing enrollment. Total project cost is estimated at $26.5 million, funded with a mix of bond proceeds and university reserves. Athletic contributions will fund a portion of the debt payments.
- Jim & Joyce Faulkner Performing Arts Center – whole building conversion of the Fieldhouse building to a state-of-the-art performance venue. Total project cost is estimated at $22 million, funded with a mix of bond proceeds, university reserves and private support.
- Agricultural, Food and Life Science – renovate and repurpose an abandoned two-story creamery into general purpose classrooms, laboratories and office space. Total estimated cost is $2.8 million funded by bond proceeds.
- Jerry & Gene Jones Student Athlete Success Center – new construction of a facility to provide academic support space, auditorium and dining hall with full-service kitchen for student-athletes. Total project cost is estimated at $23 million, funded with a mix of bond proceeds, athletic reserves and private support.
- Basketball Performance Center – new construction of a facility that provides separate gymnasiums for men's and women's teams, along with locker rooms, weight rooms, training rooms and coaches suites and administrative space. Total project cost is estimated at $25 million, funded with a mix of bond proceeds, athletic reserves and private support.

Construction continuing and new projects begun in 2015 include:

- Art and Design District – project continues in 2015 to renovate, and equip a previously purchased warehouse and small office building to relocate the Department of Art sculpture labs, foundations studio course programs and research studios. Estimated project cost is $6.5 million funded by bond proceeds with expected completion in June, 2016.
- Fowler House Garden Conservatory – new project to construct an outdoor garden pavilion, catering kitchen, and formal lawn and garden gathering space at the Chancellor's residence. Estimated project cost is $3.3 million, funded by private support with expected completion in June, 2016.
- Student Housing – renovation and expansion of student Greek housing operated by the University. Estimated project cost is $6.5 million, funded by bond proceeds and private support with expected completion in December, 2016.
- Natural Gas Bypass Pipeline – new utility infrastructure improvement to construct a high pressure gas pipeline to support the Utility Combined Heat and Power facility. Estimated project cost is $6 million, funded with a mix of bond proceeds and university reserves with completion expected in August, 2015.
- The Division of Agriculture Eastern Arkansas Soil Testing and Research Laboratory located at the Lon Mann Cotton Research Station in Marianna, Arkansas – project continues to renovate the existing facility and construct a new Soil Testing Laboratory. Total project cost is estimated at $8.5 million with completion expected in December, 2015. The project is funded by Agriculture sales and reserves and Community Board grants.

- The Division of Agriculture Seed Plant Facility at the Rice Research and Extension Center Station located at Stuttgart, Arkansas -.project continues to construct a new facility to replace the current aging facility. Estimated project cost is $8.5 million, funded with state general improvement funds and Agricultural sales and reserves with expected completion in June, 2017.
- The Division of Agriculture Don Tyson Center for Agricultural Sciences located at Fayetteville, Arkansas – new project to construct a multipurpose laboratory, with two greenhouses and office complex. Estimated cost is $16 million, funded by a mix of private support, Agricultural sales and reserves with an expected completion of March, 2017.

A summary of long-term debt (including the current portion) activity is as follows:

Summary of Changes in Long-Term Debt

	Bonds	Notes	Installment Contracts and Leases
Balance As Of July 1, 2014	$ 676,730,728	$ 2,497,090	$ 31,360,976
Additions	98,665,701		564,083
Payments Of Principal	(23,865,000)	(579,837)	(2,821,673)
Refunded Principal And Premium	(92,822,914)		
Amortization Of Net Bond Premium	(2,116,895)		
Balance As Of June 30, 2015	$ 656,591,620	$ 1,917,253	$ 29,103,386

Note 8, "Long-Term Debt" provides additional information related to the University's long-term debt.

The University issued two refunding bond issues in 2015. The first issue refunded several various facility outstanding bonds and resulted in an economic gain of $7.6 million. The second issue refunded several athletic facilities outstanding bonds and resulted in an economic gain of $1.1 million.

Conditions and other factors having a significant effect

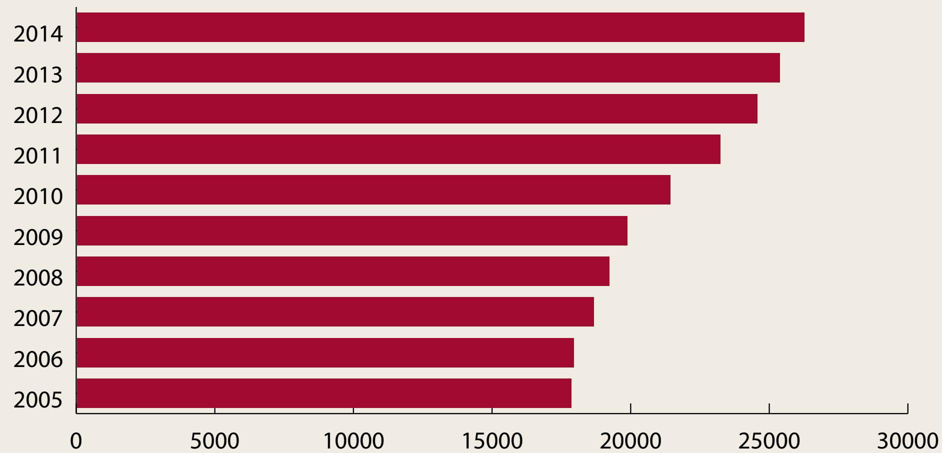
Financial and political support from state government remains a critical element to the continued financial health of the University. In 2015, the total general revenue distribution from the State increased nearly $1.5 million to $201.8 million. Estimates for 2016 indicate general revenue distributions 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.

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 5% were necessary in 2015 in order to maintain the facilities, faculty and other support needed to fulfill our mission. As record growth in enrollment continues, together with state funding levels not able to keep pace with formula calculations, it is expected that the University must continue to look to increases in tuition rates for revenue support as well as grow other revenue streams.

Momentum is building for the next comprehensive fundraising campaign. Positive news continues with the University fundraising production totals for private gift support exceeding $100 million for five consecutive years. Production amounts include gifts of cash, gifts-in-kind, planned gifts and new pledges. In 2015, the University recognized $116.5 million of private gift support, surpassing its goal of $112 million. This support is critical to ensure success for students and faculty, and is a fundamental component in meeting budgetary needs. Support received from alumni, friends, organizations and faculty and staff of the University enhances all aspects of the student experience, including academic and need-based scholarships; technology enhancements; new and renovated facilities; undergraduate, graduate and faculty research; study abroad opportunities and innovative programs.

Enrollment records continue to be broken, with preliminary figures for fall 2015 enrollment of 26,754. The preliminary numbers show an increase of 517 students. Since 2008, university enrollment has increased 39%, or more than 7,500 students.

Enrollment Trend over the last 10 Years

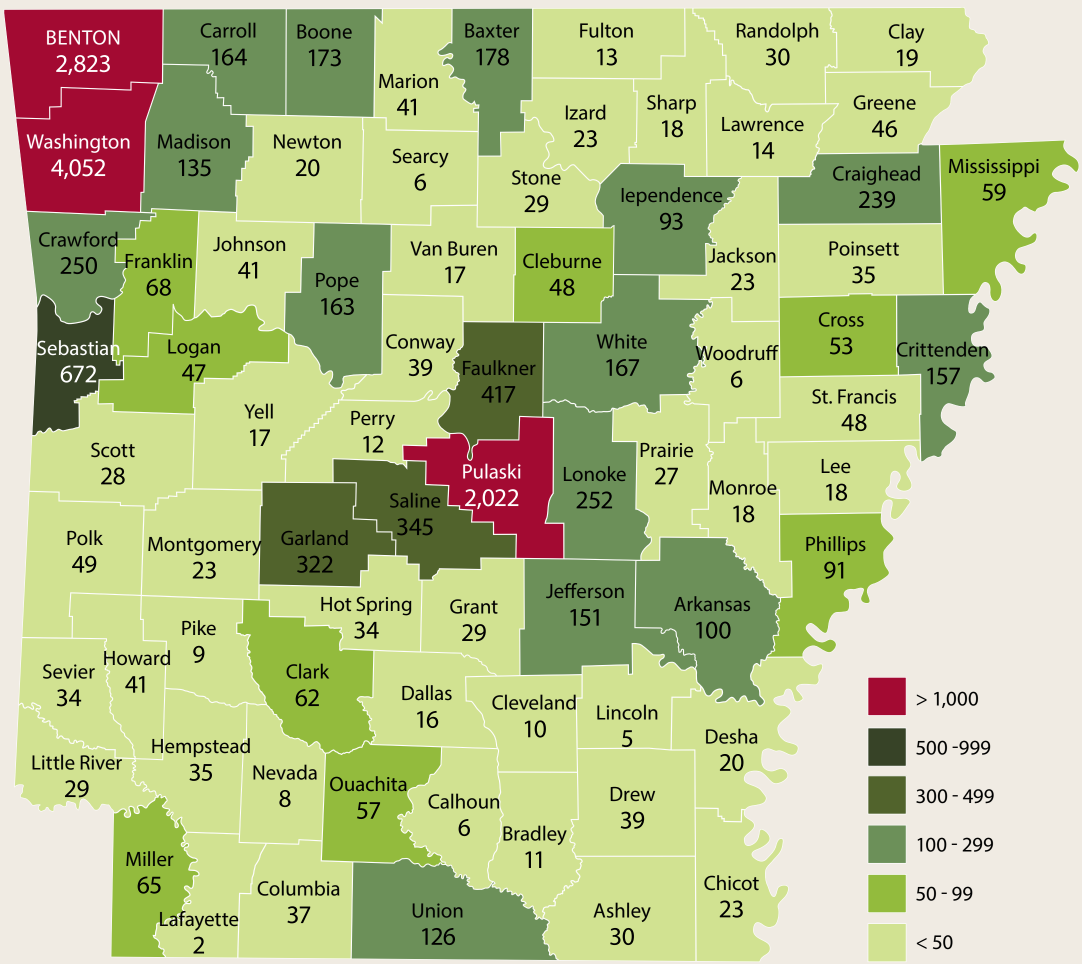


Fall Semester Enrollment

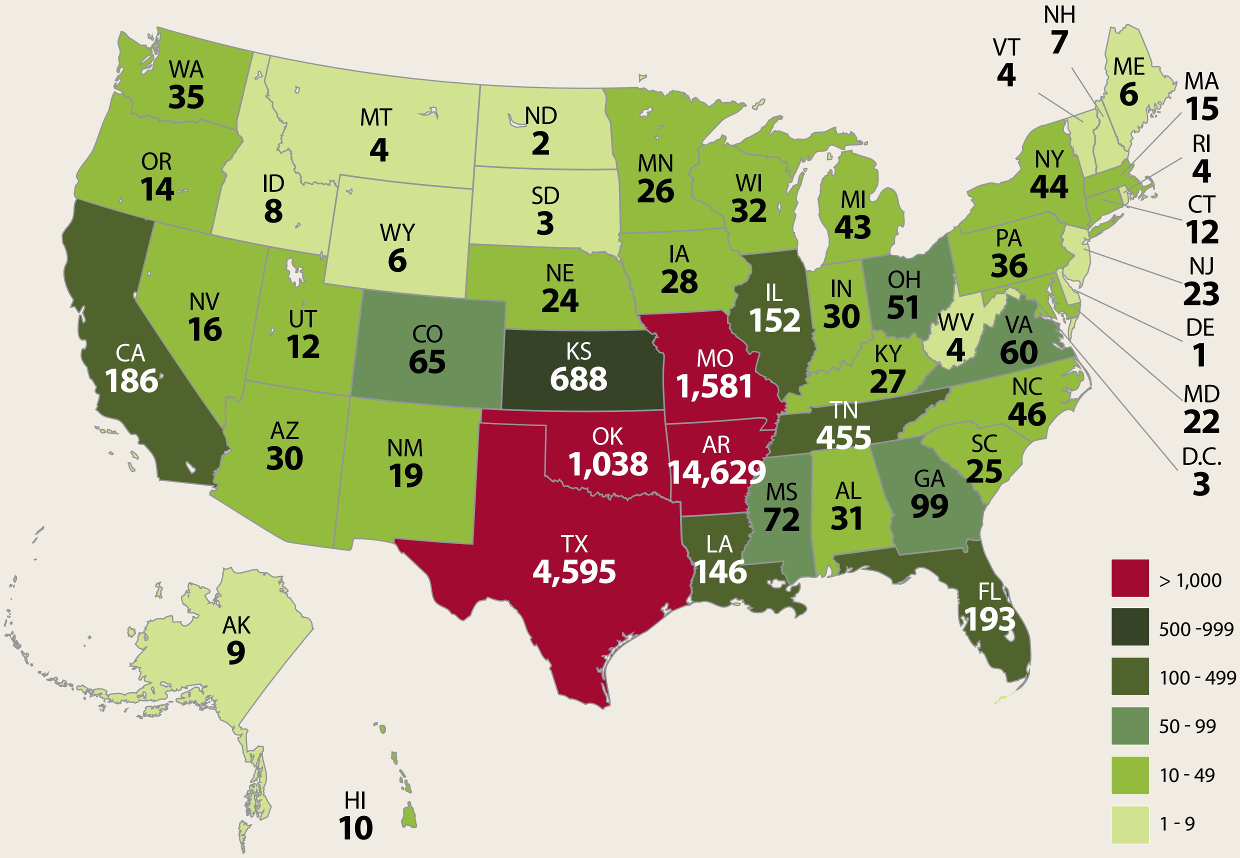
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL	17,926	18,648	19,194	19,849	21,405	23,199	24,537	25,341	26,237	26,754
UNDERGRADUATE	14,350	14,948	15,426	15,835	17,247	19,027	20,350	21,009	21,836	22,158
LAW	440	413	412	408	407	413	410	390	379	375
GRADUATE	3,136	3,287	3,356	3,606	3,751	3,759	3,777	3,942	4,022	4,221

Per the Office of Institutional Research and Assessment

In-State Enrollment by County of Origin



Enrollment by State



Foreign Countries

1,567

Statement of Net Position

		June 30, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$	273,555,167
Short-term investments		77,156,987
Accounts receivable, net		34,580,747
Accrued interest receivable		802,730
Pledges receivable		4,016,236
Inventories		5,505,385
Deposits with bond trustees		2,201,430
Notes receivable, net		3,399,741
Other assets		3,828,279
Total current assets		405,046,702
Noncurrent Assets		
Cash and cash equivalents		2,887,232
Endowment investments		73,415,511
Other long-term investments		1,530,358
Notes receivable, net		11,830,152
Deposits with bond trustees		11,744,948
Other assets		535,151
Capital assets, net		1,186,589,373
Total noncurrent assets		1,288,532,725
Total assets	**$**	**1,693,579,427**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding		9,980,532
Deferred outflows related to pensions		1,850,485
Total deferred outflows of resources	**$**	**11,831,017**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$	26,605,417
Accrued payroll liabilities		18,612,153
Accrued interest expense		5,492,628
Student overpayments		73,223
Funds held in trust for others		1,251,413
Advance receipts		29,608,169
Compensated absences payable - current portion		1,408,052
Bonds, notes, capital leases and installment contracts payable - current portion		30,349,823
Total current liabilities		113,400,878
Noncurrent Liabilities		
Refundable federal advance - perkins loans		14,185,613
Compensated absences payable		18,597,878
Liability for other post employment benefits		13,803,981
Pension liability		6,450,702
Bonds, notes capital leases and installment contracts payable		657,262,436
Other noncurrent liabilities		28,229
Total noncurrent liabilities		710,328,839
Total liabilities	**$**	**823,729,717**

		June 30, 2015
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	$	2,709,951
Total deferred inflows of resources	**$**	**2,709,951**
NET POSITION		
Net invested in capital assets	$	517,259,642
Restricted for		
Nonexpendable		
Scholarships and fellowships		8,365,759
Research		5,739,659
Instructional department uses		9,044,447
Loans		911,670
Other		272,716
Expendable		
Scholarships and fellowships		13,201,055
Research		27,033,953
Public service		7,467,633
Instructional department uses		14,649,562
Loans		2,990,821
Capital projects		24,666,137
Debt service		205,421
Other		4,987,203
Unrestricted		242,175,098
Total net position	**$**	**878,970,776**

See Accompanying Notes To Financial Statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended June 30, 2015
REVENUES	
Operating Revenues	
Student tuition and fees	
(net of scholarship allowances of $69,976,246 in fiscal year 2015)	$ 189,315,846
Federal appropriations	12,116,593
County appropriations	3,054,500
Federal grants and contracts	31,709,977
State and local grants and contracts	23,668,832
Nongovernmental grants and contracts	32,831,792
Sales and services of educational departments	22,070,764
Auxiliary enterprises	
Residence Life (net of scholarship allowances of $8,747,901 in fiscal year 2015)	32,673,491
Athletics	86,417,607
Bookstore (net of scholarship allowances of $144,356 in fiscal year 2015)	13,516,538
Student Health Services	2,881,754
Transit and Parking	7,892,613
Student Organizations/Activities	104,576
Other Auxiliary Enterprises	487,258
Other operating revenues	9,134,758
Total operating revenues	**467,876,899**
EXPENSES	
Operating Expenses	
Salaries, wages, and benefits	449,757,461
Scholarships and fellowships	21,247,744
Supplies and other services	202,439,536
Depreciation	68,688,526
Total operating expenses	**742,133,267**
Operating loss	**(274,256,368)**
NONOPERATING REVENUES (EXPENSES)	
State appropriations	205,745,146
Gifts	66,653,990
Investment income (net of investment expense of $337,098 in fiscal year 2015)	4,338,885
Interest on capital asset - related debt	(24,003,224)
Federal grants (nonexchange)	23,140,414
State and local grants (nonexchange)	28,644,847
Loss on disposal of assets	(1,047,765)
Other nonoperating revenues	3,077,806
Other nonoperating expenses	(722,671)
Net nonoperating revenues	**305,827,428**
Gain before other revenues and changes in net position	**31,571,060**

	Year Ended June 30, 2015
OTHER REVENUES AND CHANGES IN NET POSITION	
Capital appropriations	2,143,171
Capital grants and gifts	31,954,904
Other changes	911,058
Total other revenues and changes in net position	**35,009,133**
Increase in net position	**66,580,193**
NET POSITION	
Net position, beginning of year - as originally reported	820,310,798
Adjustment due to GASB 68, as amended	(7,920,215)
Net position, beginning of year - restated	812,390,583
Net position, end of year	**$ 878,970,776**

See Accompanying Notes To Financial Statement.

STATEMENT OF CASH FLOWS – DIRECT METHOD

	Year Ended June 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 188,413,009
Federal appropriations	13,314,541
County appropriations	3,054,500
Grants and contracts	87,117,812
Payments to suppliers	(200,824,858)
Payments to employees	(352,328,055)
Payments for benefits	(95,153,791)
Payments for scholarships and fellowships	(21,250,689)
Loans issued to students and employees	(2,447,198)
Collections of loans to students	2,530,074
Collections of interest on loans to students	481,656
Auxiliary enterprise charges	
Residence Life	31,991,043
Athletics	86,539,416
Bookstore	12,877,934
Student Health Services	2,846,801
Transit and Parking	7,916,682
Student Organizations/Activities	96,057
Other Auxiliary Enterprises	688,063
Sales and services of educational departments	22,396,907
Other receipts	11,980,886
Net cash used by operating activities	**(199,759,210)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	205,745,146
Gifts and grants for other than capital purposes	65,967,272
Federal grants (nonexchange)	23,140,415
State and local grants (nonexchange)	28,649,147
Nongovernmental grants (nonexchange)	(31,783)
Direct Lending, and private loan receipts	110,372,353
Direct Lending, and private loan payments	(110,368,343)
Net agency fund transactions	150,118
Net cash provided by noncapital financing activities	**323,624,325**
Net cash provided by operating activities and noncapital financing activities	**123,865,115**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Realized proceeds related to capital debt transactions	70,774,651
Capital appropriations	2,143,171
Capital grants and gifts received	27,771,693
Purchases of capital assets	(111,959,308)
Principal paid on capital debt and leases	(27,087,062)
Interest paid on capital debt and leases	(29,931,298)
Net cash used by capital and related financing activities	(68,288,153)

		Year Ended June 30, 2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	$	2,604,789
Investment income		475,163
Purchase of investments		(604,789)
Net cash provided by investing activities		**2,475,163**
NET INCREASE IN CASH		58,052,125
Cash - beginning of year		218,390,274
Cash - end of year	$	276,442,399
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$	(274,256,368)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense		68,688,526
Other miscellaneous operating receipts		3,320,383
Changes in assets and liabilities		
Receivables (net)		(252,431)
Inventories		936,195
Prepaid expenses		(660,465)
Accounts payable and accrued liabilities		1,315,823
Accrued payroll liabilities (Employees)		17,980
Accrued payroll liabilities (Benefits)		1,172,454
Student overpayments		(13,333)
Advance receipts		(1,208,120)
Refundable federal advance		(139,821)
Deposits		4,900
Compensated absences		365,676
Retiree benefits		879,501
Loans to students and employees		69,890
Net cash used by operating activities	**$**	**(199,759,210)**
NONCASH TRANSACTIONS		
Donations of land, buildings, improvements, infrastructure and library holdings	$	140,104
Equipment donations		88,183
Payments to bond escrow directly from bond proceeds		97,937,124
Payment of bond proceeds directly into deposits with trustees		263,419
Payment of underwriter's discount directly from bond proceeds		465,157
Bond issuance costs paid directly from deposits with trustees		263,419
Interest on long-term debt paid directly from deposits with trustees		124,938
Payment of long-term debt directly from University of Arkansas Foundation, Inc. accounts		214,188
Capital outlay paid directly from proceeds of University of Arkansas long-term debt instruments		492,553
Maintenance expense paid directly from proceeds of long-term debt instruments		71,530
Loss on disposal of assets		1,176,840

See Accompanying Notes To Financial Statement.

DISCRETELY PRESENTED COMPONENT UNITS

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

	2015	2014
Assets		
Investments	$ 515,236,233	$ 513,809,543
Liabilities and Net Assets		
Accounts payable	$ 476,827	$ 181,629
Net assets:		
Temporarily restricted	30,571,566	29,161,667
Permanently restricted	484,187,840	484,466,247
Total net assets	514,759,406	513,627,914
Total liabilities and net assets	$ 515,236,233	$ 513,809,543

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Interest and dividends	$ -	$ 3,194,907	$ 3,864	$ 3,198,771
Net realized and unrealized gains (losses) on investments	-	14,978,660	(2,238,028)	12,740,632
Reclassific ation due to change in donor intent	-	(1,955,757)	1,955,757	-
Net asset reclassifications, including release from restrictions - satisfaction of restrictions	14,807,911	(14,807,911)	-	-
Total revenue, gains and other support	14,807,911	1,409,899	(278,407)	15,939,403
Program services:				
Research	1,151,398	-	-	1,151,398
Faculty/staff support.	2,394,666	-	-	2,394,666
Scholarships and awards	9,601,436	-	-	9,601,436
Equipmenl and techno logy	1,442,809	-	-	1,442,809
Other	217,602	-	-	217,602
Total program services	14,807,911	-	-	14,807,911
Changes in net assets	-	1,409,899	(278,407)	1,131,492
Net assets, beginning of year	-	29,161,667	484,466,247	513,627,914
Net assets, end of year	$ -	$ 30,571,566	$ 484,187,840	$ 514,759,406

THE UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Pennanently Restricted	Total
Revenue , gains and other support:				
Interest and dividends	$ -	$ 3,524,875	$ 16,527	$ 3,541,402
Net realized and unrealized gains on investments	-	14,277,677	49,589,184	63,866,861
Net asset reclassifications, including release from restrictions - satisfaction of restrictions	19,691,816	(19,691,816)	-	-
Total revenue, gains and other support	19,691,816	(1,889,264)	49,605,711	67,408,263
Programs ervices:				
Construction	4,446,335	-	-	4,446,335
Research	1,341,235	-	-	1,341,235
Faculty/staff support	2,537,570	-	-	2,537,570
Scholarships and awards	9,457,971	-	-	9,457,971
Equipment and technology	1,400,591	-	-	1,400,591
Other	508,114	-	-	508,114
Total program services	19,691,816	-	-	19,691,816
Changes in net assets	-	(1,889,264)	49,605,711	47,7 16,447
Net assets, beginning of year	-	31,050,931	434,860,536	465,911,467
Netassets, end of year	$ -	$ 29,161,667	$ 484,466,247	$ 513,627,914

DISCRETELY PRESENTED COMPONENT UNITS

THE RAZORBACK FOUNDATION, INC.

THE RAZORBACK FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 1015

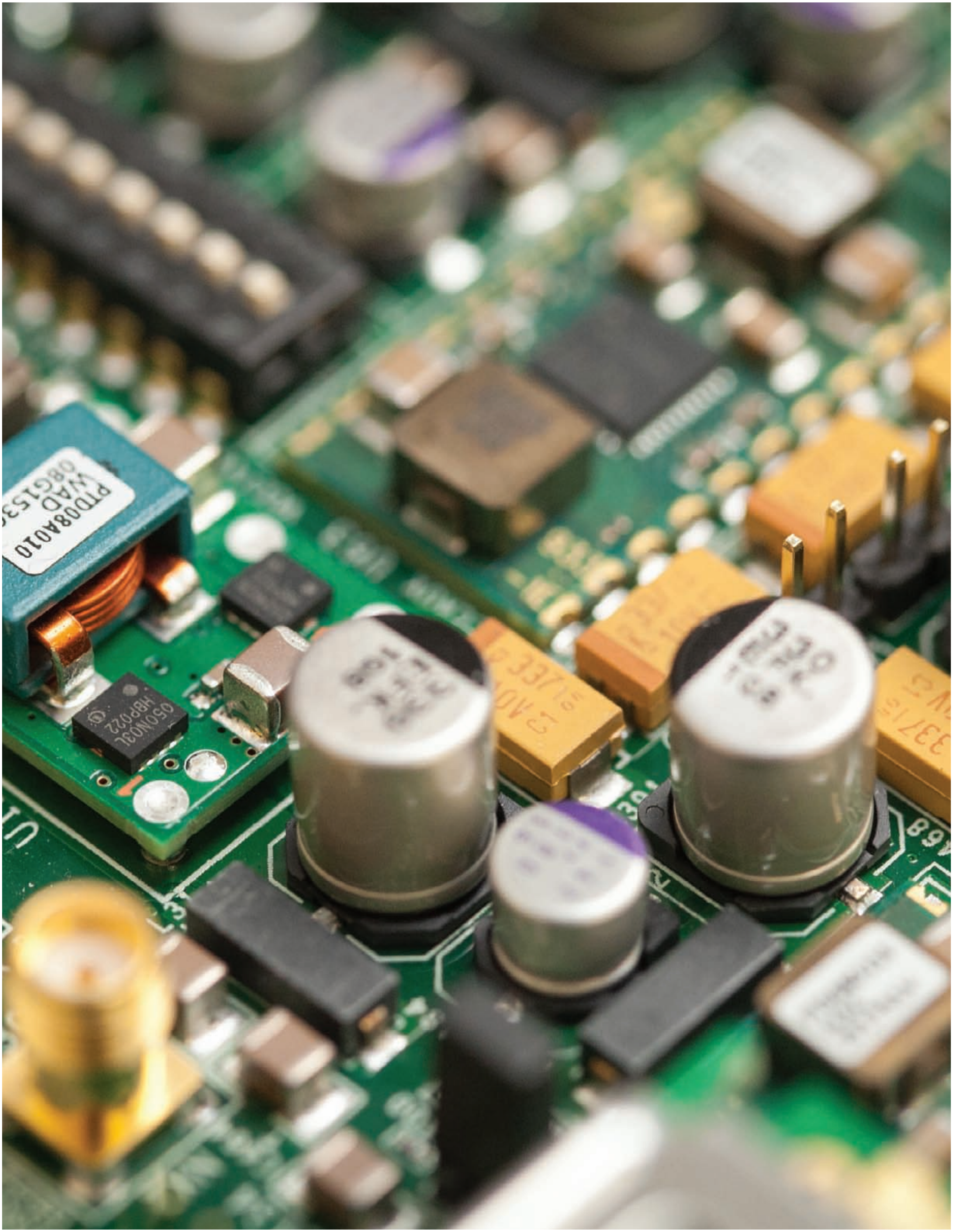
Assets	
Cash and cash equivalents	$ 10,573,235
Contributions receivable, net	12,916,263
Investments, at faviarlue	13,452,810
Prepaid rent	1,390,384
Other	2,209,860
Property and equipment, net	12,930,958
Total assets	$ 53,473,510
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued liabilities	$ 314,426
Deferred compensation	1,107,341
Total liabilities	1,421,767
Net assets:	
Stockholder's equity in for-profit subsidiary	7,854
Unrestricted net assets of nonprofit parent	23,802,355
Total unrestricted net assets	23,810,209
Temporarily restricted net assets	25,333,188
Permanently restricted net assets	2,908,346
Total net assets	52,051,743
Total liabilities and net assets	$ 53,473,510

THE RAZORBACK FOUNDATION , INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	$ 19,480,695	$ 20,514,686	$ 187,750	$ 40,183,131
Interest and dividends	115,371	17,382	-	132,753
Net realized and unrealized gains on investments	395,086	237,954	-	633,040
Other	427,437	-	-	427,437
Net assets released from restrictions	12,734,241	(12,734,241)	-	-
Total revenues, gains and other support	33,152,830	8,035,781	187,750	41,376,361
Expenses and losses:				
Program services:				
Athletic department expenses	19,775,789	-	-	19,775,789
Construction and capital projects	9,135,448	-	-	9,135,448
Total program services	28,911,237	-	-	28,911,237
Supporting services:				
Management and general	2,767,099	-	-	2,767,099
Fundraising	2,528,583	-	-	2,528,583
Change in cash surrender value of life insurance policies	(20,494)	-	-	(20,494)
Provision for loss on uocollectible contributions	386,357	-	-	386,357
Total supporting services	5,661,545	-	-	5,661,545
Total expenses and losses	34,572,782	-	-	34,572,782
Change in net assets	(1,419,952)	8,035,781	187,750	6,803,579
Net assets, beginning of year	25,230,161	17,297,407	2,720,596	45,248,164
Net assets, end of year	$ 23,810,209	$ 25,333,188	$ 2,908,346	$ 52,051,743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DISCRETELY PRESENTED COMPONENT UNITS

ARKANSAS 4H FOUNDATION, INC.

ARKANSAS 4-H FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION, JUNE 30, 2015 AND 2014

ASSETS	2015	2014
UNRESTRICTED ASSETS:		
Cash and cash equivalents	$ 506,009	$ 522,682
Investments, at fair value	1,860,232	1,877,914
Due from affiliate	-	66,912
Other assets	25,259	22,261
Total unrestricted assets	2,391,500	2,489,769
RESTRICTED ASSETS:		
Cash and cash equivalents	36,284	1,588
Investments, at fair value	2,349,438	2,483,206
Total restricted assets	2,385,722	2,484,794
PROPERTY AND EQUIPMENT, NET	5,025,552	5,344,828
TOTAL ASSETS	$ 9,802,774	$ 10,319,391
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 52,146	$ 82,334
Due to affiliate	7,761	-
Line of credit	-	-
Other liabilities	40,727	43,969
TOTAL LIABILITIES	100,634	126,303
NET ASSETS:		
Unrestricted	5,673,446	5,969,946
Temporarily restricted	3,289,001	3,485,281
Permanently restricted	739,693	737,861
Total net assets	9,702,140	10,193,088
TOTAL LIABILITIES AND NET ASSETS	$ 9,802,774	$ 10,319,391

ARKANSAS 4-H FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT AND REVENUES:				
Program service revenue	$ 1,238,806	$ 15	$ -	$ 1,238,821
Grants and contributions	15,230	4,715	-	19,945
Interest and dividends	34,801	239,997	17,740	292,538
Net unrealized and realized depreciation on investments	(31,212)	(215,224)	(15,908)	(262,344)
Contributed services from affiliate	340,877	-	-	340,877
Other revenues, net	24,251	-	-	24,251
Net assets released from restrictions	225,783	(225,783)	-	-
Total support and revenues	1,848,536	(196,280)	1,832	1,654,088
EXPENSES:				
Program	1,969,506	-	-	1,969,506
Management and general	169,349	-	-	169,349
Fundraising	6,181	-	-	6,181
Total expenses	2,145,036	-	-	2,145,036
CHANGE IN NET ASSETS	(296,500)	(196,280)	1,832	(490,948)
NET ASSETS, BEGINNING OF YEAR	5,969,946	3,485,281	737,861	10,193,088
NET ASSETS, END OF YEAR	$ 5,673,446	$ 3,289,001	$ 739,693	$ 9,702,140

ARKANSAS 4-H FOUNDATION, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT AND REVENUES:				
Program service revenue	$ 1,233,739	$ -	$ -	$ 1,233,739
Grants and contributions	22,798	8,070	-	30,868
Interest and dividends	16,044	160,126	279	176,449
Net unrealized and realized appreciation on investments	48,391	482,977	842	532,210
Other revenues, net	9,070	-	-	9,070
Net assets released from restrictions	310,168	(310,168)	-	-
Total support and revenues	1,640,210	341,005	1,121	1,982,336
EXPENSES:				
Program	1,824,733	-	-	1,824,733
Management and general	65,922	-	-	65,922
Fundraising	2,082	-	-	2,082
Total expenses	1,892,737	-	-	1,892,737
CHANGE IN NET ASSETS	(252,527)	341,005	1,121	89,599
NET ASSETS, BEGINNING OF YEAR	6,222,473	3,144,276	736,740	10,103,489
NET ASSETS, END OF YEAR	$ 5,969,946	$ 3,485,281	$ 737,861	$ 10,193,088

TABLE OF CONTENTS: NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The University of Arkansas, Fayetteville ("the University") is a State-supported institution of higher education and the flagship of the University of Arkansas System. The University was established at Fayetteville in 1871 under the provisions of the Morrill Act as both a state university and the land-grant college of Arkansas, and is one of eleven campuses of the University of Arkansas System.

The University is granted an annual appropriation for operating purposes as authorized by the Arkansas General Assembly. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total operating funds. An appropriation is construed to be available for the one year period following the legislative session in which it was approved. All appropriations lapse at the end of the year unless otherwise provided. The laws of the State and the policies and procedures specified by the State for state agencies and institutions are applicable to the activities of the University.

The University is tax exempt under Internal Revenue Service code except for tax on unrelated business income. The University had no significant unrelated business income for the year ended June 30, 2015. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

The University is governed by a ten-member 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 Criminal Justice Institute, the Director of the Archeological Survey and the Executive Director of the Arkansas Research and Education Optical Network who have responsibility for the programs and activities of the respective campus or state-wide operating division.

Financial Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14* and No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and 34*, defines the financial reporting entity as the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Under the provisions of these statements, the University is a component unit of the State of Arkansas (primary government). Although the guidance is written from the perspective of the primary government, its requirements apply to the separately issued financial statements of a component unit, and therefore, the component unit should apply the provisions as if it was a primary government.

For purposes of financial reporting, the primary government of the University includes the academic units in Fayetteville, the Agricultural Experiment Station, the Cooperative Extension Service, the Arkansas Archeological Survey, the Criminal Justice Institute, the Clinton School of Public Service and the Arkansas Research Education Optical Network. The academic units in Fayetteville include ten colleges, schools and divisions: the Dale Bumpers College of Agricultural, Food, and Life Sciences, the Fay Jones School of Architecture, the J. William Fulbright College of Arts and Sciences, the Sam M. Walton College of Business, the College of Education and Health Professions, the College of Engineering, the School of Law, the Honors College, the Graduate School, and the Global Campus.

Discretely Presented Component Units

Under the provisions of the GASB statements discussed above, the University has identified three organizations that should be reported as component units based on the nature and significance of their relationship with the primary government. The qualifying organizations are: the University of Arkansas Fayetteville Campus Foundation, Inc., the Razorback Foundation, Inc., and the Arkansas 4-H Foundation, Inc. Although the University does not control the timing or amount of receipts from any 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 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 of Statement No. 39 by management, these foundations are considered component units of the University and are discretely presented in the University's financial statements.

The University of Arkansas Fayetteville Campus Foundation, Inc. ("the Foundation") is a charitable organization described in Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended, and 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 (7) members, including three (3) members who are also employees of the University.

The Foundation distributed $14,784,573 to the University during the fiscal year ended June 30, 2015 for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the administrative office at 700 Research Center Boulevard, Fayetteville, AR 72701.

The Razorback Foundation, Inc. ("the Razorback Foundation") was incorporated on October 17, 1980. It is a not-for-profit organization whose sole purpose is to support intercollegiate athletics at the University.

The Razorback Foundation distributed $25,636,493 to the University, and provided equipment, facilities, improvements and supplies in the amount of $951,403 during the fiscal year ended June 30, 2015. Complete financial statements for the Razorback Foundation can be obtained from the administrative office at 1295 S. Razorback Road, Fayetteville, AR 72701.

The Arkansas 4-H Foundation, Inc. ("the 4-H Foundation") was incorporated under the laws of the State of Arkansas in 1951. The purposes and objectives of the 4-H Foundation are exclusively educational. The 4-H Foundation was formed to encourage and support such educational purposes, as in the judgment of the 4-H Foundation, will best meet the needs and advance the interests of 4-H youth programs throughout the State of Arkansas. The 4-H Foundation is organized into approximately 116 distinct funds that are used to account for various educational or administrative activities.

The majority of the distributions made by the 4-H Foundation directly to the University during the fiscal year ended June 30, 2015 was for reimbursement to the University for expenses incurred on their behalf. Other distributions made by 4-H Foundation directly to the University during the fiscal year ended June 30, 2015 included transfers of program balances of $3,444. Distributions made by the 4-H Foundation directly to the University for program support equaled $27,229 for the fiscal year ended June 30, 2015. Complete financial statements for the 4-H Foundation can be obtained from the administrative office at 2301 S. University Avenue, P.O. Box 391, Little Rock, AR 72203.

Basis of Presentation

The financial statements for the University have been prepared in accordance with generally accepted accounting principles accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities. Accordingly, the financial statements of the University have been prepared 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 include separation of accrued compensated absences between current and non-current and depreciation expense. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents on the Statement of Net Position includes all readily available sources of cash such as petty cash, demand deposits, cash on deposit with the State Treasurer, and highly liquid short-term investments.

Investments

Investments are stated at fair value. 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

Accounts receivable are stated at estimated net realizable values; that is, the gross amount of the receivable is reduced by allowances for estimated uncollectible accounts.

Inventories

Inventories are valued at cost with costs generally using retail, and first in first out valuation methods, depending on the best practices of the University department to which the inventory belongs.

Capital Assets

Capital assets consisting of land, buildings, furniture, fixtures, equipment, improvements, infrastructure, construction in progress, and intangible assets are stated at cost or fair market value at date of gift.

Buildings, improvements, and infrastructure additions are capitalized when the cost is $50,000 or more. Renovations to buildings, infrastructure and land improvements are also capitalized when they significantly increase the value or extend the useful life of the structure and the cost exceeds $50,000.

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.

Library holdings are generally defined as collections of books and reference materials, and are valued using average prices for library acquisitions. A library book is a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library reference materials are information sources other than books which include journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items.

Livestock is under the control of the Department of Animal Sciences and is maintained primarily for research purposes with any other benefits derived from the operations considered as incidental to the primary mission of the Department. The inventory value placed on the animals is determined by department heads 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 to 30 years for buildings, 15 to 20 years for infrastructure and land improvements, 3 to 10 years for equipment and 10 years for library holdings. Amortization of intangible assets, except for those determined to have indefinite useful lives, is computed using the straight-line method over the estimated useful lives of the assets, generally 5 years for purchased software; 10 years for internally developed software; 15 years for easements, land use rights, trademarks, and copyrights; and 20 years for patents.

Capitalization of Interest

The University capitalizes interest involving qualifying assets. The amount of interest cost to be capitalized is interest cost on borrowings netted against any interest earned on temporary investments of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use. The total amount of interest cost incurred and the net amount thereof that has been capitalized was $30,001,505 and $4,691,442, respectively, for the fiscal year ended June 30, 2015.

Deferred Outflows of Resources

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

Advance Receipts

Advance receipts consist primarily of athletic ticket sales and related fees and unearned student revenues for summer session and fall semester. These monies were collected in advance and were not earned at June 30, 2015.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, capital lease obligations and installment contracts payable with contractual maturities greater than one year, as well as estimated amounts for accrued compensated absences, net pension obligations, refundable advances on student loans, net other postemployment benefits obligation, and other liabilities that will not be paid within the next fiscal year.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (revenue) until a future period.

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 invested in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted:
  Nonexpendable: 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 that may be used for the same purpose. Responsible officials determine at the time funds are expended whether to use any unrestricted net position that may be available.

- Unrestricted: portion that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives as well as capital programs.

Classification of Revenues

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

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts.

- Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, such as state appropriations 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 in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference 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 and nongovernmental programs are recorded as either operating or nonoperating 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.

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 three statements which became effective for the fiscal year ended June 30, 2015: Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Management has determined that Statement No. 69 does not affect the University. Statements No. 68 and No. 71 established standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions. The effect of implementing these statements is discussed in detail at Note 11.

The GASB issued the following statements which become effective for the fiscal year ending June 30, 2016: Statement No. 72, *Fair Value Measurement and Application*, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The GASB also issued the following statements which become effective for the fiscal year ending June 30, 2017: Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and one statement which becomes effective for the fiscal year ending June 30, 2018: Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Management has not yet determined the effects of these statements on the University's financial statements.

Restatement of Prior Year

Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was restated due to the implementation of GASB Statements 68, as amended. As a result, Net Position – beginning of the year was reduced $7,920,215 to reflect the net effect of recognizing the University's proportionate share of the net pension liability and deferred outflows of resources attributable to the year ended June 30, 2014.

2. 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 the cash funds which are not currently needed for operating purposes.

Cash and Cash Equivalents

The University uses commercial banks for its cash deposits. Cash deposits are carried at cost. The University of Arkansas System Administration (System Administration) does not maintain separate bank accounts. System Administration deposits are commingled in University of Arkansas, Fayetteville bank accounts. The carrying value of the System Administration funds was $3,761,723 at June 30, 2015.

The following schedule reconciles the amount of deposits to the Statement of Net Position at June 30, 2015:

Cash and Cash Equivalents

Cash and Cash Equivalents	Amount
Cash on deposit, carrying value	$ 276,839,056
Cash held at State Treasury	3,303,161
Imprest Funds, non-Bank	61,905
Less: System Administration Cash	($3,761,723)
Cash and Equivalents per Statement of Net Position	**$ 276,442,399**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. Deposits are exposed to custodial risk if they are not insured by Federal Deposit Insurance Corporation (FDIC) and are uncollateralized, collateralized with securities held by the pledging institution or collateralized with securities held by the pledging institution's agent but not in the University's name. Board of Trustees policy requires that all cash deposits be either insured by the FDIC or collateralized by securities held at a third party financial institution (preferably the Federal Reserve Bank) in the University's name.

At June 30, 2015, none of the University's bank balances were exposed to custodial credit risk.

Investments

Investments, other than deposits held with trustees, are recorded at fair value. Fair value for reporting purposes is market value if a market price or quote is readily available. Investments that are not recorded at fair value are reported at cost or amortized cost.

The following is a summary of the University's investments held at June 30, 2015:

Investments

Investment Type	Fair Value
Mutual Treasury Funds	$ 13,952,761
Mutual Bond Funds	97,961
Corporate Bonds	75,448
External Investment Pool-University of Arkansas System	149,443,092
Other Investments	2,421,025
Total	**$ 165,990,287**

The Mutual Treasury Funds of $13,952,761 includes $13,946,378 reported as deposits with bond trustees on the Statement of Net Position. The above schedule does not include nonnegotiable certificates of deposit of $58,947 which are considered deposits for GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*.

The University is required under GASB Statement No. 40 to provide investment risk disclosures for all invested funds. Disclosures related to the External Investment Pool are shown separately. No disclosures were required for Other Investments.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy addressing interest rate risk. The University of Arkansas' investments subject to GASB Statement No. 40 interest rate risk disclosure are summarized below:

Interest Rate Risk

		Investment Maturities (in years)		
Investment Type	**Value**	**Less than 1**	**1 to 5**	**6 to 10**
Corporate Bonds	$ 75,448	$ 0	$ 75,448	$ 0

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal investment policy addressing credit risk.

The University of Arkansas' investments subject to GASB Statement No. 40 credit risk disclosure are summarized below:

Credit Risk

Investment Type	Fair Value	Aaa-Aa3	A1-A3	Baa1-Baa3	Not Rated
Mutual Treasury Funds	$ 13,952,761	$ 13,946,377			$ 6,384
Mutual Bond Funds	97,961		$ 21,218		76,743
Corporate Bonds	75,448		75,448		
Totals	**$ 14,126,170**	**$ 13,946,377**	**$ 96,666**	**$ 0**	**$ 83,127**

The ratings are assigned by the Moody's investment ratings service.

External Investment Pool-University of Arkansas System

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. During 1998, the Walton Arts Foundation joined the pool and during 2003, the Fayetteville Campus Foundation joined the pool. During 2007, the University of Arkansas Community College at Hope Foundation joined the pool. The Razorback Foundation, Inc. joined the pool during 2012.

The governmental 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 are the sponsors of this investment pool and are 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.

The following tables contain information on the risk disclosure of the Pool, which includes the Total Return Pool and the Intermediate Pool. The University of Arkansas, Fayetteville owns 8.51% of the Pool's net assets.

Statement of Invested Assets

June 30, 2015

Investment Type		Fair Value*
Equities	**$**	**511,167,043**
Common Stock		198,753,100
Funds - Common Stock		286,584,388
Preferred Stock		16,167
Rights/Warrants		12
Funds - Equities ETF		25,813,376
Fixed Income	**$**	**429,136,814**
Government Bonds		71,154,303
Funds - Government Bonds		35,789,348
Corporate Bonds		95,454
Funds - Corporate Bond		37,703,409
Government Mortgage Backed Securities		86
Non-Government Backed C.M.O.s		1
Funds - Other Fixed Income		253,145,879
Funds - Fixed Income ETF		31,248,334
Venture Capital and Partnerships	**$**	**594,280,382**
Partnerships		594,280,382
Commodities	**$**	**24,551,528**
Funds - Commodity Linked		24,551,528
Hedge Fund	**$**	**172,468,960**
Hedge Equity		139,944,236
Hedge Event Driven		32,524,724
All Other	**$**	**204,899**
Recoverable Taxes		204,899
Cash/Cash Equivalents	**$**	**23,609,445**
Funds - Short Term Investment		18,302,204
Cash		2,488,878
Invested Cash		2,818,363
Total	**$**	**1,755,419,071**

*Includes accrued income

Credit Risk - S&P Quality Ratings

June 30, 2015

Investment Type	Fair Value*	Credit Risk: BB	Credit Risk: NR	Credit Risk: US GOVN GUAR
Corporate Bonds	$ 95,454		$ 95,454	
Funds – Corporate Bond	37,533,442		37,533,442	
Funds – Fixed Income ETF	31,248,334		31,248,334	
Funds – Government Bond	35,637,866		35,637,866	
Funds – Other Fixed Income	253,145,879		253,145,879	
Funds – Short Term Investment	18,301,712		18,301,712	
Government Bonds	71,151,054	$ 6,604		$ 71,144,450
Govn Mortgage Backed Securities	86			86
Hedge Event Driven	32,524,724		32,524,724	
Non-Govn Backed C.M.O.s	1		1	
Totals	**$ 479,638,552**	**$ 6,604**	**$ 408,487,412**	**$ 71,144,536**

*Does not include accrued income

Years to Maturity

June 30, 2015

Investment Type(1)	Fair Value*	Investment Maturities (in years): Less than 1	1 to 5	6 to 10	More than 10
Corporate Bonds	$ 95,454	$ 4			$ 95,450
Funds – Corporate Bond	37,533,442				
Funds – Fixed Income ETF	31,248,334				
Funds – Government Bond	35,637,866				
Funds – Other Fixed Income	253,145,879				
Funds – Short Term Investment	18,301,712				
Government Bonds	71,151,054		$ 71,144,450		6,604
Govn Mortgage Backed Securities	86				86
Hedge Event Driven	32,524,724				
Non-Govn Backed C.M.O.s	1				
Totals	**$ 479,638,552**	**$ 4**	**$ 71,144,450**	**$ 0**	**$ 102,140**

*Does not include accrued income

(1)Pooled and Mutual Fund/Commingled Fund values displayed for Fair Value Totals only.

Interest Rate Sensitivity - Effective Duration

June 30, 2015

Investment Type(1)	Fair Value*	Effective Duration
Corporate Bonds	$ 95,454	
Funds – Corporate Bond	37,533,442	
Funds – Fixed Income ETF	31,248,334	
Funds – Government Bond	35,637,866	
Funds – Other Fixed Income	253,145,879	
Funds – Short Term Investment	18,301,712	
Government Bonds	71,151,054	4.78
Govn Mortgage Backed Securities	86	2.98
Hedge Event Driven	32,524,724	
Non-Govn Backed C.M.O.s	1	
Total	**$ 479,638,552**	

*Does not include accrued income

(1)Pooled and Mutual Fund/Commingled Fund values displayed for Fair Value Totals only

Foreign Currency Risk By Investment Type

June 30, 2015

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
Australian Dollar	$ 4,686,886	$ 7,024,560	
Canadian Dollar	(1,590,159)	2,253,088	$ 1,607
Swiss Franc	(1,067,179)	9,950,371	57,614
Danish Krone	934,590	605,810	647
Euro	(3,787,483)	45,949,523	113,963
British Pound Sterling	1,926,019	19,442,559	
Hong Kong Dollar	57,011	6,592,595	
New Israeli Shekel	285	573,884	
Japanese Yen	3,493,702	23,737,751	16,273
Norwegian Krone	152,557	228,075	
New Zealand Dollar	4	437,619	
Polish Zloty			5,837
Swedish Krona	572,153	5,766,794	
Singapore Dollar	733,417	339,240	
Totals	**$ 6,111,803**	**$ 122,901,869**	**$ 195,941**

*Includes accrued income

Donor-restricted Endowments

Arkansas Code Annotated §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 computation of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure is as follows:

Endowment Available for Expenditure

	Amount
Endowment Investments	$ 73,415,511
Pooled Investment Elimination Entry	(37,296)
Accrued Interest Receivable	3
Funds treated as Endowment	(13,411,916)
Non-expendable portion of Endowment	(23,805,173)
Available for Expenditure	**$ 36,161,129**

Note: The amounts shown as available for expenditure and the funds treated as endowments are reported as expendable net position on the Statement of Net Position.

The University uses a total return policy for investing endowed funds. The University's spending policy is to expend 4.4% of the balance of the endowment averaged over the previous twelve quarters. For FY2015, the total takedown percentage of 5.271% includes .6% for administrative costs plus other external fees.

3. RECEIVABLES

Accounts Receivable

Accounts receivable represent charges due the University from various student fees, room and board, student fines, and other charges. Accounts receivable also consist of unreimbursed expenses relating to research contracts with federal, state, and private agencies.

A summary of accounts receivable balances at June 30, 2015, are as follows:

Accounts Receivable

Type	Gross	Allowance	Net
Student Accounts Receivable	$ 13,720,528	$ (4,443,972)	$ 9,276,556
Non-student Accounts Receivable	15,630,959	(157,969)	15,472,990
Unreimbursed Research Contract Expenses	10,617,979	(786,778)	9,831,201
Totals	**$ 39,969,466**	**$ (5,388,719)**	**$ 34,580,747**

Notes Receivable

Notes receivable consist of resources made available for financial loans to students of the University and financing agreements between the University and certain organizations for the purpose of facilities construction.

The resources for loans to students include federal funds, funds from other external sources, and University funds. New student loans totaling $2,286,850 were issued under the Student Loan Programs for the year ended June 30, 2015. Of total campus-based loans processed, the majority were from Perkins funds provided by the federal government. The federal student loan default rate based on the U.S. Department of Education Cohort default rate was 11.82% for the year ended June 30, 2015. Notes receivable totaling $8,808 were written off during the fiscal year ended June 30, 2015.

The following summarizes the balance of notes receivable at June 30, 2015:

Notes Receivable

Type	Gross Balance	Allowance	Net	Current Portion
Student loans	$ 15,531,639	$ (816,947)	$ 14,714,692	$ 3,261,644
Loans to Greek organizations	515,201		515,201	138,097
Totals	**$ 16,046,840**	**$ (816,947)**	**$ 15,229,893**	**$ 3,399,741**

Pledges Receivable

Pledges receivable consists of gifts pledged for capital projects.

The University had two pledges that were receivable at June 30, 2015; for the Jim and Joyce Faulkner Performing Art Center and the Wallace W. and Jama M. Fowler House totaling $4,016,236. All of the amount is expected to be collected in the next fiscal year, 2016.

The following summarized the balance of pledges receivable at June 30, 2015:

Pledges Receivable

Project	Total Pledge	Received	Outstanding	Current Portion
Wallace W. and Jama M. Fowler House	$ 2,934,400	$ 2,926,243	$ 8,157	$ 8,157
Jim and Joyce Faulkner Performing Arts Center	6,000,000	1,991,921	4,008,079	4,008,079
Totals	**$ 8,934,400**	**$ 4,918,164**	**$ 4,016,236**	**$ 4,016,236**

4. CAPITAL ASSETS

The following presents a summary of changes in capital assets for the year ended June 30, 2015:

Capital Assets

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Nondepreciable Capital Assets					
Land	$ 50,214,591	$ 4,745,728			$ 54,960,319
Construction in progress	89,733,064	97,894,880		$ (47,525,099)	140,102,845
Other assets	2,215,901	509,766			2,725,667
Total Nondepreciable Capital Assets	**142,163,556**	**103,150,374**		**(47,525,099)**	**197,788,831**
Depreciable Capital Assets					
Buildings	1,385,207,136	2,114,770	$ 1,511,801	30,654,990	1,416,465,095
Equipment	220,182,960	14,089,783	5,950,753	2,840,706	231,162,696
Improvements	30,516,835	120,644		2,281,706	32,919,185
Infrastructure	98,919,428	81,301		11,857,649	110,858,378
Intangible assets	79,476,189				79,476,189
Library holdings	81,768,825	879,460	35,937	275,088	82,887,436
Total	**1,896,071,373**	**17,285,958**	**7,498,491**	**47,910,139**	**1,953,768,979**
Less Accumulated Depreciation					
Buildings	(519,672,747)	(44,690,341)	401,561	(3,682)	(563,965,209)
Equipment	(179,536,738)	(15,341,273)	5,860,527	13,265	(189,004,219)
Improvements	(16,334,823)	(1,308,342)			(17,643,165)
Infrastructure	(39,850,179)	(4,503,639)			(44,353,818)
Intangible assets	(78,140,705)	(443,036)			(78,583,741)
Library holdings	(69,051,218)	(2,401,895)	34,828		(71,418,285)
Total	**(902,586,410)**	**(68,688,526)**	**6,296,916**	**9,583**	**(964,968,437)**
Total Depreciable Capital Assets	**993,484,963**	**(51,402,568)**	**1,201,575**	**47,919,722**	**988,800,542**
Total Capital Assets, Net of Accumulated Depreciation	**$ 1,135,648,519**	**$ 51,747,806**	**$ 1,201,575**	**$ 394,623**	**$ 1,186,589,373**

Note 1: land of $415,652 and buildings of $4,824,755 related to the joint endevor between the University of Arkansas and the City of Fayetteville are included in the above amounts. See note 15.

Museum Collection

The financial statements do not include the University's museum collection which consists of numerous historical relics, artifacts, displays, and memorabilia. Major collections are in archeology, physical anthropology, ethnography, geology, zoology, and history. The value of these collections have not been established by professionals in their respective fields.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable balances are summarized as follows:

Accounts Payable

Type	Amount
Payable to Outside Vendors	$ 21,237,191
Retainage on Construction Contracts	5,120,551
Property Taxes Payable	247,675
Total	**$ 26,605,417**

Accrued payroll liabilities are summarized as follows:

Accrued Payroll Liabilities

Type	Amount
Net Salaries and Wages Payable	$ 2,930,325
Employee Withholdings Payable	8,540,047
Employer Payroll Taxes and Benefits Matching Payable	7,141,781
Total	**$ 18,612,153**

6. SHORT-TERM BORROWING

GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, states that governments should provide details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end. The University had no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2015.

7. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with policies established by the Board of Trustees. Full time, non-classified, University employees accrue annual leave at the rate of fifteen hours per month, classified employees at a variable rate (from 8 to 15 hours per month) dependent upon number of years of employment in state government. Under the University's policy, an employee may carry accrued leave forward from one calendar year to another, up to a maximum of 240 hours (30 working days). Employees who terminate their employment are entitled to payment for all accumulated annual leave, up to the maximum allowed.

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 (ACA) §21-4-501.

The University recognizes a liability for compensated absences. The liability is based on the value of unused employee vacation and compensatory time as of year-end, including the associated benefits: contributions to Retirement, Social Security, Medicare, Workers' Compensation, and Unemployment Insurance. The liability also includes amounts paid to eligible classified employees for unused sick leave. A classified employee who has accumulated at least fifty (50) days, but less than sixty (60) days of sick leave upon retirement shall receive an amount equal to fifty percent (50%) of the number of accrued sick leave days (rounded to the nearest day) times fifty percent (50%) of the employee's daily salary. A classified employee who has accumulated at least sixty (60) days, but less than seventy (70) days of sick leave upon retirement shall receive an amount equal to sixty percent (60%) of the number of accrued sick leave days (rounded to the nearest day) times 60 percent (60%) of the employee's daily salary. A classified employee who has accumulated at least seventy (70) days, but less than eighty (80) days of sick leave upon retirement shall receive an amount equal to seventy percent (70%) of the number of accrued sick leave days (rounded to the nearest day) times seventy percent (70%) of the employee's daily salary. A classified employee that has accumulated at least eighty (80) or more days of sick leave upon retirement shall receive an amount equal to eighty percent (80%) of the number of accrued sick leave days (rounded to the nearest day) times eighty percent (80%) of the employee's daily salary. In no event shall an employee receive a sick leave incentive amount that exceeds $7,500.

The University recognizes the estimated amount of the liability that will be incurred within the next year as a current liability and the balance as noncurrent.

Changes in compensated absences for the year ended June 30, 2015 are as follows:

Compensated Absences

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated Absences	$ 19,640,254	$ 709,355	$ 343,679	$ 20,005,930	$ 1,408,052

8. LONG-TERM DEBT

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.

Schedule of Long-Term Debt

A summary of long-term debt at June 30, 2015, is as follows:

Long-Term Debt

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized & Issued	Debt Outstanding at June 30, 2015	Maturities and Refinanced Amounts to June 30, 2015
10/15/1997	11/01/2022	3.95% to 5.25%	$ 21,445,000	$ 1,045,000	$ 20,400,000
03/01/2005	11/01/2025	3.00% to 4.50%	81,020,000	45,945,000	35,075,000
10/01/2007	11/01/2037	4.00% to 5.00%	45,010,000	39,195,000	5,815,000
08/01/2008	11/01/2038	4.00% to 5.00%	36,750,000	35,830,000	920,000
08/01/2008	11/01/2028	4.10% to 6.375%	15,210,000	13,915,000	1,295,000
12/15/2009	11/01/2039	3.00% to 5.00%	52,430,000	48,260,000	4,170,000
06/30/2010	09/15/2020	1.00% to 4.82%	23,965,000	14,360,000	9,605,000
06/29/2011	11/01/2040	2.00% to 5.00%	101,225,000	94,670,000	6,555,000
06/29/2011	11/01/2022	3.00% to 5.00%	8,895,000	7,790,000	1,105,000
06/29/2011	09/15/2021	2.00% to 4.895%	23,575,000	5,500,000	18,075,000
04/17/2012	11/01/2032	1.00% to 5.00%	56,965,000	50,455,000	6,510,000
09/13/2012	11/01/2042	2.00% to 5.00%	60,540,000	59,140,000	1,400,000
05/16/2013	11/01/2042	1.00% to 5.00%	54,450,000	52,175,000	2,275,000
05/16/2013	09/15/2027	1.00% to 5.00%	30,355,000	27,780,000	2,575,000
06/30/2014	11/01/2043	2.00% to 5.00%	24,730,000	24,595,000	135,000
06/30/2014	11/01/2043	0.85% to 4.50%	5,020,000	4,985,000	35,000
02/12/2015	11/01/2036	2.00% to 5.00%	70,360,000	70,360,000	
02/12/2015	09/15/2022	2.00% to 5.00%	14,180,000	14,180,000	
11/30/1991	05/01/2022	5.50%	3,000,000	1,179,668	1,820,332
11/29/1995	11/01/2034	2.00% to 5.00%	2,071,140	737,585	1,333,555
11/30/2007	07/01/2023	4.69%	6,950,000	5,159,908	1,790,092
12/19/2008	08/19/2023	4.581%	23,842,000	16,647,887	7,194,113
04/08/2010	01/08/2023	4.80%	9,694,713	6,873,975	2,820,738
Various	Various	Various	577,126	421,616	155,510
Net unamortized premium			52,781,911	46,411,620	6,370,291
Totals			**$ 825,041,890**	**$ 687,612,259**	**$ 137,429,631**

Schedule of Changes in Long-Term Debt

Changes in long-term debt for the year ended June 30, 2015, are as follows:

Changes In Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds	$ 641,485,000	$ 84,540,000	$ 115,845,000	$ 610,180,000	$ 24,695,000
Net unamortized premium	35,245,728	14,125,701	2,959,809	46,411,620	2,560,883
Notes	2,497,090		579,837	1,917,253	162,395
Leases	9,605	564,083	152,072	421,616	135,812
Installment contracts	31,351,371		2,669,601	28,681,770	2,795,733
Totals	**$ 710,588,794**	**$ 99,229,784**	**$ 122,206,319**	**$ 687,612,259**	**$ 30,349,823**

Note: Amounts shown in "Ending Balance" include both current and long-term portions.

Future Principal and Interest Payments

Total long-term principal and interest payments are as follows:

Future Long-Term Payments

Year(s)	Principal	Interest	Total
2016	$ 27,788,940	$ 29,075,916	$ 56,864,856
2017	29,486,084	28,024,553	57,510,637
2018	29,542,142	26,940,614	56,482,756
2019	30,697,283	25,748,071	56,445,354
2020	32,137,251	24,371,222	56,508,473
2021-2025	139,356,397	100,207,132	239,563,529
2026-2030	109,119,439	71,280,772	180,400,211
2031-2035	112,318,103	44,839,932	157,158,035
2036-2040	101,625,000	17,924,885	119,549,885
2041-2044	29,130,000	1,885,281	31,015,281
Total Future Payments	**$ 641,200,639**	**$ 370,298,378**	**$ 1,011,499,017**
Plus Net unamortized premiums	**46,411,620**		
Total Outstanding Debt	**$ 687,612,259**		

Capital Leases

The University has acquired certain equipment under various lease-purchase contracts. The cost of equipment held under capital leases totaled $536,873 at June 30, 2015. The expense resulting from depreciation of assets recorded under capital leases is included with depreciation expense as reflected in the summary of changes in capital assets. See Note 4.

Equipment Leases			
Type of Equipment	**Cost**	**Accumulated Depreciation**	**Asset Balance June 30, 2015**
Color Digital Copier	$ 14,419	$ 14,419	$
Farm Equipment	33,683	3,368	30,315
Mainframe Computer	488,771	97,754	391,017
Total	**$ 536,873**	**$ 115,541**	**$ 421,332**
Total Minimum Lease Payments			$ 446,244
Less: Amount Representing Interest			24,628
Total Present Value of Net Minimum Lease Payments			**$ 421,616**

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, 2015 that are pledged:

Pledged Revenues		
Bond Series	**Revenue Source**	**2015**
Series 1997 Various Facilities	Student Tuition and Fees	$258,604,292
Series 2005B Various Facilities	Sales and Services	8,674,631
Series 2007 Various Facilities	Residential Life	41,421,392
Series 2008A&B Various Facilities	Bookstore[1]	17,685,978
Series 2009A Various Facilities	Student Health Services	2,881,754
Series 2011A&B Various Facilities	Transit and Parking	7,892,613
Series 2012A Various Facilities	Other Auxiliaries	591,834
Series 2012B Various Facilities		
Series 2013 Various Facilities		
Series 2014A&B Various Facilities		
Series 2015A Various Facilities		
Total Various Facilities Pledge		**$337,752,494**
Series 2010 Athletic Refunding	Men's Athletic Revenue	$78,048,953
Series 2011 Athletic Facilities	(less game guarantees)	(3,186,843)
Series 2013 Athletic Facilities		
Series 2015 Athletic Facilities		
Total Athletics Pledge		**$74,862,110**

[1]For the purposes of calculating pledged revenues, Bookstore revenues shown include internally generated revenues from sales to the University campus of $4,025,084 for the year ending June 30, 2015.

The Various Facility revenue pledge is used to repay eleven various facilities revenue bond issues as detailed in the schedule above. Proceeds from the bonds provided financing for the construction and renovation of various campus buildings; utility and other infrastructure; land purchases; and refunding of existing debt issues. The maturity date on the issues range from November, 2022 through November, 2043. Annual principal and interest payments on the bonds are expected to require approximately 12.64% of gross revenues. The total principal and interest remaining to be paid on the bonds is $896,449,537. Principal and interest paid for the current year and gross revenues were $42,699,578 and $337,752,494, respectively.

The Athletics revenue pledge is used to repay four athletic facilities revenue bond issues as detailed in the schedule above. Proceeds from the bonds provided financing for the construction and renovation of various athletic facilities as well as the refunding of existing debt issues. The maturity date on the issues range from September, 2021 to September, 2027. Annual principal and interest payments on the bonds are expected to require approximately 12.86% of net revenues pledged. The total principal and interest remaining to be paid on the bonds is $76,892,847. Principal and interest paid for the current year and gross revenues were $9,624,475 and $74,862,110, respectively.

Refundings

On February 12, 2015, the University issued $70,360,000 in Various Facility Revenue Refunding Bonds, Series 2015A. The bonds, with interest rates of 2.0% to 5.0% were issued to refund $2,750,000 of outstanding bonds dated October 1, 2004 with interest rates of 2.0% to 4.375%, $13,510,000 of outstanding bonds dated March 1, 2005 with interest rates of 3.0% to 4.5%, and $60,475,000 of outstanding bonds dated June 1, 2006 with interest rates of $4.0% to 5.0%. Net bond proceeds and premiums of $81,714,224 and cash from the univerity of $1,009,170 were deposited into an escrow account to retire the bonds. The refunding of the bonds dated March 1, 2005 and June 1, 2006 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 $5,083,047. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, will be amortized through the fiscal year 2037 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next twenty-three years by $8,513,389 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $7,563,242. The escrow balance as of June 30, 2015 was $78,232,602. The refunding of the bonds dated October 1, 2004 was a current refunding and the bonds were called on March 15, 2015. The bonds dated March 1, 2005 will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2015, at which time the remaining balance will be refunded. The bonds dated June 1, 2006 will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2016, at which time the remaining balance will be refunded. The remaining balance of the defeased bonds at June 30, 2015 was $73,985,000.

On February 12, 2015, the University issued $14,180,000 in Athletic Facilities Revenue Refunding Bonds, Series 2015. The bonds, with interest rates of 2.0% to 5.0% were issued to refund $4,770,000 of outstanding bonds dated June 1, 2006 with interest rates of 4.0% to 4.375%, and $10,475,000 of outstanding bonds dated June 29, 2011 with interest rates of 2.0% to 4.895%. Net bond proceeds and premiums of $16,222,900 and cash from the University of $265,723 were deposited into the advance refunding fund to retire the bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $134,986. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, will be amortized through the fiscal year 2023 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next eight years by $1,413,277 and to obtain an economic gain of $1,084,087. The escrow balance as of June 30, 2015 was $16,155,588. The bonds dated June 1, 2006 will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of September 15, 2016. The bonds dated June 29, 2011 were not advance refunded in total. As of June 30, 2015, there was a balance of $5,500,000 outstanding that was not refunded. These bonds will continue to be paid normally through September 15, 2016. The refunded bonds dated June 29, 2011 will continue to have regularly scheduled interest payments made from the escrow account until the bond call date of September 15, 2016 at which date the principal will be refunded. The remaining balance of the defeased bonds at June 30, 2015 was $15,245,000.

9. NATURAL AND 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 the year ended June 30, 2015:

Operating Expenses

	Natural Classifications				
Functional Classifications	**Salaries, Wages and Benefits**	**Scholarships and Fellowships**	**Supplies and Other Services**	**Depreciation**	**Total**
Instruction	$ 153,857,097		$ 26,080,228		$ 179,937,325
Research	77,584,461		32,878,167		110,462,628
Public Service	60,458,020		23,109,496		83,567,516
Academic Support	27,922,423		15,965,583		43,888,006
Student Services	18,069,827		8,627,673		26,697,500
Institutional Support	42,769,206		11,724,959		54,494,165
Scholarships and Fellowships	116,595	$ 21,247,744	186,467		21,550,806
Operation and Maintenance of Plant	17,271,228		26,786,014		44,057,242
Auxiliary Enterprises	51,708,604		57,080,949		108,789,553
Depreciation				$ 68,688,526	68,688,526
Totals	**$ 449,757,461**	**$ 21,247,744**	**$ 202,439,536**	**$ 68,688,526**	**$ 742,133,267**

10. OPERATING LEASES

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. The total expenditures for all rental lease payments and non-lease rental payments for the fiscal year ended June 30, 2015, were $6,241,495. Below are the scheduled payments for the five succeeding fiscal years and thereafter.

Future Operating Lease Payments

Year(s)	**Amount**
2016	$ 1,622,734
2017	1,309,754
2018	1,125,657
2019	580,516
2020	535,894
2021-2025	1,174,226
Total	**$ 6,348,781**

11. EMPLOYEE BENEFITS

Retirement Plans

The University offers benefits-eligible employees the option of participating in either the Optional Retirement Program (ORP) which includes Teachers Insurance Annuity Association—College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments or the Arkansas Public Employees Retirement System (APERS). Participation in the Arkansas Teacher Retirement System (ATRS) is available only to employees employed by the University that have a previous record with ATRS.

Optional Retirement Program

Plan Description

The ORP is a defined contribution plan, offering both a 403(b) program and a 457(b) program, as defined by the Internal Revenue Service Code of 1986, as amended. The authority under which the Plan's benefit provisions are established or amended is the President of the University or his designee. Contributions to Fidelity Investments shall be applied either to individual annuities issued under a Metropolitan Life Guaranteed Account and/or one or more mutual fund custodian accounts managed by Fidelity Investments. Contributions to TIAA-CREF can be allocated among their various annuity accounts. Arkansas law authorizes participation in the plan.

Contributions

Participants in the University's plan can choose to be contributory or non-contributory. The University automatically contributes 5% of an employee's regular salary to TIAA-CREF and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice. For any contributions an employee makes in excess of 5% regular salary, the University makes an equal contribution, up to a maximum University contribution of 10% of regular salary up to the Internal Revenue Service (IRS) match limit, which at June 30, 2015 was $27,000. Employee contributions in excess of 10% are allowed by the plans in accordance with IRS regulations but the University does not match these additional contributions. All benefits attributable to plan contributions made by the participant are vested immediately. All benefits attributable to contributions made by the University for faculty and staff hired January 1, 2014, and after, will be vested at the end of 12 consecutive months of employment, upon death or attainment of age 65, or should they become disabled as determined by the Social Security Administration or the university's long-term disability insurance provider. Faculty and non-classified employees hired prior to January 1, 2014, will be 100% vested immediately. Classified staff hired prior to January 1, 2014, will be given the more generous of the previous vesting schedule or the new vesting schedule. The University's and participants' TIAA-CREF contributions for the year ending June 30, 2015, were $16,253,446 and $16,532,949, respectively. The University's and participants' Fidelity Investments contributions for the year ending June 30, 2015, were $6,967,827 and $7,180,222, respectively.

Arkansas Public Employees Retirment System (APERS)

Plan Description

APERS is a cost-sharing, multiple-employer, defined benefit plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three exofficio 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 previsions are set forth in Arkanas Code Annotated, Title 24, Chapters 5 & 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

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

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

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

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. 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 14.76% of applicable compensation for the fiscal year ended June 30, 2015. The University's and member's contributions for the year ending June 30, 2015, were $1,081,804 and $297,166, respectively.

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

At June 30, 2015, the University reported a liability of $4,833,430 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2015, the university's proportion was 0.2949 percent for Fayetteville and 0.0506 percent for Cooperative Extension Service, for a total proportion of 0.3455 percent.

For the year ended June 30, 2015, the University recognized pension expense of $520,958. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Net Pension Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ (61,407)
Changes of assumptions	$ 572,536	
Net difference between projected and actual earnings on pension plan investments		(1,900,936)
University contributions subsequent to the measurement date	1,081,804	
Totals	**$1,654,340**	**$(1,962,343)**

$1,081,804 reported as deferred outflows of resources 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Amortization of Other Deferred Inflows and Outflows

Year ended June 30:	Amount
2015	$ (333,143)
2016	(333,143)
2017	(333,143)
2018	(390,378)
2019	0
Thereafter	0

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return	7.75%
Salary Increases	3.75 – 10.35% including inflation
Wage Inflation	3.75%
Post-Retirement Cost-of-Living Increases	3% Annual Compounded Increase
Mortality Table	Based on RP-2000 Combined Health mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females
Average Service Life of All Members	4.5972

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015 are summarized below:

Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	28%	1.3%
Domestic Equity	31	5.4
International Equity	21	5.6
Real Estate	10	5.0
Private Equity	7	7.4
Commodities	1	2.3
Cash	2	0.0
Total	**100%**	

Assumption Changes: Economic assumptions were updated in the June 30, 2014 valuation to a 7.75% investment return assumption and a 3.75% wage inflation assumption.

Discount Rate

A single discount rate of 7.75% 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 7.75%. 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 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

Sensitivity of Discount Rate

1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
$8,672,181	**$4,833,431**	**$1,635,068**

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The University reported payables to APERS of $31,526 at June 30, 2015.

Arkansas Teacher Retirement System (ATRS)

Plan Description

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

Benefits Provided

Benefit previsions are set forth in Arkanas Code Annotated, Title 24, Chapter 7 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory	2.15%
Non-Contributory	1.39%

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

- at age 60 with 5 years of credited service,
- at any age with 28 years credited service.

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

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

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1, 1999, until July 1, 2000, to make an irrevocable choice to be contributory or noncontributory. Act 93 of 2007 allows any noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year. Employers are required to contribute at a rate established by the Board of Trustees of ATRS based on an actuary's determination of a rate required to fund the plan. The University contributed 14.00% of applicable compensation for the fiscal year ended June 30, 2015. The University's and member's contributions for the year ending June 30, 2015, were $196,145 and $56,661, respectively.

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

At June 30, 2015, the University reported a liability of $1,617,272 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2015, the university's proportion was 0.0498 percent for Fayetteville and 0.0118 percent for Cooperative Extension Service, for a total proportion of 0.0616 percent.

For the year ended June 30, 2015, the University recognized pension expense of $117,131. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Net Pension Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ (52,292)
Changes of assumptions	$ 0	
Net difference between projected and actual earnings on pension plan investments		(695,316)
University contributions subsequent to the measurement date	196,145	
Totals	**$196,145**	**$(747,608)**

$196,145 reported as deferred outflows of resources 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, 2016. 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:

Amortization of Other Deferred Inflows and Outflows

Year ended June 30:	Amount
2015	$ (185,007)
2016	(185,007)
2017	(185,007)
2018	(185,007)
2019	(7,580)
Thereafter	0

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	4-year smoothed market; 20% corridor
Wage Inflation	3.25%
Salary Increases	3.25 – 9.10% including inflation
Investment Rate of Return	8%
Post-Retirement Cost-of-Living Increases	3% Simple
Mortality Table	Based on RP-2000 Mortality table for males and females, projected 25 years using Projection Scale AA, (95% for men & 87% for women)
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, 2005 – June 30, 2010

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015 are summarized below:

Expected Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20%	4.7%
Global Equity	30	5.0
Fixed Income	20	2.0
Alternatives	5	5.0
Real Assets	15	4.6
Private Equity	10	6.6
Cash Equivalents	0	1.2
Total	**100%**	

Discount Rate

A single discount rate of 8.0% 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 8.0%. 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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

Sensitivity of Discount Rate

1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
$2,893,450	$1,617,273	$543,578

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The University reported payables to ATRS of $1,368 at June 30, 2015.

Other Plans

Cooperative Extension Service employees who hold accepted appointments with the U.S. Department of Agriculture are covered by one of the above plans depending on when employment began. Employees employed prior to January 1, 1984, are on the Civil Service Retirement System. This system requires an employee contribution of 7% and the University contributes 8.51%. Employees hired between January 1, 1984, and July 31, 1987, are either on the Civil Service Offset or the Federal Employees Retirement System, depending on their length of prior federal service. Both systems require an employee contribution of 0.80%. The Civil Service Offset requires matching of 8.51% and the Federal Employees Retirement system requires agency matching of 10.7%. Employees on Civil Service participate in TIAA-CREF and Fidelity. The Thrift Savings Plan is another retirement savings and investment plan for Federal employees at the UA Cooperative Extension Service. It is a defined contribution plan and its purpose is to provide retirement income for Federal employees similar to that provided employees covered under the Civil Service Retirement System but without employer matching. Employees covered under the Federal Employees Retirement System receive a mandatory 1% employer contribution. The University's and participants' contributions to both the Civil Service Retirement System and the Thrift Savings Plan for the year ended June 30, 2015, were $364,174 and $250,366, respectively.

Self-Insurance Plans

The University of Arkansas System sponsors self-funded health and dental benefit plans for University employees and their eligible dependents. The Fayetteville, Medical Sciences, Little Rock, Pine Bluff, Monticello, Fort Smith, Batesville and Hope campuses, state-wide operating units of the Arkansas Archeological Survey and Division of Agriculture, System Administration, Criminal Justice Institute, the Clinton School of Public Service, the Arkansas School for Mathematics, Sciences and the Arts, and the University of Arkansas Foundation, Inc., participate in the health insurance program which is administered by the System Administration. Operations of the plans are recorded in the separate University of Arkansas consolidated financial report.

As of January 1, 2014, post age 65, Medicare eligible retirees no longer participate in the University of Arkansas' self-funded health and dental benefit plan. Those individuals are now covered by the UnitedHealthcare Medicare Advantage PPO plan.

For the year ending June 30, 2015, a total of 4,637 active employees, former employees, and retirees were participants in the health plan. The University pays 76.764% for the Point of Service Plan and 83.693% for the Classic Plan for Fayetteville, the Criminal Justice Institute and the Arkansas Archeological Survey. The University pays 77.446% for the Point of Service Plan and 82.590% for the Classic Plan for the Division of Agriculture. The University pays 70% of the health plan for federal employees.

Life Insurance Plan

The University of Arkansas System's life insurance carrier is Unum Life Insurance Company of America. The University's life insurance is a fully-insured arrangement with the premiums being sent directly to the life insurance carrier.

Expenditures for all employee benefits are included as expenditures within the appropriate functional area.

The University has, from time to time, negotiated early retirement agreements with faculty and staff which may include the provision of healthcare or other benefits for future periods. The amount of liability established for these type of agreements was $105,488 at June 30, 2015.

12. OTHER POSTEMPLOYMENT BENEFITS

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 retired employees of the Fayetteville (UAF), Little Rock (UALR), Medical Sciences (UAMS), Monticello (UAM), Pine Bluff (UAPB), Phillips (PCCUA) and Batesville (UACCB) campuses, the Cooperative Extension Service of the Division of Agriculture (CES), the Arkansas School for Mathematics, Sciences and the Arts (ASMSA), and the University of Arkansas System Administration (SYSTEM). 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 University of Arkansas Foundation, Inc. and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the University of Arkansas consolidated financial report.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* which became effective for the fiscal year ending June 30, 2008. This statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The calculation reflects expected future medical costs. It includes an accrual for all active employees valuing the benefits they are anticipated to receive in retirement based on the likelihood that they will stay employed until eligible for postretirement benefits. As a result of the implementation of this statement, the University accrued $13,803,981 in retiree healthcare liability as of June 30, 2015.

For those campuses in the University's self-funded plan, retirees qualify for postretirement benefits as follows:

- Participation: Employees who retire with a combination of age and years of service of at least 70 with at least 10 years of coverage under the plan are eligible to participate. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death. Retirees can continue coverage past Medicare eligibility age (age 65 or disabled) with the University plan paying secondary to Medicare.
- Benefit Provided: Retirees participate in the plan at the same premium rate as an active employee.
- Required Contribution Ratio: Retirees pay 100% of premium. Employer costs are funded on a pay-as-you-go basis.

Summary of Key Actuarial Methods and Assumptions

Actuarial Assumptions for the University Self-Funded Plan

University Self-Funded Plan

Valuation date	July 1, 2014
Valuation year	Census data was collected as of January 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	30 years open, level % of payroll
Asset valuation method	N/A
Discount rate	4.50%
Projected payroll growth rate	4.00%
Medical inflation rate	Immediate rate of 6%, with a 1% increase in year 2 followed by 0.25% decrease starting in year 4 to an ultimate rate of 4.50

Mortality

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

Disability Rates

Various rates based on age. Selected rates are:

	Rate per 1,000	
Age	**Male**	**Female**
25	0.0003	0.0003
30	0.0003	0.0004
40	0.0008	0.0013
50	0.0033	0.004
55	0.0069	0.0064
60	0.0115	0.009

Withdrawal Rates

Select and ultimate rates by location are based on length of service for the first five years and age thereafter:

Service		Select Rates	
	UAF	**UAMS**	**OTHER**
0	25%	30%	20%
1	25%	20%	20%
2	20%	18%	20%
3	16%	18%	15%
4	16%	15%	15%

Ultimate rates are from Sarason turnover table T-6 for UAF, table T-7 for UAMS, and table T-4 for all other locations.

Retirement Rates

Age	Rate
50-59	5%
60-61	10%
62	15%
63-66	10%
67-69	50%
70+	100%

Future Retiree Coverage

For medical and Rx coverage
55% of employees are assumed to elect medical and Rx coverage at retirement. Retirees were assumed to remain in their current plan indefinitely (until age 65 at which point they would join the UHC Medicare Advantage plan).
For life insurance coverage
75% of retiring employees are assumed to continue life insurance at retirement

Future Dependent Coverage

50% of employees electing medical and Rx coverage at retirement are assumed to be married and elect spouse coverage.

Spouse Age Differential

Males are assumed to be 4 years older than females.

General Overview of the Valuation Methodology

The process of determining the liability for retiree medical benefits is based on many assumptions about future events. Future increases in health care costs are affected by many factors, including: medical inflation; change in utilization patterns; technological advances; cost shifting; cost leveraging; and changes to government medical programs, such as Medicare.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Calculations are based on the types of benefits provided under the terms of each plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Changes in Actuarial Assumptions and Methods

The mortality table assumption changed from the RP-2000 Fully Generational Combined Healthy Mortality Table projected using scale AA for healthy and disabled lives to the RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using the projection scale MP-2014 for healthy lives and the RP-2014 Fully Generational Mortality Table for disabled retirees using the projection scale MP-2014 for disabled lives. This change decreased the Actuarial Accrued Liability by $2,422,013 as of July 1, 2014.

The health care trend rates were updated to reflect future expectations. Also, the medical and pharmacy administrative expense was previously included in the claims cost. This assumption was separated from claims cost in order to better reflect expectations of future costs. These changes increased the Actuarial Accrued Liability by $7,872,199 as of July 1, 2014.

The life insurance administrative expenses were lowered from 19.6% to 15.0%. This change decreased the Actuarial Accrued Liability by $858,088 as of July 1, 2014.

Medical Coverage – Retirees not Eligible for Medicare

Claim experience for the period January 1, 2013 through February 28, 2015 was used to develop the claims cost for non-Medicare-eligible retirees. The paid claims data was converted to an incurred basis using a completion factor approach. This experience includes 1,037 life years of exposure and was deemed to be 61% credible for medical claims and 86% credible for prescription drug claims. The experience was combined with the active claims experience adjusted for demographic differences to produce the per capita claims costs used in the valuation. Adjustment factors were then applied to develop expected claims by age to be used in the valuation.

Medical Coverage – Retirees Eligible for Medicare

Effective January 1, 2014, the plan for Medicare eligible retirees was changed to a fully insured Medicare Advantage program. Retirees pay 100% of the fully insured premium directly to United Healthcare. As a result, no liabilities for Medicare eligible retiree medical benefits are included in this valuation.

Dental Coverage

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.

Determination of End of Year Accrual

Unfunded actuarial accrued liability at 7/1/14	$ 23,394,775
Annual Required Contribution (ARC)	
Normal cost	$ 1,263,566
Amortization of the unfunded actuarial accrued liability over 30 years	835,268
Interest	94,448
Annual Required Contribution for FY15	2,193,282
Interest on Net OPEB Obligation	552,602
ARC Amortization Adjustment	(458,167)
Annual OPEB Cost for FY15	$ 2,287,717
Net OPEB Obligation, 7/1/14	$ 12,314,432
Annual OPEB Cost for FY15	2,287,717
Less: Expected Employer Contributions	(798,168)
Net OPEB Obligation, 6/30/15	$ 13,803,981

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Expected Contribution	Percentage Contributed	Net Obligation at Year End
6/30/13	$ 1,782,714	$ 891,605	50.01%	$ 11,430,713
6/30/14	1,549,194	665,475	42.96	12,314,432
6/30/15	2,287,717	798,168	34.89	13,803,981

Since there is no funding, the expected contributions are any retiree premiums actually paid by the University plus expected implicit subsidy payments. The implicit rate subsidy is the difference between the true cost of medical benefits and the cost sharing premiums paid by the retiree.

Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/15	$ 0	$ 23,394,775	$ 23,394,775	0%	$ 278,146,096	8.41%

13. POLLUTION REMEDIATION

GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* establishes standards for the accounting and financial reporting of pollution (including contamination) remediation obligations. The university has assessed potential remediation of the Southwest Experimental Fast Oxide Reactor site (SEFOR), and has determined that the University presently has no obligation to begin pollution remediation of the site.

14. RISK MANAGEMENT

The University of Arkansas Risk Management Program provides insurance coverage for all campuses within the University of Arkansas System. The role of the System Office is to analyze and recommend insurance coverage but it is ultimately up to each campus to inform the System Office regarding their specific coverage requirements.

All campuses are currently covered under the property and auto coverage provided through the System Office. The property coverage is insured through FM Global with a $100,000 deductible at the Fayetteville, Medical Sciences, and Little Rock Campuses. All other campuses have a $50,000 deductible. It is the responsibility of each campus to confirm all building and content values to be covered. The FM Global policy also contains earthquake and flood insurance coverage. The System Office has also secured domestic and foreign terrorism coverage.

Likewise with the auto coverage, each campus is responsible for providing a list of vehicles to be covered under the auto coverage through Cypress Insurance. The auto coverage has a physical damage deductible of $1,000 and provides coverage against liability losses up to $1,000,000 per occurrence.

The University of Arkansas does have an insurance policy covering the Razorback Foundation, Inc. and Board of Trustees of the University of Arkansas for the owned aircraft, which provides coverage liability losses up to $25,000,000 per occurrence, medical coverage of $25,000 per person and involuntary settlement of $250,000 per passenger.

The University of Arkansas does not purchase general liability, errors or omissions, 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 of Arkansas for such losses are heard before the State Claims Commission. In such cases where the University of Arkansas enters into a lease agreement to hold a function at a location not owned by the University of Arkansas, general liability coverage may be purchased for such functions.

The University of Arkansas maintains workers' compensation coverage through the State of Arkansas program. Premiums are paid through payroll and are based on a formula calculated by the Department of Finance and Administration which is provided to the campuses around April 1 of each year to be used for the upcoming fiscal year. 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 of Arkansas participates in the State of Arkansas Fidelity Bond Program for claims of employee dishonesty. This program has a limit of $250,000 recovery per occurrence with a $2,500 deductible. Premiums are paid annually via a fund transfer from state appropriations to the 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.

15. WALTON ARTS CENTER

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. To administer this project and its funds, the University and the City of Fayetteville established a nonprofit organization called the University of Arkansas/City of Fayetteville Arts Foundation, Inc., now called the Walton Arts Center Foundation, Inc., which was incorporated on January 19, 1987. There are nine directors, three are appointed by the University, three by the City of Fayetteville, and three are recommended by the Foundation that must be 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 must submit an annual budget to both the City and the University for approval. The Board of Trustees of The Arts Center Council is comprised of five members appointed by the University, five members appointed by the City, and ten members appointed at large, all of whom serve 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. Upon return of the funds to the City and the use of University provided funds for construction, the Walton Arts Center Foundation, Inc. is no longer an agent for the City of Fayetteville or the University of Arkansas. The City and the University no longer 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.

16. OTHER ENTITIES

University of Arkansas Foundation, Inc. - The Foundation operates as a nonprofit benevolent corporation for charitable educational purposes. The Board of Trustees of the Foundation includes one (1) member who is also a member of the University's Board of Trustees. The audited financial statements of the Foundation, as of and for the year ended June 30, 2015, which have been audited by an independent certified public accountant, are presented below in summary form. The University of Arkansas, Fayetteville is the beneficiary of 51.0% of the net assets of the Foundation. The remaining 49.0% benefits other University of Arkansas campuses. Complete financial statements for the Foundation can be obtained from the administrative office at 700 Research Center Boulevard, Fayetteville, AR 72701.

Arkansas Alumni Association, Inc. – The Arkansas Alumni

Condensed Statement of Financial Position
University of Arkansas Foundation, Inc.

	2015
Assets	
Investments	$ 884,394,655
Contributions Receivable, less Allowance	30,132,446
Other Receivables	2,814,863
Fixed Assets, Net of Depreciation	800,025
Other Assets	1,196,556
Total Assets	**$ 919,338,545**
Liabilities and Net Assets	
Liabilities	$ 17,412,395
Net Assets	
Unrestricted	102,610,251
Restricted	799,315,899
Net Assets	901,926,150
Total Liabilities and Net Assets	**$ 919,338,545**

Condensed Statement of Activities
University of Arkansas Foundation, Inc.

	2015
Contributions	$ 73,167,513
Other Revenues, Additions and Gains/(Losses)	31,051,681
Total Income and Other Additions/(Losses)	**$ 104,219,194**
Total Expenditures and Other Deductions	**$ 63,955,982**
Increase/(Decrease) in Net Assets	**$ 40,263,212**

Association, Inc., was incorporated in 1960 for the purposes of promoting the welfare of the University and its graduates and former students. Audited financial statements for the year ended June 30, 2015 are presented below in summary form. Complete financial statements for the Arkansas Alumni Association, Inc. can be obtained from the administrative office at 491 N. Razorback Road, Fayetteville AR 72701.

Condensed Statement of Financial Position
Arkansas Alumni Association, Inc.

	2015
Assets	
Cash and investments	$ 1,997,650
Other Assets	7,826,748
Total Assets	**$ 9,824,398**
Liabilities and Net Assets	
Liabilities	$ 1,187,598
Net Assets	8,636,800
Total Liabilities and Net Assets	**$ 9,824,398**

Condensed Statement of Activities
Arkansas Alumni Association, Inc.

	2015
Income and Other Additions	$ 4,092,819
Expenditures and Other Deductions	3,134,429
Increase/(Decrease) in Net Assets	**$ 958,390**

University of Arkansas Technology Development Foundation – The Foundation was incorporated in May, 2003, and is considered a supporting organization of the Fayetteville campus. The Foundation's mission is to stimulate a knowledge-based economy through partnerships that lead to new opportunities for learning and discovery, that build and retain a knowledge-based workforce and that spawn the development of new technologies that enrich the economic base of Arkansas. Audited financial statements for the year ended June 30, 2015 are presented below in summary form. Complete financial statements for the Foundation can be obtained from the administrative office at 535 W. Research Center Boulevard, Fayetteville, AR 72701

Condensed Statement of Financial Position
University of Arkansas Technology Development Foundation

Assets	**2015**
Cash and investments	$ 1,313,285
Other Assets	13,373
Total Assets	**$ 1,326,658**
Liabilities and Net Assets	
Liabilities	$ 88,823
Net Assets	1,237,835
Total Liabilities and Net Assets	**$ 1,326,658**

Condensed Statement of Activities
University of Arkansas Technology Development Foundation.

	2015
Income and Other Additions	$ 1,637,089
Expenditures and Other Deductions	1,520,611
Increase/(Decrease) in Net Assets	**$ 116,478**

17. RELATED PARTIES

There were three significant related party transactions other than those with component units discussed in Note 1.

A member of the Board of Trustees is the Bank Chairman of the privately-held First Security Bancorp based in Searcy, Arkansas. At June 30, 2015, bank balances held at First Security Bank totaled $25,199,160 (book balances shown on the Statement of Net Position were $25,205,140). The University has conducted business with the bank for several years. In addition, Crews and Associates, Inc. (Crews) is a wholly owned, non-bank affiliate of First Security Bancorp and has served as one of the University's bond underwriters for several years. During FY15, Crews was co-underwriter for two bond issues for the Fayetteville campus in the amount of $84,540,000.

The former Provost and Vice Chancellor for Academic Affairs who served during the fiscal year was a member of the Board of Directors of Simmons First National Corporation (NASDAQ – SFNC) based in Pine Bluff, Arkansas. At June 30, 2015, bank balances held at Simmons First National Bank totaled $13,361,065 (book balances shown on the Statement of Net Position were $13,361,065). Simmons First National Bank has served as trustee for bond proceeds for several years, and amounts on deposit represent funds held in that capacity, primarily for two bond issues.

The Vice Chancellor and Director of Athletics 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, 2015, bank balances held at Arvest Bank Group, Inc. banks total $10,834,967 (book balances shown on the Statement of Net Position were $10,380,045).

18. COMMITMENTS AND CONTINGENCIES

Construction and Other Commitments

The University has contracted for the construction and renovation of several facilities. At June 30, 2015, the estimated remaining cost to complete the construction and renovation of these facilities is $37,005,720, which is expected to be financed from bond proceeds, private gifts and other university funds.

Contingencies

The University has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel that the ultimate outcome of litigation will not have a material effect on the future operations or financial position of the University.

19. SUBSEQUENT EVENTS

On July 31, 2015, the University refinanced three existing installment contract agreements. All three financing arrangements facilitated the University's energy savings projects. The refinancing of these three agreements will result in total overall savings to the University of $3,003,289 over the next nine years.

On August 27, 2015, the University issued Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Series 2015B in the amount of $7,510,000 and Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015C in the amount of $36,675,000.

The Series 2015B bonds provides resources for three separate construction and renovation projects on the University campus. These projects include two residence facilities occupied by campus Greek organizations and construction of a high pressure pipeline to supply natural gas to the campus. This issue is taxable.

The proceeds from Series 2015C bonds were used along with a cash contribution from the University of $7,022,265 to fund an escrow account set up to pay the principal due November 1, 2015 of the Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2005B, and to redeem the Series 2005B bonds maturing thereafter in whole on November 1, 2015. The refinancing of these bonds will result in total savings of $10,474,138 to the University.

REQUIRED SUPPLEMENTAL INFORMATION

Employee Benefits

Schedule of University's Proportional Share of the Net Pension Liability
Arkansas Public Employees Retirement System

	2015*
University's proportion of net pension liability	0.3455%
University's proportionate share of net pension liability	$ 4,833,430
University's covered payroll	$ 5,914,094
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	81.73%
Plan fiduciary net position as a percentage of the total pension liability	84.15%

* The amounts presented were determined as of 6/30/14

Schedule of University Contributions
Arkansas Public Employees Retirement System

	2015
Contractually required contribution	$ 1,081,804
Contributions in relation to the contractually required contribution	(1,081,804)
Contribution deficiency (excess)	$ 0
University's covered-employee payroll	$ 7,329,295
Contributions as a percentage of covered-employee payroll	14.76%

Changes in Assumptions

Amounts reported in 2015 reflect a change in economic assumptions used in the valuation. The investment return assumption used was 7.75% and the wage rate assumption used was 3.75%.

Schedule of University's Proportional Share of the Net Pension Liability
Arkansas Teacher Retirement System

	2015*
University's proportion of net pension liability	0.0616%
University's proportionate share of net pension liability	$ 1,617,272
University's covered payroll	$ 1,703,007
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.97%
Plan fiduciary net position as a percentage of the total pension liability	84.98%

* The amounts presented were determined as of 6/30/14

Schedule of University Contributions
Arkansas Teacher Retirement System

	2015
Contractually required contribution	$ 196,146
Contributions in relation to the contractually required contribution	(196,146)
Contribution deficiency (excess)	$ 0
University's covered-employee payroll	$ 1,401,043
Contributions as a percentage of covered-employee payroll	14.00%

Other Postemployment Benefits

Determination of End of Year Accrual

Unfunded actuarial accrued liability at 7/1/14	$ 23,394,775
Annual Required Contribution (ARC)	
Normal cost	$ 1,263,566
Amortization of the unfunded actuarial accrued liability over 30 years	835,268
Interest	94,448
Annual Required Contribution for FY15	2,193,282
Interest on Net OPEB Obligation	552,602
ARC Amortization Adjustment	(458,167)
Annual OPEB Cost for FY15	$ 2,287,717
Net OPEB Obligation, 7/1/14	$ 12,314,432
Annual OPEB Cost for FY15	2,287,717
Less: Expected Employer Contributions	(798,168)
Net OPEB Obligation, 6/30/15	$ 13,803,981

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Expected Contribution	Percentage Contributed	Net Obligation at Year End
6/30/13	$ 1,782,714	$ 891,605	50.01%	$ 11,430,713
6/30/14	1,549,194	665,475	42.96	12,314,432
6/30/15	2,287,717	798,168	34.89	13,803,981

Since there is no funding, the expected contributions are any retiree premiums actually paid by the University plus expected implicit subsidy payments. The implicit rate subsidy is the difference between the true cost of medical benefits and the cost sharing premiums paid by the retiree.

An explanation of the differences in the annual required contribution is provided in the section, *General Overview of the Valuation Methodology.*

Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage Of Covered Payroll
6/30/13	$ 0	$ 19,691,029	$ 19,691,029	0%	$ 257,844,616	7.64%
6/30/14	0	17,588,820	17,588,820	0	269,869,374	6.52
6/30/15	0	23,394,775	23,394,775	0	278,146,096	8.41

General Overview of the Valuation Methodology

The process of determining the liability for retiree medical benefits is based on many assumptions about future events. Future increases in health care costs are affected by many factors, including: medical inflation; change in utilization patterns; technological advances; cost shifting; cost leveraging; and changes to government medical programs, such as Medicare.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Calculations are based on the types of benefits provided under the terms of each plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Changes in Actuarial Assumptions and Methods

The mortality table assumption changed from the RP-2000 Fully Generational Combined Healthy Mortality Table projected using scale AA for healthy and disabled lives to the RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using the projection scale MP-2014 for healthy lives and the RP-2014 Fully Generational Mortality Table for disabled retirees using the projection scale MP-2014 for disabled lives. This change decreased the Actuarial Accrued Liability by $2,422,013 as of July 1, 2014.

The health care trend rates were updated to reflect future expectations. Also, the medical and pharmacy administrative expense was previously included in the claims cost. This assumption was separated from claims cost in order to better reflect expectations of future costs. These changes increased the Actuarial Accrued Liability by $7,872,199 as of July 1, 2014.

The life insurance administrative expenses were lowered from 19.6% to 15.0%. This change decreased the Actuarial Accrued Liability by $858,088 as of July 1, 2014.

Medical Coverage – Retirees not Eligible for Medicare

Claim experience for the period January 1, 2013 through February 28, 2015 was used to develop the claims cost for non-Medicare-eligible retirees. The paid claims data was converted to an incurred basis using a completion factor approach. This experience includes 1,037 life years of exposure and was deemed to be 61% credible for medical claims and 86% credible for prescription drug claims. The experience was combined with the active claims experience adjusted for demographic differences to produce the per capita claims costs used in the valuation. Adjustment factors were then applied to develop expected claims by age to be used in the valuation.

Medical Coverage – Retirees Eligible for Medicare

Effective January 1, 2014, the plan for Medicare eligible retirees was changed to a fully insured Medicare Advantage program. Retirees pay 100% of the fully insured premium directly to United Healthcare. As a result, no liabilities for Medicare eligible retiree medical benefits are included in this valuation.

Dental Coverage

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.

BOARD OF TRUSTEES, UNIVERSITY OFFICIALS

Ben Hyneman, chair

Ben Hyneman of Jonesboro is president of Southern Property & Casualty Insurance Co. He is former commissioner and chair of the Arkansas Soil and Water Conservation Commission. Hyneman is a 1971 graduate of the University of Arkansas. His term expires in 2018.

Reynie Rutledge, vice chair

Reynie Rutledge of Searcy is chair and chief executive officer of First Security Bank. He earned his undergraduate and master's degrees from the University of Arkansas and has served on both the Sam M. Walton College of Business Executive Advisory Board and the University of Arkansas for Medical Sciences Foundation Board. His term expires in 2017.

David Pryor, secretary

David H. Pryor of Fayetteville is a former U.S. senator (1979-1997), Arkansas governor (1975-1979) and U.S. congressman (1967-1973). He is founding dean of the University of Arkansas Clinton School of Public Service and serves on the board of the Corporation for Public Broadcasting. His term expires in 2019.

Morrill Harriman, assistant secretary

Morril Harriman of Little Rock has served as Governor Mike Beebe's chief of staff since Beebe took office in 2007. Prior to that, Harriman served 16 years in the Arkansas Senate. He earned both his bachelor and law degrees from the University of Arkansas. His term expires in 2024.

Jane Rogers

Jane Rogers of Little Rock is a freelance organizational consultant. She has served as executive director of Riverfest Inc. and the Department of Arkansas Heritage. A 1968 graduate of the University of Arkansas, Rogers is past president of the Chi Omega Foundation Board of Directors. Her term expires in 2016.

Mark Waldrip

Mark Waldrip of Moro is owner of East Arkansas Seeds Inc. and Armor Seed LLC, companies that develop and sell soybeans, wheat, rice and corn. He also owns and manages Waldrip Farms Inc., a several thousand acre family farm. Waldrip is a 1977 graduate of the University of Arkansas. His term expires in 2020.

John Goodson

John Goodson of Texarkana is a law partner at Keil & Goodson, P.A. He earned his bachelor's degree in 1987 and law degree in 1989 from the University of Arkansas. His term expires in 2021.

Stephen Broughton

Dr. Stephen Broughton of Pine Bluff is a staff psychiatrist for the Southeast Arkansas Behavioral Health System. Broughton earned his bachelor's degree from the University of Arkansas at Pine Bluff and completed his medical education at the University of Arkansas for Medical Sciences. His term expires in 2022.

C.C. "Cliff" Gibson III

C.C. "Cliff" Gibson III of Monticello is founder of Gibson and Keith Law Firm and serves as county attorney for Drew County, Ark. The former president of the Monticello Economic Development Commission, Gibson attended the University of Arkansas at Monticello and earned his Juris Doctor at the UALR Bowen School of Law. His term expires in 2023.

Jim von Gremp

Jim von Gremp of Rogers is a real estate investor, communications consultant and former Wal-Mart executive. Previously, he served as chair of the Arkansas Public Service Commission and executive director of governmental relations for former Arkansas Gov. Mike Huckabee. His term expires in 2025.

Senior Management

President, University of Arkansas – Donald Bobbitt
Chancellor, University of Arkansas – G. David Gearhart (retired July 31, 2015)
Vice President for Agriculture – Mark J. Cochran
Dean of the Clinton School – James L. Rutherford
Director of the Criminal Justice Institute – Cheryl P. May
Director of the Archeological Survey – George Sabo III
Executive Director of the Arkansas Research and Education Optical Network – Steven Fulkerson

University of Arkansas Financial Officers

Vice Chancellor for Finance and Administrations – Timothy J. O'Donnell, interim
Associate Vice Chancellor for Finance and Administration – Jean E. Schook
Controller – Larrie Stolfi
Associate Controller – Michael White
Director of Research Accounting – Stephen Turner
Director of Student Accounts – Jo Ann Pepper
Director of Budget – Christopher E. Frala
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Director of Cash Management – Susan V. Slinkard
Director of Financial Affairs Compliance – Charles D. Ramseyer
Director of Property Accounting – Janice Harrison

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APPENDIX C

Audited Consolidated Financial Report of the University of Arkansas System
for the Fiscal Year Ended June 30, 2015

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University of Arkansas System

Consolidated Financial Statements

FY2014-15

Dr. Donald R. Bobbitt, President

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UNIVERSITY OF ARKANSAS SYSTEM

December 15, 2015

Board of Trustees
President Donald R. Bobbitt

It is my pleasure to transmit to you the Consolidated Financial Report of the University of Arkansas System for the fiscal year ended June 30, 2015. The data presented, including the Management Discussion and Analysis, Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, are exhibited on a consolidated basis and include all components of the UA System: UAF (University of Arkansas Fayetteville, including Agricultural Experiment Station, Cooperative Extension Service, 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), UACCH (University of Arkansas Community College at Hope), UACCM (University of Arkansas Community College at Morrilton), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System *e*Versity).

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

Barbara A. Goswick, CPA
Vice President for Finance & CFO

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, 2015, 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 33% and 49%, respectively, of the related combined totals. Additionally, we did not audit the financial statements of the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc., which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas for Medical Sciences, the University of Arkansas Foundation, Inc., and the 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.

500 WOODLANE STREET, SUITE 172 • LITTLE ROCK, ARKANSAS 72201-1099 • PHONE: (501) 683-8600 • FAX: (501) 683-8605
www.arklegaudit.gov

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, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1, 13, and 22 to the financial statements, the beginning net position, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, was restated due to the implementation of GASB Statement no. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement no. 27* and GASB Statement no. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement no. 68*. Our opinion is not modified with respect to this matter.

Other Matters

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, and 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected by us and other auditors 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, based on our audit, the procedures performed as described above, and the report of the other auditors, 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 16, 2015 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 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 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
Legislative Auditor

Little Rock, Arkansas
November 16, 2015
EDHE14115

Overview of the Financial Statements and Financial Analysis

The University of Arkansas System ("the University") is pleased to present its financial statements for the fiscal year ended June 30, 2015. While audited financial statements for fiscal year 2014 are not presented in this report because of implementation of new GASB pronouncements, condensed operations and financial position data will be presented in this discussion and analysis in order to illustrate certain increases and decreases.

The University, 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 and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts joined the University on January 1, 2004. In addition to these campuses, the University of Arkansas System includes the following units: Clinton School of Public Service, Division of Agriculture, Archeological Survey, Criminal Justice Institute, *e*Versity, and the System Administration.

All programs and activities of the University of Arkansas are governed by its Board of Trustees, 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 Archeological Survey, and the Director of 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 were prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The financial statement presentation required by GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities,* along with subsequent statements that amended Statement 35, provide 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. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes following this section.

For the year ended June 30, 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement No 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* These statements established standards of accounting and financial reporting for defined benefit pension plans and defined contribution pension plans. As a result, the beginning Net Position for FY2015 was reduced by $40.3 million. At June 30, 2015, the University is reporting deferred outflows of resources attributable to pension plans of $8.4 million, pension liabilities of $32.2 million, and deferred inflows of resources attributable to pension plans of $13.7 million. Sufficient information was not available to restate the FY14 statements, and therefore no comparative amounts for FY2014 are presented. Additional information about the effects of the implementation of these statements can be found in Note 13.

The University has identified two foundations as component units subject to inclusion in the financial report: the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. As component units, their financial information is included in this financial report in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units.* Additional information regarding these foundations is provided in Note 1 of the financial statements.

Statement of Net Position

The statement of net position presents the financial position of the University and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The sum of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources is net position, which is an indicator of the current financial condition of the University. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, there is a decrease in net position. Over time, increases or decreases in an institution's net position are one, but not the only, indicator of whether its financial health is improving or diminishing.

Assets and liabilities are identified as current or noncurrent. Current assets are those assets that can be realized in the next fiscal 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 next fiscal year. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values, with the exception of capital assets, which are stated at historical cost less accumulated depreciation.

Net position is divided into four major categories:

Net investment in capital assets: capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – non-expendable: net position subject to externally-imposed stipulations that it be maintained permanently by the University.

Restricted – expendable: net position 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.

Unrestricted: net position that is not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

Condensed Statement of Net Position

	June 30, 2015	June 30, 2014
ASSETS		
Current assets	$ 838,908,655	$ 815,366,316
Capital assets, net	2,635,668,882	2,588,971,402
Other assets	365,522,423	436,958,448
Total Assets	3,840,099,960	3,841,296,166
DEFERRED OUTFLOWS OF RESOURCES	29,707,312	15,057,640
LIABILITIES		
Current liabilities	285,882,339	267,910,051
Noncurrent liabilities	1,435,852,495	1,444,471,269
Total Liabilities	1,721,734,834	1,712,381,320
DEFERRED INFLOWS OF RESOURCES	13,720,266	
NET POSITION		
Net Investment in Capital Assets	1,364,040,122	1,361,813,338
Restricted		
Non-Expendable	68,427,641	67,095,362
Expendable	258,870,691	232,118,779
Unrestricted	443,013,718	482,945,007
Total Net Position	$ 2,134,352,172	$ 2,143,972,486

The University's total assets decreased $1.2 million, resulting from several offsetting variances, including an increase of $59.2 million in cash and investments. Accounts receivable related to patient care decreased $1.7 million. A decrease in other accounts receivable of $15.9 million includes a decrease of $18.3 million in health related services offset by an increase of $3.1 million in student accounts. Miscellaneous assets increased $5.3 million. Deposits with bond trustees, representing unspent debt proceeds and bond reserve funds, decreased $94.8 million, which reflects the continued spending of earlier bond proceeds for ongoing construction projects. No bonds were issued for new construction in FY15. Capital assets increased $46.7 million.

Deferred outflows of resources consist of deferred amounts on refinancing of debt and deferred amounts related to pensions. Overall, deferred outflows increased $14.7 million. Deferred amounts on refinancing of debt increased $6.3 million and are related to four new refunding bond issues, offset by scheduled amortization. As previously discussed, deferred amounts related to pensions of $8.4 million are a result of implementation of new GASB statements.

Total liabilities increased $9.4 million and also resulted from several offsetting variances. Estimated third party payor settlements related to the Medicare and Medicaid programs at UAMS decreased $5.3 million. Compensated absences (see Note 4) and other post-employment benefits (see Note 14) increased a total of $8.6 million. Accounts payable and other accrued liabilities increased $14.1 million. The liability for bonds, notes, capital leases and installment contracts decreased $46.5 million as no new bonds were issued for construction projects and debt was paid down with scheduled payments. A pension liability of $32.2 million was established with implementation of new GASB statements as discussed earlier. The liability for future insurance claims increased by $6.3 million and is due to the UA Health Plan experiencing significant losses in FY15 with an overall plan loss ratio of 112%. The primary cause of the poor experience was a very high level of catastrophic claims.

Deferred inflows of resources related to pension plans of $13.7 million were reported in FY15 as a result of implementation of new GASB statements.

The net increases in assets and deferred outflows of resources of $13.5 million netted against net increases in liabilities and deferred inflows of resources $23.1 million resulted in a decrease of $9.6 million in total net position for the University. Net investments in capital assets, restricted, and unrestricted are the three components of net position which experienced an increase of $2.2 million, an increase of $28.1 million and a decrease of $39.9 million, respectively. UAF and UAFS experienced increases of $58.7 million and $13.6 million, respectively. These increases were offset by decreases of $7.8 million for UALR, $34.1 million for UAMS, $2.7 million for UAM, $4.3 million for UAPB, $21.0 million for System Administration, and $12.0 million for the two-year campuses along with ASMSA. Contributing factors to the decrease in unrestricted net position are discussed in the following section.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position are the result of activity presented in the statement of revenues, expenses, and changes in net position. The statement presents operating and non-operating revenues received and expenses incurred by the University, along with any other revenues, expenses, gains and losses. The operating losses of $645.9 million and $689.1 million in fiscal years 2015 and 2014, respectively, are of little significance to the University since the GASB requires a significant portion of revenues (state appropriations, gifts, and some grants and contracts) to be reported as non-operating.

	Year Ended	
	June 30, 2015	June 30, 2014
Operating revenues	$ 1,970,520,771	$ 1,841,967,925
Operating expenses	2,616,432,179	2,531,083,604
Operating Loss	(645,911,408)	(689,115,679)
Non-operating revenues and expenses	622,205,701	694,316,513
Income before other revenues and expenses	(23,705,707)	5,200,834
Other revenues and expenses	54,361,141	49,537,562
Increase in Net Position	30,655,434	54,738,396
Net Position, beginning of year restated	2,103,696,738	2,089,234,090
Net Position, end of year	$ 2,134,352,172	$ 2,143,972,486

Operating revenue increased $128.6 million, of which almost 80%, or $101.8 million is from an increase in net patient service revenues due primarily to an increase in both inpatient and outpatient volumes, lower rates of uncompensated care and higher acuity cases. Net student tuition and fees increased $14.4 million, reflecting an increase for UAMS of $5.2 million and UAF of $22.8 million offset by a decrease for UALR of $13.1 million. The increases for UAMS and UAF were both a result of enrollment growth and rate revisions. The decrease at UALR was due to a change in the calculation of scholarship allowances. Athletic income increased $18.6 million from an increase for UAF of $19.6 million offset by a decrease for UALR of $1.0 million. UAF's increase is attributable to increases in post-season and SEC conference distributions, an additional home football game, and the reclassification of trademark licensing revenue, and

UALR's decrease is attributable to a decreased number in enrollment. Operating grants and contracts collectively decreased $6.9 million, mainly due to activity on four campuses. UAMS experienced decreases of $14.6 million, primarily due to decreased research grant funding from the Department of Health and Human Services of approximately $21.3 million offset by an increase of $7.6 million, primarily due to increased contract activity in the College of Medicine. The Fayetteville and Little Rock campuses had increases of $9.0 million and $5.0 million, respectively, primarily as a result of timing of certain awards and other cyclical changes. There was a decrease of $6.1 million for the Pine Bluff campus due to the completion of a Title III grant in FY14.

Total operating expenses increased $85.4 million. Compensation and benefit costs increased $32.5 million, or 2.25%, over the previous year. Compensation and benefit expense related to patient care increased by $34.2 million at UAMS, which was offset by reductions in divisions not providing direct patient care, for a net increase of $25.7 million. The implementation of GASB statements related to pensions also impacted compensation and benefits with increased pension expense. Expense related to the UA Health Plan increased $24.4 million due to a very high level of catastrophic claims in FY15 with an overall plan loss ratio of 112%. The cost of supplies and services increased $41.6 million, of which $25.5 million is attributable to UAMS and $11.6 million to the Fayetteville campus. The increase at UAMS was due mainly to increases in medical supplies, primarily for a higher surgery volume and drugs and medicines for patient care, partially offset by a decrease in professional services required for the three-year Broadband Technology Opportunities Program, a federal grant, completed in the first quarter of FY15. Depreciation expense increased $7.6 million. A decrease of $20.7 million in scholarships and fellowships was primarily caused by a reclassification of scholarship expense to scholarship allowances of $15.5 million at the Little Rock campus.

Net non-operating revenues decreased by $72.1 million. This was in large part due to decreases of $30.0 million in net state appropriations for UAMS from a reduction in appropriations of $13.5 million and an increase of $16.5 million in Medicaid match payments. However, the increase in Medicaid match payments translates to additional gross payments from an increase in Medicaid patients. Investment income decreased $27.0 million due to market performance. Non-operating grants decreased $8.9 million and non-capital gifts decreased $5.2 million.

Other changes in net position increased $4.8 million, of which $21.3 million is a decrease in capital appropriations, largely from state General Improvement Funds received in FY14. Capital gifts increased $27.8 million, of which $12.4 million is for five separate capital building projects on the Fayetteville campus and $12.9 million for the construction of a new art and design building on the Fort Smith campus.

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.

Additionally, net position was decreased by $40.3 million, which was the effect of the restatement required for the beginning FY15 net position required by new GASB statements as previously discussed (see Note 22).

Statement of Cash Flows

The purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of the University for the year. This statement may aid 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. This statement is prepared using the "direct method" as required by the GASB.

Similar to operating loss on the statement of revenues, expenses, and changes in net position, net cash provided by operating activities is of little significance to the University because the GASB requires significant sources of cash to be reported as non-operating financing. The net cash provided by the combination of operating activities and non-capital financing activities is a much more meaningful number for the University. The positive amounts of $216.0 million and $193.1 million for fiscal years 2015 and 2014, respectively, indicate that these activities contributed cash and liquidity for the year. Cash used by capital and related financing activities reflects the University's continued use of debt to finance the acquisition of capital assets.

Condensed Statement of Cash Flows

	Year Ended	
	June 30, 2015	June 30, 2014
Cash provided (used) by:		
Operating activities	$ (442,946,388)	$ (505,210,405)
Noncapital financing activities	658,896,460	698,300,455
Sub-Total	215,950,072	193,090,050
Capital and related financing activities	(171,988,433)	(232,473,613)
Investing activities	(25,032,258)	104,548,370
Net change in cash	18,929,381	65,164,807
Cash, beginning of year	441,684,117	376,519,310
Cash, end of year	$ 460,613,498	$ 441,684,117

Capital Assets and Long-Term Debt Activity

At June 30, 2015, the University had $2.6 billion of capitalized assets, net of accumulated depreciation of $2.1 billion. Net capital additions in fiscal year 2015 totaled $203.7 million which was offset by a net adjustment to accumulated depreciation of $157.0 million, resulting in an increase over the previous year of $46.7 million.

New debt issued for bonds, notes, and capital leases offset by payments of principal caused a net decrease of $46.5 million in debt for fiscal year 2015. The University issued a total of $181.9 million in bonds, all of which represents refunding issues for the Fayetteville, Medical Sciences, and Phillips campuses. More detailed information about debt activity is presented in Note 7.

Economic Outlook

The University's net position decreased $9.6 million in fiscal year 2015. This includes an adjustment to decrease the FY15 beginning position by $40.3 million, which was the effect of restatements required by new GASB Statements as previously discussed (see Note 22). Moody's Investors Service last reaffirmed the University's rating of Aa2 with a stable outlook on March 5, 2015. 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 75.4% of total net position and 88.4% of operating revenues, discussion below is centered on these two campuses.

UAMS -- Total net position decreased $34.1 million in FY15, $8.0 million of which was an adjustment to decrease the beginning FY15 net position due to changes in reporting pension liability. The total net position decrease included a decrease of $25.0 million in unrestricted net position. Several factors contributed to this. One of the most significant was the change in reporting pension liability. There was also an unexpected increase in health insurance costs that required the university to absorb $3.4 million in added expense during the latter part of the fiscal year. Employee-paid health insurance premiums were modified effective July 1, 2015, and other changes in the health insurance program were implemented, to ensure that claims costs are covered moving forward. UAMS is continuing to monitor its healthcare costs under the current plan to determine if further adjustments may be necessary prior to the next open enrollment period.

Mid-year staff salary increases, both across the board raises and market-based adjustments, were given to address mounting concerns about the competitiveness of current compensation at UAMS and its impact on staff retention. Staff at UAMS had not received across-the-board raises for a period of three years. Though modest as a percentage increase against current compensation levels, the raises and market adjustments added $6.7 million in unplanned expense.

UAMS also decided to make a strategic investment in FY15 to launch a new orthopedics clinic. Despite high initial start-up costs, the clinic is expected to pay significant dividends in the future. As part of UAMS' strategy to expand its reach in Arkansas, two more primary care clinics are expected to open in FY16.

UAMS continues to see a decline in federal National Institute of Health funding support and overall sponsored program support. Funding for federal grants and contracts is down $21.3 million, or 24% from the prior year. Expanding research funding, however, is a high priority in FY16. A Clinical Translational Science Award (CTSA) proposal will be resubmitted as a cornerstone of renewed efforts to obtain external funding. It is also anticipated that a research grant proposal submitted through the Myeloma Research Institute will receive approval and result in significant research dollars. Changes to current research administrative support structures and processes are planned also to assist in competing for industry sponsored clinical trials and other external funding sources.

Federal funding for Medicaid and Medicare Disproportionate Share Hospital (DSH) payments is expected to undergo a sharp decline in the future years as changes in the program begin to take effect. Medicaid DSH reductions are expected as part of the provisions of the federal Affordable Care Act (ACA). UAMS' Medicaid DSH payments could decline by 10% in FY16 and drop by as much as 44% from current levels in FY19. Although Medicare DSH payments may remain relatively high for UAMS due to the state's decision to expand Medicaid under the private option model, this is expected to change beginning in 2017 as Medicaid shifts from patient day reimbursement to supporting true costs associated with treating uninsured patients.

On the positive side, UAMS continues to experience a relatively low rate of uncompensated care due to the continuation of the private option expansion of Medicaid in Arkansas (2.4%, down from approximately 13.5% before the expansion). Other favorable factors include improved charge capture through the use of the Epic integrated clinical information system implemented in May 2014, increased patient volume and improved payer mix, all contributing to net patient revenues in FY15 that exceeded the previous year by $101.8 million or 11.1%. UAMS benefited in FY15 through temporary and permanent state funding support to mitigate the impact of a $13.5 million decrease in budgeted state appropriations. For FY16, the state has granted a one-time $7 million reduction in the Medicaid matching funds UAMS provides to the state of Arkansas. State appropriations for FY16 remain relatively flat over the prior fiscal year.

UAMS completed the refinancing of its Series 2006 bonds in FY15. Due to very favorable interest rates, the refinancing yielded net present value savings exceeding $9 million, or 10%. Future capital investment plans are being assessed. No new bond issues are contemplated for FY16.

FY15 was a year of change at UAMS as performance improvement plans and organizational restructuring efforts began in earnest. The transition to service lines, a key part of its clinical integration strategy, was completed on July 1, 2015. The financial and operational integration of clinical functions is expected to reduce costs and create greater efficiency while preparing UAMS to better handle anticipated changes in reimbursement and payment methodologies.

Accompanying this change was a change in the budget process for FY16, essentially ending the ability of individual units and departments to budget both expenses and revenues. Instead, each department received an allocation, an expense budget, with revenues retained at the clinical or campus level. This has had a very positive effect on the university's ability to manage and control budgets and spending.

Other organizational redesign efforts that are expected to be completed in FY16 to increase efficiency and effectiveness, provide improved service to its patients, students and employees and reduce unnecessary cost include: the creation of a contract administration office, a shared services unit to support research administration, the consolidation of disparate continuing education units into a single entity and restructuring of administrative support within the College of Medicine.

There are many positive changes underway that will lead to a much leaner operating environment in the future. This will be essential to meet the challenges that are already occurring in the healthcare and higher education industries. Current leadership is firmly in support of these efforts to transform the university, and committed to achieving future success. Though the economic outlook remains uncertain, due in large measure to changes that might be implemented in the state's private option Medicaid program, UAMS is taking the right steps to meet the challenges ahead.

Fayetteville -- Enrollment records continue to be broken, with a preliminary figure of 26,754, an increase of 517, for fall 2015. Since 2008, enrollment has increased 39%, or more than 7,500 students.

The campus continues to build momentum for its next comprehensive fundraising campaign. Fundraising production totals for private gift support has exceeded $100 million for five consecutive years. Production amo unts include gifts of cash, gifts-in-kind, planned gifts, and new pledges. In FY15, the campus recognized $116.5 million of private gift support, surpassing its goal of $112 million. This support is critical to ensure success for students and faculty and is a fundamental component in meeting budgetary needs. Support received from alumni, friends, organizations, faculty, and staff enhances all aspects of the student experience, including academic and need-based scholarships; technology enhancements; new and renovated facilities; undergraduate, graduate and faculty research; student abroad opportunities; and innovative programs. Virtually all private gifts are received by the University of Arkansas Foundation.

New Initiative -- At its meeting on March 21, 2014, the Board of Trustees adopted a resolution establishing the University of Arkansas System *e*Versity (UAS*e*), a complete online university that will seek its own accreditation. Faculty members are from all UA System campuses who expressed a desire to work with UAS*e.* Early efforts are being focused on enrolling traditionally unserved and underserved Arkansans. The first degree programs are being made available beginning in October, 2015.

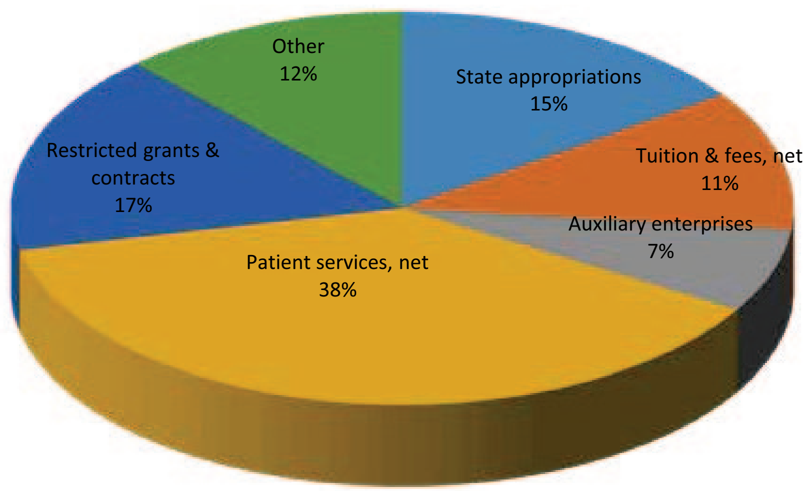
All Campuses – The UA Health Plan experienced significant losses in FY15 with an overall plan loss ratio of 112%. The primary cause of the poor experience was a very high level of catastrophic claims. While the University had sufficient reserves on hand to see it through FY15's significant losses, those reserves were significantly reduced. The University addressed the poor plan experience by increasing plan revenue and by implementing plan design changes to reduce claims cost. On the revenue side, campus premium rate increases of 12% to 19% were approved by the President and went into effect on March 1, 2015 on the employer portion of premiums. These increases were applied to the employee portion on July 1, 2015. Additionally, several plan design changes were implemented July 1, 2015, including increases in physician office co-payments, reduction in co-insurance benefits from 80% to 70% and increases in Rx co-pays. In January, 2016, deductibles and out-of-pocket maximum levels will be increased as well.

It is anticipated that the combination of the rate increases and the plan design changes will improve plan performance and begin to restore reserves to pre-catastrophic levels.

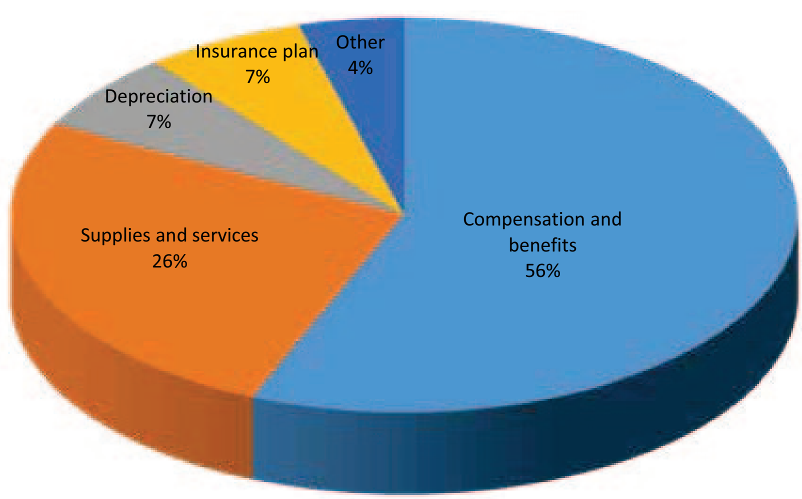
Financial support from state government for all campuses remains a critical element to the continued financial health of the University. Arkansas appears to have successfully weathered the effects of the national economic crisis, as general revenue forecasts are positive and the state budget remains balanced. Management will continue to budget conservatively and to emphasize cost containment.

From the fall semester of 2010 to the fall semester of 2015, the number of full-time equivalent students has increased 5.3% from 47,159 to 49,639, and headcount has increased 1.9% from 61,569 to 62,764.

FY15 Revenues
$2.697 Billion



FY15 Expenses
$2.666 Billion



FIVE YEAR SUMMARY OF KEY FINANCIAL DATA

	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Operating Revenues					
Tuition and fees, net	$ 309,858,306	$ 295,422,375	$ 275,084,672	$ 250,856,349	$ 221,756,700
Patient revenue, net	1,021,183,000	919,366,000	886,577,000	876,544,000	868,685,000
Federal and county appropriations	15,171,093	16,493,123	17,028,573	14,998,255	13,975,256
Grants and Contracts	307,119,574	314,008,446	321,126,655	365,262,370	319,888,263
Sales and services of educ depts	56,232,068	58,197,719	56,376,967	57,750,494	52,760,980
Insurance plan	41,906,111	43,296,032	43,802,468	41,906,125	41,061,956
Auxiliary enterprises	186,947,910	166,242,253	167,875,096	164,638,959	148,625,941
Other	32,102,709	28,941,977	51,001,021	30,332,695	22,936,597
Total operating revenues	$ 1,970,520,771	$ 1,841,967,925	$ 1,818,872,452	$ 1,802,289,247	$ 1,689,690,693
Operating Expenses					
Compensation and benefits	$ 1,499,840,271	$ 1,467,393,492	$ 1,425,598,007	$ 1,382,287,125	$ 1,312,312,613
Supplies and services	702,207,626	660,578,459	628,874,631	652,774,990	611,242,986
Scholarships and fellowships	65,686,099	86,396,670	93,059,279	95,485,181	103,128,338
Insurance plan	175,921,378	151,517,415	142,467,947	141,182,749	133,629,624
Depreciation	172,776,805	165,197,568	158,233,095	148,160,061	142,557,108
Total operating expenses	$ 2,616,432,179	$ 2,531,083,604	$ 2,448,232,959	$ 2,419,890,106	$ 2,302,870,669
Operating loss	$ (645,911,408)	$ (689,115,679)	$ (629,360,507)	$ (617,600,859)	$ (613,179,976)
Nonoperating Revenues and Expenses					
State appropriations	$ 411,402,231	$ 444,544,715	$ 431,252,786	$ 425,672,916	$ 426,443,808
Property and sales tax	12,531,223	12,303,561	11,674,780	12,194,886	11,648,766
Grants and contracts	138,720,480	147,597,024	157,605,951	162,026,457	177,848,289
Gifts	91,207,792	96,438,382	101,145,251	88,575,906	74,473,961
Investment income, net	13,162,116	40,177,645	24,228,708	14,843,356	35,355,451
Interest on capital-related debt	(46,017,268)	(46,516,830)	(38,498,129)	(41,530,288)	(43,686,367)
Other	1,199,127	(227,984)	(214,828)	1,205,278	229,835
Total nonoperating revenues & expens	$ 622,205,701	$ 694,316,513	$ 687,194,519	$ 662,988,511	$ 682,313,743
Other Changes in Net Position					
Capital appropriations	$ 1,850,000	$ 23,160,667	$ 1,241,482	$ 4,315,381	$ 5,012,936
Capital grants and gifts	53,841,730	26,030,024	23,653,645	55,709,101	31,590,946
Other	(1,330,589)	346,871	(846,240)	(102,600)	1,014,487
Total Other Change in Net Position	$ 54,361,141	$ 49,537,562	$ 24,048,887	$ 59,921,882	$ 37,618,369
Total Increase in Net Position	$ 30,655,434	$ 54,738,396	$ 81,882,899	$ 105,309,534	$ 106,752,136
Net Position					
Net Investment in Capital Assets	$ 1,364,040,122	$ 1,361,813,338	$ 1,322,883,554	$ 1,291,051,352	$ 1,217,021,877
Restricted - Non-Expendable	68,427,641	67,095,362	62,673,845	60,292,554	58,052,936
Restricted - Expendable	258,870,691	232,118,779	206,205,496	206,898,934	186,430,078
Unrestricted	443,013,718	482,945,007	497,471,195	456,558,745	447,987,160
Total Net Position	$ 2,134,352,172	$ 2,143,972,486	$ 2,089,234,090	$ 2,014,801,585	$ 1,909,492,051

Net Position, End of Fiscal Year 2012, was decreased by $7,450,394 from amount shown above as a cumulative adjustment due to GASB Statement No. 65

Net Position, End of Fiscal Year 2014, was decreased by $40,275,748 from amount shown above as a cumulative adjustment due to GASB Statement No. 68.

FIVE YEAR SUMMARY OF KEY STUDENT DATA

Enrollment

Fall Semester	2015*	2014	2013	2012	2011
Undergraduate Students (Headcount)	53,295	52,990	53,792	54,127	53,665
Graduate Students (Headcount)	9,469	9,119	9,071	8,955	9,011
Total	62,764	62,109	62,863	63,082	62,676
Undergraduate Students (FTE)	43,085	42,949	43,760	43,615	42,524
Graduate Students (FTE)	6,554	6,361	6,348	6,226	5,940
Total	49,639	49,310	50,108	49,841	48,464

Degrees Awarded

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011
Certificates	2,369	2,034	1,928	2,027	2,362
Associate	2,226	2,144	1,863	1,907	1,957
Baccalaureate	7,399	7,046	6,281	6,165	5,682
Post-Baccalaureate	144	128	118	106	147
Master's	2,023	1,912	2,032	1,997	1,939
Doctoral	263	246	264	235	215
First Professional	525	544	549	520	518
Total	14,949	14,054	13,035	12,957	12,820

*Preliminary Data Reported by Institutions

UNIVERSITY OF ARKANSAS
Statement of Net Position
June 30, 2015

	June 30, 2015
ASSETS	
Current	
Cash and cash equivalents	$ 430,971,875
Investments	148,917,100
Accounts receivable, net of allowances of $19,691,572	92,439,802
Patient accounts receivable, net of allowances of $421,761,000	111,368,000
Inventories	28,358,348
Deposits and funds held in trust by others	4,858,183
Notes receivable, net of allowances of $804,373	5,679,825
Other assets	16,315,522
Total current assets	838,908,655
Non-Current	
Cash and cash equivalents	29,641,623
Investments	264,256,722
Notes receivable, net of allowance of $4,170,174	35,989,863
Deposits and funds held in trust by others	35,096,064
Other non-current assets	538,151
Capital assets, net of depreciation of $2,095,962,470	2,635,668,882
Total non-current assets	3,001,191,305
TOTAL ASSETS	$ 3,840,099,960
DEFERRED OUTFLOWS OF RESOURCES	
Debt refunding	$ 21,330,973
Pensions	8,376,339
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 29,707,312
LIABILITIES	
Current	
Accounts payable and other accrued liabilities	$ 139,040,603
Unearned revenue	39,681,306
Funds held in trust for others	5,911,575
Liability for future insurance claims (Note 12)	20,800,000
Estimated third party payor settlements	1,071,000
Compensated absences payable - current portion (Note 4)	5,713,469
Bonds, notes, capital leases and installment contracts payable - current portion (Note 7)	73,664,386
Total current liabilities	285,882,339
Non-Current	
Unearned revenues, deposits and other	1,373,537
Refundable federal advance - Perkins loans	16,562,464
Compensated absences payable (Note 4)	77,454,948
Liability for other postemployment benefits (Note 14)	56,024,345
Liability for pensions (Note 13)	32,204,554
Bonds, notes, capital leases and installment contracts payable (Note 7)	1,252,232,647
Total non-current liabilities	1,435,852,495
TOTAL LIABILITIES	$ 1,721,734,834
DEFERRED INFLOWS OF RESOURCES	
Pensions	$ 13,720,266
NET POSITION	
Net Investment in Capital Assets	$ 1,364,040,122
Restricted	
Non-Expendable	
Scholarships and fellowships	12,265,900
Research	6,198,962
Other	49,962,779
Expendable	
Scholarships and fellowships	18,136,468
Research	60,372,649
Public service	13,497,289
Capital projects	129,555,567
Other	37,308,718
Unrestricted	443,013,718
TOTAL NET POSITION	$ 2,134,352,172

See accompanying notes.

UNIVERSITY OF ARKANSAS
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2015

	Year Ended June 30, 2015
Operating Revenues	
Student tuition & fees, net of scholarship allowances of $151,862,009	$ 309,858,306
Patient services, net of contractual allowances of $1,487,439,000	1,021,183,000
Federal and county appropriations	15,171,093
Federal grants and contracts	133,785,973
State and local grants and contracts	63,230,718
Non-governmental grants and contracts	110,102,883
Sales and services of educational departments	56,232,068
Insurance plan	41,906,111
Auxiliary enterprises	
Athletics, net of scholarship allowances of $2,883,409	92,403,184
Housing/food service, net of scholarship allowances of $16,541,235	61,237,435
Bookstore, net of scholarship allowances of $1,598,596	16,331,772
Other auxiliary enterprises, net of scholarship allowances of $321,828	16,975,519
Other operating revenues	32,102,709
Total operating revenues	1,970,520,771
Operating Expenses	
Compensation and benefits	1,499,840,271
Supplies and services	702,207,626
Scholarships and fellowships	65,686,099
Insurance plan	175,921,378
Depreciation	172,776,805
Total operating expenses	2,616,432,179
Operating loss	(645,911,408)
Non-Operating Revenues (Expenses)	
State appropriations, net of Medicaid match payments of $85,075,000	411,402,231
Property and sales tax	12,531,223
Federal grants	89,340,032
State and local grants	48,345,734
Non-governmental grants	1,034,714
Gifts	91,207,792
Investment income (net)	13,162,116
Interest and fees on capital asset-related debt	(46,017,268)
Loss on disposal of assets	(2,268,024)
Other	3,467,151
Net non-operating revenues	622,205,701
Income before other revenues and expenses	(23,705,707)
Other Changes in Net Position	
Capital appropriations	1,850,000
Capital grants and gifts	53,841,730
Adjustments to prior year revenues and expenses	(92,797)
Other	(1,237,792)
Total other revenues and expenses	54,361,141
Increase in net position	30,655,434
Net Position, beginning of year	2,143,972,486
Adjustment due to GASB 68 (Note 22)	(40,275,748)
Net Position, beginning of year, restated	2,103,696,738
Net Position, end of year	$ 2,134,352,172

See accompanying notes.

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method
For The Year Ended June 30, 2015

	Year Ended June 30, 2015
Cash Flows from Operating Activities	
Student tuition and fees (net of scholarships)	$ 308,760,959
Patient and insurance payments	1,029,490,000
Federal and county appropriations	16,369,041
Grants and contracts	311,443,181
Collection of loans and interest	5,144,214
Insurance plan receipts	42,188,954
Auxiliary enterprise revenues:	
Athletics	92,505,562
Housing and food service	60,254,255
Bookstore	15,631,345
Other auxiliary enterprises	17,125,774
Payments to employees	(1,279,763,268)
Payment of employee benefits	(209,650,695)
Payments to suppliers	(688,608,187)
Loans issued to students	(5,047,198)
Scholarships and fellowships	(65,679,174)
Payments of insurance plan expenses	(169,895,119)
Other	76,783,968
Net cash used by operating activities	(442,946,388)
Cash Flows from Noncapital Financing Activities	
State appropriations	414,601,231
Property and sales tax	12,557,248
Gifts and grants for other than capital purposes	229,303,334
Direct Lending, Plus and FFEL loan receipts	264,334,512
Direct Lending, Plus and FFEL loan payments	(262,267,261)
Other agency funds - net	412,953
Refunds to grantors	(45,557)
Net cash provided by noncapital financing activities	658,896,460
Cash Flows from Capital and Related Financing Activities	
Distributions from debt proceeds	196,794,430
Capital appropriations	1,850,000
Capital grants and gifts `	49,307,503
Property taxes - capital allocation	15
Proceeds from sale of capital assets	1,127,191
Purchases of capital assets	(200,942,864)
Payment of capital related principal on debt	(166,230,709)
Payment of capital related interest and fees	(54,121,976)
Insurance proceeds	20,907
Payments to/from trustee for reserve	207,070
Net cash used by capital and related financing activities	(171,988,433)
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	54,984,690
Investment income (net of fees)	1,416,625
Purchases of investments	(81,433,573)
Net cash used by investing activities	(25,032,258)
Net increase in cash	18,929,381
Cash, beginning of year	441,684,117
Cash, end of year	$ 460,613,498

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2015

	Year Ended June 30, 2015
Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	$ (645,911,408)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	172,776,805
Other miscellaneous operating receipts	2,974,115
Adjustment to cash for amounts in transit within the system	1,170,872
Change in assets and liabilities:	
Receivables, net	866,041
Inventories	585,961
Prepaid expenses and other assets	(2,245,923)
Accounts payable and other accrued liabilities	13,385,031
Unearned revenue	294,732
Liability for future insurance claims	6,276,000
Loans to students and employees	69,890
Refundable federal advance	(179,993)
Compensated absences	2,509,900
OPEB liability	6,031,871
Pension related	(3,311,268)
Other	1,760,986
NET CASH USED BY OPERATING ACTIVITIES	$ (442,946,388)
Non-Cash Transactions	
Capital Gifts	$ 620,679
Fixed assets acquired by incurring capital lease obligations	10,731,000
Capital outlay & maintenance paid directly from proceeds of debt	564,083
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	109,564,638
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	901,512
Payment of principal & interest on long-term debt from deposits with trustees	539,702
Interest earned on deposits with trustees	7,489
Payment on long-term debt directly from University of Arkansas Foundation, Inc. and Razorback Foundation, Inc.	214,188
Loss on disposal of assets	1,555,175
Valuation adjustment to capital assets	(221,615)

See accompanying notes.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
ASSETS		
Contributions receivable, net	$ 30,132,446	$ 38,520,860
Interest receivable	2,814,863	2,362,912
Investments, at fair value	884,394,655	840,292,509
Cash value of life insurance	1,196,556	1,087,458
Land, buildings and equipment, net of accumulated depreciation of $255,834 at 2015 and 2014	800,025	1,106,752
TOTAL ASSETS	919,338,545	883,370,491
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	2,344,867	5,448,456
Annuity obligations	15,067,528	16,259,097
TOTAL LIABILITIES	17,412,395	21,707,553
NET ASSETS		
Unrestricted	102,610,251	99,506,691
Temporarily restricted	141,361,837	133,237,061
Permanently restricted	657,954,062	628,919,186
TOTAL NET ASSETS	901,926,150	861,662,938
TOTAL LIABILITIES AND NET ASSETS	$ 919,338,545	$ 883,370,491

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statements of Activities
Years Ended June 30, 2015 and 2014

	Year Ended June 30, 2015				Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenues, Gains and Other Support								
Contributions	$ 11,845,325	$ 28,069,572	$ 33,252,616	$ 73,167,513	$ 17,142,424	$ 20,833,716	$ 20,174,687	$ 58,150,827
Interest and dividends	4,560,484	5,069,866	314,364	9,944,714	4,049,309	4,742,684	230,660	9,022,653
Net realized and unrealized gains on investments	5,018,476	19,139,872	(3,101,424)	21,056,924	12,452,076	18,327,054	61,343,144	92,122,274
Other	50,043			50,043	95,692			95,692
Net assets released from restrictions	38,264,802	(38,264,802)		-	47,020,021	(47,020,021)		-
Total revenues, gains and other support	59,739,130	14,014,508	30,465,556	104,219,194	80,759,522	(3,116,567)	81,748,491	159,391,446
Expenses and Losses:								
Program services:								
Construction	2,126,413			2,126,413	3,849,767			3,849,767
Research	12,250,386			12,250,386	15,501,885			15,501,885
Faculty/staff support	12,113,994			12,113,994	12,849,910			12,849,910
Scholarships and awards	10,433,066			10,433,066	10,008,729			10,008,729
Public/staff relations	1,917,201			1,917,201	1,970,719			1,970,719
Equipment	3,005,030			3,005,030	3,266,928			3,266,928
Sponsored programs	826,769			826,769	1,019,543			1,019,543
Other	11,903,086			11,903,086	12,440,080			12,440,080
Total program services	54,575,945			54,575,945	60,907,561			60,907,561
Supporting services:								
Management and general	449,057			449,057	406,980			406,980
Fundraising	1,540,821			1,540,821	1,350,842			1,350,842
Change in value of split-interest agreements	330	177	369,731	370,238	330	177	193,323	193,830
Provision for loss (recovery) on uncollectible contributions	69,417	5,889,555	1,060,949	7,019,921	7,725	(381,009)	69,340	(303,944)
Total supporting services	2,059,625	5,889,732	1,430,680	9,380,037	1,765,877	(380,832)	262,663	1,647,708
Total expenses and losses	56,635,570	5,889,732	1,430,680	63,955,982	62,673,438	(380,832)	262,663	62,555,269
Change in Net Assets	3,103,560	8,124,776	29,034,876	40,263,212	18,086,084	(2,735,735)	81,485,828	96,836,177
Net Assets, beginning of year	99,506,691	133,237,061	628,919,186	861,662,938	81,420,607	135,972,796	547,433,358	764,826,761
Net Assets, end of year	$ 102,610,251	$ 141,361,837	$ 657,954,062	$ 901,926,150	$ 99,506,691	$ 133,237,061	$ 628,919,186	$ 861,662,938

UNIVERSITY OF ARKANSAS
FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
ASSETS		
Investments	$ 515,236,233	$ 513,809,543
LIABILITIES AND NET ASSETS		
Accounts Payable	$ 476,827	$ 181,629
Net Assets:		
Temporarily restricted	30,571,566	29,161,667
Permanently restricted	484,187,840	484,466,247
Total Net Assets	514,759,406	513,627,914
TOTAL LIABILITIES & NET ASSETS	$ 515,236,233	$ 513,809,543

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statements of Activities
Years Ended June 30, 2015 and 2014

	Year Ended June 30, 2015				Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenues, Gains and Other Support								
Interest and dividends	$ -	$ 3,194,907	$ 3,864	$ 3,198,771	$ -	$ 3,524,875	$ 16,527	$ 3,541,402
Net realized and unrealized gains on investments		14,978,660	(2,238,028)	12,740,632		14,277,677	49,589,184	63,866,861
Reclassification for change in donor intent		(1,955,757)	1,955,757	-				
Net assets released from restrictions	14,807,911	(14,807,911)		-	19,691,816	(19,691,816)		-
Total revenues, gains and other support	14,807,911	1,409,899	(278,407)	15,939,403	19,691,816	(1,889,264)	49,605,711	67,408,263
Expenses and Losses:								
Program services:								
Construction					4,446,335			4,446,335
Research	1,151,398			1,151,398	1,341,235			1,341,235
Faculty/staff support	2,394,666			2,394,666	2,537,570			2,537,570
Scholarships and awards	9,601,436			9,601,436	9,457,971			9,457,971
Equipment and technology	1,442,809			1,442,809	1,400,591			1,400,591
Other	217,602			217,602	508,114			508,114
Total program services	14,807,911			14,807,911	19,691,816			19,691,816
Change in Net Assets	-	1,409,899	(278,407)	1,131,492	-	(1,889,264)	49,605,711	47,716,447
Net Assets, beginning of year	-	29,161,667	484,466,247	513,627,914		31,050,931	434,860,536	465,911,467
Net Assets, end of year	$ -	$ 30,571,566	$ 484,187,840	$ 514,759,406	$ -	$ 29,161,667	$ 484,466,247	$ 513,627,914

UNIVERSITY OF ARKANSAS
Statement of Net Position by Campus
At June 30, 2015

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (See Note 18)	TOTAL
ASSETS															
Current															
Cash and cash equivalents	$ 273,555,167	$ 11,687,067	$ 30,686,817	$ 40,880,000	$ 6,206,703	$ 27,307,989	$ 17,798,310	$ 1,663,917	$ 9,953,726	$ 2,699,655	$ 2,258,278	$ 1,327,664	$ 4,132,772	$ 813,810	$ 430,971,875
Investments	77,156,987	1,500,000	17,577,857	46,899,000			8	767,271	438,052		1,110,995	3,466,930			148,917,100
Accounts receivable	34,580,747	2,883,286	9,519,309	33,864,000	3,013,389	4,429,230	14,699,927	853,904	1,238,482	796,774	579,983	1,013,144	45,915	(15,078,288)	92,439,802
Patient accounts receivable				111,368,000											111,368,000
Inventories	5,505,385	23,787	213,054	21,260,000	442,453	23,593		89,834	65,340	349,486	151,236	234,180			28,358,348
Deposits and funds held in trust by others	2,201,430		2,650,021		1				5,144	1,587					4,858,183
Notes receivable	3,399,741			2,262,000	38,110									(20,026)	5,679,825
Other assets	8,647,245	385,660	268,237	6,411,000	297,135	5,003	217,298	102,061	4,519	43,989	3,852	10,903	68,620	(150,000)	16,315,522
Total current assets	405,046,702	16,479,800	60,915,295	262,944,000	9,997,791	31,765,815	32,715,543	3,476,987	11,705,263	3,891,491	4,104,344	6,052,821	4,247,307	(14,434,504)	838,908,655
Non-Current															
Cash and cash equivalents	2,887,232	5,379,012	70,188		1,004,487	18,606,923		622,441			1,004,596	66,744			29,641,623
Investments	74,945,869	9,309,350	11,081,863	160,525,000	4,888,069	2,431,571		75,000		1,000,000					264,256,722
Notes receivable	11,830,152			13,432,000	473,005								10,972,265	(717,559)	35,989,863
Deposits and funds held in trust by others	11,744,948	12,207,933	5,520,548	5,016,000						147,936	144,976	313,723			35,096,064
Other non-current assets	535,151			3,000			750,000							(750,000)	538,151
Capital assets	1,186,589,373	146,743,496	249,351,152	828,033,000	47,004,111	90,090,761	3,559,834	15,439,326	18,777,885	14,156,432	18,060,408	13,192,525	4,670,579		2,635,668,882
Total non-current assets	1,288,532,725	173,639,791	266,023,751	1,007,009,000	53,369,672	111,129,255	4,309,834	16,136,767	18,777,885	15,304,368	19,209,980	13,572,992	15,642,844	(1,467,559)	3,001,191,305
TOTAL ASSETS	1,693,579,427	190,119,591	326,939,046	1,269,953,000	63,367,463	142,895,070	37,025,377	19,613,754	30,483,148	19,195,859	23,314,324	19,625,813	19,890,151	(15,902,063)	3,840,099,960
DEFERRED OUTFLOWS OF RESOURCES															
Debt refunding	9,980,532	1,917,072	1,438,624	5,726,000	619,017	284,212		100,955	1,015,762	2,584	214,604	31,611			21,330,973
Pensions	1,850,485	537,866	1,392,517	2,055,000	445,023	120,756	37,681	381,833	229,294	358,734	396,333	455,923	114,894		8,376,339
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,831,017	2,454,938	2,831,141	7,781,000	1,064,040	404,968	37,681	482,788	1,245,056	361,318	610,937	487,534	114,894		29,707,312
LIABILITIES															
Current															
Accounts payable and other accrued liabilities	50,783,421	4,005,344	6,697,305	85,193,000	1,657,995	787,746	1,059,864	209,025	1,067,471	203,911	535,606	880,401	373,992	(14,414,478)	139,040,603
Unearned revenue	29,608,169	713,009	110,622	8,475,000	274,280	63,643	4,946	171,625	125,235	33,945		49,352	51,480		39,681,306
Funds held in trust for others	1,251,413	210,884	1,984,263		495,387	1,749,280		35,904	17,005	29,429	53,070	32,021	52,919		5,911,575
Liability for future insurance claims							20,800,000								20,800,000
Estimated third party payor settlements				1,071,000											1,071,000
Compensated absences payable - current portion	1,408,052	298,571	477,838	3,127,000	84,743	200,697	7,867	17,605	26,380	17,584	22,641	9,058	15,433		5,713,469
Bonds, notes, capital leases, installment contracts payable	30,349,823	5,464,266	7,186,554	26,124,000	1,013,120	1,329,801	49,507	270,481	375,377	430,942	665,546	424,995		(20,026)	73,664,386
Total current liabilities	113,400,878	10,692,074	16,456,582	123,990,000	3,525,525	4,131,167	21,922,184	704,640	1,611,468	715,811	1,276,863	1,395,827	493,824	(14,434,504)	285,882,339
Non-Current															
Unearned revenues, deposits and other	28,229		203,916	822,000		133,605			185,787				750,000	(750,000)	1,373,537
Refundable federal advance - Perkins loans	14,185,613	1,498		1,911,000	464,353										16,562,464
Compensated absences payable	18,597,878	1,352,979	4,098,973	47,657,000	1,120,714	2,032,742	576,820	334,485	417,421	506,312	314,081	346,202	99,341		77,454,948
Liability for other post employment benefits	13,803,981	952,868	5,000,498	30,414,000	1,302,329	2,209,639	212,346	115,460	873,212	420,747	104,410	282,545	332,310		56,024,345
Liability for pensions	6,450,702	2,177,128	4,313,030	6,780,000	2,212,862	539,744	69,046	1,867,330	966,479	1,680,353	1,908,417	2,247,840	991,623		32,204,554
Bonds, notes, capital leases, installment contracts payable	657,262,436	80,225,037	123,907,070	332,187,000	17,229,113	17,593,492	450,493	4,632,696	11,298,221	1,236,554	5,079,333	1,848,761		(717,559)	1,252,232,647
Total non-current liabilities	710,328,839	84,709,510	137,523,487	419,771,000	22,329,371	22,509,222	1,308,705	6,949,971	13,741,120	3,843,966	7,406,241	4,725,348	2,173,274	(1,467,559)	1,435,852,495
TOTAL LIABILITIES	823,729,717	95,401,584	153,980,069	543,761,000	25,854,896	26,640,389	23,230,889	7,654,611	15,352,588	4,559,777	8,683,104	6,121,175	2,667,098	(15,902,063)	1,721,734,834
DEFERRED INFLOWS OF RESOURCES															
Pensions	2,709,951	935,649	1,773,329	2,767,000	974,463	230,969	28,032	828,100	424,890	751,028	831,469	1,006,993	458,393		13,720,266
NET POSITION															
Net Investment in Capital Assets	517,259,642	73,993,800	124,288,357	474,003,000	29,380,895	71,448,929	3,559,834	10,637,104	8,120,049	12,636,872	12,453,454	11,515,341	14,742,845		1,364,040,122
Restricted															
Non-Expendable															
Scholarships and fellowships	8,365,759	270,134	3,101,673	394,000	56,017			78,317							12,265,900
Research	5,739,659		137,744		321,559										6,198,962
Other	10,228,833	7,000	5,208,078	31,043,000	52,456	3,423,412									49,962,779
Expendable															
Scholarships and fellowships	13,201,055	128,019	724,324	2,083,000	249,397	956,133			248,661			545,879			18,136,468
Research	27,033,953		2,423,235	29,000,000	1,465,269	450,192									60,372,649
Public service	7,467,633	95,044	5,487,906			446,706									13,497,289
Capital projects	24,666,137	2,718,324	36,118	98,971,000	1,072,616	30,554		613,792	442,430		1,004,596				129,555,567
Other	22,833,007	4,460,217	3,841,958	3,106,000	788,917	2,063,474		125,649		3,311			86,185		37,308,718
Unrestricted	242,175,098	14,564,758	28,767,396	92,606,000	4,215,018	37,609,280	10,244,303	158,969	7,139,586	1,606,189	952,638	923,959	2,050,524		443,013,718
TOTAL NET POSITION	$ 878,970,776	$ 96,237,296	$ 174,016,789	$ 731,206,000	$ 37,602,144	$ 116,428,680	$ 13,804,137	$ 11,613,831	$ 15,950,726	$ 14,246,372	$ 14,410,688	$ 12,985,179	$ 16,879,554	$ -	$ 2,134,352,172

UNIVERSITY OF ARKANSAS
Statement of Revenues, Expenses, and Changes in Net Position by Campus
For the Year Ended June 30, 2015

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 18)	TOTAL
Operating Revenues															
Student tuition & fees, net of scholarship allowances	189,315,846	13,845,767	48,439,546	37,499,000	9,543,042	3,907,903		1,408,777	654,208	1,164,331	1,089,440	2,990,446			309,858,306
Net patient services			-	1,021,183,000											1,021,183,000
Federal and county appropriations	15,171,093		-												15,171,093
Federal grants and contracts	31,709,977	1,511,390	9,342,542	68,251,000	1,697,853	14,022,051		899,124	3,260,985	1,327,844	1,136,036	627,171		-	133,785,973
State and local grants and contracts	23,668,832	2,371,452	12,245,746	16,613,000	1,546,795	2,487,104		521,551	1,376,187	210,997	685,615	1,001,489	501,950		63,230,718
Non-governmental grants and contracts	32,831,792	2,458,626	2,512,125	70,299,000	761,538	204,539	15,000	54,701	762,301			143,047	60,214		110,102,883
Sales and services of educational departments	22,070,764	253,173	2,102,131	29,694,000	497,283	168,881	4,119,814	60,714	19,325	11,649	183,176	117,178	15,144	(3,081,164)	56,232,068
Insurance plan							155,945,137							(114,039,026)	41,906,111
Auxiliary enterprises															
Athletics	86,417,607	162,383	4,165,031		463,254	1,170,930		23,979				180,588			92,403,184
Housing and food service	32,673,491	3,103,763	5,884,371	9,163,000	2,251,719	7,914,809		65,694							61,237,435
Bookstore	13,516,538	455,856	281,751	541,000	506,153	151,680			73,750	221,023	46,490	537,531			16,331,772
Other auxiliary enterprises	11,366,201	147,761	1,579,127	2,943,000	466,691	253,910			88,929	98,670		31,230			16,975,519
Other operating revenues	9,134,758	359,285	1,832,889	18,150,000	611,680	2,146,496		94,015	268,165	62,967	48,408	132,104	103,771	(841,829)	32,102,709
Total operating revenues	467,876,899	24,669,456	88,385,259	1,274,336,000	18,346,008	32,428,303	160,079,951	3,128,555	6,503,850	3,097,481	3,189,165	5,760,784	681,079	(117,962,019)	1,970,520,771
Operating Expenses															
Compensation and benefits	449,757,461	43,882,917	117,318,939	878,619,000	26,064,706	40,389,697	6,964,800	7,330,340	13,602,197	7,549,034	7,684,684	10,182,603	4,532,919	(114,039,026)	1,499,840,271
Supplies and services	202,439,536	16,695,443	39,355,097	392,010,000	10,956,661	21,765,910	2,354,064	2,925,056	4,621,537	3,024,534	2,432,869	3,807,389	3,742,523	(3,922,993)	702,207,626
Scholarships and fellowships	21,247,744	5,468,092	15,095,930	1,169,000	7,520,540	5,265,639		1,454,482	1,787,717	1,495,763	2,830,902	2,350,290			65,686,099
Insurance plan							175,921,378								175,921,378
Depreciation	68,688,526	6,941,239	16,076,804	65,266,000	3,776,427	6,279,599	227,801	867,926	1,403,356	930,331	1,010,195	877,917	430,684		172,776,805
Total operating expenses	742,133,267	72,987,691	187,846,770	1,337,064,000	48,318,334	73,700,845	185,468,043	12,577,804	21,414,807	12,999,662	13,958,650	17,218,199	8,706,126	(117,962,019)	2,616,432,179
Operating gain (loss)	(274,256,368)	(48,318,235)	(99,461,511)	(62,728,000)	(29,972,326)	(41,272,542)	(25,388,092)	(9,449,249)	(14,910,957)	(9,902,181)	(10,769,485)	(11,457,415)	(8,025,047)	-	(645,911,408)
Non-Operating Revenues (Expenses)															
State appropriations	205,745,146	23,869,198	68,415,587	21,527,000	18,534,689	27,309,289	4,806,747	4,735,594	10,336,093	4,989,281	6,431,644	6,300,620	8,401,343		411,402,231
Property and sales tax		5,839,679				-		1,158,417	2,134,666	1,278,331	1,388,892	731,238			12,531,223
Federal grants	23,140,414	15,059,461	17,183,915		8,550,830	8,717,387		2,726,461	2,846,399	3,305,146	3,232,966	4,577,053			89,340,032
State and local grants	28,644,847	7,291,287	7,576,471		2,583,973	1,358,895		430,491		459,770					48,345,734
Non-governmental grants			1,033,714							1,000					1,034,714
Gifts	66,653,990		5,990,887	16,815,000	896,018	700,828		97,106				8,834	45,129		91,207,792
Investment income, net	4,338,885	74,422	685,699	7,706,000	127,815	48,849	18,986	13,186	20,549	27,008	5,221	46,997	48,499		13,162,116
Interest & fees on capital asset-related debt	(24,003,224)	(2,835,739)	(3,870,383)	(13,294,000)	(577,358)	(661,034)		(188,016)	(298,979)	(43,401)	(164,434)	(80,700)			(46,017,268)
Gain (Loss) on disposal of assets	(1,047,765)	(809,791)	(276,266)	(76,000)	(1,497)	(59,785)		(6,768)	(20)	(1,636)		11,504			(2,268,024)
Other	2,355,135	1,006,980			(43,404)	(23)	146,779		5,143			(3,459)			3,467,151
Net non-operating revenues	305,827,428	49,495,497	96,739,624	32,678,000	30,071,066	37,414,406	4,972,512	8,966,471	15,043,851	10,015,499	10,894,289	11,592,087	8,494,971	-	622,205,701
Income (loss) before other revenues and expens	31,571,060	1,177,262	(2,721,887)	(30,050,000)	98,740	(3,858,136)	(20,415,580)	(482,778)	132,894	113,318	124,804	134,672	469,924	-	(23,705,707)
Other Changes in Net Position															
Capital appropriations	2,143,171					200,000								(493,171)	1,850,000
Capital grants and gifts	31,954,904	15,132,282	21,129	6,045,000	127,872	35,000			57,191			23,275	445,077		53,841,730
Adjustments to prior year revenues and expenses					(92,797)										(92,797)
Other	911,058	44,952		(2,054,000)	40,172		(493,171)		(178,080)	(1,894)				493,171	(1,237,792)
Total other revenues and expenses	35,009,133	15,177,234	21,129	3,991,000	75,247	235,000	(493,171)	-	(120,889)	(1,894)	-	23,275	445,077	-	54,361,141
Increase (decrease) in net position	66,580,193	16,354,496	(2,700,758)	(26,059,000)	173,987	(3,623,136)	(20,908,751)	(482,778)	12,005	111,424	124,804	157,947	915,001	-	30,655,434
Net Position, beginning of year	820,310,798	82,636,725	181,865,911	765,277,000	40,317,425	120,730,203	34,793,920	14,556,998	17,197,890	16,371,419	16,743,342	15,828,107	17,342,748	-	2,143,972,486
Adjustment due to GASB 68 (Note 21)	(7,920,215)	(2,753,925)	(5,148,364)	(8,012,000)	(2,889,268)	(678,387)	(81,032)	(2,460,389)	(1,259,169)	(2,236,471)	(2,457,458)	(3,000,875)	(1,378,195)		(40,275,748)
Net Position, beginning of year, restated	812,390,583	79,882,800	176,717,547	757,265,000	37,428,157	120,051,816	34,712,888	12,096,609	15,938,721	14,134,948	14,285,884	12,827,232	15,964,553	-	2,103,696,738
Net Position, end of year	878,970,776	96,237,296	174,016,789	731,206,000	37,602,144	116,428,680	13,804,137	11,613,831	15,950,726	14,246,372	14,410,688	12,985,179	16,879,554	-	2,134,352,172

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2015

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 18)	TOTAL
Cash Flows from Operating Activities															
Student tuition and fees (net of scholarships)	$ 188,413,009	$ 13,726,497	$ 47,880,074	$ 37,769,000	$ 9,853,028	$ 3,920,961		$ 1,375,839	$ 669,910	$ 1,086,363	$ 1,066,713	$ 2,999,565			308,760,959
Patient and insurance payments			-	1,029,490,000											1,029,490,000
Federal and county appropriations	16,369,041		-												16,369,041
Grants and contracts	87,117,812	6,808,932	24,262,184	157,922,000	3,994,595	18,686,725	$ 15,000	1,481,238	5,419,290	1,530,730	1,854,880	1,787,631	$ 562,164		311,443,181
Collection of loans and interest	3,011,730			2,070,000	62,484										5,144,214
Insurance plan receipts							154,387,885							$ (112,198,931)	42,188,954
Auxiliary enterprise revenues:															
Athletics	86,539,416	162,383	4,252,528		447,761	1,079,495		23,979							92,505,562
Housing and food service	31,991,043	3,142,057	5,937,455	9,159,000	1,834,816	7,943,602		65,694				180,588			60,254,255
Bookstore	12,877,934	436,407	281,751	541,000	427,344	151,670			73,750	221,813	45,372	574,304			15,631,345
Other auxiliary enterprises	11,547,603	151,248	1,569,450	2,928,000	456,385	253,910			88,929	99,019		31,230			17,125,774
Payments to employees	(352,328,055)	(34,878,169)	(93,561,169)	(703,400,000)	(20,279,948)	(31,511,193)	(5,482,373)	(5,782,730)	(10,028,382)	(5,862,981)	(5,561,107)	(7,688,464)	(3,398,697)		(1,279,763,268)
Payment of employee benefits	(95,153,791)	(9,224,081)	(24,259,560)	(164,645,000)	(5,829,606)	(8,287,319)	(1,423,778)	(1,724,041)	(3,371,424)	(1,828,453)	(2,233,619)	(2,723,055)	(1,136,914)	112,189,946	(209,650,695)
Payments to suppliers	(200,824,858)	(16,060,291)	(38,835,449)	(380,451,000)	(10,649,974)	(22,684,150)	(2,466,041)	(3,011,660)	(4,461,552)	(3,047,592)	(2,432,442)	(3,824,650)	(3,726,014)	3,867,486	(688,608,187)
Loans issued to students	(2,447,198)		-	(2,600,000)											(5,047,198)
Scholarships and fellowships	(21,250,689)	(5,468,092)	(15,095,930)	(1,169,000)	(7,524,014)	(5,265,639)		(1,454,482)	(1,787,717)	(1,495,763)	(2,817,545)	(2,350,303)			(65,679,174)
Payments of insurance plan expenses			-				(169,895,119)								(169,895,119)
Other receipts and payments	34,377,793	609,082	3,704,599	32,767,000	1,375,417	2,270,284	3,150,159	154,210	282,827	110,874	272,674	265,459	131,219	(2,687,629)	76,783,968
Net cash used by operating activities	(199,759,210)	(40,594,027)	(83,864,067)	20,381,000	(25,831,712)	(33,441,654)	(21,714,267)	(8,871,953)	(13,114,369)	(9,185,990)	(9,805,074)	(10,747,695)	(7,568,242)	1,170,872	(442,946,388)
Cash Flows from Noncapital Financing Activities															
State appropriations	205,745,146	23,869,198	68,415,587	24,726,000	18,534,689	27,309,289	4,806,747	4,735,594	10,336,093	4,989,281	6,431,644	6,300,620	8,401,343		414,601,231
Property and sales tax		5,856,141	-					1,110,202	2,134,711	1,291,058	1,393,201	771,935			12,557,248
Gifts and grants for other than capital purposes	117,725,051	22,428,140	31,784,987	16,815,000	12,030,417	10,777,110		3,210,310	2,893,766	3,774,571	3,232,966	4,585,887	45,129		229,303,334
Direct Lending, Plus and FFEL loan receipts	110,372,353	13,253,472	59,373,856	50,694,000	12,620,099	12,802,501				1,666,321		3,551,910			264,334,512
Direct Lending, Plus and FFEL loan payments	(110,368,343)	(12,949,888)	(57,325,328)	(50,741,000)	(12,767,913)	(12,890,584)				(1,672,295)		(3,551,910)			(262,267,261)
Other agency funds - net	150,118	195,971	828,537	(315,000)	28,401	(441,712)		(39)	(2,404)	15,295	(13,282)	(36,564)	3,632		412,953
Refunds to grantors		(1,557)			(44,000)										(45,557)
Net cash provided (used) by noncapital financing activitie	323,624,325	52,651,477	103,077,639	41,179,000	30,401,693	37,556,604	4,806,747	9,056,067	15,362,166	10,064,231	11,044,529	11,621,878	8,450,104	-	658,896,460
Cash Flows from Capital and Related Financing Activities															
Distributions from debt proceeds	70,774,651	247,195	20,932,441	104,335,000			500,000		5,143						196,794,430
Capital appropriations	2,143,171					200,000								(493,171)	1,850,000
Capital grants and gifts	27,771,693	14,953,542		6,045,000		35,000			57,191				445,077	-	49,307,503
Property taxes - capital allocation		15													15
Proceeds from sale of capital assets		997,587		109,000	4,596							16,008			1,127,191
Purchases of capital assets	(111,959,308)	(14,290,664)	(26,223,633)	(34,536,000)	(974,057)	(5,299,759)	(789,321)	(1,113,065)	(556,299)	(1,057,625)	(2,920,673)	(589,383)	(633,077)		(200,942,864)
Payment of capital related principal on debt	(27,087,062)	(5,071,757)	(6,987,321)	(122,442,000)	(980,253)	(1,241,979)	150,000	(524,531)	(297,037)	(549,627)	(629,450)	(419,692)	(150,000)		(166,230,709)
Payments of capital related interest and fees	(29,931,298)	(3,289,106)	(5,340,373)	(13,513,000)	(568,324)	(696,706)		(190,674)	(307,564)	(44,383)	(165,521)	(75,027)			(54,121,976)
Insurance proceeds		20,907													20,907
Payments to/from trustee for reserve		207,070													207,070
Net cash provided (used) by capital & related financing ac	(68,288,153)	(6,225,211)	(17,618,886)	(60,002,000)	(2,518,038)	(7,003,444)	(139,321)	(1,828,270)	(1,098,566)	(1,651,635)	(3,715,644)	(1,068,094)	(338,000)	(493,171)	(171,988,433)
Cash Flows from Investing Activities															
Proceeds from sales and maturities of investments	2,604,789	6,752,438	48,282	41,265,000	20,929	893,252				1,000,000		2,400,000			54,984,690
Investment income (net of fees)	475,163	71,452	1,221,486	(518,000)	9,716	30,176	19,092	4,667	17,568	26,995	689	9,122	48,499		1,416,625
Purchases of investments	(604,789)	(6,803,711)	(1,842,037)	(67,145,000)		(1,038,036)				(1,000,000)		(3,000,000)			(81,433,573)
Net cash provided (used) by investing activities	2,475,163	20,179	(572,269)	(26,398,000)	30,645	(114,608)	19,092	4,667	17,568	26,995	689	(590,878)	48,499	-	(25,032,258)
Net increase in cash	58,052,125	5,852,418	1,022,417	(24,840,000)	2,082,588	(3,003,102)	(17,027,749)	(1,639,489)	1,166,799	(746,399)	(2,475,500)	(784,789)	592,361	677,701	18,929,381
Cash, beginning of year	218,390,274	11,213,661	29,734,588	65,720,000	5,128,602	48,918,014	34,826,059	3,925,847	8,786,927	3,446,054	5,738,374	2,179,197	3,540,411	136,109	441,684,117
Cash, end of year	$ 276,442,399	$ 17,066,079	$ 30,757,005	$ 40,880,000	$ 7,211,190	$ 45,914,912	$ 17,798,310	$ 2,286,358	$ 9,953,726	$ 2,699,655	$ 3,262,874	$ 1,394,408	$ 4,132,772	$ 813,810	$ 460,613,498

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2015

	UAF	UAFS	UALR	UAMS	UAM	UAPB	SYSTEM	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 18)	TOTAL
Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:															
Operating revenue (loss)	$ (274,256,368)	$ (48,318,235)	$ (99,461,511)	$ (62,728,000)	$ (29,972,326)	$ (41,272,542)	$ (25,388,092)	$ (9,449,249)	$ (14,910,957)	$ (9,902,181)	$ (10,769,485)	$ (11,457,415)	$ (8,025,047)		$ (645,911,408)
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:															
Depreciation expense	68,688,526	6,941,239	16,076,804	65,266,000	3,776,427	6,279,599	227,801	867,926	1,403,356	930,331	1,010,195	877,917	430,684		172,776,805
Other miscellaneous operating receipts	3,320,383				124		(346,392)								2,974,115
Adjustment to cash for amounts in transit within the system														1,170,872	1,170,872
Change in assets and liabilities:															
Receivables, net	(252,431)	379,709	(782,162)	1,335,000	279,646	1,988,838	(2,178,407)	(50,114)	(6,512)	(30,184)	95,114	100,990	(13,446)		866,041
Inventories	936,195	26,250	(58,420)	(164,000)	20,146	21,321		(89,834)	(6,852)	(32,536)	(137,047)	70,738			585,961
Prepaid expenses and other assets	(660,465)	152,836	374,261	(2,160,000)	(19,506)	46,652	(45,800)	(21,757)	39,695	36,236	(861)	(15,457)	28,243		(2,245,923)
Accounts payable and other accrued liabilities	2,492,924	366,584	(148,092)	11,228,000	144,225	(744,277)	(274,372)	(30,407)	379,443	(3,584)	133,757	(145,983)	(13,187)		13,385,031
Unearned revenue	(1,208,120)	77,424	135,064	1,318,000	(20,048)	(8,338)	(43,655)	15,885	37,368	(11,602)		(22,996)	25,750		294,732
Liability for future insurance claims							6,276,000								6,276,000
Loans to students and employees	69,890														69,890
Refundable federal advance	(139,821)				(40,172)										(179,993)
Compensated absences	365,676	(163,835)	(194)	2,364,000	16,660	37,073	53,661	(9,508)	(32,853)	(62,142)	(28,195)	(45,510)	15,067		2,509,900
OPEB liability	1,489,549	123,015	454,706	3,269,000	130,078	238,450	26,624	41,897	80,037	54,410	5,353	91,986	26,766		6,031,871
Pension related	(610,048)	(179,014)	(454,523)	(1,104,000)	(146,966)	(28,430)	(21,635)	(146,792)	(97,094)	(163,824)	(113,905)	(201,965)	(43,072)		(3,311,268)
Other	4,900			1,757,000						(914)					1,760,986
NET CASH PROVIDED (USED) BY OPERATING ACTIVIT	$ (199,759,210)	$ (40,594,027)	$ (83,864,067)	$ 20,381,000	$ (25,831,712)	$ (33,441,654)	$ (21,714,267)	$ (8,871,953)	$ (13,114,369)	$ (9,185,990)	$ (9,805,074)	$ (10,747,695)	$ (7,568,242)	$ 1,170,872	$ (442,946,388)
Non-Cash Transactions															
Capital Gifts	$ 228,287	$ 220,116	$ 21,129		$ 127,872							$ 23,275			$ 620,679
Fixed assets acquired by incurring capital lease obligations				10,731,000											10,731,000
Capital outlay & maintenance paid directly from proceeds of debt	564,083														564,083
Payment of bond proceeds/premium/accrued interest/debt svc reserve directly into deposits with trustees/escrow	98,200,543	100							$ 11,363,995						109,564,638
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	728,576								172,936						901,512
Payment of principal & interest on long-term debt from deposits \	124,938	7,111	11,883						395,770						539,702
Interest earned on deposits with trustees		1,185	2,447		1				1,560	$ 1,358	$ 938				7,489
Payment on long-term debt directly from University of Arkansas Foundation, Inc. and Razorback Foundation, Inc.	214,188														214,188
Loss on disposal of assets	1,176,840	27,859	276,266		1,497	$ 59,785		$ 6,768	20	1,636		4,504			1,555,175
Valuation adjustment to capital assets		18,279		(238,000)						(1,894)					(221,615)

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 Agricultural Experiment Station, Cooperative Extension Service, 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), UACCH (University of Arkansas Community College at Hope), UACCM (University of Arkansas Community College at Morrilton), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration, including University of Arkansas System *e*Versity).

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

Cash and Cash Equivalents
The classification of "cash and cash equivalents" on the statement of net position includes all readily available sources of cash such as petty cash, demand deposits, cash on deposit with the State Treasurer, and highly liquid short-term investments.

Investments
Investments are stated at fair value. 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.

Inventories
Inventories are valued at cost with cost generally being determined on a first-in, first-out basis.

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 Care 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.

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.

Capital Assets

Capital assets consisting of land, buildings, improvements, furniture, equipment, intangible assets, and construction in progress are stated at cost or fair market value at date of gift. Library holdings are generally valued using average prices for library acquisitions. 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. The capitalization threshold for depreciation increased from $2,500 to $5,000 beginning July 1, 2011, with the exception of the Fayetteville campus that increased its capitalization threshold to $5,000 beginning July 1, 2012. Estimated useful lives for purposes of amortization and capitalization thresholds for intangible assets are as follows: purchased software (5-10 years; $500,000); internally developed software (10 years; $1,000,000); easements, land use rights, trademarks, and copyrights (15 years; $250,000); and patents (20 years; $250,000). 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. 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.

Capitalization of Interest

The University capitalizes interest involving qualifying assets. The amount of interest cost to be capitalized is interest cost on borrowings netted against any interest earned on temporary investments of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use. The total amount of interest cost incurred (gross of amortizations of premiums and discounts) and the net amount thereof that has been capitalized was $52,015,194 and $6,274,494, respectively, for the fiscal year ended June 30, 2015.

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 a future period.

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 a future 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* -- total investment in capital assets, net of outstanding 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* -- endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which either may be expended or added to principal.
- *Restricted/expendable* -- resources 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 resources to be used either before or after unrestricted resources are used for the same purpose. Responsible officials determine at the time funds are expended to use any unrestricted resources that may be available.
- *Unrestricted* -- resources not subject to externally imposed stipulations. These resources 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, and other revenue sources that are defined as non-operating revenues by the GASB Statement No. 34, such as state appropriations and investment income.

State Appropriations
State appropriations are reported in the statement of revenues, expenses, and changes in net position as non-operating revenue, net of the Medicaid match payments required under various contracts between UAMS and the Arkansas Department of Human Services. The match payments were $85,075,000 for the fiscal year 2015.

Scholarship Discounts and Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the 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.

Component Units
In May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units,* which amends Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with a primary government. Under the standard, which became effective with the fiscal year ending June 30, 2004, the financial activities of qualifying foundations are to be included in the financial statements of the primary

government, through discrete presentations. In fiscal year 2015, there were two qualifying foundations for the University of Arkansas: 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 of Statement No. 39 by management, these two foundations are considered component units of the University and are discretely presented in the University's financial statements.

The University of Arkansas Foundation, Inc. is a separate nonprofit 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 University of Arkansas Board of Trustees. During the year ended June 30, 2015, the Foundation distributed $54,533,713 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 nonprofit 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 year ended June 30, 2015, the Foundation distributed $14,807,911 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.*

New Accounting Pronouncements

The GASB issued the following three statements which became effective for the fiscal year ended June 30, 2015: Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* Management has determined that Statement No. 69 does not affect the University. Statements No. 68 and No. 71 established standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions. As a result, beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was reduced by $40,275,748. Details of the effect of implementing these statements are discussed in detail in Footnote 13.

The GASB issued the following statements which become effective for the fiscal year ending June 30, 2016: Statement No. 72, *Fair Value Measurement and Application,* Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The GASB issued the following statements which become effective for the fiscal years ending June 30, 2017, and June 30, 2018, respectively: Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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 ("the University"), 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 and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts joined the University on January 1, 2004. 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), Archeological Survey, and 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 Criminal Justice Institute, the Director of Archeological Survey, and the Director of 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.

According to the GASB Statement No. 14, 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: Hospital Revenue

The Hospital is a division of UAMS, and the Faculty Group Practice (FGP) is the collective body of the College of Medicine faculty involved in professional practice at UAMS. FGP is an integral component of UAMS, functioning as an unincorporated division of the College of Medicine. As such, it is subject to the policies and regulations of the College of Medicine, UAMS, and the Board of Trustees of the University. 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, 2015, are recorded net of an allowance for doubtful accounts of $421,761,000.

Net patient services revenue for the year ended June 30, 2015, is as follows:

NET PATIENT SERVICES REVENUE	FY2015
Gross patient revenue	$ 2,606,345,000
Less patient services contractual allowances	1,487,439,000
Less provision for bad debt	97,723,000
TOTAL	$ 1,021,183,000

UAMS provided approximately $72,726,000 in charity care, based on established rates, during the year ended June 30, 2015. 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 year ended June 30, 2015, includes approximately $77,666,000 from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations. Net patient services revenue for the year ended June 30, 2015, includes approximately $39,052,000 of net revenue from the Supplemental Medicaid program.

The Hospital, FGP, and Area Health Education Centers (AHECs) 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 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, 2015, the Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2012.

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, 2015, the Hospital's Medicaid cost reports have been audited by the Medicaid audit contractor through June 30, 2010.

FGP and AHECs:

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 year ended June 30, 2015. 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 AHECs 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: 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, which became effective in FY09, 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 was amended in 2011 to allow the 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 identified in the previous paragraph can be paid as follows: An employee who has accumulated at least fifty (50) days, but less than sixty (60) days of sick leave upon retirement shall receive an amount equal to fifty percent (50%) of the number of accrued sick leave days (rounded to the nearest day) times fifty percent (50%) of the employee's daily salary. An employee who has accumulated at least sixty (60) days, but less than seventy (70) days of sick leave upon retirement shall receive an amount equal to sixty percent (60%) of the number of accrued sick leave days (rounded to the nearest day) times 60 percent (60%) of the employee's daily salary. An employee who has accumulated at least seventy (70) days, but less than eighty (80) days of sick leave upon retirement shall receive an amount equal to seventy percent (70%) of the number of accrued sick leave days (rounded to the nearest day) times seventy percent (70%) of the employee's daily salary. An employee that has accumulated at least eighty (80) or more days of sick leave upon retirement shall receive an amount equal to eighty percent (80%) of the number of accrued sick leave days (rounded to the nearest day) times eighty percent (80%) of the employee's daily salary. In no event shall an employee receive a sick leave incentive amount that exceeds $7,500.

Changes in compensated absences are shown below:

COMPENSATED ABSENCES

Campus	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Current Portion
UAF	$ 19,640,254	$ 709,355	$ 343,679	$ 20,005,930	$ 1,408,052
UAFS	1,815,385	208,561	372,396	1,651,550	298,571
UALR	4,577,005	503,482	503,676	4,576,811	477,838
UAM	1,188,797	835,110	818,450	1,205,457	84,743
UAMS	48,420,000	3,364,000	1,000,000	50,784,000	3,127,000
UAPB	2,196,366	2,114,652	2,077,579	2,233,439	200,697
CCCUA	361,597	248,964	258,471	352,090	17,605
PCCUA	476,654	449,744	482,597	443,801	26,380
UACCB	586,038	403,465	465,607	523,896	17,584
UACCH	364,917	317,627	345,822	336,722	22,641
UACCM	400,770	285,424	330,934	355,260	9,058
ASMSA	99,708	30,502	15,436	114,774	15,433
SYSTEM	531,026	522,495	468,834	584,687	7,867
TOTAL	$ 80,658,517	$ 9,993,381	$ 7,483,481	$ 83,168,417	$ 5,713,469

Note 5: 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, 2015:

Cash and Cash Equivalents	
+Cash deposits at year end	$ 450,087,217
+cash held on deposit in state treasury	8,679,528
+cash equivalents	1,035,466
+cash on hand	152,145
+ adjustment for deposits in transit within the system	813,810
-cash/cash equiv shown as deposits held in trust on Smts	(154,668)
TOTAL	$ 460,613,498

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized. At June 30, 2015, $255,316 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, 2015:

Investment Type	Fair Value
Mutual & Money Market Funds	$ 34,942,176
Corporate & Municipal Bonds	887,986
External Investment Pool	393,180,565
Certificate of Deposits	5,863,890
U.S. Treasury & Government Sponsored Agencies	9,994,281
Other	50,044,647
Sub-Total	494,913,545
-shown as cash/cash equiv on Stmt of Net Position	(41,940,144)
-shown as deposits held in trust on Stmt of Net Position	(39,799,579)
Investments as reported on Stmt of Net Position	$ 413,173,822

The University is required under GASB Statement No. 40 to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes in 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.

		Interest Rate Risk			
		Investment Maturies (in years)			
Investment Type	Fair Value	Less than 1	1 to 5	over 5	More than 10
Bonds	$ 523,398	$ -	$ 125,936	$ 247,628	$ 149,834
U.S. Treasury & Gov't Agencies	9,890,058	1,267,319	8,544,706	78,033	-
Totals	$ 10,413,456	$ 1,267,319	$ 8,670,642	$ 325,661	$ 149,834

Investment Type	Fair Value	Credit Risk AAA	AA	A	B & below	Not Rated
Mutual Funds	$ 22,703,118	$ 22,116,946	$ 134,306	$ 21,218	$ -	$ 430,648
Bonds	887,985	-	99,569	423,830	-	364,586
Totals	$ 23,591,103	$ 22,116,946	$ 233,875	$ 445,048	$ -	$ 795,234

External Investment Pool

Effective June 30, 1997, the University of Arkansas adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* which requires investments be carried at fair value and all changes in fair value be reported in revenue as a component of investment income. 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. During 1998, the Walton Arts Foundation joined the pool, and, during 2003, the Fayetteville Campus Foundation joined the pool. During 2007, the University of Arkansas Community College at Hope Foundation joined the pool. The Razorback Foundation joined the pool during 2012.

The governmental external investment pool is exempt from registration with the SEC. The University of Arkansas Board of Trustees and the University of Arkansas Foundation Board of Trustees are the sponsors of this investment pool and are 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.

At June 30, 2015, five campuses (UAF, UALR, UAMS, UAM and UACCM) and five foundations participated in the Pool, whose net assets totaled $1,755,419,071. The Pool was combined with 22.24% of the net assets owned by the University of Arkansas and external portions as follows: 47.29% by the University of Arkansas Foundation, 28.94% by the Fayetteville Campus Foundation, 0.71% by the Walton Arts Foundation, 0.11% by the University of Arkansas Community College at Hope Foundation, and 0.71% by the Razorback Foundation. The following tables contain information on the risk disclosure of the Pool.

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Statement of Invested Assets
June 30, 2015

Investment Type	Fair Value*
Equities	**$511,167,043**
Common Stock	198,753,100
Funds - Common Stock	286,584,389
Preferred Stock	16,166
Rights/Warrants	12
Funds - Equities ETF	25,813,376
Fixed Income	**$429,136,814**
Government Bonds	71,154,303
Funds - Government Bonds	35,789,348
Corporate Bonds	95,454
Funds - Corporate Bond	37,703,409
Government Mortgage Backed Securities	86
Non-Government Backed C.M.O.s	1
Funds - Other Fixed Income	253,145,879
Funds - Fixed Income ETF	31,248,334
Venture Capital and Partnerships	**$594,280,382**
Partnerships	594,280,382
Commodities	**$24,551,528**
Funds - Commodity Linked	24,551,528
Hedge Fund	**$172,468,960**
Hedge Equity	139,944,236
Hedge Event Driven	32,524,724
All Other	**$204,899**
Recoverable Taxes	204,899
Cash/Cash Equivalents	**$23,609,445**
Funds - Short Term Investment	18,302,204
Cash	2,488,878
Invested Cash	2,818,363
TOTAL	**$1,755,419,071**

*Includes accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - S&P Quality Ratings
June 30, 2015

Investment Type & Fair Value*	BB	NR	US GOVN. GUAR
Corporate Bonds	$ -	$95,454	$ -
Funds - Corporate Bond		37,533,442	
Funds - Fixed Income ETF		31,248,334	
Funds - Government Bond		35,637,866	
Funds - Other Fixed Income		253,145,879	
Funds - Short Term Investment		18,301,712	
Government Bonds	6,604		71,144,450
Govn Mortgage Backed Securities			86
Hedge Event Driven		32,524,724	
Non-Govn Backed C.M.O.s		1	
Total	$ 6,604	$408,487,412	$71,144,536

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Years to Maturity
June 30, 2015

Investment Type	Fair Value*	Less than 1	1+ to 6	10+	Maturity not Determined
Corporate Bonds	$ 95,454	$ 4	$ -	$ 95,450	$ -
Funds - Corporate Bond	37,533,442				37,533,442
Funds - Fixed Income ETF	31,248,334				31,248,334
Funds - Government Bond	35,637,866				35,637,866
Funds - Other Fixed Income	253,145,879				253,145,879
Funds - Short Term Investment	18,301,712				18,301,712
Government Bonds	71,151,054		71,144,450	6,604	
Govn Mortgage Backed Securities	86			86	
Hedge Event Driven	32,524,724				32,524,724
Non-Government Backed C.M.O.'s	1				1
Total	$479,638,552	$4	$71,144,450	$102,140	$408,391,958

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2015

Investment Type	Fair Value*	Effective Duration
Corporate Bonds	$95,454	N/A
Funds - Corporate Bond	37,533,442	N/A
Funds - Fixed Income ETF	31,248,334	N/A
Funds - Government Bond	35,637,866	N/A
Funds - Other Fixed Income	253,145,879	N/A
Funds - Short Term Investment	18,301,712	N/A
Government Bonds	71,151,054	4.78
Govn Mortgage Backed Securities	86	2.98
Hedge Event Driven	32,524,724	N/A
Non-Govn Backed C.M.O.s	1	N/A
Total	$479,638,552	

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk By Investment Type
June 30, 2015

Currency By Investment and Fair Value*	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	$ 4,686,886	$ 7,024,560	$ -
CANADIAN DOLLAR	(1,590,159)	2,253,088	1,607
SWISS FRANC	(1,067,179)	9,950,371	57,614
DANISH KRONE	934,590	605,810	647
EURO	(3,787,483)	45,949,523	113,963
BRITISH POUND STERLING	1,926,019	19,442,559	
HONG KONG DOLLAR	57,011	6,592,595	
NEW ISRAELI SHEKEL	285	573,884	
JAPANESE YEN	3,493,702	23,737,751	16,273
NORWEGIAN KRONE	152,557	228,075	
NEW ZEALAND DOLLAR	4	437,619	
POLISH ZLOTY			5,837
SWEDISH KRONA	572,153	5,766,794	
SINGAPORE DOLLAR	733,417	339,240	
Total	$6,111,803	$122,901,869	$195,941

*Includes 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 are available for expenditure at June 30, 2015, is as follows:

Total Endowment		$ 148,903,467
Less:	Funds treated as endowment	(44,539,020)
	Non-expendable portion of endowment	(46,726,352)
Available for Expenditure		$ 57,638,095

Note 6: 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, 2015. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

Note 7: 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 $1,326,634,618 shown in these schedules, which is related to bonds, notes, capital leases and installment contracts, differs from the amount of $1,325,897,033 shown on the statement of net position. This is due to an elimination entry of $737,585 to account for a loan between UAMS and UAF (see Note 18).

Schedule of Debt by Campus

UNIVERSITY OF ARKANSAS FAYETTEVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/15/1997	11/1/2022	3.95%-5.25%	$ 21,445,000	$ 20,400,000	$ 1,045,000
3/1/2005	11/1/2025	3.00%-4.50%	81,020,000	35,075,000	45,945,000
10/1/2007	11/1/2037	4.00%-5.00%	45,010,000	5,815,000	39,195,000
8/1/2008	11/1/2038	4.00%-5.00%	36,750,000	920,000	35,830,000
8/1/2008	11/1/2028	4.10%-6.375%	15,210,000	1,295,000	13,915,000
12/15/2009	11/1/2039	3.00%-5.00%	52,430,000	4,170,000	48,260,000
6/30/2010	9/15/2020	1.00%-4.82%	23,965,000	9,605,000	14,360,000
6/29/2011	11/1/2040	2.00%-5.00%	101,225,000	6,555,000	94,670,000
6/29/2011	11/1/2022	3.00%-5.00%	8,895,000	1,105,000	7,790,000
6/29/2011	9/15/2021	2.00%-4.895%	23,575,000	18,075,000	5,500,000
4/17/2012	11/1/2032	1.00%-5.00%	56,965,000	6,510,000	50,455,000
9/13/2012	11/1/2042	2%-5.00%	60,540,000	1,400,000	59,140,000
5/16/2013	11/1/2042	1.00%-5.00%	54,450,000	2,275,000	52,175,000
5/16/2013	9/15/2027	1.00%-5.00%	30,355,000	2,575,000	27,780,000
6/30/2014	11/1/2043	2.00%-5.00%	24,730,000	135,000	24,595,000
6/30/2014	11/1/2043	0.85% - 4,50%	5,020,000	35,000	4,985,000
2/12/2015	11/1/2036	2.00%-5.00%	70,360,000	-	70,360,000
2/12/2015	9/15/2022	2.00%-5.00%	14,180,000	-	14,180,000
11/30/1991	5/1/2022	5.50%	3,000,000	1,820,332	1,179,668
11/29/1995	11/1/2034	2.00%-5.00%	2,071,140	1,333,555	737,585
11/30/2007	7/1/2023	4.69%	6,950,000	1,790,092	5,159,908
12/19/2008	8/19/2023	4.58%	23,842,000	7,194,113	16,647,887
4/8/2010	1/8/2023	4.80%	9,694,713	2,820,738	6,873,975
Various	Various	Various	577,126	155,510	421,616
	Net unamortized premium/discount		52,781,911	6,370,291	46,411,620
		TOTALS	$ 825,041,890	$ 137,429,631	$ 687,612,259

UNIVERSITY OF ARKANSAS AT FORT SMITH

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
5/1/2009	12/1/2034	2.0% - 5.0%	$ 25,000,000	$ 2,815,000	$ 22,185,000
6/1/2010	12/1/2021	2.0% - 4.0%	29,895,000	10,305,000	19,590,000
12/1/2010	12/1/2035	2.0% - 4.75%	9,300,000	975,000	8,325,000
1/1/2012	12/1/2030	2.0% - 4.25%	17,540,000	2,220,000	15,320,000
6/1/2014	12/1/2031	2.0% - 3.5%	5,295,000	200,000	5,095,000
6/1/2014	6/1/2039	2.0% - 5.0%	10,930,000	270,000	10,660,000
2/29/2012	1/1/2022	0%	2,166,500	649,950	1,516,550
5/22/2012	5/4/2027	4.00%	650,000	103,854	546,146
	Net unamortized premium/discount		3,189,932	738,325	2,451,607
		TOTALS	$ 103,966,432	$ 18,277,129	$ 85,689,303

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/1/2009	10/1/2029	2.0% - 5.0%	$ 32,245,000	$ 5,730,000	$ 26,515,000
11/1/2009	10/1/2034	3% - 5%	29,510,000	3,080,000	26,430,000
4/1/2012	5/1/2037	2.0% - 5.0%	14,880,000	1,095,000	13,785,000
9/1/2012	12/1/2029	1.0% - 5.0%	13,850,000	1,830,000	12,020,000
4/1/2013	12/1/2024	1.0% - 5.0%	10,770,000	1,490,000	9,280,000
4/1/2013	12/1/2024	0.53% - 2.884%	6,530,000	1,000,000	5,530,000
8/1/2013	10/1/2030	2.0% - 5.0%	28,740,000	1,170,000	27,570,000
5/7/2008	10/1/2015	4.22%	2,541,873	2,408,134	133,739
8/23/2011	12/1/2020	0.00%	1,732,620	666,667	1,065,953
Various	Various	1.98% - 3.15%	4,921,269	2,953,865	1,967,404
	Net unamortized premium/discount		8,990,261	2,193,733	6,796,528
		TOTALS	$ 154,711,023	$ 23,617,399	$ 131,093,624

UNIVERSITY OF ARKANSAS AT MONTICELLO

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/1/2010	10/1/2018	2.0% - 2.35%	$ 2,870,000	$ 1,375,000	$ 1,495,000
2/1/2012	12/1/2035	2.0% - 4.0%	8,745,000	855,000	7,890,000
12/1/2012	10/1/2037	1% - 4.0%	8,650,000	500,000	8,150,000
1/27/2009	2/1/2019	0.53%	1,000,000	604,578	395,422
	Net unamortized premium/discount		367,677	55,866	311,811
		TOTALS	$ 21,632,677	$ 3,390,444	$ 18,242,233

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	$ 3,050,000	$ 4,555,000
12/21/2010	12/1/2030	2.00% - 5.00%	42,680,000	2,860,000	39,820,000
11/15/2011	7/1/2034	2.0% - 4.25%	8,985,000	1,025,000	7,960,000
5/14/2013	11/1/2034	1.0% - 5.0%	112,665,000	5,115,000	107,550,000
12/17/2014	3/1/2036	2.00% - 5.00%	86,035,000	1,845,000	84,190,000
		Misc Notes	86,478,000	35,708,000	50,770,000
		Leases	71,347,000	37,709,000	33,638,000
	Net unamortized premium/discount		37,808,000	7,980,000	29,828,000
		TOTALS	$ 453,603,000	$ 95,292,000	$ 358,311,000

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/12/2005	12/1/2017	2.8% - 3.8%	$ 3,330,000	$ 2,635,000	$ 695,000
6/1/2014	6/30/2036	2% - 5.0%	15,160,000	100,000	15,060,000
6/1/2014	12/1/2018	1.875%	1,810,000	345,000	1,465,000
9/1/1999	12/1/2015	Variable	880,000	880,000	-
10/15/2012	9/15/2016	2.01%	2,169,106	1,517,867	651,239
	Net unamortized premium/discount		2,308,855	1,256,801	1,052,054
		TOTALS	$ 25,657,961	$ 6,734,668	$ 18,923,293

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/13/2013	5/1/2035	1.0% - 3.625%	$ 3,930,000	$ 225,000	$ 3,705,000
1/25/2008	3/30/2023	2.91%	2,000,000	938,520	1,061,480
11/16/2010	11/16/2030	5.25%	300,060	300,060	-
Various	Various	Various	33,406	24,846	8,560
	Net unamortized premium/discount		141,059	12,922	128,137
		TOTALS	$ 6,404,525	$ 1,501,348	$ 4,903,177

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
2/1/2009	12/1/2038	3.0% - 5.2%	$ 12,030,000	$ 12,030,000	$ -
4/22/2015	12/1/2038	2.0% - 4.0%	11,270,000	-	11,270,000
6/1/2013	6/1/2018	4.30%	219,026	85,586	133,440
	Net unamortized premium/discount		272,074	1,916	270,158
		TOTALS	$ 23,791,100	$ 12,117,502	$ 11,673,598

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	$ 1,200,000	$ 1,095,000
5/7/2008	11/1/2015	4.22%	816,432	763,345	53,087
5/7/2008	11/1/2015	4.22%	451,616	439,457	12,159
2/2/2010	2/1/2020	0.45%	1,000,000	494,387	505,613
	Net unamortized premium/discount		4,032	2,395	1,637
		TOTALS	$ 4,567,080	$ 2,899,584	$ 1,667,496

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE

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	$ 2,165,000	$ 2,460,000
6/1/2013	10/1/2038	1.00% - 3.625%	2,590,000	135,000	2,455,000
3/27/2012	4/1/2022	0.20%	1,100,000	327,695	772,305
	Net unamortized premium/discount		111,731	54,157	57,574
		TOTALS	$ 8,426,731	$ 2,681,852	$ 5,744,879

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
05/18/2005	11/1/2017	3.0% - 4.0%	$ 2,095,000	$ 1,520,000	$ 575,000
6/16/2010	5/1/2022	2.0% - 3.5%	2,030,000	775,000	1,255,000
7/30/2010	8/1/2020	0.38%	800,000	356,244	443,756
		TOTALS	$ 4,925,000	$ 2,651,244	$ 2,273,756

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	$ -	$ 500,000

Schedule of Changes in Debt

BONDS

Campus	Balance 6-30-14	Additions	Reductions	Balance 6-30-15	Current Portion
UAF	$ 641,485,000	$ 84,540,000	$ 115,845,000	$ 610,180,000	$ 24,695,000
Net unamortized prem/disc	35,245,728	14,125,701	2,959,809	46,411,620	2,560,883
UAFS	85,995,000		4,820,000	81,175,000	5,015,000
Net unamortized prem/disc	2,647,743		196,136	2,451,607	196,136
UALR	126,590,000		5,460,000	121,130,000	5,600,000
Net unamortized prem/disc	7,252,051		455,523	6,796,528	455,523
UAM	18,415,000		880,000	17,535,000	895,000
Net unamortized prem/disc	329,146		17,335	311,811	17,335
UAMS	257,095,000	86,035,000	99,055,000	244,075,000	6,765,000
Net unamortized prem/disc	22,078,000	12,713,000	4,963,000	29,828,000	-
UAPB	17,880,000		660,000	17,220,000	770,000
Net unamortized prem/disc	1,101,260		49,206	1,052,054	49,206
CCCUA	3,825,000		120,000	3,705,000	125,000
Net unamortized prem/disc	134,598		6,461	128,137	6,460
PCCUA	11,080,000	11,270,000	11,080,000	11,270,000	320,000
Net unamortized prem/disc	(88,202)	272,074	(86,286)	270,158	11,496
UACCB	1,350,000		255,000	1,095,000	265,000
Net unamortized prem/disc	2,116		479	1,637	479
UACCH	5,435,000		520,000	4,915,000	545,000
Net unamortized prem/disc	68,451		10,877	57,574	10,877
UACCM	2,170,000		340,000	1,830,000	345,000
TOTAL	$ 1,240,090,891	$ 208,955,775	$ 247,607,540	$ 1,201,439,126	$ 48,648,395

NOTES

Campus	Balance 6-30-14	Additions	Reductions	Balance 6-30-15	Current Portion
UAF	$ 2,497,090		$ 579,837	$ 1,917,253	$ 162,395
UAFS	1,725,745	7,455	216,650	1,516,550	216,650
UALR	1,812,046		612,354	1,199,692	355,961
UAM	495,675		100,253	395,422	100,785
UAMS	55,620,000	5,587,000	10,437,000	50,770,000	10,611,000
UAPB	37,500		37,500	-	-
CCCUA	1,460,064		398,584	1,061,480	135,613
UACCB	865,486		294,627	570,859	165,463
UACCH	881,755		109,450	772,305	109,669
UACCM	523,448		79,692	443,756	79,995
SYSTEM	-	500,000		500,000	49,507
TOTAL	$ 65,918,809	$ 6,094,455	$ 12,865,947	$ 59,147,317	$ 11,987,038

CAPITAL LEASES

Campus	Balance 6-30-14	Additions	Reductions	Balance 6-30-15	Current Portion
UAF	$ 9,605	$ 564,083	$ 152,072	$ 421,616	$ 135,812
UAFS	581,253		35,107	546,146	36,480
UALR	2,882,370		914,966	1,967,404	775,070
UAMS	30,896,000	10,731,000	7,989,000	33,638,000	8,748,000
UAPB	1,195,718		544,479	651,239	510,595
CCCUA	15,524		6,964	8,560	3,408
PCCUA	175,477		42,037	133,440	43,881
TOTAL	$ 35,755,947	$ 11,295,083	$ 9,684,625	$ 37,366,405	$ 10,253,246

INSTALLMENT CONTRACTS

Campus	Balance 6-30-14	Additions	Reductions	Balance 6-30-15	Current Portion
UAF	$ 31,351,371		$ 2,669,601	$ 28,681,770	$ 2,795,733
TOTAL	$ 31,351,371	$ -	$ 2,669,601	$ 28,681,770	$ 2,795,733

The current portion shown above for bonds, notes, capital leases, and installment contracts differs from the statement of net position by $20,026, which is the current portion of an elimination entry (see Note 18).

Future Principal and Interest Payments

Total long-term debt principal and interest payments are shown below. As required by GASB Statement No. 38, interest payments for variable rate debt have been calculated using the rate in effect at the financial statement date. Actual rates will vary. The total principal amount of $1,239,325,492 differs from the amount of $1,325,897,033 shown on the statement of net position. This is due to $87,309,126 of amortization due to bond premiums/discounts offset by an elimination entry of $737,585 (see Note 18).

BONDS & NOTES

FUTURE PRINCIPAL AND INTEREST PAYMENTS

Year Ended June 30,	Principal	Interest	Total
2016	$ 57,327,038	$ 49,749,550	$ 107,076,588
2017	64,442,090	48,018,630	112,460,720
2018	59,295,830	46,060,871	105,356,701
2019	61,656,993	44,019,850	105,676,843
2020	57,199,272	41,836,806	99,036,078
2021-2025	252,623,552	173,476,344	426,099,896
2026-2030	243,164,439	116,692,280	359,856,719
2031-2035	228,798,103	61,195,356	289,993,459
2036-2040	119,640,000	18,911,230	138,551,230
2041-2044	29,130,000	1,885,281	31,015,281
TOTALS	$ 1,173,277,317	$ 601,846,198	$ 1,775,123,515

CAPITAL LEASES

FUTURE PRINCIPAL AND INTEREST PAYMENTS

Year Ended June 30,	Principal	Interest	Total
2016	$ 10,253,246	$ 1,092,065	$ 11,345,311
2017	8,071,466	773,426	8,844,892
2018	6,133,428	584,873	6,718,301
2019	5,030,381	445,064	5,475,445
2020	3,054,822	316,898	3,371,720
2021-2025	4,716,947	355,653	5,072,600
2026-2027	106,115	4,292	110,407
TOTALS	$ 37,366,405	$ 3,572,271	$ 40,938,676

INSTALLMENT CONTRACTS			
FUTURE PRINCIPAL AND INTEREST PAYMENTS			
Year Ended June 30,	Principal	Interest	Total
2016	$ 2,795,733	$ 1,326,628	$ 4,122,361
2017	2,927,828	1,194,533	4,122,361
2018	3,066,166	1,056,195	4,122,361
2019	3,211,044	911,317	4,122,361
2020	3,362,770	725,200	4,087,970
2021-2024	13,318,229	1,256,006	14,574,235
TOTALS	$ 28,681,770	$ 6,469,879	$ 35,151,649

Capitalization of Assets held under Capital Leases

The capitalized value of capital assets held under capital leases totaled $46,899,757 at June 30, 2015. The present value of the net minimum lease payments is as follows:

	Cost	Accumulated Depreciation	Net
Improvements/Infrastructure	$ 281,686	$ 67,481	$ 214,205
Buildings	36,276,713	17,201,560	19,075,153
Equipment	37,915,390	19,170,311	18,745,079
Other	10,025,000	1,159,680	8,865,320
		TOTAL	$ 46,899,757

Total Minimum Lease Payments	$ 40,938,676
Less: Amount representing interest	3,572,271
Total Present Value of Net Minimum Lease Payments	$ 37,366,405

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, 2015, that are pledged:

BOND SERIES	REVENUE SOURCE	FY15 REVENUE
UNIVERSITY OF ARKANSAS FAYETTEVILLE		
Series 1997 Various Facilities	Student Tuition and Fees	$ 258,604,292
Series 2005B Various Facilities	Sales and Services	8,674,631
Series 2007 Various Facilities	Residential Life	41,421,392
Series 2008A&B Various Facilities	Bookstore	17,685,978
Series 2009A Various Facilities	Student Health Services	2,881,754
Series 2011A&B Various Facilities	Transit and Parking	7,892,613
Series 2012A Various Facilities	Other Auxiliaries	591,834
Series 2012B Various Facilities		
Series 2013 Various Facilities		
Series 2014A&B Various Facilities		
Series 2015A Various Facilities		
		$ 337,752,494
Maturity dates range from November, 2022 through November, 2043		
	FY15 Principal and Interest	$ 42,699,578
	% of Revenue Pledge	12.64%
	Remaining Principal & Interest	$ 896,449,537
Series 2010 Athletic Refunding	Men's Athletic Revenue	$ 78,048,953
Series 2011 Athletic Facilities	(less game guarantees)	(3,186,843)
Series 2013 Athletic Facilities		
Series 2015 Athletic Facilities		
		$ 74,862,110
Maturity dates range from September, 2021 through September, 2027		
	FY15 Principal and Interest	$ 9,624,475
	% of Revenue Pledge	12.86%
	Remaining Principal & Interest	$ 72,892,847

BOND SERIES	REVENUE SOURCE	FY15 REVENUE
UNIVERSITY OF ARKANSAS AT FORT SMITH		
Series 2009 Student Fee Revenue	Student Fee Revenue	$ 35,843,214
Series 2010 Student Fee Revenue		
Series 2010B Student Fee Revenue		
Series 2012 Refunding		
Series 2014A		
Series 2014B		
		$ 35,843,214
Maturity dates range from December, 2021 through June, 2039		
	FY15 Principal and Interest	$ 8,093,604
	% of Revenue Pledge	22.58%
	Remaining Principal & Interest	$ 112,432,492

UNIVERSITY OF ARKANSAS AT LITTLE ROCK		
Series 2009 Capital Improvement Revenue	Student Fee Revenue	$ 73,362,307
Series 2013A Revenue Refunding		
Series 2013 Student Fee Revenue Capital Improvements		
Series 2013B Taxable Revenue Refunding		
		$ 73,362,307
Maturity dates range from December, 2024 through October, 2030		
	FY15 Principal and Interest	$ 6,592,741
	% of Revenue Pledge	8.99%
	Remaining Principal & Interest	$ 92,427,615
Series 2009 Auxiliary Enterprises Revenue	Auxiliary Revenue	$ 16,296,507
Series 2012A Student Housing Revenue		
Series 2012B Student Housing Refunding		
		$ 16,296,507
Maturity dates range from December, 2029 through May, 2037		
	FY15 Principal and Interest	$ 4,128,381
	% of Revenue Pledge	25.33%
	Remaining Principal & Interest	$ 79,018,660

UNIVERSITY OF ARKANSAS AT MONTICELLO		
Series 2012 Various Facilities Refunding	Student Fee Revenue	$ 17,609,258
	Sales and Services	497,283
	Auxiliary Enterprises	6,421,195
		$ 24,527,736
Maturity date is December, 2035		
	FY15 Principal and Interest	$ 536,982
	% of Revenue Pledge	2.19%
	Remaining Principal & Interest	$ 11,176,656
Series 2010 Auxiliary Facilities Refunding	Auxiliary Enterprises	$ 6,421,195
Series 2012 Auxiliary Facilities		
		$ 6,421,195
Maturity dates range from October, 2018 through October, 2037		
	FY15 Principal and Interest	$ 900,588
	% of Revenue Pledge	14.03%
	Remaining Principal & Interest	$ 13,340,200

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES		
Series 2006 Various Facilities	Clinical Programs Revenue	644,840,000
Series 2010 Various Facilities		
Series 2013 Various Facilities		
		644,840,000
Maturity dates range from July, 2019 through March, 2036		
	FY15 Principal and Interest	$ 19,938,000
	% of Revenue Pledge	3.09%
	Remaining Principal & Interest	$ 359,062,000
Series 2010 Refunding Parking System	Parking Fees	4,584,535
Series 2011 Refunding Parking System		
		4,584,535
Maturity dates range from July, 2019 through July, 2034		
	FY15 Principal and Interest	$ 1,605,000
	% of Revenue Pledge	35.01%
	Remaining Principal & Interest	$ 16,215,000

UNIVERSITY OF ARKANSAS AT PINE BLUFF			
Series 2005B Various Facilities Revenue	Unrestricted Funds	$	28,415,358
Series 2014A Various Facilities			
Series 2014B Various Facilities Refunding			
		$	28,415,358
Maturity dates range from December, 2017 through June, 2036			
	FY15 Principal and Interest	$	1,277,280
	% of Revenue Pledge		4.50%
	Remaining Principal & Interest	$	25,178,706

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2013	Student Fee Revenue	$	3,278,508
Maturity date is December, 2035			
	FY15 Principal and Interest	$	266,737
	% of Revenue Pledge		8.14%
	Remaining Principal & Interest	$	5,296,631

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS			
Series 2009 Student Fee Refunding/Construction	Student Fee Revenue	$	2,837,099
Series 2015 Refunding			
		$	2,837,099
Maturity date is December, 2038			
	FY15 Principal and Interest	$	584,035
	% of Revenue Pledge		20.59%
	Remaining Principal & Interest	$	16,352,076

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE			
Series 2010 Student Fee Revenue Refunding	Student Fee Revenue	$	3,320,029
Maturity date is December, 2018			
	FY15 Principal and Interest	$	288,423
	% of Revenue Pledge		8.69%
	Remaining Principal & Interest	$	1,161,251

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE			
Series 2010 Student Fee Revenue	Student Fee Revenue	$	2,361,790
Series 2013 Student Fee Refunding Revenue			
		$	2,361,790
Maturity dates are September, 2020 through October, 1938			
	FY15 Principal and Interest	$	679,070
	% of Revenue Pledge		28.75%
	Remaining Principal & Interest	$	6,301,656

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON			
Series 2005 Student Fee Revenue Refunding	Student Fee Revenue	$	5,969,541
Series 2010 Student Fee Revenue Refunding			
		$	5,969,541
Maturity dates are November, 2017 through May, 2022			
	FY15 Principal and Interest	$	409,656
	% of Revenue Pledge		6.86%
	Remaining Principal & Interest	$	2,035,064

Refundings

Fayetteville Campus: On April 17, 2012, the University issued $56,965,000 in Various Facility Revenue Refunding Bonds, Series 2012A. The bonds, with interest rates of 1.0% to 5.0% were issued to refund $44,555,000 of outstanding bonds dated December 1, 2002, with an interest rate of 4.75% to 5.50%, and $17,080,000 of outstanding bonds dated October 1, 2004, with interest rates of 3.25% to 4.75%. Net bond proceeds and premium of $65,717,794 were deposited into the advance refunding fund to retire the bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,082,794. This difference, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through the fiscal year 2033 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by $9,331,777 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $7,016,631. The bonds dated December 1, 2002, were refunded on December 1, 2012. The bonds dated October 1, 2004, continued to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2014, at which time the remaining balance was refunded, and the escrow account was closed.

Fayetteville Campus: On February 12, 2015, the University issued $70,360,000 in Various Facility Revenue Refunding Bonds, Series 2015A. The bonds, with interest rates of 2.0% to 5.0% were issued to refund $2,750,000 of outstanding bonds dated October 1, 2004, with interest rates of 2.0% to 4.375%, $13,510,000 of outstanding bonds dated March 1, 2005, with interest rates of 3.0% to 4.5%, and $60,475,000 of outstanding bonds dated June 1, 2006, with interest rates of 4.0% to 5.0%. Net bond proceeds and premiums of $81,714,224 and cash from the University of $1,009,170 were deposited into an escrow account to retire the bonds. The refunding of the bonds dated March 1, 2005, and June 1, 2006, 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 $5,083,047. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, will be amortized through the fiscal year 2037 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next twenty-three years by $8,513,389 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $7,563,242. The escrow balance as of June 30, 2015, was $78,232,602. The refunding of the bonds dated October 1, 2004, was a current refunding and the bonds were called on March 15, 2015. The bonds dated March 1, 2005, will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2015, at which time the remaining balance will be refunded. The bonds dated June 1, 2006, will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2016, at which time the remaining balance will be refunded. The remaining balance of the defeased bonds at June 30, 2015, was $73,985,000.

Fayetteville Campus: On February 2, 2015, the University issued $14,180,000 in Athletic Facilities Revenue Refunding Bonds, Series 2015. The bonds, with interest rates of 2.0% to 5.0% were issued to refund $4,770,000 of outstanding bonds dated June 1, 2006, with interest rates of 4.0% to 4.375%, and $10,475,000 of outstanding bonds dated June 29, 2011, with interest rates of 2.0% to 4.895%. Net bond proceeds and premiums of $16,222,900 and cash from the University of $265,723 were deposited into the advance refunding fund to retire the bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $134,986. This difference, reported in the accompanying financial statements as Deferred Outflows of Resources, will be amortized through the fiscal year 2023 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next eight years by $1,413,277 and to obtain an economic gain of $1,084,087. The escrow balance as of June 30, 2015, was $16,155,588. The bonds dated June 1, 2006, will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of September 15, 2016. The bonds dated June 29, 2011, were not advance refunded in total. As of June 30, 2015, there was a balance of $5,500,000 outstanding that was not refunded. These bonds will continue to be paid normally through September 15, 2016. The refunded bonds dated June 29, 2011, will continue to have regularly scheduled interest payments made from the escrow account until the bond call date of September 15, 2016, at which date the principal will be refunded. The remaining balance of the defeased bonds at June 30, 2015, was $15,245,000.

Ft. Smith Campus: On June 1, 2014, the University issued refunding bonds of $5,295,000, with interest rates of 2% to 3.5% to advance refund $5,150,000 of outstanding bonds dated December 1, 2006, with interest rates of 3.6% to 5%. Bond proceeds of $5,265,638 were deposited in the advance refunding fund to retire the 2006 bonds. Remaining bond proceeds of $29,362 and premium proceeds of $75,820 were utilized for the payment of issuance costs. Remaining premium proceeds of $5,393 and accrued interest of $1,718 were deposited in the debt service fund to be applied to subsequent interest payments. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $115,638. The difference, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through the fiscal year 2032 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next eighteen years by $549,425 and to obtain an economic gain (difference between the present values of the old debt and new debt service payments) of $421,934. The bonds were refunded on December 1, 2014, and the escrow account was closed.

Little Rock Campus: On April 1, 2013, the University issued $10,770,000 in Series 2013A Student Fee Revenue Refunding Bond (UALR Project) and $6,530,000 Taxable, with interest rates of 1% to 5% to advance refund $16,970,000 of the Series 2004B bond, with interest rates of 3.483% to 5%. Bond proceeds and premium of $18,417,129 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 $1,250,792. This difference, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through the fiscal year 2025 using the straight-line method. The University completed the refunding to reduce its total debt service payment by $1,181,006 over the next twelve years and to maintain bond compliance for property purchased with the Series 2004B Bonds and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,108,967. The bonds were fully paid by December 1, 2014, and the escrow account was closed.

Medical Sciences Campus: On May 14, 2013, the University issued $112,665,000 in Various Facilities Revenue Refunding Bonds, Series 2013 with interest rates of 1% to 5% to advance refund Various Facility Revenue Refunding Bonds Series 2004A and Series 2004B. The 2004A bonds mature on November 1, 2018, and the 2004B bonds mature on November 1, 2034, and are callable on November 1, 2014. The revenue refunding bonds were issued at a premium of $16,667,015 and, after paying issuance costs of $210,039 and underwriter's discount of $653,457, the net proceeds were $128,468,519, net of accrued interest of $174,719. The net proceeds from the issuance of the bonds were used to purchase U.S. government securities and provide debt service payments until the term bonds were called on November 1, 2014. The advance refunding met the requirements of an in-substance debt defeasance, and the liability for the 2004A and 2004B Series bonds was removed from the statement of net position. As a result of the advance refunding, the University reduced its total debt service requirements by $14,429,197, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $13,599,985. The escrow account has been closed.

Medical Sciences Campus: On December 17, 2014, UAMS issued revenue refunding bonds, Series 2014, of $86,035,000 (par value) with an interest rate of 2.52% to 3.17% to advance refund Various Facility Revenue Bond Series 2006 with remaining interest rates of 4.8% to 5.0% and a par value of $91,550,000. The 2006 bonds mature March 2036. The revenue refunding bonds were issued at a premium of $12,713,000 and, after paying issuance costs of $211,000 and underwriter's discount of $499,000. The net proceeds were $98,067,000. The net proceeds from the issuance of the revenue refunding bonds were used to purchase U.S. government securities to provide debt service payments. The advance refunding met the requirements of an in-substance debt defeasance and the 2006 Series bonds were removed from UAMS financial statements. As a result of the advance refunding, UAMS reduced its total debt service requirements by $10,012,000 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $9,313,000. Principal payments are made annually until 2036. Interest payments are made semi-annually. There was a deferred refunding loss of $1,554,000 on the transaction which will be amortized as a component of interest expense until July 2036. The remaining balance of the defeased bonds at June 30, 2015, was $86,165,000.

Pine Bluff Campus: On June 1, 2014, the University issued $16,970,000 in Various Facilities Revenue Refunding Bonds, Series 2014, with interest rates of 2% to 5% to advance refund Various Facility

Revenue Refunding and Construction Bonds, Series 2005A. The Series 2005A bonds mature on December 1, 2036, and are callable on December 1, 2015. The revenue refunding bonds were issued at a premium of $1,105,422 and after paying issuance costs of $86,000 and underwriter's discount of $140,002, the net proceeds were $17,849,420. Accrued interest of $46,780 will be utilized for an interest payment on the new Series 2014 bonds in December, 2014. The net proceeds from the issuance of the bonds were deposited into a special trust fund and will be used to provide debt service payments until the term bonds are called on December 1, 2015. As a result of the advance refunding, the University reduced its total debt service requirements by $1,900,872, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,397,584. The balance in the escrow account at June 30, 2015, was $16,617,431. The remaining balance of the defeased bonds at June 30, 2015, was $16,225,000.

Phillips Campus: On April 22, 2015, the University issued Student Fee Refunding Revenue Bonds, Series 2015, in the amount of $11,270,000 with interest rates of 2.0% to 4.0%. The purpose of this issue was to refund $10,825,000 remaining from the Student Fee Revenue Bonds, Series 2009, which carried interest rates of 3.0% to 5.2%. Bond proceeds and premium of $11,363,995 (after payment of debt issuance costs of $88,411 and underwriter's discount of $84,525), along with remaining debt service reserve funds of $395,770 were deposited into the escrow fund to retire the Series 2009 bonds on December 1, 2016. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,022,966. This difference is reported in the accompanying financial statements as deferred outflows of resources and will be amortized over the remaining life of the bonds through 2038 using the straight-line method. The University accomplished the refunding to reduce its total debt service payments by $2,168,622 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,338,117. The balance in the escrow account at June 30, 2015, was $11,513,563 and the remaining balance of the defeased bonds was $10,825,000.

Note 8: Commitments

The University has contracted for the construction and renovations of several facilities. At June 30, 2015, the estimated remaining costs to complete these facilities are shown below.

Campus	Contract Balance
UAF	$ 37,005,720
UAFS	12,355,368
UALR	4,125,368
UAM	233,347
UAMS	5,600,000
UAPB	150,606
CCCUA	37,843
PCCUA	197,246
UACCH	651,916
UACCM	608,947
	$ 60,966,361

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 paid in the fiscal year ended June 30, 2015, were $14,958,943. Below are the scheduled payments for each of the five succeeding fiscal years and thereafter.

Operating Leases	
Year Ended June 30,	Amount
2016	$ 7,185,770
2017	4,990,915
2018	2,127,242
2019	1,223,339
2020	759,108
2021-2025	2,117,315

Note 9: Short-Term Borrowing

The GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* states that governments should provide details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end. The University had no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2015.

Note 10: Capital Assets

Following are changes in capital assets for the year ended June 30, 2015:

CAPITAL ASSETS	June 30, 2014 Balance	Additions	Transfers	Deletions	June 30, 2015 Balance
Land	$ 96,009,795	$ 5,718,652	$ -	$ 780,040	$ 100,948,407
Library Holdings	134,263,983	3,133,712	-	1,254,367	136,143,328
Construction in progress	117,245,316	144,986,401	(64,624,803)	76,300	197,530,614
Improvements and infrastructure	262,038,454	1,623,249	16,272,981	-	279,934,684
Buildings	3,141,569,980	22,848,763	45,536,404	1,775,732	3,208,179,415
Equipment	575,621,779	34,645,393	(2,577,582)	14,198,842	593,490,748
Intangibles - Software	162,561,190	1,038,940	(4,582,000)	-	159,018,130
Intangibles - Software in develop	-	913,548	-	-	913,548
Intangibles - Leasehold Improve	1,129,819	-	-	-	1,129,819
Intangibles - Radio License	67,809	-	-	-	67,809
Other	37,415,712	7,333,138	9,975,000	449,000	54,274,850
Total Capital Assets	$ 4,527,923,837	$ 222,241,796	$ -	$ 18,534,281	$ 4,731,631,352
Less accumulated depreciation:					
Library Holdings	$ 110,993,310	$ 4,426,693	-	$ 1,526,288	$ 113,893,715
Improvements and infrastructure	114,606,388	11,837,628	-	-	126,444,016
Buildings	1,172,334,583	101,873,147	(4,000)	439,400	1,273,764,330
Equipment	443,356,254	42,068,931	(757,000)	13,771,081	470,897,104
Intangibles - Software	84,359,867	8,045,227	(76,000)	1,000	92,328,094
Intangibles - Leasehold Improve	303,986	60,798	-	-	364,784
Other	12,998,047	4,700,380	837,000	265,000	18,270,427
Total Accum Depreciation	$ 1,938,952,435	$ 173,012,804	$ -	$ 16,002,769	$ 2,095,962,470
Capital Assets, Net	$ 2,588,971,402	$ 49,228,992	$ -	$ 2,531,512	$ 2,635,668,882

Library holdings, including old and rare books, valued at $1,280,000, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying statement of net position. The difference in additions to accumulated depreciation shown above and depreciation expense shown on the statement of revenues, expenses, and changes in net position is $235,999, which is an adjustment by the Medical Sciences campus to record the addition of a fully depreciated building and its related accumulated depreciation.

Note 11: 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. 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 is insured through FM Global 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 contains earthquake/flood and domestic/foreign terrorism coverage. Additionally, the

Fayetteville, Medical Sciences, Phillips, and Morrilton campuses have business interruption coverage with FM Global.

Auto coverage, through Cypress Insurance, 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. The Fort Smith campus acquires its own property insurance through Alliant Property Insurance ($25,000 deductible) and auto insurance through Cypress Insurance ($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 heard 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 $250,000 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 12: 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 of Arkansas System (the University) employees and their eligible dependents. The System Administration manages and administers these plans. Participation in the health and dental plans includes employees of the Fayetteville, Batesville, Little Rock, Monticello, Morrilton, Pine Bluff, and Medical Sciences campuses, the Arkansas School for Mathematics, Sciences and the Arts, the University of Arkansas Foundation, Inc., the University of Arkansas Winthrop Rockefeller Institute, and the University of Arkansas System Administration. Employees at the Phillips County and Cossatot campuses participate only in the health plan. As of January 1, 2015, UAFS joined the plan along with UACCH, who has maintained its own dental plan.

At June 30, 2015, a total of 16,892 active employees, former employees, and pre-65 retirees were participants in the health plan. As of June 30, 2015, the University offers two different health plans: Classic (HMO) and Point of Service (POS). Participating campuses pay anywhere from 49% to 100% of the Classic Plan premium and 31% to 90% of the Point of Service Plan premium. 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 17,560 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2015. The University pays 0% to 51% 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. No acquisition costs were capitalized at the onset of the plan. The System Administration estimates the medical and pharmacy claims liability to be $20,224,000 at June 30, 2015. 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 and pharmacy is based on the calculation prepared by Aon Hewitt.

The System Administration estimates the dental claims liability to be $576,000 at June 30, 2015. This liability is established for incurred but not paid (IBNP) claims. The IBNP claims liability 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 dental is based on the calculation prepared by Aon Hewitt.

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 $1,000,000 for any one covered individual, the University pays an aggregating specific deductible of $75,000, whether from one or more covered individuals also exceeding $1,000,000 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, 2015, the loss ratio for the health plan was 112% and the loss ratio for the dental plan was 94%.

The System Administration retains and accounts for all of the risk financing associated with the self-insurance plan's activities as defined by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.*

Effective January 1, 2014, the plan for Medicare eligible retirees was changed to a fully insured Medicare Advantage program. Retirees pay 100% of the fully insured premium directly to United Healthcare.

Reconciliation of Changes in the Liability for Future Insurance Claims	FY15
Unpaid claims and claim adjustment expenses at beginning of year	$ 14,524,000
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current year	155,077,772
Adjustment in provision for insured events of prior years	3,534,216
Total incurred claims and claim adjustment expenses	158,611,988
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current year	134,277,772
Claims and claim adjustment expenses attributable to insured events of prior years	18,058,216
Total Payments	152,335,988
Total unpaid claims and claim adjustment expenses at end of year	**$ 20,800,000**

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

Retirement Plans

Substantially all employees of the University participate in either the Optional Retirement Program (ORP), which includes Teachers Insurance Annuity Association – College Retirements Equities Fund (TIAA-CREF) and Fidelity Investments, or the Arkansas Public Employee Retirement System (APERS). The Arkansas Teacher Retirement System (ATRS) is available only to employees who were enrolled as of July, 2011. APERS and ATRS are both defined benefit plans.

The ORP is a defined contribution plan. The plan includes both a 403(b) program and a 457(b) program as defined by the Internal Revenue Service Code of 1986 as amended. The authority under which the Plan's benefit provisions are established or amended is the President of the University or his designee. Arkansas Code Annotated authorizes participation in the plan.

Participants in the University's plan can choose to be contributory or non-contributory. The University automatically contributes 5% of an employee's regular salary to TIAA-CREF and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice. For any contributions an employee makes in excess of 5% regular salary, the University makes an equal contribution, with a maximum total University contribution of 10% of regular salary up to the IRS match limit, which at June 30, 2015, was $26,500. Employee contributions in excess of 10% are allowed by the plans in accordance with Internal Revenue Service regulations, but the University does not match these additional contributions. All benefits attributable to plan contributions made by the participant are immediately vested in the participant, and contributions made by the University are vested upon completion of one year of employment. The University's TIAA/CREF and Fidelity contributions for the fiscal year 2015 were $87,614,804. The participants' contributions for the fiscal year 2015 were $92,600,359.

APERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of Arkansas. The University's required contribution rate was 14.76% in fiscal year 2015. 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 year

2015 were $4,316,084. Participants' contributions for the fiscal year 2015 were $1,184,510. 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 year 2015 were $1,612,297. Participants' contributions for the fiscal year 2015 were $487,295. 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.

Cooperative Extension Service employees who hold accepted appointments with the U.S. Department of Agriculture are covered by one of the above plans depending on when employment began. Employees employed prior to January 1, 1984, are on the Civil Service Retirement System. This system requires an employee contribution of 7% and the University contributes 8.51%. Employees hired between January 1, 1984, and July 31, 1987, are either on the Civil Service Offset or the Federal Employees Retirement System, depending on their length of prior federal service. Both systems require an employee contribution of 0.80%. The Civil Service Offset requires matching of 8.51% and the Federal Employees Retirement system requires agency matching of 10.7%. Employees on Civil Service participate in TIAA-CREF and Fidelity. The Thrift Savings Plan is another retirement savings and investment plan for Federal employees at the UA Cooperative Extension Service. It is a defined contribution plan and its purpose is to provide retirement income for Federal employees similar to that provided employees covered under the Civil Service Retirement System but without employer matching. Employees covered under the Federal Employees Retirement System receive a mandatory 1% employer contribution. The University's contributions for the fiscal year 2015 for both the Civil Service Retirement System and the Thrift Savings Plan were $364,174. The participants' contributions for the fiscal year 2015 were $250,366.

The University of Arkansas community colleges offer APERS and their own ORP which is a 403(b) plan. With the exception of PCCUA, which follows the standard 5% up to 10% match, contributions by the institutions range from 10% to 14% of earnings and employees have a mandatory contribution of 6% and, within the IRS guidelines, may elect to contribute more. Contributions can be made to TIAA-CREF, American Fidelity or VALIC. The University's VALIC contributions for the fiscal year 2015 were $1,607,621. The participants' contributions to VALIC for fiscal year 2015 were $1,156,013. The participants' contributions to American Fidelity for fiscal year 2015 were $2,440.

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 $2,977,039 at June 30, 2015.

NOTE 13: Defined Benefit Pension Plans

As discussed in Footnote 1, GASB Statements No. 68 and No. 71 established standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions. As a result, beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was reduced by $40,275,748. Details of the effect of implementing these statements are discussed in detail below.

Arkansas Public Employees Retirement System (APERS)

Plan Description

APERS is a cost-sharing, multiple-employer, defined benefit plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the 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, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

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

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

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

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. 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 14.76% of applicable compensation for the fiscal year ended June 30, 2015. The University's and member's contributions for the year ending June 30, 2015, were $4,316,084 and $1,184,510, respectively.

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

At June 30, 2015, the University reported a liability of $20,737,110 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the university's proportion was 1.462 percent.

For the year ended June 30, 2015, the University recognized pension expense of $2,182,972. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$(263,461)
Changes of assumptions	$2,447,958	
Net difference between projected and actual earnings on pension plan investments		$(8,155,857)
University contributions subsequent to the measurement date	$4,316,084	
Total	$6,764,042	$(8,419,318)

$4,316,084 reported as deferred outflows of resources 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

Year ended June 30:	
2016	$(1,429,323)
2017	$(1,429,323)
2018	$(1,429,323)
2019	$(1,683,391)
2020	$-
Thereafter	$-

Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return	7.75%
Salary Increases	3.75 – 10.35% including inflation
Wage Inflation	3.75%
Post-Retirement Cost-of-Living Increases	3% Annual Compounded Increase
Mortality Table	Based on RP-2000 Combined Health mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females
Average Service Life of All Members	4.5972

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Fixed Income	9%	.50%
Fixed Income Defensive	9	.80
Large Cap Domestic Equity	20	6.65
Small/Mid Cap Domestic Equity	17	7.90
International Equity	12	7.00
Emerging Market Equity	12	9.20
Private Equity	2.5	11.30
Hedge Funds	2.5	3.19
Real Estate	16	5.10
Total	100%	

Assumption Changes: Economic assumptions were updated in the June 30, 2014, valuation to a 7.75% investment return assumption and a 3.75% wage inflation assumption.

Discount Rate
A single discount rate of 7.75% 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 7.75%. 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 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

Sensitivity of Discount Rate		
1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
$37,206,691	$20,737,110	$7,015,014

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
Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapter 7 and may only be amended by the Arkansas General Assembly. ATRS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Arkansas. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the fifteen members of the Board of Trustees of the Arkansas Teacher Retirement System (the Board). Membership includes eleven members who are elected and consist of seven active members of ATRS with at least five years of actual service, three retired members receiving an annuity from ATRS, and one active or retired member from a minority racial ethnic group. There are also four ex officio members, including the State Bank Commissioner, the Treasurer of the State, the Auditor of the State and the Commissioner of Education. ATRS issues a publicly available financial report that can be obtained at https://www.artrs.gov/publications.

Benefits Provided
ATRS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or noncontributory as follows:

Contributory	2.15%
Non-Contributory	1.39%

Members are eligible to retire with a full benefit under the following conditions:
- at age 60 with 5 years of credited service,
- at any age with 28 years credited service,

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

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

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

Contributions
Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 7. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered. ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1, 1999, until July 1, 2000, to make an irrevocable choice to be contributory or noncontributory. Act 93 of 2007 allows any noncontributory member to make an irrevocable election to become contributory on July 1 of each fiscal year. Employers are required to contribute at a rate established by the Board of Trustees of ATRS based on an actuary's determination of a rate required to fund the plan. The University contributed 14.00% of

applicable compensation for the fiscal year ended June 30, 2015. The University's and member's contributions for the year ending June 30, 2015, were $1,612,297 and $487,295, respectively.

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

At June 30, 2015, the University reported a liability of $11,467,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the university's proportion was 0.437 percent.

For the year ended June 30, 2015, the University recognized pension expense of $817,590. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$(370,776)
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		$(4,930,172)
University contributions subsequent to the measurement date	$1,612,297	
Total	$1,612,297	$(5,300,948)

$1,612,297 reported as deferred outflows of resources 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, 2016. 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:

Year ended June 30:	
2016	$(1,311,800)
2017	$(1,311,800)
2018	$(1,311,800)
2019	$(1,311,800)
2020	$(53,748)
Thereafter	$0

Actuarial Assumptions

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	4-year smoothed market; 20% corridor
Wage Inflation	3.25%
Salary Increases	3.25 – 9.10% including inflation
Investment Rate of Return	8%

Post-Retirement Cost-of-Living Increases	3% Simple
Mortality Table	Based on RP-2000 Mortality table for males and females, projected 25 years using Projection Scale AA, (95% for men & 87% for women)
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, 2005 – June 30, 2010

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20%	4.7%
Global Equity	30	5.0
Fixed Income	20	2.0
Alternatives	5	5.0
Real Assets	15	4.6
Private Equity	10	6.6
Cash Equivalents	0	1.2
Total	100%	

Discount Rate

A single discount rate of 8.0% 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 8.0%. 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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

Sensitivity of Discount Rate		
1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
$20,516,311	$11,467,444	$3,854,297

Pension Plan Fiduciary Net Position

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

NOTE 14: 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 University of Arkansas Foundation, Inc. and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the University of Arkansas consolidated financial report.

The Hope and Fort Smith campuses joined the University's plan in January 2015. Hope previously participated in the Arkansas Higher Education Consortium Benefits Trust. The Fort Smith campus previously provided medical benefits through the University of Arkansas at Fort Smith Benefit Plan, which is in the process of being dissolved. Because these campuses were not part of the University's self-funded plan on the census date, the liability for these campuses was calculated on the same basis as previous years.

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* which became effective for the fiscal year ending June 30, 2008. This statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The calculation reflects expected future medical costs. It includes an accrual for all active employees by valuing the benefits they are anticipated to receive in retirement based on the likelihood that they will stay employed until eligible for postretirement benefits. As a result of the implementation of this statement, the University accrued $56,024,345 in retiree healthcare liability as of June 30, 2015.

Retirees pay 100% of premiums for all campuses with the exception that UACCM will pay the premium for those employees retiring on or after age 62 with at least 20 years of service. Employer costs are funded on a pay-as-you-go basis for all campuses. Retirees qualify for postretirement benefits as follows:

UAFS: Employees must be at least age 55 and have at least 10 years of service.

CCCUA: Employees must be at least age 60 and have at least 5 years of service.

UACCH: Employees must have at least 10 years of service.

UACCM: Employees must be at least age 60 and have at least 10 years of service.

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.

Effective January 1, 2014, the plan for Medicare eligible retirees was changed to a fully insured Medicare Advantage program. 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.

Summary of Key Actuarial Methods and Assumptions

Valuation date	July 1, 2014; Census data collected as of January 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	30 years open, level % of payroll
Asset valuation method	N/A

Discount rate	4.5%
Projected payroll growth rate	4.0%
Medical inflation rate	Immediate rate of 6% with a 1% increase in year 2 followed by 0.25% decrease starting in year 4 to an ultimate rate of 4.5%

General Overview of the Valuation Methodology

The process of determining the liability for retiree medical benefits is based on many assumptions about future events. Future increases in health care costs are affected by many factors, including: medical inflation; change in utilization patterns; technological advances; cost shifting; cost leveraging; and changes to government medical programs, such as Medicare.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Calculations are based on the types of benefits provided under the terms of each plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

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

The mortality table assumption changed from the RP-2000 Fully Generational Combined Healthy Mortality Table projected using scale AA for healthy and disabled lives to the RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using the projection scale MP-2014 for healthy lives and the RP-2014 Fully Generational Mortality Table for disabled retirees using the projection scale MP-2014 for disabled lives. This change decreased the Actuarial Accrued Liability by $2,422,013 as of July 1, 2014.

The health care trend rates were updated to reflect future expectations. Also, the medical and pharmacy administrative expense was previously included in the claims cost. This assumption was separated from claims cost in order to better reflect expectations of future costs. These changes increased the Actuarial Accrued Liability by $7,872,199 as of July 1, 2014.

The life insurance administrative expenses were lowered from 19.6% to 15.0%. This change decreased the Actuarial Accrued Liability by $858,088 as of July 1, 2014.

***Medical Coverage – Retirees not Eligible for Medicare*:**

Claim experience for the period January 1, 2013, through February 28, 2015, was used to develop the claims cost for non-Medicare-eligible retirees. The paid claims data was converted to an incurred basis using a completion factor approach. This experience includes 1,037 life years of exposure and was deemed to be 61% credible for medical claims and 86% credible for prescription drug claims. The experience was combined with the active claims experience adjusted for demographic differences to produce the per capita claims costs used in the valuation. Adjustment factors were then applied to develop expected claims by age to be used in the valuation.

***Dental Coverage*:**

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.

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

Withdrawal Rates: Select rates by location are based on length of service for the first five years and age thereafter:

Year	UAF	UAMS	Other
0	25%	30%	20%
1	25%	20%	20%
2	20%	18%	20%
3	16%	18%	15%
4	16%	15%	15%

Ultimate rates are from Sarason turnover table T-6 for UAF, table T-7 for UAMS, and table T-4 for all other locations. Rates for CCCUA and UACCM vary and are available in the actuarial report which can be obtained by writing the University of Arkansas System.

Retirement Rates, CCCUA, UACCM:

Age	Rate
50-59	5%
60	15%
61	14%
62	25%
63-64	15%
65	35%
66-68	30%
69 +	100%

Retirement Rates, All Others

Age	Rate
50-59	5%
60-61	10%
62	15%
63-66	10%
67-69	50%
70 +	100%

Future Retiree Coverage: Retirees were assumed to remain in their current plan indefinitely (until age 65 at which point they would join the UHC Medicare Advantage plan).

CCCUA & UACCM – 80% of employees are assumed to elect medical and Rx coverage at retirement.

All Others -- 55% of employees are assumed to elect medical and Rx coverage at retirement.

75% of employees are assumed to elect life insurance coverage at retirement.

Future Dependent Coverage: 50% of employees electing medical and Rx coverage at retirement are assumed to be married and elect spouse coverage.

Spouse Age Differential: Males are assumed to be 4 years older than females.

Determination of FY15 Accrual

Unfunded acturial accrued liability at 7-1-14	**$ 73,704,015**
Annual Required Contribution (ARC)	
Normal cost	$ 4,846,613
Amortization of the unfunded actuarial accrued liability over 30 years	2,650,031
Interest	337,716
Annual Required Contribution for FY15	7,834,360
Interest on Net OPEB Obligation	2,252,025
ARC Amortization Adjustment	(1,889,307)
Annual OPEB Cost for FY15	**$ 8,197,078**
Net OPEB Obligation, 7-1-14	$ 49,993,475
Annual OPEB Cost for FY15	8,197,078
Less: Expected Employer Contributions	(2,166,208)
Net OPEB Obligation, 6-30-15	**$ 56,024,345**

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Expected Contribution	Percentage Contributed	Net Obligation at Year-End
6-30-09	$ 9,440,819	$ 2,075,012	21.98%	$ 25,984,585
6-30-10	7,273,621	2,000,674	27.51%	31,257,532
6-30-11	6,407,408	1,715,955	26.78%	35,948,985
6-30-12	6,959,921	1,666,639	23.95%	41,242,267
6-30-13	6,604,080	2,038,220	30.86%	45,808,127
6-30-14	5,693,607	1,508,259	26.49%	49,993,475
6-30-15	8,197,078	2,166,208	26.43%	56,024,345

Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6-30-09	-	$ 82,955,662	$ 82,955,662	-%	$ 982,002,008	8.45%
6-30-10	-	67,830,737	67,830,737	-%	952,169,503	7.12%
6-30-11	-	59,649,743	59,649,743	-%	977,592,138	6.10%
6-30-12	-	64,638,969	64,638,969	-%	1,042,067,018	6.20%
6-30-13	-	60,220,957	60,220,957	-%	1,072,221,612	5.62%
6-30-14	-	53,499,094	53,499,094	-%	1,103,763,909	4.85%
6-30-15	-	73,704,015	73,704,015	-%	1,127,553,054	6.54%

Note 15: Other Organizations

There are in existence 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, 2015, are presented below in summary form and include the accounts of its wholly owned for-profit subsidiary, Sports Shows, Inc.

THE RAZORBACK FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash and investments	$	24,026,045
Other assets		29,447,465
Total Assets	$	53,473,510
Liabilities and Net Assets		
Liabilities	$	1,421,767
Net Assets		52,051,743
Total Liabilities and Net Assets	$	53,473,510

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	41,376,361
Expenditures and Other Deductions		(34,572,782)
Total Increase in Net Assets	$	6,803,579

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, 2015, are presented below in summary form.

ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash and investments	$	1,997,650
Other assets		7,826,748
Total Assets	$	9,824,398
Liabilities and Net Assets		
Liabilities	$	1,187,598
Net Assets		8,636,800
Total Liabilities and Net Assets	$	9,824,398

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	4,092,819
Expenditures and Other Deductions		(3,134,429)
Total Increase in Net Assets	$	958,390

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, 2015, are presented below in summary form.

ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash and investments	$	4,751,963
Other assets		5,050,811
Total Assets	$	9,802,774
Liabilities and Net Assets		
Liabilities	$	100,634
Net Assets		9,702,140
Total Liabilities and Net Assets	$	9,802,774

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	1,654,088
Expenditures and Other Deductions		(2,145,036)
Total Decrease in Net Assets	$	(490,948)

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, 2015, are presented below in summary form.

UNIVERSITY OF ARKANSAS TECHNOLOGY DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash	$	1,313,285
Other assets		13,373
Total Assets	$	1,326,658
Liabilities and Net Assets		
Liabilities	$	88,823
Net Assets		1,237,835
Total Liabilities and Net Assets	$	1,326,658

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	1,637,089
Expenditures and Other Deductions		(1,520,611)
Total Increase in Net Assets	$	116,478

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, 2015, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash and investments	$	82,544,454
Other assets		28,168
Total Assets	$	82,572,622
Liabilities and Net Assets		
Liabilities	$	1,215,858
Net Assets		81,356,764
Total Liabilities and Net Assets	$	82,572,622

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	7,069,615
Expenditures and Other Deductions		(18,621,104)
Total Decrease in Net Assets	$	(11,551,489)

University of Arkansas Fort Smith Benefit Plan was established on January 1, 1993, as an employee welfare benefit plan which provides health, dental and vision benefits to eligible employees and eligible dependents of the Fort Smith campus. Audited financial statements for the year ended December 31, 2014, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH BENEFIT PLAN
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

Assets		
Cash and investments	$	73,156
Other Assets		660,463
Total Assets	$	733,619
Liabilities and Net Assets		
Liabilities	$	496,386
Net Assets		237,233
Total Liabilities and Net Assets	$	733,619

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2014

Income and Other Additions	$	5,134,378
Expenditures and Other Deductions		(5,220,956)
Total Decrease in Net Assets	$	(86,578)

The Fort Smith campus intends to terminate the Plan effective December 31, 2015. All claims incurred subsequent to December 31, 2014, will be paid by the University of Arkansas System Health Plan. The funds will be disposed in a manner which benefits solely those persons then receiving benefits under the Plan and those employees who are participating in the Plan at the time of termination. Termination of the Plan does not affect in any way the amount or the terms of any benefit payable prior to the date of termination.

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, 2015, are presented below in summary form.

TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash	$	62,713
Other Assets		48,923
Total Assets	$	111,636
Liabilities and Net Assets		
Liabilities	$	5,886
Net Assets		105,750
Total Liabilities and Net Assets	$	111,636

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	307,689
Expenditures and Other Deductions		(360,327)
Total Decrease in Net Assets	$	(52,638)

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, 2013, are presented below in summary form. Net assets at January 1, 2013, were restated, resulting in a decrease of $5,306.

UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2013

Assets		
Cash & investments	$	132,572
Other assets		13,100
Total Assets	$	145,672
Liabilities and Net Assets		
Liabilities	$	2,876
Net Assets		142,796
Total Liabilities and Net Assets	$	145,672

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2013

Income and Other Additions	$	217,265
Expenditures and Other Deductions		(192,911)
Total Increase in Net Assets	$	24,354

Cossatot Community College of the University of Arkansas Foundation, Inc. assists in developing and increasing the programs and facilities for the Cossatot Community College campus. Audited financial statements for the year ended June 30, 2015, 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, 2015

Assets		
Cash and investments	$	544,689
Other		-
Total Assets	$	544,689
Liabilities and Net Assets		
Liabilities	$	145
Net Assets		544,544
Total Liabilities and Net Assets	$	544,689

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	64,006
Expenditures and Other Deductions		(56,706)
Total Increase in Net Assets	$	7,300

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, 2014, are presented below in summary form.

PHILLIPS COMMUNITY COLLEGE FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

Assets		
Cash and investments	$	3,532,014
Other Assets		108,009
Total Assets	$	3,640,023
Liabilities and Net Assets		
Liabilities	$	305,422
Net Assets		3,334,601
Total Liabilities and Net Assets	$	3,640,023

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2014

Income and Other Additions	$	646,405
Expenditures and Other Deductions		(677,191)
Total Decrease in Net Assets	$	(30,786)

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, 2014, are presented below in summary form.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2014

Assets		
Cash and investments	$	2,163,766
Other Assets		3,600
Total Assets	$	2,167,366
Liabilities and Net Assets		
Liabilities	$	89,685
Net Assets		2,077,681
Total Liabilities and Net Assets	$	2,167,366

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2014

Income and Other Additions	$	658,433
Expenditures and Other Deductions		(736,111)
Total Decrease in Net Assets	$	(77,678)

University of Arkansas Community College at Morrilton Foundation, Inc. was established to assist the students and programs of the Morrilton campus. Audited financial statements for the year ended December 31, 2014, are presented below in summary form.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

Assets		
Cash and investments	$	280,601
Other Assets		106,020
Total Assets	$	386,621
Liabilities and Net Assets		
Liabilities	$	26,085
Net Assets		360,536
Total Liabilities and Net Assets	$	386,621

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2014

Income and Other Additions	$	490,872
Expenditures and Other Deductions		(343,347)
Total Increase in Net Assets	$	147,525

Subsequent to December 31, 2014, the Foundation Board elected to dissolve the Foundation and transfer cash and investments to the University of Arkansas Foundation, Inc. Other assets and obligations will be transferred to the campus which will serve to collect contributions and pay future obligations incurred in fundraising and development campaigns.

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, internship opportunities for students, professional development for faculty and staff of the University, as well as for the general public, and conferences focused on enriching and informing Arkansas leaders. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

UNIVERSITY OF ARKANSAS WINTHROP ROCKEFELLER CENTER, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash & Investments	$	2,229,970
Grant Receivable		5,553,065
Other		309,510
Property and Equipment, Net		15,996,329
Total Assets	$	24,088,874
Liabilities and Net Assets		
Liabilities	$	464,077
Net Assets		23,624,797
Total Liabilities and Net Assets	$	24,088,874

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	1,956,453
Expenditures and Other Deductions		(6,567,736)
Total Decrease in Net Assets	$	(4,611,283)

Delta Student Housing, Inc. (Delta) is a nonprofit corporation organized and operated under the Arkansas Nonprofit Corporation Act of 1993. 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 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 Market 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 will be owned and managed by Delta until the completion of the NMTC compliance period of seven years, at which time the facility will be donated to ASMSA. A complete transcript of the NMTC transaction can be obtained in the office of the University's Vice President of Finance. Audited financial statements for the year ended June 30, 2015, are presented below in summary form.

DELTA STUDENT HOUSING, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2015

Assets		
Cash	$	153,606
Other		127,612
Property and equipment		12,989,589
Total Assets	$	13,270,807
Liabilities and Net Assets		
Liabilities	$	14,799,406
Net Assets		(1,528,599)
Total Liabilities and Net Assets	$	13,270,807

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2015

Income and Other Additions	$	251,956
Expenditures and Other Deductions		(786,012)
Total Decrease in Net Assets	$	(534,056)

Note 16: Natural & Functional Classifications of Operating Expenses

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:

	Natural Classifications					
Functional Classifications	Compensation & Benefits	Supplies & Services	Scholarships & Fellowships	Insurance	Depreciation	TOTAL
Instruction	$ 381,337,675	$ 53,835,862				$ 435,173,537
Research	159,773,865	69,744,059				229,517,924
Public Service	85,055,340	41,515,804				126,571,144
Academic Support	74,184,873	34,203,317				108,388,190
Student Services	40,476,727	18,684,027				59,160,754
Institutional Support	176,418,210	43,753,345				220,171,555
Scholarships/Fellowships	91,252	186,467	$ 63,632,625			63,910,344
Plant Operations	61,060,714	63,227,108				124,287,822
Auxiliary Enterprises	64,920,783	84,407,637	2,053,474			151,381,894
Depreciation					$ 172,776,805	172,776,805
Patient Care	454,763,832	280,069,000				734,832,832
Other	1,757,000	12,581,000				14,338,000
Insurance expenses				$ 175,921,378		175,921,378
TOTAL	$ 1,499,840,271	$ 702,207,626	$ 65,686,099	$ 175,921,378	$ 172,776,805	$ 2,616,432,179

Note 17: 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.

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 (ACRC) 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)* indicates 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, 2015, the University would have incurred a liability of $57,292,000 related to issue. This amount includes draw down 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 18: 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.

Statement of Net Position

An elimination entry was made to reduce accounts receivable by $15,078,288, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered, as well as amounts owed between campuses. Accounts payable was reduced by $14,264,478, representing these billed amounts adjusted by cash in-transit within the system. Cash was increased by $813,810 to account for payments in-transit within the system.

Two loans between University entities were eliminated to reduce assets and liabilities: (1) $900,000 (current portion $150,000) to reflect a loan to ASMSA by the System Administration; and (2) $737,585 (current portion $20,026) to reflect a loan from UAMS to UAF.

Statement of Revenues, Expenses, and Changes in Net Position

As explained in Note 12, 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 benefits. An elimination entry was made to reduce insurance revenue and compensation/benefits expenditures in the amount of $114,039,026.

An elimination entry was made for billings by System Administration to the campuses for services rendered to reduce sales and services revenue and supplies/services expense in the amount of $3,081,164.

An elimination entry for services provided among campuses in the amount of $841,829. These amounts decreased both other operating revenues and operating supplies/services.

An elimination of $493,171 was made to other changes in net position to account for funds transferred to the Fayetteville campus from System Administration for use by the Criminal Justice Institute.

Statement 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 19: Disaggregation of Accounts Receivable and Accounts Payable

Current accounts receivable balances, net of allowances, at June 30, 2015, as shown on the statement of net position, consist of the following:

ACCOUNTS RECEIVABLE	June 30, 2015
Student accounts	$20,531,405
Non-student accounts	17,529,754
Health care related services	20,443,000
Grants and contracts	31,222,513
Property and sales taxes	2,293,546
Other	419,584
Total	$92,439,802

Current accounts payable balances at June 30, 2015, as shown on the statement of net position, consist of the following:

ACCOUNTS PAYABLE	June 30, 2015
Trade related	$36,660,269
Payroll related	71,324,316
Interest	7,041,665
Other	24,014,353
Total	$139,040,603

Note 20: Joint Endeavor

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. To administer this project and its funds, the University and the City of Fayetteville established a nonprofit organization called the University of Arkansas/City of Fayetteville Arts Foundation, Inc., now called the Walton Arts Center Foundation, Inc., which was incorporated on January 19, 1987. There are nine directors, of whom three are appointed by the University, three by the City of Fayetteville, and three are recommended by the Foundation who must be 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 must submit an annual budget to both the City and the University for approval. The Board of Trustees of The Arts Center Council is comprised of five members appointed by the University, five members appointed by the City, and ten members appointed at large, all of whom serve as volunteers.

On August 14, 2014, the governing documents establishing and defining the joint endeavor between the City of Fayetteville and the Fayetteville campus 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 dollars 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 dollars to the Foundation to help defray the construction costs of the proposed enlargement and enhancement of the Walton Arts Center located in Fayetteville, Arkansas. Upon return of the funds to the City and the use of University provided funds for construction, the Walton Arts Center Foundation, Inc. will no longer be an agent for the City of Fayetteville or the University of Arkansas. The City and the University will no longer 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 spouse of a member of the Board of Trustees owns a sports apparel store in Little Rock, Arkansas that has been used for several years by various campuses. In FY15, two campuses bought merchandise from the store with a cost of $73,583. Purchases of these types are not reviewed and approved by the Board.

Another member of the Board of Trustees is the Bank Chairman of the privately-held First Security Bancorp based in Searcy, Arkansas. At June 30, 2015, bank balances held at First Security Bank for UAF and UAMS total $71,771,210 (book balances shown on the Statement of Net Position total $65,084,789). The University has conducted business with the bank for several years. In addition, Crews and Associates, Inc. (Crews) is a wholly owned, non-bank affiliate of First Security Bancorp and has served as one of the University's bond underwriters for several years. In FY15, the Board of Trustees, with this member abstaining from the vote, approved the selection of Crews as co-underwriter for two bond issues for the Fayetteville campus in the amount of $84,540,000.

The former Provost and Vice Chancellor for Academic Affairs, who served on the Fayetteville campus during the fiscal year was a member of the Board of Directors of Simmons First National Corporation based in Pine Bluff, Arkansas. At June 30, 2015, bank balances held at Simmons First National Bank for the Fayetteville campus totaled $13,361,065 (book balances shown on the statement of net position for the campus total $13,361,065). Simmons First National Bank has served as trustee for bond proceeds for several years, and amounts on deposit represent funds held in that capacity, primarily for two bond issues.

The Vice Chancellor and Director of Athletics on the Fayetteville campus is a member of the Board of Directors of Arvest Bank Fayetteville, one of sixteen autonomous community-oriented banks which comprise Arvest Bank Group, Inc., based in Bentonville, Arkansas. At June 30, 2015, bank balances held for the Fayetteville campus at Arvest Bank Group, Inc. banks total $10,834,967 (book balances shown on the statement of net position for the campus total $10,380,045).

Note 22: Prior Year Restatement

Statement of Revenues, Expenses, and Changes in Net Position
Beginning net position, as reported on the Statement of Revenues, Expenses and Changes in Net Position, was restated due to the implementation of GASB Statements 68, as amended. As a result, Net Position – beginning of the year was reduced by $40,275,748 to reflect the net effect of recognizing the University's proportionate share of the net pension liability and deferred outflows of resources attributable to the year ended June 30, 2014.

Note 23: Subsequent Events

Fayetteville Campus
On July 31, 2015, the University refinanced three existing installment contract agreements. All three financing arrangements facilitated the University's energy savings projects. The first agreement dated October 15, 2008, with an interest rate of 4.69%, had an outstanding balance of $4,815,908 on July 31, 2015. Agreement number two dated December 19, 2008 with an interest rate of 4.581%, and the third agreement dated April 8, 2010 with an interest rate of 4.80% had outstanding balances of $16,647,887 and $6,689,614 respectively on July 31, 2015. The three new agreements in the amounts of $4,935,766, $16,969,012 and $6,844,590 carry interest rates of 1.97%, 1.99% and 1.95% respectively. The refinancing of these three agreements will result in total overall savings to the University of $3,003,289 over the next nine years.

On August 27, 2015, the University issued Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Series 2015B in the amount of $7,510,000 and Board of Trustees of the University of Arkansas Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2015C in the amount of $36,675,000.

The Series 2015B bonds provide resources for three separate construction and renovation projects on the University campus. These projects include two residence facilities occupied by campus Greek organizations and construction of a high pressure pipeline to supply natural gas to the campus. This issue is taxable.

The proceeds from Series 2015C bonds were used along with a cash contribution from the University of $7,022,265 to fund an escrow account set up to pay the principal due November 1, 2015, of the Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2005B, and to redeem the Series 2005B bonds maturing thereafter in whole on November 1, 2015. The refinancing of these bonds will result in total savings of $10,474,138 to the University.

Chancellor Changes
The chancellor at the Phillips County campus retired on June 30, 2015, and was replaced by Dr. G. Keith Pinchback on July 1, 2015. The chancellor at the Fayetteville campus resigned effective July 31, 2015, and will join the faculty on that campus. Dr. Daniel Ferritor is currently serving as Interim Chancellor for the Fayetteville campus, and, on October 23, 2015, the Board approved the selection of Dr. Joseph E. Steinmetz as Chancellor beginning January 1, 2016.

Employee Benefits

Schedule of University's Proportionate Share of the Net Pension Liability
Arkansas Public Employees Retirement System

	2015*
University's proportion of net pension liability	1.462%
University's proportionate share of net pension liability	$ 20,737,110
University's covered payroll	$ 24,610,760
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84.26%
Plan fiduciary net position as a percentage of the total pension liability	84.15%

*The amounts presented were determined as of 6/30/14

Schedule of University Contributions
Arkansas Public Employees Retirement System

	2015
Contractually required contribution	$ 4,316,084
Contributions in relation to the contractually required contribution	(4,316,084)
Contribution deficiency (excess)	$ -
University's covered-employee payroll	$ 29,241,762
Contributions as a percentage of covered-employee payroll	14.76%

Changes in Assumptions
Amounts reflect a change in economic assumptions used in the June 30, 2014, valuation. The investment return assumption used was 7.75% and the wage inflation assumption used was 3.75%.

Schedule of University's Proportionate Share of the Net Pension Liability
Arkansas Teacher Retirement System

	2015*
University's proportion of net pension liability	.437%
University's proportionate share of net pension liability	$ 11,467,444
University's covered payroll	$ 11,527,065
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	99.48%
Plan fiduciary net position as a percentage of the total pension liability	84.98%

*The amounts presented were determined as of 6/30/14

Schedule of University Contributions
Arkansas Teacher Retirement System

	2015
Contractually required contribution	$ 1,612,297
Contributions in relation to the contractually required contribution	(1,612,297)
Contribution deficiency (excess)	$ -
University's covered-employee payroll	$ 11,516,407
Contributions as a percentage of covered-employee payroll	14.00%

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Other Postemployment Benefits

General Overview of the Valuation Methodology

The process of determining the liability for retiree medical benefits is based on many assumptions about future events. Future increases in health care costs are affected by many factors, including: medical inflation; change in utilization patterns; technological advances; cost shifting; cost leveraging; and changes to government medical programs, such as Medicare.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Calculations are based on the types of benefits provided under the terms of each plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

***Changes in Actuarial Assumptions and Methods since the Prior Valuation*:**
The mortality table assumption changed from the RP-2000 Fully Generational Combined Healthy Mortality Table projected using scale AA for healthy and disabled lives to the RP-2014 Fully Generational Mortality Table for employees and healthy annuitants using the projection scale MP-2014 for healthy lives and the RP-2014 Fully Generational Mortality Table for disabled retirees using the projection scale MP-2014 for disabled lives. This change decreased the Actuarial Accrued Liability by $2,422,013 as of July 1, 2014.

The health care trend rates were updated to reflect future expectations. Also, the medical and pharmacy administrative expense was previously included in the claims cost. This assumption was separated from claims cost in order to better reflect expectations of future costs. These changes increased the Actuarial Accrued Liability by $7,872,199 as of July 1, 2014.

The life insurance administrative expenses were lowered from 19.6% to 15.0%. This change decreased the Actuarial Accrued Liability by $858,088 as of July 1, 2014.

***Medical Coverage – Retirees not Eligible for Medicare*:**
Claim experience for the period January 1, 2013, through February 28, 2015, was used to develop the claims cost for non-Medicare-eligible retirees. The paid claims data was converted to an incurred basis using a completion factor approach. This experience includes 1,037 life years of exposure and was deemed to be 61% credible for medical claims and 86% credible for prescription drug claims. The experience was combined with the active claims experience adjusted for demographic differences to produce the per capita claims costs used in the valuation. Adjustment factors were then applied to develop expected claims by age to be used in the valuation.

***Dental Coverage*:**
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.

Determination of FY15 Accrual

Unfunded acturial accrued liability at 7-1-14	**$ 73,704,015**
Annual Required Contribution (ARC)	
Normal cost	$ 4,846,613
Amortization of the unfunded actuarial accrued liability over 30 years	2,650,031
Interest	337,716
Annual Required Contribution for FY15	7,834,360
Interest on Net OPEB Obligation	2,252,025
ARC Amortization Adjustment	(1,889,307)
Annual OPEB Cost for FY15	**$ 8,197,078**
Net OPEB Obligation, 7-1-14	$ 49,993,475
Annual OPEB Cost for FY15	8,197,078
Less: Expected Employer Contributions	(2,166,208)
Net OPEB Obligation, 6-30-15	**$ 56,024,345**

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Expected Contribution	Percentage Contributed	Net Obligation at Year-End
6-30-09	$ 9,440,819	$ 2,075,012	21.98%	$ 25,984,585
6-30-10	7,273,621	2,000,674	27.51%	31,257,532
6-30-11	6,407,408	1,715,955	26.78%	35,948,985
6-30-12	6,959,921	1,666,639	23.95%	41,242,267
6-30-13	6,604,080	2,038,220	30.86%	45,808,127
6-30-14	5,693,607	1,508,259	26.49%	49,993,475
6-30-15	8,197,078	2,166,208	26.43%	56,024,345

Since there is no funding, the expected contributions are any retiree premiums actually paid by the University plus expected implicit subsidy payments. The implicit rate subsidy is the difference between the true cost of medical benefits and the cost sharing premiums paid by the retiree.

Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6-30-09	-	$ 82,955,662	$ 82,955,662	-%	$ 982,002,008	8.45%
6-30-10	-	67,830,737	67,830,737	-%	952,169,503	7.12%
6-30-11	-	59,649,743	59,649,743	-%	977,592,138	6.10%
6-30-12	-	64,638,969	64,638,969	-%	1,042,067,018	6.20%
6-30-13	-	60,220,957	60,220,957	-%	1,072,221,612	5.62%
6-30-14	-	53,499,094	53,499,094	-%	1,103,763,909	4.85%
6-30-15	-	73,704,015	73,704,015	-%	1,127,553,054	6.54%

UNIVERSITY OF ARKANSAS, FAYETTEVILLE

Established: 1871
Enrollment: 26,754
www.uark.edu

AT A GLANCE

Founded in 1871, the University of Arkansas, Fayetteville, is the flagship institution of the University of Arkansas System. It is the state's foremost partner, resource and catalyst for education and economic development.

As Arkansas's land-grant university, the U of A has a mandate to teach, conduct research and perform outreach. The university offers more than 200 baccalaureate, master's, doctoral, professional and specialist degree programs through its ten schools and colleges. The Carnegie Foundation for the Advancement of Teaching places the U of A in its highest category for research activity, a classification shared by only 2 percent of universities nationwide. Research expenditures at the university now exceed $120 million per year, making research activity a significant academic element at the university and an economic engine for the state. By 2021, the university aspires to be recognized as one of the nation's top 50 public research universities, with nationally ranked departments and programs throughout the institution.

POINTS OF PRIDE

- Enrollment at the U of A continues its rapid growth. In fall 2015, enrollment increased by nearly 2 percent over the previous year to 26,754 students. U of A students represent all 75 counties in Arkansas, all 50 states in the country and more than 100 countries around the world. The fall 2015 freshman class was among the largest seen at the U of A, with 4,916 students.
- In Kiplinger's Best 25 College Values Under $30,000 a Year, the U of A ranked #5. And, was classified by the *Chronicle of Higher Education* as the 7th Fastest Growing Public Research Institution in the country.
- Research expenditures exceeded $133 million, a new record.
- During the 2015 fiscal year ending June 30, the U of A recorded $116.5 million in private gift support, surpassing its goal of $112 million, the fifth year in a row that the university exceeded $100 million in fundraising.
- In 2014-15, the university finished a record high 16th-place among all athletic programs for the Learfield Sports Directors Cup, a year-long competition based on program-wide athletic success. It was the seventh time in the past eight years Arkansas has finished in the top 30 nationally.
- The University of Arkansas School of Law was ranked the 7th best value in the nation for 2015 by *The National Jurist* magazine

UNIVERSITY OF ARKANSAS AT FORT SMITH

Established: 1928
Joined System: 2002
Enrollment: 6,710
www.uafs.edu

AT A GLANCE

The University of Arkansas at Fort Smith (UAFS) joined the UA System in 2002 and began transitioning from a two-year college to a four-year regional university. Originally established in 1928 as part of the local school system with college-parallel course offerings, UAFS now offers its first graduate degree, in addition to offering numerous bachelor's degrees, a full range of certificates of proficiency, technical certificates and associate degrees. UAFS continues to provide training and education to employees in area business and industry.

Since the transition in 2002, UAFS has experienced high-velocity change. In just over 10 years, the university has moved from a community college with no residential capacity to a master's degree-granting institution with nearly 1,000 beds for students. Throughout the history of the institution, however, one thing hasn't changed – the university's focus on servicing the needs of the local community and its workforce.

As a regional university with a mission and vision to connect education with careers, UAFS focuses on preparing students to succeed in an ever-changing global world while advancing economic development and quality of place. The institution embraces partnerships with multiple regional entities, signifying the importance of continued efforts to enhance the community's educational level and global awareness while keeping teaching and learning at the focus of all that is done.

POINTS OF PRIDE

- UAFS is now offering its first master's degree in Healthcare Administration, the result of a role and scope change the university undertook to become a master's degree-granting institution. The program, which will be offered completely online, was recently approved by the Higher Learning Commission following its visit to the university in April 2015.
- Since joining the University of Arkansas System in 2002, UAFS has significantly raised the educational levels of residents in its service area, as evidenced by the university's 2014-15 graduating class, which was the largest in the university's history. UAFS awarded more than 1,440 degrees in the school year, a 98 percent increase compared to the 2009-10 school year.
- Keeping true to the chancellor's promise to "turn students into taxpayers," recent data shows that 85 percent of UAFS graduates from the 2013-14 school year are either employed or continuing their education, signifying the career-driven degrees and curriculums the university offers.
- The university recently opened its Sustainable Conservation House. The house provides a hands-on laboratory that allows students to learn with the latest technology and prepare them for future careers in the energy-auditing field. As efforts gain momentum to require all new houses in Arkansas to undergo energy audits, the UAFS Sustainable Conservation House provides the ideal classroom laboratory to train the energy auditors needed to meet this new demand.
- With an endowment of nearly $70 million, the numerous gifts given to UAFS signify its unwavering commitment to the greater Fort Smith region.
- Built with the largest private gift in UAFS history, the university's newest building, Windgate Art & Design, is now completed and open for classes. The 58,000 square-foot, state-of-the-art facility unifies the university's visual arts programs and includes numerous galleries to showcase work by students and professional artists. An opening event was held in early September. The building was constructed through a gift from the Windgate Charitable Foundation.
- Guided by a master plan completed in 2013, the university continues to grow with property acquisitions and is currently constructing the third building in the master plan, the Recreation and Wellness Center. The 47,000 square-foot building will feature a rock climbing wall, two basketball courts, four volleyball courts, and additional space for multipurpose use. The building is funded by a student activity fee that students self-imposed during a vote last year.

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Established: 1927
Joined system: 1969
Enrollment: 11,891
www.ualr.edu

AT A GLANCE

The University of Arkansas at Little Rock is a regional leader among metropolitan universities. UALR provides a transformative academic experience through its 140 programs of study in face-to-face, fully-online, and blended formats at the baccalaureate and graduate levels, including 10 doctoral degree programs. UALR also prepares students for success beyond the classroom by providing them with opportunities to participate in interdisciplinary research and service-learning. The 250-acre campus features 77 buildings and facilities, six of which are LEED certified.

UALR's location in the center of the state and at the seat of state government affords its students and employees the benefits of a bustling metropolitan environment, with access to corporate, government, and non-profit opportunities for jobs, internships, research, professional mentoring, and a range of cultural and recreational opportunities in art, theatre, dance, and music.

POINTS OF PRIDE

- UALR operates the George W. Donaghey Emerging Analytics Center (EAC), a research facility that features EmergiFLEX™ and MobileFLEX™ immersive data visualization systems. The EAC provides a unique, interdisciplinary approach to assist faculty researchers, corporate clients, and students with data visionary solutions in the new era of big data.
- As part of UALR's commitment to access and to quality education from Pre-K through college, UALR hosts the Charles W. Donaldson Summer Bridge and Scholars Academies in conjunction with the Pulaski County Special School District to promote college readiness in high school students and to help entering freshmen bypass developmental coursework. Since the program's inception, all participants have bypassed at least one developmental course and many participants begin their freshman year in advanced-level courses.
- UALR received a $20.3 million grant from the Windgate Charitable Foundation to construct a visual arts and applied design building. The new building will bring together in one location UALR's Applied Design, Art History, and Studio Arts classes.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Established: 1879
Enrollment: 3,021 students and 789 medical residents and two dental residents
www.uams.edu and www.uamshealth.com

AT A GLANCE

The University of Arkansas for Medical Sciences in Little Rock is the only academic 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. UAMS and its clinical affiliates, Arkansas Children's Hospital and the Central Arkansas Veterans Healthcare System, are an economic engine for the state with an annual economic impact of $3.92 billion.

UAMS offers 73 baccalaureate, master's, doctoral, professional and specialist degree programs through its Colleges of Medicine, Nursing, Pharmacy, Health Professions and Public Health and Graduate School. Students attend classes at the UAMS main campus in Little Rock and its regional campus in Fayetteville.

With its combination of education, research and clinical programs, UAMS has a unique capacity to lead health care improvement in the state. It includes a statewide network of regional centers, a comprehensive rural hospital program, 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 Myeloma Institute.

POINTS OF PRIDE

- UAMS helped lead development of Healthy Active Arkansas, a statewide 10-year plan launched by Gov. Asa Hutchinson to improve the health of Arkansans.
- Nine of the 10 cancer physicians from Arkansas named by Newsweek/Castle Connolly as "2015 Top Cancer Doctors" in the United States are from UAMS.
- UAMS is home to the state's only adult Level One Trauma Center, only high-risk pregnancy program, and the only liver transplant program.
- UAMS treats more patients for multiple myeloma, a cancer of the plasma cells in bone marrow, than any other facility in the country and its five-year survival rate is 74 percent for newly diagnosed patients versus 43 percent for a comparable patient population in the National Cancer Institute's database.
- UAMS leads a statewide telemedicine stroke program called AR SAVES that provides 24/7 access to a stroke neurologist to 49 Arkansas hospitals.
- UAMS ranks in the top 18 percent of all U.S. colleges and universities in research funding from the federal government with nearly $155 million in grants and contracts for FY2013.
- BioVentures, the UAMS business incubator, has helped create more than 46 companies in the last 12 years – 19 of those companies produce an annual payroll of more than $26.5 million.
- UAMS has a regional campus in northwest Arkansas with four colleges.
- UAMS has eight regional centers and a comprehensive rural hospital program. UAMS has eight centers on aging, placing 98 percent of seniors within a 60-mile radius of geriatric health care
- UAMS has the state's only ALS treatment program, only ALS research center, only adult spina bifida clinic and only adult sickle cell clinic.

UNIVERSITY OF ARKANSAS AT MONTICELLO

Established: 1909
Joined System: 1971
Enrollment: 3,644
www.uamont.edu

AT A GLANCE

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 admissions universities. Serving southeast Arkansas, UAM offers 31 baccalaureate and 6 master's degree programs. Additionally, the university offers 7 two-year associates degrees. A total of 17 technical certificates and 14 certificates of proficiency are offered through the Colleges 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 science. The university is home to the Arkansas Forest Resources Center, the Southeast Agriculture Research and Extension Center, and one of the South's top exercise physiology laboratories. In recent years, UAM has added new opportunities to its curriculum, including a program in spatial information systems, popular programs in social work and criminal justice, a fast-track master's degree program to place more teachers in the classroom, an online master's degree program in Physical Education and Coaching, a Master of Fine Arts in Creative Writing, and an online Master of Music in Jazz Studies.

POINTS OF PRIDE

- Over the last ten years, 91% of graduates of the School of Mathematical and Natural Sciences have been accepted into medical school or Doctor of Osteopathic Medicine programs. Approximately 97% have been accepted into pharmacy programs over that same ten years.

- UAM has enrolled a record number of students in 13 of the last 15 years. This fall, the university welcomed 3,644 students.
- UAM has the only accredited forestry program in Arkansas and the only Master of Science degree in Forest Resources in Arkansas.
- The UAM School of Education's K-6 Elementary program and the Middle Childhood program were ranked nationally as 14th and 27th respectively, by the National Council of Teacher Quality (NCTQ) in 2015. The NCTQ recently rated UAM's School of Education as the nation's 20th best value.
- UAM has the only fully accredited Bachelor of Nursing degree program in South Arkansas. A student can choose from programs for a Licensed Practical Nurse, a Registered Nurse Associate degree, and the baccalaureate degree at one of three campuses.
- UAM Jazz Band I was named "Outstanding Big Band" at the Elmhurst National Jazz Festival in April 2015.
- UAM is home for the first Agricultural Research and Extension Center in the State of Arkansas. SEREC is housed along with the UAM School of Agriculture where synergistic efforts by both entities work on research, education, and extension of agricultural issues, especially those important to Southeast Arkansas.
- UAM's Phi Alpha Theta History honor society has been nominated national chapter of the year for the eighth consecutive year. The society received honorable mention in 2015 and was named national chapter of the year the previous seven years.
- The University received general improvement funds to assist in major renovations to its iconic Music Building. These renovations included a total replacement of the building's HVAC system, which consisted of steam radiators and piping, with a split-system utilizing heat pumps. Other renovations to the historic Music Building included the replacement of windows throughout the building and restoration of the vaulted ceiling in the recital hall completed in 2015.
- UAM was selected as one of ten winners of the 2014 Tree Campus USA – Celebrate Arbor Day contest. Funds received from being selected as a national winner were used to plan and support Arbor Day activities in the spring of 2015. These activities included a quiz bowl, scavenger hunt, mulching project and an Arbor Day cookout and tree planting ceremony.
- The Institute of Management Accountants (IMA) chapter has received a national award for the past nine years and is very active in the community by conducting annual food drives. The IMA chapter volunteered hours in excess of 1000 hours to UAM, Monticello, and the Drew County area in 2015.

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Established: 1873
Joined System: 1972
Enrollment: 2,658
www.uapb.edu

AT A GLANCE

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. Though the main campus is in Pine Bluff, its reach is worldwide. With the addition of the Arkansas Research and Education Optical Network (ARE-ON) students can engage in information exchange with others anywhere in the world. Since its establishment, the institution has worked to create an environment that inculcates learning, growth and productivity.

UAPB offers 33 undergraduate programs, 8 master's degree programs and a PhD program in Aquaculture & Fisheries and is home to one of the country's leading programs in aquaculture and fisheries. The recently approved M.S. Degree program in Computer Science and Technology offers the contemporary option of cyber security. The university's bachelor degree program in regulatory science and Masters of Science program in agricultural regulations are designated as a Center of Excellence by the U.S. Department of Agriculture. Other areas of emphasis at UAPB include teacher education, mathematics and science, minority business development and student leadership development.

UAPB research and extension programs support economic development in Arkansas by identifying solutions to problems faced by Arkansas aquaculture growers. Arkansas is the second-leading aquaculture producing state in the U.S. and aquaculture is the leading economic activity in several counties in Arkansas.

POINTS OF PRIDE

- UAPB offers Arkansas's only undergraduate regulatory science and aquaculture and fisheries degree programs. The regulatory science program prepares students for entry-level employment in four of the U.S. Department of Agriculture regulatory agencies.
- The School of Business and Management recently (November 2013) received accreditation by the Accreditation Council for Business Schools and Programs (ACBSP) Board of Commissioners.
- UAPB expanded the Learning Institute and Opportunities for New Students program (LIONS) from 25 annual participants to 170 participants. The LIONS program is partially funded by a grant from the Walton Family Foundation and the Department of Education Title III Grant. The program provides a successful foundation for Newly Enrolled Freshmen through a six-week summer semester of tutoring, college orientation, academic and professional workshops, and personal and social success seminars.
- UAPB has a diverse stellar faculty. The university's 15-to-1 student-to-faculty ratio allows for a learning environment with close interaction between faculty and students.
- The University of Arkansas at Pine Bluff is a 2013 recipient of the Association of Public and Land-Grant Universities (APLU) "1890 International Student Development Award" for the largest increase in undergraduate students participating in study abroad programs from 2011-2012 through 2012-2013.
- Started in 2003, the UAPB STEM Academy is a federally and state funded program designed to increase the number of minorities and women choosing Science, Technology, Engineering and Mathematics careers. The program has a retention rate of 93 percent and offers student's international internship opportunities, support for graduate students seeking degrees in STEM areas and partnerships with numerous other universities, laboratories and industries. A new $10 million facility, the STEM Building and Conference Center, opened in 2014.
- UAPB is the lead university of the Arkansas Louis Stokes Alliance for Minority Participation (ARK-LSAMP). The Alliance is in its sixth year of existence and includes both public and private institutions. A renewal of $3.4 million was recently awarded.
- In Spring 2013, the institution launched a new alumni magazine, the "Pride". This dynamic publication highlights major accomplishments of the university, its students, alumni, faculty and staff and is available in hard copy and on-line at www.uapb.edu.

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Established: 1975
Joined System: 2001
Enrollment: 1,589
www.cccua.edu

AT A GLANCE

Cossatot Community College of the University of Arkansas (UA Cossatot) is located in De Queen with current classroom sites in Nashville, Ashdown, Lockesburg, Dierks and Foreman. In 2015 the financial website Wallet Hub ranked UA Cossatot the 48th best community college in the United States. The college offers both technical certification and associate's 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, UA Cossatot is the only community college in the state supported by sales taxes in three separate counties and one city. UA Cossatot is still a growing two-year college in Arkansas (6 percent growth in the past 5 years) and has the highest percentage of Hispanic students in Arkansas (24 percent).

POINTS OF PRIDE

- UA Cossatot completely renovated their Ashdown campus and, in partnership with DOMTAR industries, has started a state-of-the-art Industrial Maintenance program. UA Cossatot has also completed the major renovations on the De Queen campus. These renovations include a newly expanded automotive repair facility, radio broadcast facility, and student restaurant.
- UA Cossatot has a newly accredited Occupational Therapy Assistant program and has begun the process of adding a Physical Therapy Assistant program to their Ashdown campus.
- UA Cossatot is proud to operate a Secondary Career Center (SCC) on each campus. These SCCs now enroll over 200 high school students each semester and help build the pipeline of technically trained employees for area industries.

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Established: 1964
Joined system: 1996
Enrollment: 1,662
www.pccua.edu

AT A GLANCE

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. Since its inception in 1964, the college has grown from an original enrollment of fewer than 250 students in 14 program areas to just under 17,000 students in academic, occupational/technical and continuing education programs and offers 25 associate degree programs. PCCUA has campuses in DeWitt, Helena-W. Helena and Stuttgart.

POINTS OF PRIDE

- This year marks our 50th year! We have 50 years of experience in helping students transform their lives, rise above expectations, and build a better, stronger tomorrow.
- In a recent ranking by WalletHub, PCCUA ranked #20 nationwide among 670 community colleges in the U.S. in terms of cost, classroom experience, education outcomes, career outcomes, and student-faculty ratio. PCCUA's affordable price has gained us recognition by Bankrate.com as one of the top 25 best values among all two-year colleges.
- PCCUA has embraced three important initiatives to help students: Arkansas Guided Pathways (AGP), Academy for College Excellence (ACE), and Working Families Success Network (WFSN). AGP is designed to create college to transfer or work pathways for students for entry-level all the way through Associate of Arts (A.A.) or baccalaureate graduation or into the workplace. ACE is designed to create a college cohort of students who provide support for each other as they move through curriculum and focuses on the student's academic, social, and emotional well-being. WFSN is a community college, grant-funded effort through Achieving the Dream to provide multiple support services to students in order for students and family to be successful.
- PCCUA's Higher Learning Commission accreditation has been confirmed through 2015-26.
- PCCUA has opened a STEM (Science, Technology, Engineering, and Math) Center on its Helena campus, which is a new resource center created with funds from the Title III (Part F) Department of Education STEM Grant, designed to facilitate student success in stem courses. The Center

offers individual tutoring sessions, virtual study aids, mentoring, supplemental instruction, group study sessions, and academic and technical support in the STEM areas.
- PCCUA is among five Arkansas community colleges named to the U.S. Department of Education's interactive College Scorecard, providing students with information through an interactive tool that lets them choose options like location, size, campus setting, and degree and major programs. Each Scorecard includes five key pieces of data about a college: costs, graduation rate loan default rate, average amount borrowed, and employment.
- One of four Arkansas two-year colleges to participate in Achieving the Dream, PCCUA has been selected as an Achieving the Dream Leader College. Leader Colleges are selected based on their committed leadership, use of evidence to improve programs and services, broad engagement, and systemic institutional improvement.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Established: 1975
Joined System: 1997
Enrollment: 1,387
www.uaccb.edu

AT A GLANCE

The University of Arkansas Community College at Batesville (UACCB) serves a four-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 over the last five years 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 north central Arkansas.

POINTS OF PRIDE

- UACCB continues to develop partnerships on many fronts through the usage of Independence Hall. The largest venue in Independence County is host to many events during the year; they include cultural, economic development, and educational interactions. The value of Independence Hall to the service area is illustrated by the 49,190 individuals who participated in events on the UACCB campus in fiscal year 2015.
- UACCB also takes pride in the partnerships that exist with local school districts and regional employers. These partnerships help to facilitate a better trained and more robust workforce which adds to the economic prosperity of the community.
- Through collaborative efforts on the UACCB campus and a contract with the Arkansas Student Loan Authority, the Federal Stafford Student Loan cohort default rate has been lowered from 31.6% for year 2009 to 24.4% for year 2012 and an estimated 17% for year 2013.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE

Year Established: 1965
Joined System: 1996
Enrollment: 1,406
www.uacch.edu

AT A GLANCE

Serving Southwest Arkansas, the University of Arkansas Community College at Hope (UACCH) 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. UACCH 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. With the opening of UACCH-Texarkana Instructional facility in the Fall of 2012, UACCH is better prepared to be a regional contributor to the educational needs of southwest Arkansas. Supported by a Hempstead County sales tax, UACCH offers over 46 degrees and certificates.

POINTS OF PRIDE

- UACCH's campus in Texarkana, Miller County, Arkansas opened in 2012, and continues to experience steady growth. Headcount at the Texarkana site from fall 2014 to fall 2015 increased by 12.5%, and both SSCH and FTE increased by 7.5%. The success of the original instructional site prompted construction of an additional 20,000 square foot facility that has enabled the College to expand programs in both the technical and industrial areas and the health professions and led to a partnership with the University of Arkansas at Little Rock (UALR).
- UACCH's partnership with the UALR created a UALR off-campus instructional center in Texarkana. The partnership includes professional development and career advancement opportunities for degree completions throughout southwest Arkansas. This partnership allows students in the UACCH service area to both expand their career opportunities and to complete Bachelor degrees from UALR through an on-campus experience in Texarkana.
- UACCH was accepted into a cohort of colleges to participate in a Student Persistence and Completion Academy through the Higher Learning Commission (HLC). The Persistence Academy is a four year commitment whereby the College will work with an HLC mentor and will engage in a data discovery process that will lead to a campus-wide project related to student success. The College will maintain and on-going collaboration with other institutions within the Academy cohort to share best practices and design strategies to maintain efforts related to improvement of student persistence and completion.
- UACCH students continue to receive significant and growing support from the UACCH Foundation. The UACCH Foundation will award over $90,000 in Foundation scholarships for the 2015/2016 academic year. The UACCH Foundation currently benefits from over 95% of UACCH faculty and staff that contribute through our employee give back program entitled "Bridge Builders".

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Established: 1961
Joined system: 2001
Enrollment: 2, 042
www.uaccm.edu

AT A GLANCE

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 associate of arts and 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 receives some funding from a Conway County sales tax (0.25%).

POINTS OF PRIDE

- Established in 1961 as the state's second vocational-technical school, UACCM celebrated its 50th year of graduates in the spring of 2014 with a Community Day open house, and its 20th year as a community college, and its 10th year as part of the University of Arkansas System in 2011.
- UACCM is the sixth largest two year college in the state (based on annualized FTE) and the largest two year college in the UA system. UACCM's enrollment has increased since our merger with the UA System from an enrollment of 1,290 students in the fall of 2001 to around 2,000 students by the fall of 2014.
- UACCM has significantly increased the number of awards (certificates and degrees) for the last several years from 252 total awards in 2004-05 to 725 for 2013-14.
- UACCM has great industry partnerships who support the college's technical programs. UACCM has the only AAS Degree in Petroleum Technology in the state. Total scholarship donations from the Fayetteville Shale Scholarship Foundation (FSSF) to UACCM have exceeded $700,000 while the college has also received significant donations of equipment and other funding for the program. FSSF Board gave the college its first major contribution to the new capital campaign in the spring of 2013 when it gave a check for $110,000 for the construction of a new workforce center. It donated an additional $57,500 this spring to the capital campaign while donating the same amount for scholarships. UACCM also has industry partnerships with NC3 (the National Coalition of Certification Centers), Snap On Tools and TRANE. Upgrading curricula to industry standards and having students complete certain technical programs while receiving nationally recognized certifications are by-products of these partnerships. UACCM is the only central Arkansas College that is an NC3 certification center.
- In response to industry needs, UACCM is currently upgrading all technical program curricula, working on increasing business and industry partnerships, and working with consultants to develop a plan for a capital campaign for a new economic development center to expand the college's technical programs and enrollments and better work with business/industry recruitment and development.
- UACCM has great university partnerships to allow completion of bachelor's degrees with students taking most of their classes on the UACCM campus or online. Students finishing an AAS degree at UACCM can complete a BAS degree from UAFS by taking their junior and senior year classes via CVN at UACCM or online. UACCM, as part of the ARNEC (rural nursing education consortium), also has an agreement with SAU for UACCM RN graduates to complete their BSN online.

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES AND THE ARTS

Established: 1993
Joined System: 2004
asmsa.org

AT A GLANCE

The Arkansas School for Mathematics, Sciences and the Arts (ASMSA) is the state's premier public high school focusing on excellence in mathematics, science and the arts. Located in historic downtown Hot Springs, ASMSA is one of 16 residential high schools in the country specializing in the education of gifted and talented students who have an interest and aptitude for advanced careers in mathematics and science. All classes are taught at the college level, and the school offers nearly 60 courses for college credit. Each year, ASMSA further cultivates of the talents of bright students, many of whom begin college at the sophomore level.

POINTS OF PRIDE

- *The Daily Beast* recognized ASMSA as one the top programs in the nation in their 2014 survey of "America's Top High Schools." ASMSA was ranked 10th nationally, 7th in the South, and 1st in Arkansas. In 2015, ASMSA appeared on *The Washington Post*'s list of 26 "Public Elite" high schools for the first time.
- The 102 members of the ASMSA Class of 2015 received more than $14.6 million in scholarship offers. On average, two-out-of-three ASMSA alumni elect to continue their studies at Arkansas colleges and universities.
- Thirty percent of ASMSA students come from low-income families—the highest percentage of ASMSA's peer institutions. Thirty-two percent of the Class of 2015 will be the first member of their family to earn a college degree.
- In 2015, ASMSA students received an average ACT composite score of 29.8—the highest in school history. The average composite score for the state was 20.4, and the national average was 21.0.
- Beyond the residential experience, ASMSA's outreach programs provide Saturday enrichment opportunities for motivated middle and early high school students. Digital learning programs like the Global Languages and Shared Societies (GLASS) Initiative and Arkansas STEM Pathways provide online instruction for students whose districts lack the resources for advanced instruction.

UNIVERSITY OF ARKANSAS CLINTON SCHOOL OF PUBLIC SERVICE

Established: 2004
www.clintonschool.uasys.edu

AT A GLANCE

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, helping students further their careers in the areas of government, non-profit, volunteer and private sector service. As part of the school's unique curriculum, students complete three hands-on public service projects, including local work in Arkansas communities and international projects on six continents. The school also hosts a renowned public lecture series, featuring leaders in government, politics, foreign policy, journalism and philanthropy.

POINTS OF PRIDE

- Since the first class entered in 2005, students have completed over 660 public service projects resulting in over 230,000 direct service hours with an estimated economic impact of over $4.3 million. Two hundred sixty (260) of the completed projects have been in Arkansas. Students have worked in 79 countries representing 40 percent of the State Department's recognized countries. Continuing its commitment of building leadership through civic engagement, Clinton School students will complete about 100 additional projects during the 2015-2016 school year including 10 Arkansas-based team projects and over 20 Arkansas-based individual projects.
- The school's graduation rate and career placement exceed 85 percent. Graduates are working with the Clinton Foundation, the Walmart Foundation, the Walmart Family Foundation, USAID, the State Department, HUD, McLarty Companies, City Year, Southern Bancorp, Arkansas Children's Hospital, The State of Arkansas, the Delta Regional Authority and Share Our Strength among many others. Some graduates are also pursuing MD, JD and PhD degrees. Concurrent degrees are offered in business administration, law and public health and the Clinton School houses the nation's first Center on Community Philanthropy.
- The model is unique in higher education because most of the school's financial investment is in scholarship and service (92%) and not in infrastructure and overhead (8%). For example, 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 in walking distance. Thus, the school maximizes space already available and supports the local economy.

- The school's curriculum is enhanced with a national and international speaker series (www.clintonschoolspeakers.com) which brings in leaders and scholars from the arts, business, education, government, international development, nonprofits, philanthropy and public service. The school has hosted over 1000 programs which are free and open to the public. The speakers have included 41 ambassadors; 22 Pulitzer Prize recipients; and 6 Nobel Prize winners.

DIVISION OF AGRICULTURE

Established: 1959
www.division.uaex.edu

AT A GLANCE

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

The community of Arkansas agriculture affects about 280,000 people whose jobs directly or indirectly depend on agriculture, including the forestry sector. The $11.5 billion they receive in wages is about 17 percent of the state's total labor income. Agriculture accounts for more than $20 billion of value added to the state's economy, not counting retail food purchased.

POINTS OF PRIDE

- The Division of Agriculture earned patents in a variety of research programs by personnel in food science; biological and agricultural engineering; poultry science; crop, soil, and environmental sciences and the Rice Research and Extension Center, contributing to the University of Arkansas System's rank of 48th among the world's top 100 universities for the number of U.S. utility patents received in 2012.
- The Division is partnering with Riceland Foods of Stuttgart for research aimed at commercializing technology to produce soy oil rich in **conjugated linoleic acid** (CLA), which has health benefits that can reduce diseases such as cancer, heart disease and type-2 **diabetes**. One of the research project's objectives is to evaluate the quality of products based in CLA-rich soy oil for their potential use in **salad** oils, shortenings and margarine and as a substitute for partially hydrogenated oils, which are a source of trans fat.
- Volunteers are an extremely important component of delivering Extension programs, particularly in 4-H, Extension Homemakers and Master Gardeners. In 2014, over 49,000 volunteers donated more than 1.3 million hours with a total value to the state of $29.7 million.
- The University of Arkansas Cooperative Extension Service joined its siblings around the country in celebrating the 100th anniversary of the Smith-Lever Act. County offices around the state held public celebrations to mark the May 8 signing. A Twitter campaign called "A Day in the Life of Extension," featuring agents from around the state in action every hour of the day, had more than 12,500 views.
- The University of Arkansas Cooperative Extension Service recorded nearly one million contacts in 2014, with more than a 143,000 of those contacts being with4-H'ers. Work through nutrition programs reached more than 267,000 and extension faculty and staff had contact with more than 245,000 farmers, producers and consultants in support of its educational mission.

- The Cooperative Extension Service marked its centennial in 2014, with county-based celebrations, proclamations and social media campaigns.

ARKANSAS ARCHEOLOGICAL SURVEY

Established: 1967
www.uark.edu/campus-resources/archinfo/

AT A GLANCE

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

POINTS OF PRIDE

- Many research projects are funded by grants and cost-share agreements with state and federal agencies, including the Arkansas Humanities Council, the Arkansas Natural and Cultural Resources Commission, the National Endowment for the Humanities, and the National Park Service. This research enables us to provide training for university students, educational enrichment opportunities for educators and for the public, collaboration with American Indian Tribes, and assistance to Arkansas communities and institutions.
- Current archeological research includes collaborative projects with the Caddo, Osage, and Quapaw tribes, funded in part by NEH and NPS grants, to investigate American Indian communities in eastern, central and southwestern Arkansas and to complete the documentation of archeological collections subject to repatriation under the Native American Grave Protection and Repatriation Act. With funds provided by the Arkansas Humanities Council, Survey archeologists and volunteers created a Plum Bayou Garden at Toltec Mounds Archeological State Park, providing educational and research opportunities featuring domesticated crops and other plant resources used by the Woodland period Plum Bayou culture inhabitants of the site. Partnering with the National Park Service through the federal Cooperative Ecosystem Studies Units program, we are using cutting-edge geophysical technologies to investigate archeological resources at Pea Ridge National Military Park and the Osotuoy Unit of the Arkansas Post National Memorial. Excavations conducted in association with the Arkansas Archeological Society annual training program at the Richards Bridge site in Cross County provides new information for understanding the Parkin Phase people, whose history is the subject of interpretive programs at Parkin Archeological State Park. Investigations at Camp Monticello, a World War II Italian prisoner-of-war camp, and at the 19th century Hollywood Plantation are contributing to University of Arkansas-Monticello efforts to develop a historic sites trail to promote educational tourism in southeast Arkansas.
- 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. Grant funds from the Arkansas Natural and Cultural Resources Commission provides support for a variety of improvements in information management and collection access, making available to Arkansas citizens a wider variety of web-based learning materials.

- Students and teachers across Arkansas use the Survey's educational websites to learn about our state's prehistoric and historic cultural heritage. Each year, nearly 250,000 individuals access these resources. Survey archeologists also participated in educational outreach activities sponsored by the EAST Initiative, Project Dig, 4H, and Dig Into Reading programs, reaching hundreds of students across the state. Our latest publications document long term research at Toltec Mounds Archeological State Park and 19th-century pottery manufacture in Arkansas.

CRIMINAL JUSTICE INSTITUTE

Established: 1988
www.cji.edu

AT A GLANCE

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 our 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.

POINTS OF PRIDE

- In fiscal year 2015, CJI delivered 428 classes in 65 different locations statewide benefiting more than 13,500 law enforcement professionals.
- Twenty-two colleges and universities across the State are collaborating with CJI to provide Arkansas law enforcement with practitioner-focused certificates and associate degree programs in two areas of study: Crime Scene Investigation and Law Enforcement Administration. While many officers in the State already participate in both onsite and online CJI classes each year for professional development, this nationally unique program allows officers to maximize these professional development credits by also using them to cost effectively earn degrees and certifications specific to their profession.
- CJI continues to expand the availability of online programs. During fiscal year 2015, CJI offered 18 different online courses with more than 7,500 officers completing these programs. The implementation of distance-learning strategies is eliminating many of the barriers officers face in obtaining advanced training and education by allowing officers to complete courses at their own pace and within their community.

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Tim O'Donnell, *Interim Vice Chancellor for Finance and Administration*

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UNIVERSITY OF ARKANSAS AT LITTLE ROCK
Joel E. Anderson, *Chancellor*
Robert H. Adams, *Vice Chancellor of Finance and Administration*

UNIVERSITY OF ARKANSAS AT MONTICELLO
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Jay Jones, *Vice Chancellor for Finance and Administration*

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ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES, & THE ARTS
Corey Alderdice, *Director*
JaNan Abernathy, *Director of Finance*

This report was prepared by the Office of the Vice President for Finance
and is available on the University of Arkansas System's website at www.uasys.edu

APPENDIX D

SUMMARY OF CONTINUING DISCLOSURE AGREEMENT

The Board has entered into a Continuing Disclosure Agreement (the "Disclosure Agreement") with Regions Bank, as dissemination agent (the "Dissemination Agent"), pursuant to which the Board has agreed that the Board will provide, annually and as otherwise required, information specified in Rule 15c2-12(b) of the Securities Exchange Act of 1934, as amended.

The following statements are brief summaries of certain provisions of the Disclosure Agreement. The statements do not purport to be complete, and reference is made to the Disclosure Agreement, copies of which are available for examination at the offices of the Trustee, for a full statement thereof.

Purpose of the Agreement

The Disclosure Agreement is executed and delivered by the Board and the Dissemination Agent for the benefit of the Registered Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Definitions

In addition to the definitions otherwise set forth herein, the following capitalized terms shall have the following meanings when used under this caption **SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT**:

"Annual Report" shall mean any annual report provided by the Board pursuant to, and as described in, the Disclosure Agreement.

"Beneficial Owner" of a Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Regions Bank, with offices in Little Rock, Arkansas, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the Board and which has filed with the Trustee a written acceptance of such designation.

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

"Listed Events" shall mean any of the events listed under the subcaption "Reporting of Significant Events" below.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriters" shall mean Stephens Inc., Crews & Associates, Inc., Raymond James & Associates, Inc. and J.P. Morgan Securities LLC.

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

Provision of Annual Reports

(a) The Board shall, or cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the Board's fiscal year (presently June 30), commencing with the report after the end of the 2016 fiscal year, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report (including audited financial statements) may be posted on the EMMA system on the Board's customized issuer page entitled "Board of Trustees of the University of Arkansas Financial Information." The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Disclosure Agreement; provided that the audited financial statements of the Board may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted not less than thirty (30) days after receipt thereof by the Board. If the Board's fiscal year changes, it shall give notice of such change in the manner as for a Listed Event.

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

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice thereof with the MSRB.

Content of Annual Reports

The Annual Report shall contain or include by reference the following:

(a) Information of the type set forth in this Official Statement under the caption **THE FAYETTEVILLE CAMPUS OF THE UNIVERSITY** with respect to Student Enrollment, Pledged Revenues and Existing Obligations.

(b) The annual audits of the Board and of the UA, Fayetteville, each prepared in accordance with the Government Auditing Standards issued by the Comptroller General of the United States and applicable State Law.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Board is an "obligated person" (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Board shall clearly identify each such other document so included by reference.

Reporting of Significant Events

(a) The Board shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds within ten (10) business days of the occurrence thereof:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modification to rights of security holders, if material.
8. Bond calls (except for mandatory sinking fund redemptions).
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Board or the UA-Fayetteville.
13. Merger, consolidation, or acquisition of the Board or the UA-Fayetteville.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) When the Board obtains knowledge of the occurrence of a Listed Event, the Board shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) Whenever the Dissemination Agent obtains knowledge of the occurrence of a Listed Event, whether from notice by the Board or otherwise, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its continuing disclosure service portal provided through EMMA at http://www.emma/msrb.org, or any other similar system that is acceptable to the Securities and Exchange Commission, and with the Board. Notwithstanding the foregoing, notice of the Listed Event described in clause (a)8 need not be given any earlier than the notice for the underlying event is given to registered owners of affected Bonds pursuant to the terms of the Indenture. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Such notices may be posted on the EMMA system on the Board's customized EMMA issuer page entitled "Board of Trustees of the University of Arkansas Financial Information."

Termination of Reporting Obligation

The obligations of the Board under the Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination or substitution occurs prior to the final maturity of the Bonds, the Board shall give notice of such termination or substitution in the same manner as for a Listed Event.

Dissemination Agent

The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board pursuant to the Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The Trustee shall be the initial Dissemination Agent.

Amendment; Waiver

Notwithstanding any other provision of the Disclosure Agreement, the Board and the Dissemination Agent may amend the Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Board), and any provision of the Disclosure Agreement may be waived, provided that the following conditions are satisfied:

> (a) If such amendment or waiver relates to the provisions requiring the filing of Annual Reports with Repositories by certain dates, the content of Annual Reports, or the Listed Events to be reported, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Bonds, or the type of business conducted;
>
> (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
>
> (c) The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Beneficial Owners, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Bondholders or the Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Agreement, the Board shall describe such amendment or waiver in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented with respect to the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form, and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information

Nothing in the Disclosure Agreement shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by the Disclosure Agreement, the Board shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default

In the event of a failure of the Board or the Dissemination Agent to comply with any provision of the Disclosure Agreement, the Trustee may (and, at the request of the Participating Underwriters or the Registered Owners of at least 25% aggregate principal amount of outstanding Bonds, shall), or any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board or the Dissemination Agent, as the case may be, to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Disclosure Agreement in the event of any failure of the Board or the Dissemination Agent to comply with the Disclosure Agreement shall be an action to compel performance.

Duties, Immunities and Liabilities of Trustee and Dissemination Agent

The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in the Disclosure Agreement.

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BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS • Athletic Facilities Revenue Bonds (Fayetteville Campus), Tax-Exempt Series 2016A and Taxable Series 2016B

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