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# ARKANSAS STATE UNIVERSITY SYSTEM

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## Comprehensive Annual Financial Report

**For the Year Ended June 30, 2020**

**Included in the Higher Education Fund, an Enterprise Fund of the State of Arkansas**

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# **Comprehensive Annual Financial Report**

## **For the Year Ended June 30, 2020**

**Included in the Higher Education Fund, an Enterprise Fund of the State of Arkansas**

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**Prepared by:**

**Arkansas State University Jonesboro  
Office of Finance and Administration  
Controller's Office  
Myra Goodwin, Controller  
P. O. Box 2100  
State University, AR 72467**

**(870) 972-2024**

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# Introductory Section (Unaudited)

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OFFICE OF THE PRESIDENT  
501 Woodlane, Suite 600 | Little Rock, AR 72201 | o: 501-660-1000 | f: 501-660-1010

## MESSAGE FROM THE PRESIDENT

December 11, 2020

Fiscal year 2020 was an unprecedented one for the Arkansas State University System. On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). Although we were met with many challenges and trials, the consolidated annual report that follows presents the results of endeavors during the pandemic crisis.

Enrollment during Fall 2019 was 22,795 compared with 22,198 in Fall 2018. During FY 2020, 8,898 certificates and degrees were awarded to our students compared with 8,770 during FY 2019.

The Arkansas State University System and its campuses are committed to growing and building a better future for all stakeholders, including students, faculty, staff, and the communities we serve. On January 1, the College of the Ouachitas in Malvern merged with the ASU System and became Arkansas State University Three Rivers. The Jonesboro campus underwent an extensive renovation to the Acansa Dining Hall fully funded by Sodexo. ASU-Beebe's Practical Nursing program students achieved a 100 percent pass rate from the Nursing National Council on Licensure. A gift of approximately \$200,000 was presented to the ASU-Mountain Home campus to build an Amphitheatre. ASU Mid-South was awarded a \$2.25 million Title III Strengthening Institutions Program grant to transform instructional and service delivery through improved technology. ASU-Newport reported \$342,435 in first-year savings from its energy savings project.

State appropriation revenues for FY 2021 are expected to decrease slightly from FY 2020 levels. The levels vary from year to year due to the state performance-based funding model. We remain confident that we will be able to maintain our current funding levels, contain costs, and continue to provide an excellent education.

Economic indicators at this point during the pandemic for the national level continue to point to a stronger economy that will provide greater opportunities to strengthen our institutions. Although we don't know what the future holds, we will continue to seek new approaches that allow us to provide a valued educational experience for our students and to serve our state and communities.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Charles L. Welch', written over a white background.

Dr. Charles L. Welch  
President

## Vision, Mission, and Goals

### Vision Statement

The Arkansas State University System will create better educated citizens prepared for a global and technological society by providing quality undergraduate and graduate education, useful research, and dedicated public service.

### Mission Statement

The mission of the Arkansas State University System is to contribute to the educational, cultural, and economic advancement of Arkansas by providing quality general undergraduate education and specialized programs leading to certificate, associate, baccalaureate, masters, professional, and doctoral degrees; by encouraging the pursuit of research, scholarly inquiry, and creative activity; and by bringing these intellectual resources together to develop the economy of the state and the education of its citizens throughout their lives.

Each component of the Arkansas State University System will be characterized by:

- A supportive learning environment; personal development, leadership, and service opportunities; and facilities, technologies and support necessary to meet the needs of students, faculty, and staff;
- Racial, ethnic, gender and cultural diversity in the faculty, staff, and student body, supported by practices and programs that embody the ideals of an open, democratic, and global society;
- Instructional technologies, student support services, and on-line and distance education to advance the purposes of teaching and learning;
- A commitment to sharing human, physical, information, and other resources among system components, and with state agencies, schools and higher education institutions, to expand and enhance programs and services available to the citizens of Arkansas.

### Goals Statement

The Arkansas State University System will ensure access to academic excellence and educational opportunities for Arkansans and all students who enroll in its component institutions by:

- Expanding participation through increasing access, enhancing diversity, improving service to non-traditional students, expanding use of distance education, and describing the advantages of continuing education.
- Increasing academic productivity through improved recruitment, increased retention, accelerated graduation, expanded continuing education opportunities, and advanced technologies.
- Producing graduates who are intellectually and ethically informed individuals with skills and knowledge to be capable of leadership, creative thinking, and being contributing citizens.
- Creating and disseminating new knowledge through research and investigation.
- Emphasizing the recruitment, hiring, and retention of the best possible faculty, staff, and administration.
- Expanding Arkansas's economic development by providing needed graduates, offering appropriate academic programs, marketing the system and its components as economic assets of the state, supporting research, and commercializing ideas and discoveries.
- Increasing, diversifying, and strategically allocating resources.

In meeting these goals, the Arkansas State University System will hold itself accountable to the citizens of Arkansas for the effective and efficient use of every available human and material resource on behalf of the state and its people.



OFFICE OF THE PRESIDENT  
501 Woodlane, Suite 600 | Little Rock, AR 72201 | o: 501-660-1000 | f: 501-660-1010

## LETTER OF TRANSMITTAL

December 11, 2020

To: President Welch,  
Members of the Board of Trustees,  
Residents of the State of Arkansas

I am pleased to present the Comprehensive Annual Financial Report of the Arkansas State University System for the fiscal year ended June 30, 2020. This report is presented on a consolidated basis and reflects the consolidation of the assets, liabilities, deferred inflows, deferred outflows, net position, and financial activities of the Jonesboro, Beebe, Mid-South, Mountain Home, Newport, and Three Rivers campuses of the ASU System. Combining exhibits are presented as supplementary information.

The responsibility for the accuracy and reliability of the information contained in this report lies with management. The financial statements are presented in accordance with generally accepted accounting principles. The ASU System's accounts are maintained using the principles of accounting applicable to public colleges and universities as established by the Governmental Accounting Standards Board. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of material misstatements. Arkansas Legislative Audit has conducted an independent, external audit and the financial statements, management's discussion and analysis, and accompanying footnotes and its unmodified opinion are included herein.

Management's discussion and analysis (MD&A) is included in this report preceding the basic financial statements. This section of the Comprehensive Annual Financial Report is intended to assist readers in gaining an understanding of the University's financial activities and position for the fiscal year ended June 30, 2020.

### **Arkansas State University System Profile**

Arkansas State University began in Jonesboro in 1909 as a state agricultural school. Arkansas State University in Jonesboro was granted university status by the Arkansas General Assembly in 1967.

Arkansas State University-Beebe began in 1927 as Junior Agricultural School of Central Arkansas. In 1967, the campus became Arkansas State University-Beebe.

Effective July 1, 1992, Arkansas State University began administrative operations at the ASU-Mountain Home campus.

In 1975, the Arkansas General Assembly established the White River Vocational Technical School at Newport. In 1992, the school merged with Arkansas State University-Beebe, and in 1997 was designated as Arkansas State University-Newport.

# Transmittal Letter (Continued)

Arkansas State University Mid-South in West Memphis began as a technical school in 1979, converted to a technical college in 1991, and became a community college in 1992. In 2015 the college became a part of the ASU System.

Arkansas State University Three Rivers in Malvern began as a vocational technical school in 1972. In 2020, the college became a part of the ASU System.

In 1998, the Arkansas State University System was created to restructure the individual institutions as a system.

The governing body of the ASU System is its Board of Trustees, which is composed of five members appointed by the Governor of Arkansas.

Arkansas State University System follows Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. Based on the criteria of this standard, the ASU System has determined the Arkansas State University System Foundation, Inc. and the Arkansas State University Red Wolves Foundation, Inc. are component units of the ASU System. The financial statements of both of these foundations have been discretely presented in this report.

The Arkansas State University System serves to advance the educational and economic growth of Arkansas by supporting the Board of Trustees and providing administrative support to all of the ASU institutions and entities. In addition to the various academic programs leading to degrees, the ASU System supports significant programs for the State and region including economic development initiatives, leadership in the Arkansas Biosciences Institute, and Arkansas Heritage Sites.

While each institution functions autonomously in its day-to-day operations, system administration coordinates various operations that are more efficiently carried out on a systemwide basis. In addition to the President's Office, administrative functions of system administration include legal services, governmental relations, university advancement, internal audit, benefits and risk management, fiscal management, strategic communications, and economic development.

ASU System institutions offer programs at the doctoral, specialist, master's, bachelor's, associate's, and certificate levels. During the academic year ended June 30, 2020, the ASU System conferred 2,460 graduate degrees, 1,712 bachelor's degrees, 2,060 associate's degrees, and 2,666 certificates. Enrollment across the ASU System for the Fall 2020 semester totals over 22,000.

## **Highlights, Progress, and Initiatives**

- The First National Bank Arena located on the Arkansas State campus in Jonesboro was named a Prime Site Award winner for the second consecutive year.
- The ASU-Beebe campus in Searcy joined with hundreds of industry and manufacturing centers across the nation in celebrating National Manufacturing Day in October. Students had the opportunity to hear directly from companies regarding training, education, the current job market and potential salaries.

# Transmittal Letter (Continued)

- The Charity Classic Golf Tournament at Mountain Home raised over \$25,000. The funds will be used for the Arkansas State University-Mountain Home Technical Center.
- ASU Mid-South administered a modified version of the USDA Food Insecurity survey to its students in October. Seventy-two percent of survey respondents expressed some level of food insecurity during the past 12 months. As a result, ASU Mid-South established an on-campus food pantry.
- New York Institute of Technology College of Osteopathic Medicine, located on the Jonesboro campus in partnership with Arkansas State, graduated its first class of physicians.
- ASU-Newport is one of 190 institutions selected by the U.S. Department of Education to participate in experimental changes to the Federal Work Study program. Selected institutions will be allowed to use these funds to support students working in the private sector as well students completing work required for their academic programs. The goal is to allow more students to gain on-the-job experience.
- The ASU Three Rivers campus served as a site for a Central Arkansas Development Council food distribution. Food was donated to 630 families in Hot Spring Country and campus staff volunteers assisted with the distribution.
- The Arkansas State Red Wolves football team was bowl eligible for the ninth consecutive season and won the Camellia Bowl.
- The Arkansas State Athletics Department won the Sun Belt Conference Bubas Cup all sports championship trophy for 2019-20.
- ASU-Beebe Family Day, a new initiative from Student Life designed to improve student and family engagement, was celebrated Oct. 5. Parents and family members of students at ASUB were special guests of the college.
- ASU-Mountain Home completed its ninth Performing Arts season. Each of the past nine seasons have featured approximately eight performances with annual attendance totaling about 5,000.
- ASU Mid-South hosted the second annual Left Bank Festival on the West Memphis side of the Big River Crossing. The event featured a 5K/10K run, a catfish cooking contest, local arts and crafts vendors, and a music festival.
- The Embassy Suites by Hilton and Red Wolf Convention Center celebrated its grand opening on the Arkansas State campus in a public-private partnership.
- ASU-Newport has completed several major improvements. The remodel of the Student Community Center is complete and creates a one-stop service area for student success. Additionally, the installation of a 54-camera security system and a rekeying of buildings and installation of an automated locking system with

# Transmittal Letter (Continued)

keycard access will provide a greater level of security and safety for faculty, staff, and students.

- ASU Three Rivers printed more than 300 face shield brackets using its 3-D printers. These were distributed to local medical professionals and first responders during the COVID-19 pandemic.
- Arkansas State successfully transitioned its Banner operations software to cloud-based functionality. Additionally, all institutions in the System will transition to cloud-based functionality to create a multi-entity ERP.
- Sixty-five private scholarships worth almost \$78,000 were awarded at the ASU-Beebe Scholarship Reception on October 24. This was a \$17,000 increase over the previous year.
- Arkansas State Campus Queretaro held the opening ceremony of the Advanced Engineering and Collaborative Design Laboratory in August. This exciting project is a joint effort of the campus with General Motors and Siemens and represents a significant step in building relationships with education and industry.
- Each year, many students experience an unexpected financial crisis. ASU-Beebe students established the Student Hope Emergency Fund to offer timely relief to ease a student's burden through a one-time award.
- For the second year in a row, ASU-Newport was named a "Get Ahead Top Ranking School" by Daimler Trucks for its Diesel Technology program. As a result of this honor, ASU-Newport is eligible to purchase a Daimler-brand truck at a significantly reduced price.
- The work of 22 Arkansas State students in Jonesboro was accepted for presentation at the National Conference on Undergraduate Research, a prestigious interdisciplinary research conference.
- The ASU System Board of Trustees adopted a new cash reserves policy to enhance financial oversight of member institutions.
- The ASU System Board of Trustees approved a merger agreement and transition plan with Henderson State University.

## **Financial Award and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Arkansas State University System for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

# Transmittal Letter (Continued)

A Certificate of Achievement is valid for a period of only one year. The ASU System has received the Certificate of Achievement annually since the fiscal year ended June 30, 2012. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of the Comprehensive Annual Financial Report in a timely manner would not have been possible without the coordinated efforts of the Controller's Office at the Jonesboro campus and other financial staff in the ASU System. We appreciate each member for their contributions in the preparation of the report.

## **Economic Indicators**

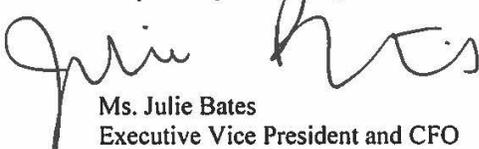
Gross general revenues for the state decreased 2.5% for fiscal year 2020. This negative impact from COVID-19 was evident in low annual growth from sales tax and payroll withholding tax with negative results in the final months of the fiscal year during social distancing and reduced business operations. The state's unemployment rate as of June 2020 was 8.1%, an increase from 3.5% in June 2019. This rate remained slightly below the national rate of 11.1% in June 2020. Arkansas continues to remain below the national rate, but it was much higher than the prior year because of the circumstances of the pandemic.

## **Financial Highlights**

The ASU System continues to seek ways to enhance revenues and contain costs while maintaining an excellent educational experience for students. Total revenues for fiscal year 2020 increased by 4.17%. Total assets and deferred outflows increased marginally by 0.33%, while liabilities and deferred inflows decreased by 6.21%. Additional information about these percentages and the overall financial health of the ASU System may be found in management's discussion and analysis contained in this report.

Fiscal year 2020 presented the ASU System with many opportunities, but also new challenges – including instruction during a pandemic, social distancing, and many uncertainties. The ASU System met these challenges and ended with a productive year. As the ASU System continues to face hurdles related to the pandemic, our institutions will work attentively to continue to create opportunities for the students and the communities we serve.

Respectfully submitted,



Ms. Julie Bates  
Executive Vice President and CFO

GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Arkansas State University System**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

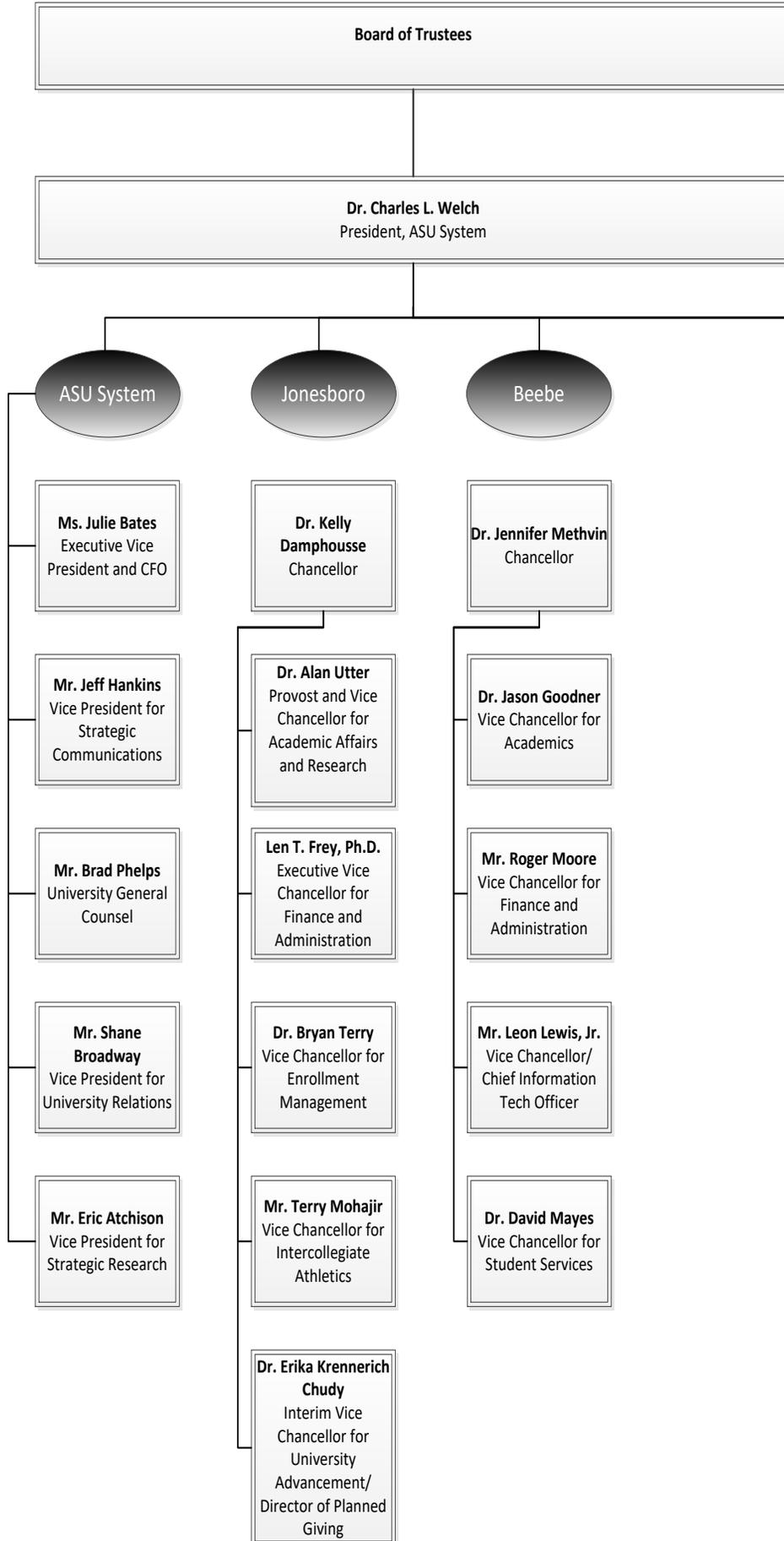
**Governor of the State of Arkansas  
Mr. Asa Hutchinson**

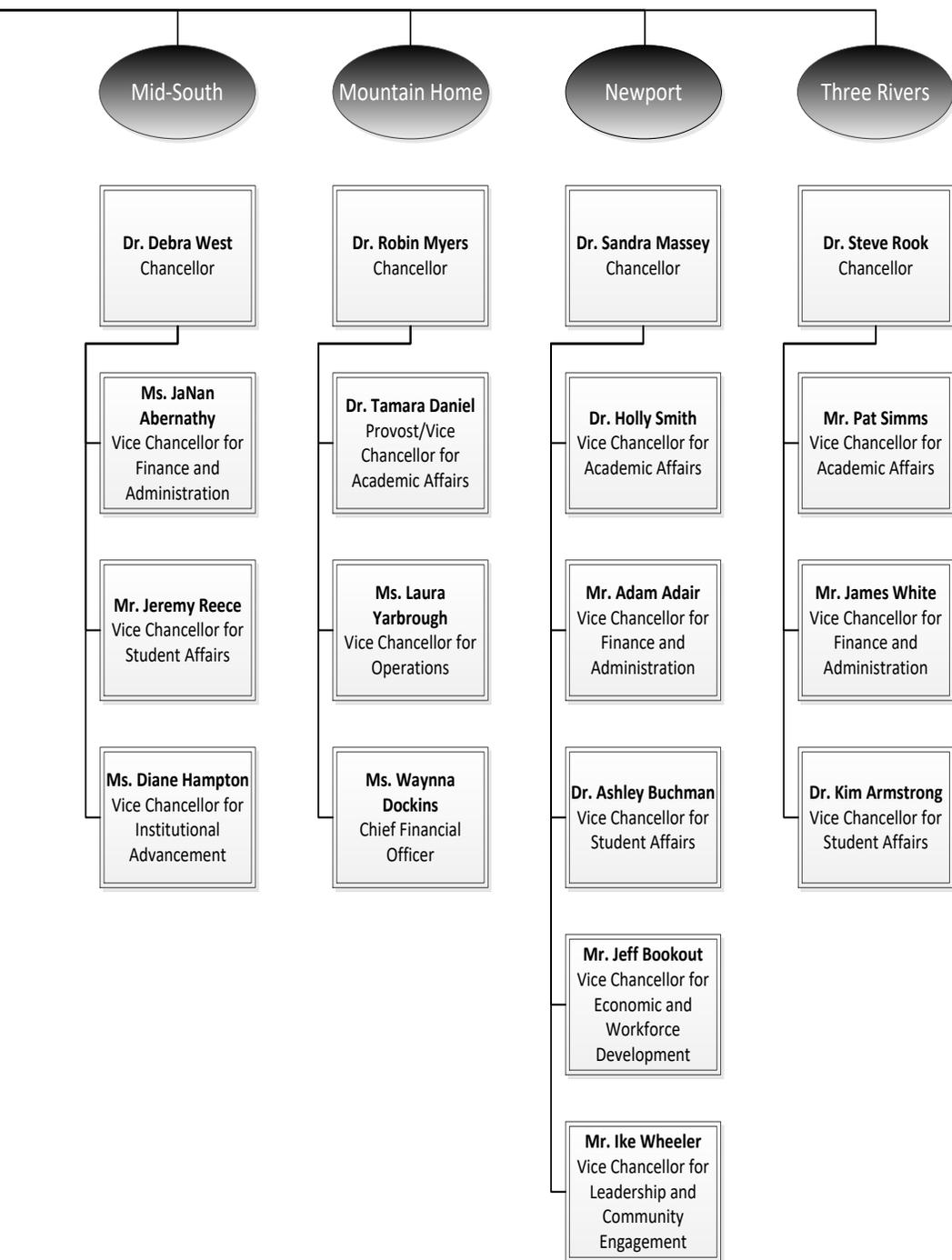
**Board of Trustees  
As of June 30, 2020**

Mrs. Stacy Crawford, Chair ..... Jonesboro, Arkansas  
Mr. Price Gardner, Vice Chair ..... Little Rock, Arkansas  
Mrs. Christy Clark, Secretary ..... Little Rock, Arkansas  
Dr. Tim Langford, Member ..... Little Rock, Arkansas  
Mr. Niel Crowson, Member ..... Jonesboro, Arkansas



**ARKANSAS STATE UNIVERSITY SYSTEM  
 ORGANIZATION CHART  
 AS OF JUNE 30, 2020**





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# Financial Section

# Independent Auditor's Report

## Arkansas

**Sen. Jason Rapert**  
Senate Chair  
**Sen. Eddie Cheatham**  
Senate Vice Chair



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

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

### LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

#### INDEPENDENT AUDITOR'S REPORT

Arkansas State University 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 Arkansas State University System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Arkansas State University System Foundation, Inc. and the Arkansas State University Red Wolves Foundation, Inc., which represents 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arkansas State University System Foundation, Inc. and the Arkansas State University Red Wolves 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 Arkansas State University System Foundation, Inc. and the Arkansas State University Red Wolves 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

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

# Independent Auditor's Report (Continued)

## **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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, the Statement of Cash Flows 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 by Campus are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Net Position by Campus, the Statement of Revenues, Expenses, and Changes in Net Position by Campus, and the Statement of Cash Flows 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 5, 2020 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
November 5, 2020  
EDHE12520

**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

## **Financial Statement Presentation**

This section of the Arkansas State University (The University) annual financial report presents discussion and analysis of the University's financial performance during the fiscal year ended June 30, 2020. This discussion and analysis is prepared by the University's financial administrators and is intended to provide information on the financial activities of the University that is both relevant and easily understandable. Information is also provided on the University's financial position as of June 30, 2019 as further explanation of the results of the year's financial activities. As shown in the information that follows, the overall financial position of the University has remained stable during the fiscal year.

The statements have been prepared using the format specified in Governmental Accounting Standards Board (GASB) Statements no. 34 and 35. GASB Statement no. 34 does not require the presentation of comparative information from the previous fiscal year but does require a discussion of any significant changes in the University's financial position or the results of its operations.

In June 2011, the GASB issued Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in GASB Statement no. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In March 2012, the GASB issued Statement no. 65, *Items Previously Reported as Assets and Liabilities*. This statement is related to Statement no. 63 in that it establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In June 2012, the GASB issued Statement no. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

In June 2015, the GASB issued Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement revises existing standards for measuring and reporting retiree benefits provided by the University to its employees.

In March 2016, the GASB issued Statement no. 81, *Irrevocable Split-Interest Agreements*. Although the effective date of the Standard is for fiscal year 2018, the University early implemented the requirements of the Standard in accounting for an irrevocable split-interest agreement at the Jonesboro campus in fiscal year 2017.

In May 2020, the GASB issued Statement no. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the following Statements that are relevant to the University due to the COVID-19 pandemic: Statement no. 84 *Fiduciary Activities*, Statement no. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and Statement no. 87, *Leases*.

The University's financial statements for the year ended June 30, 2020 have been audited and Arkansas Legislative Audit has rendered the audit opinion contained herein. In accordance with Governmental Accounting Standards Board requirements this analysis includes a discussion of the significant changes between the two fiscal years ended June 30, 2020 and 2019 where appropriate. Due to the merger of the College of the Ouachitas (COTO) into the Arkansas State University System, the 2019 comparative amounts are shown separately for Arkansas State University and the College of the Ouachitas (now named Arkansas State University Three Rivers). The 2019 comparative amounts have been adjusted for the merger to provide a more complete comparison of the two years. Additional information about the merger may be found in Note 20.

## **Statements Discussion**

### **Statement of Net Position**

The Statement of Net Position is intended to display the financial position of the University. Its purpose is to present to the reader of the financial statements a benchmark from which to analyze the financial stability of the University. It is a "snapshot" of the University's assets, liabilities, deferred inflows, deferred outflows, and net position (assets and deferred outflows minus liabilities and deferred inflows) as of June 30, 2020, the last day of the fiscal year. Assets and liabilities are presented in two categories: current and noncurrent. Net position is presented in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position is divided into two categories: nonexpendable and expendable. A more detailed explanation of these categories is found in the notes that accompany the financial statements. A condensed version of the Statement of Net Position is displayed on the following page.

**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

Readers of the Statement of Net Position can determine answers to the following key questions as of June 30, 2020:

- Did the University have sufficient assets available to meet its existing obligations and continue operations?
- How much did the University owe to external parties including vendors and lending institutions?
- What resources did the University have available to make future investments and expenditures?

<b>Condensed Statement of Net Position</b>						
	2020	2019 Revised	2019 COTO	2019 ASU	Increase/ (Decrease)	Percent Change
<b>Assets and Deferred Outflows:</b>						
Current Assets	\$ 111,379,024	\$ 97,594,988	\$ 5,212,002	\$ 92,382,986	\$ 13,784,036	14.12%
Capital Assets, net	451,051,410	466,151,478	6,480,272	459,671,206	(15,100,068)	(3.24%)
Other Noncurrent Assets	116,344,371	110,627,077	-	110,627,077	5,717,294	5.17%
<b>Total Assets</b>	<b>678,774,805</b>	<b>674,373,543</b>	<b>11,692,274</b>	<b>662,681,269</b>	<b>4,401,262</b>	<b>0.65%</b>
Deferred Outflows	11,458,921	13,588,877	1,332,226	12,256,651	(2,129,956)	(15.67%)
<b>Total Assets and Deferred Outflows</b>	<b>\$ 690,233,726</b>	<b>\$ 687,962,420</b>	<b>\$ 13,024,500</b>	<b>\$ 674,937,920</b>	<b>\$ 2,271,306</b>	<b>0.33%</b>
<b>Liabilities and Deferred Inflows:</b>						
Current Liabilities	\$ 43,210,925	\$ 45,084,793	\$ 962,820	\$ 44,121,973	\$ (1,873,868)	(4.16%)
Noncurrent Liabilities	240,200,114	265,213,044	9,162,188	256,050,856	(25,012,930)	(9.43%)
<b>Total Liabilities</b>	<b>283,411,039</b>	<b>310,297,837</b>	<b>10,125,008</b>	<b>300,172,829</b>	<b>(26,886,798)</b>	<b>(8.66%)</b>
Deferred Inflows	16,864,441	9,854,128	1,407,030	8,447,098	7,010,313	71.14%
<b>Total Liabilities and Deferred Inflows</b>	<b>300,275,480</b>	<b>320,151,965</b>	<b>11,532,038</b>	<b>308,619,927</b>	<b>(19,876,485)</b>	<b>(6.21%)</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	246,952,274	250,763,493	5,325,287	245,438,206	(3,811,219)	(1.52%)
Restricted, Nonexpendable	16,442,426	16,873,717	-	16,873,717	(431,291)	(2.56%)
Restricted, Expendable	9,569,292	6,050,735	25,281	6,025,454	3,518,557	58.15%
Unrestricted	116,994,254	94,122,510	(3,858,106)	97,980,616	22,871,744	24.30%
<b>Total Net Position</b>	<b>389,958,246</b>	<b>367,810,455</b>	<b>1,492,462</b>	<b>366,317,993</b>	<b>22,147,791</b>	<b>6.02%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 690,233,726</b>	<b>\$ 687,962,420</b>	<b>\$ 13,024,500</b>	<b>\$ 674,937,920</b>	<b>\$ 2,271,306</b>	<b>0.33%</b>

**Assets and Deferred Outflows**

Total assets and deferred outflows increased by \$2.3 million.

**Current Assets**

Current assets increased by \$13.8 million.

**Cash and Cash Equivalents**

Cash and cash equivalents increased by approximately \$72,000. Although the overall total of cash and cash equivalents was trivial; the individual campuses had substantial swings. The Jonesboro campus had a substantial decrease of \$7 million. This was mainly due to the federal drawdown of funds occurring after June 30<sup>th</sup>. This amount was about \$10 million. This was offset by additional state appropriation received at the end of the year of \$3 million. All of the other campuses had increases for the year. Beebe had a \$4.1 million increase due to the maturity of certificates of deposits that were not reinvested. Newport's \$2 million increase was also the result of the maturity of a certificate of deposit as well as receiving state appropriation funds at the end of the year. The Three Rivers campus had a \$592,000 increase due to the reduction of spending during the pandemic. Mountain Home and Mid-South both had small increases in the amounts of \$300,000 and \$48,000, respectively.

**Short-term Investments**

Short-term investments decreased by \$3.6 million. This decrease was due to the maturity of certificate of deposits at the Beebe campus of \$4.2 million. Mountain Home purchased a \$700,000 investment but also renewed a \$2 million investment that matures in 24 months and is shown as long-term. Newport was the only campus to reflect an increase of \$1.9 million due to renewing long-term investments to short term investments. There were no changes at the other campuses.

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FOR THE YEAR ENDED JUNE 30, 2020**

Accounts Receivable

Accounts receivable increased by approximately \$17.7 million. All campuses had increases. Gross receivables increased by \$17 million. The Jonesboro campus's increase of \$14.7 million was due to the federal drawdown of funds of approximately \$10 million occurring after June 30<sup>th</sup>; as mentioned above in cash and cash equivalents. In addition to this amount, the campus had recorded a receivable for the Coronavirus Aid, Relief, and Economic Security (CARES) Act for reimbursement of expenses for roughly \$1.8 million. Additionally, the campus had another \$1.3 million for amounts due for construction, additional CARES funds, and the Doctor of Osteopathic (DO) School agreement. The Mid-South campus's increase of \$1.5 million was a result of Federal Pell Grants drawdown of approximately \$840,000 that was not done for the spring term and CARES receivables in the amount of \$800,000. Mountain Home and Newport also had increases totaling \$1.1 million for CARES funds. The Three Rivers campus showed an increase due to a larger number of vendor accounts that were not paid at year end due to COVID. The Beebe campus had a minimal increase in accounts receivable. The campuses are continuing to monitor the accounts receivable balances and have increased collection activities. This has proven to be an effective method as accounts receivables balances are closely monitored and the allowance for doubtful accounts methodology is reviewed and revised. Overall, allowance for doubtful accounts decreased by about \$764,000. Mid-South and Beebe both had large decreases. Mid-South did a write-off of several old accounts and Beebe initiated a policy change of dropping for non-payment. Mountain Home was the only campus to have an increase for allowance for doubtful accounts due to their change in bad debt policy. Of the remaining campuses, Beebe had the largest decrease of \$239,000 due to a change in policy for dropping for non-payments. The other campuses had slight increases due to an increase of accounts receivable balances.

Inventories

Inventories decreased by \$316,000. Of the campuses with inventories, three had decreases and two had increases during the year. The highest change was the decrease at Jonesboro of \$390,000. This was a result of reduction of inventory related to the facilities management division. The two campuses with increases, Newport and Three Rivers, both had increases in their bookstores due to both lower enrollment in the first summer term and the pandemic. Beebe and Mid-South both had slight declines during the year.

Deposits with Trustees

Deposits with trustees increased slightly by \$1,800. All of the campuses, other than Mid-South, had decreases. Mid-South's increase of about \$13,000 is due to their bond agreements. Jonesboro had a decrease of around \$10,500 due to a bond refunding and the elimination of a debt service reserve fund on the refunded issue. Additional information on the bond refunding may be found in Note 5. The remaining campuses, other than Three Rivers, had slight decreases. Three Rivers does not have bonds issued and had no deposits with trustees.

Prepaid Expenses

Prepaid expenses decreased slightly by nearly \$8,700. Of this amount, the Jonesboro campus experienced the biggest decrease in the amount of \$46,000. This was caused by a reductions in prepaid expenses for insurance, postage, and athletic travel. Mid-South also had a decline of \$27,000 due to the elimination of prepaid travel amounts. Beebe showed a slight decrease due to an elimination of prepaid fuel vouchers by a program. The remaining three campuses show increases for the fiscal year due to an increase in the amounts paid in fiscal year 2020 for fiscal year 2021 expenses.

Capital Assets, net

Capital assets, net decreased by \$15.1 million. Accumulated depreciation increased from \$445,773,380 in 2019 to \$471,287,152 in 2020. This increase, of approximately \$25.5 million, is due to the recording of one additional year of depreciation for assets that have already been depreciating. Additionally, there was new equipment, new buildings, renovations to buildings, and other improvements/infrastructure that were added in 2019 and began depreciating in 2020. The increase in accumulated depreciation was offset by the addition of \$12.7 million in capital assets and the retirement of \$2.3 million in capital assets with accumulated depreciation of \$1.6 million. Of the \$12.7 million added to capital assets, \$3.7 million was construction in progress, \$4.6 was improvements and infrastructure, and \$3.2 million was equipment. Additional information about capital assets may be found in the 'Capital Assets' section of this Management's Discussion and Analysis.

Other Noncurrent Assets

Other noncurrent assets increased by \$5.7 million.

Noncurrent Cash

Noncurrent cash increased by \$8 million while restricted cash decreased by \$170,000. The Jonesboro and Mountain Home campuses are the only campus to have a noncurrent cash balance. At Jonesboro, the increase in noncurrent cash of \$6.7 million was a result of additional cash transfers to unexpended plant funds and the accounts receivable related to CARES and a construction project. The annual increase of noncurrent cash by the campus is a strategic effort to increase the University's reserves. The change for Mountain Home was moving cash from restricted to noncurrent cash. The largest portion of the increase in restricted cash was mostly due to the Mid-South campus. Mid-South had an increase for the receipt of restricted cash from their excess millage during fiscal year 2020. The remaining increases in restricted cash were due to the Perkins loan fund at the Jonesboro campus. The decrease was a result of moving the cash from restricted to noncurrent at the Mountain Home campus.

Endowment Investments

Endowment investments decreased slightly by \$274,000. This was due to a decrease in the return rate of the investments compared to previous years.

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Other Long-term Investments

Other long-term investments decreased by \$2.3 million. Jonesboro and Newport both had decreases. At Jonesboro, as the investments are maturing; new investments are not being bought. There is a strategic change to move from investments to cash. There was a decrease of \$3.2 million for the year. At Newport, their investment activity has changed from other long-term investments to short-term, noncurrent restricted, and noncurrent unrestricted. The increases at Beebe, Mid-South, and Mountain Home are a result of moving from short-term to long-term investments. Their combined increases totaled \$4.7 million.

Irrevocable Split-Interest Agreement

The Jonesboro campus early implemented GASB no. 81, *Irrevocable Split-Interest Agreements*, which was effective July 1, 2017 during fiscal year 2017. There was an increase of roughly \$20,000 during fiscal year 2020 as the trustee re-appraised the value of the asset.

Deposits with Trustees

Deposits with trustees decreased slightly by \$218,000. The Jonesboro campus's decrease of \$280,000 was primarily due to the elimination of a debt service reserve fund related to the bond refunding issue. Additional information on the bond refunding may be found in Note 5. Mid-South's increase for the year was due to their bond agreements.

**Deferred Outflows**

Deferred outflows decreased by approximately \$2.1 million. Roughly \$1.3 million of this decrease was due to an increased amount of deferred outflows related to pensions. All of the campuses had decreases due to the adjustment of deferred outflows related to pensions for the 2020 fiscal year. Additional information about the deferred outflows related to pensions may be found in Note 8 and the Required Supplementary Information. Deferred outflows related to other postemployment benefits (OPEB) declined by about \$711,000. All of the campuses, other than Three Rivers, recorded increases for these in accordance with GASB no. 75. Three Rivers had a slight increase of around \$23,000. Additional information about the deferred outflows related to OPEB may be found in Note 12 and the Required Supplementary Information. Deferred outflows related to the excess of bond reacquisition costs over carrying value decreased by \$82,000. All the campuses, other than Mountain Home, had decreases due to the amortization of these amounts. Jonesboro and Mountain Home both recorded additional amounts for their bond refunding issues. Mountain Home showed an increase overall in this amount of around \$47,000; however; Jonesboro still showed a decrease of nearly \$74,000 due to the amount of amortization exceeding the amount of the new issue being added and the refunded issue being removed. Additional information about the bond issue may be found in the 'Debt Administration' section of this Management's Discussion and Analysis and Note 5.

**Liabilities and Deferred Inflows**

Total liabilities and deferred inflows decreased by \$19.9 million.

**Current Liabilities**

Current liabilities decreased by \$1.9 million.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities decreased slightly by \$1 million. Jonesboro had the largest decrease of \$1.2 million. This decrease was a result of the pandemic and resulted in lower travel reimbursements due to the freezing of travel and reductions in spending by departments. The departments managed their budgets effectively and lowered spending during the latter part of the fiscal year. The campus moved to online instruction the latter part of the spring term as well as the first summer term. Additionally, most staff began working from home during the latter part of March through the middle of July. Newport and Three Rivers also had decreases; while Beebe, Mid-South, and Mountain Home had slight increases.

Bonds, Notes, and Leases Payable

Bonds, notes, and leases payable increased slightly by \$518,000. All of the campuses had increases. There were no additional debt issued during the fiscal year; however Jonesboro and Mountain Home did have bond refunding issues. The increases for each campus is due to the additional amount of principal payments due in 2021 compared to 2020.

Unearned Revenues

Unearned revenues decreased by \$1.5 million. This was due to amounts received for tuition and fee for the second summer term and/or fall term that were recorded as unearned revenue at the end of 2020.



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Furthermore, this is a result of grant awards received in full prior to the spending of the total grant award. As expenses are posted to the grant award; revenue is recognized equal to the amount of the expenses. At the Jonesboro campus, there was a variance of \$1.4 million from 2019 to 2020. This decline was mainly due to a large amount of unearned revenue being recognized during fiscal year 2020. Mountain Home and Three Rivers had slight increases totaling \$12,500 related to grants. The remaining amount of the decline of unearned revenue was related to tuition and fee decreases.

Deposits

Deposits increased by \$141,000. The majority of this decrease was due to more students prepaying for the second summer and fall terms at Mountain Home. At Jonesboro, deposits for international students are allocated between current and noncurrent based on historical data. Although deposits decreased overall at the campus, the current amount increased due to the allocation. Beebe had a slight increase due to property rental.

Other Postemployment Benefits (OPEB) Liability

The current portion of this liability, a reduction of about \$414,000, was recorded during the year in accordance with GASB no. 75. The current portion of this total liability represents the amount that is the expected employer contributions for fiscal year 2021. Additional information about OPEB may be found in Note 12 and the Required Supplementary Information.

Noncurrent Liabilities

Noncurrent liabilities decreased by \$25 million.

Bonds, Notes, and Leases Payable

Bonds, notes and leases payable decreased by \$12 million. All campuses had decreases when compared to 2019. There was no new debt recorded in 2020. The decrease is a reflection of the reduction of principal amounts owed by all the campuses for bonds, notes, and leases payable.

Other Postemployment Benefits (OPEB) Liability

The noncurrent portion of this liability decreased by about \$12.7 million and was recorded during the year in accordance with GASB no. 75. Additional information may be found about OPEB may be found below in the deferred inflows section, in Note 12 and the Required Supplementary Information.

Net Pension Liability

The University's portion of the net pension liability decreased by around \$48,000. These amounts were recorded in accordance with GASB no. 68. Additional information about the net pension liability may be found in Note 8 as well as the Required Supplementary Information.

Deferred Inflows

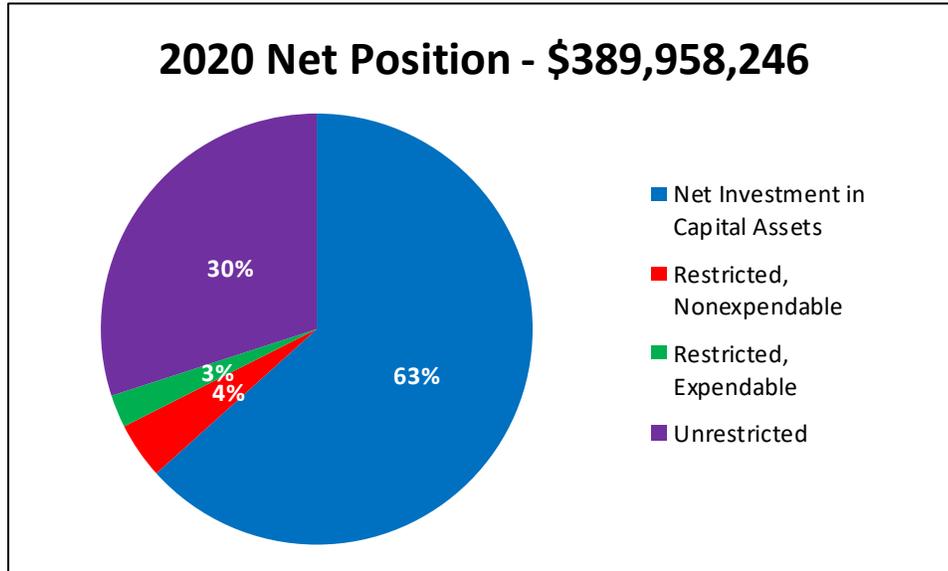
Deferred inflows increased by \$7 million. Nearly all of this increase, \$8.5 million, was the amount related to other postemployment benefits. This amount is recorded in accordance with GASB no. 75. and as mentioned previously, the campuses recorded a large decrease of \$12.7 million related to the noncurrent liability portion of OPEB. The overall effect of recording the OPEB amounts showed an increase of \$3.9 million. The largest overall increase was for Three Rivers in the amount of \$4.9 million due to their merger with the Arkansas State University System and joining the System's OPEB plan. In addition to OPEB, there was a \$1.5 million decrease for pensions which was recognized in fiscal year 2020 in accordance with GASB no. 68. The deferred inflows are recorded in conjunction with the deferred outflows and net pension liability discussed previously. The remaining minimal increase of \$20,000 was recorded as part of the irrevocable split-interest agreement at the Jonesboro campus as previously mentioned in the Noncurrent Asset section.



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**Net Position**

Total net position increased by \$22.1 million. The percentage of each net position category is displayed in the chart below.



**Net Investment in Capital Assets**

Net investment in capital assets decreased by \$3.8 million. This decrease was mainly attributable to recognition of depreciation expense at all of the campuses. In previous years, there have been large increases of construction projects, primarily at the Jonesboro campus, to offset the amount of depreciation recognized. For 2020, there was \$12.7 million in capital assets additions compared to \$27 million of depreciation expense.

**Restricted, Nonexpendable**

Restricted, nonexpendable net position decreased by \$431,000.

- *Scholarships and Fellowships*—Restricted, nonexpendable net position for scholarships and fellowships decreased by \$185,000. This was due to the Jonesboro campus's decrease and the Beebe campus's slight increase in the market value of endowment investments held by the ASU Foundation for scholarship purposes.
- *Renewal and Replacement*—The Mid-South campus has restricted, nonexpendable net position for renewal and replacement. There were no changes to the net position during the fiscal year.
- *Loans*—The restricted, nonexpendable net position for loans decreased in the amount of approximately \$185,000. This was due to the federal government requiring a reimbursement of funds related to the Federal Perkins Loan Program during fiscal year 2020. This amount will continue to decrease as the Federal Perkins Loan Program expired on September 30, 2017.
- *Other*—Restricted, nonexpendable net position for other purposes than those mentioned above decreased by about \$62,000. This was due to decrease in investment earnings during the year on endowments for purposes other than scholarships.

**Restricted, Expendable**

Restricted, expendable net position increased by \$3.5 million.

- *Scholarships and Fellowships*—Restricted, expendable net position for scholarships and fellowships increased by \$529,000. This increase was mostly attributable to around \$369,000 being posted as a receivable for the Arkansas Challenge Lottery. Additionally, the Jonesboro campus received funds in the amount of about \$107,000 from the Kays Trust. These are amounts that would typically be spent during the fiscal year but were not able to be expended for student scholarships in the spring due to COVID.
- *Research*—Restricted, expendable net position for research increased by \$150,000. This slight increase is due to year end balances of restricted grants for research purposes at the Jonesboro campus.

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- *Loans*—The restricted, expendable net position for loans did not change for fiscal year 2020. Mid-South is the only campus to have a restricted, expendable net position amount for loans.
- *Debt Service*—The restricted, expendable net position for other purposes than those listed above decreased slightly by \$7,200. The Mid-South campus is the only campus to have funds restricted for debt service due to their debt structure for bonds payable.
- *Renewal and Replacement*—The Mid-South campus has restricted, expendable net position for renewal and replacement. There was an increase of \$78,000 due to the bond requirements of these funds.
- *Other*—The restricted, expendable net position for other purposes than those listed above increased by \$2.8 million. Campuses, other than Beebe and Mid-South, experienced declines. Three Rivers does not have a balance for this. The increase of about \$1.5 million at Jonesboro were related to an increase of non-research grant activity balances at year end and the receipt of an athletic gift of \$319,000. The remaining increases were due to the CARES funds. Mid-South showed a decrease of \$101,000 due to a decrease in the expenses related to Southland. The decrease for Beebe was minimal.

Unrestricted

Unrestricted net position increased by \$22.9 million. While the CARES Act attributed to a great deal of the increases; the campuses also showed increases due to reduced spending and efforts to increase reserves. The majority of this increase was a \$10.1 million increase at the Jonesboro campus due to an increased effort to grow the University's reserves balance. In addition, Beebe's unrestricted net position also increased by approximately \$1.6 million. Mid-South had an increase of \$3.1 million. In addition to the items mentioned previously; they also saw an increase in their excess millage by \$1.1 million. Mountain Home and Newport had increases of \$1 million and \$1.3 million, respectively. Three River's showed an increase of \$5.6 million while some of this can be attributed to the above explanations; their increase is largely a result of the merger with the Arkansas State University System. At the end of fiscal year 2019, the campus showed a negative amount of net position of \$3.9 million. This was due to the campus's amount of OPEB that had been recorded. Due to the merger, the campus amount of OPEB was decreased and they now show a positive amount of nearly \$1.8 million.



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

The net position as presented on the Statement of Net Position is based in part on the financial activities that occurred during the fiscal year as presented in the Statement of Revenues, Expenses, and Changes in Net Position. This statement's purpose is to present the revenues generated and received by the University, both operating and nonoperating, the expenses incurred by the University, both operating and nonoperating, and all other financial gains or losses experienced by the University during the fiscal year ended June 30, 2020.

Generally, revenues from operations are received in exchange for the University providing services or products to students and other constituencies. Operating expenses are those costs paid or incurred in producing those services or products or in carrying out the mission of the University. Nonoperating revenues are financial inflows to the University resulting from nonexchange transactions; that is, the University does not provide a specific service or product in exchange for them. For example, appropriations from the state are considered nonoperating revenue because the legislature does not receive a direct and commensurate benefit from the University in exchange for providing the appropriation. A condensed Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2020 compared to fiscal year 2019 is shown below.

<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>						
	2020	2019 Revised	2019 COTO	2019 ASU	Increase/ (Decrease)	Percent Change
Operating Revenues						
Tuition and Fees, Net	\$ 66,221,819	\$ 66,874,687	\$ 1,477,058	\$ 65,397,629	\$ (652,868)	(0.98%)
Grants and Contracts	35,934,215	35,497,470	3,652,689	31,844,781	436,745	1.23%
Auxiliary Enterprises, Net	25,807,261	28,566,605	184,509	28,382,096	(2,759,344)	(9.66%)
Other	11,753,046	10,188,339	93,616	10,094,723	1,564,707	15.36%
Total Operating Revenues	<u>139,716,341</u>	<u>141,127,101</u>	<u>5,407,872</u>	<u>135,719,229</u>	<u>(1,410,760)</u>	(1.00%)
Operating Expenses	303,061,524	299,428,708	11,991,140	287,437,568	3,632,816	1.21%
Nonoperating Revenues (Expenses)						
State Appropriations	110,028,373	110,285,507	4,683,249	105,602,258	(257,134)	(0.23%)
Grants and Contracts	51,532,603	53,579,414	2,222,621	51,356,793	(2,046,811)	(3.82%)
Interest on Capital Asset - Related Debt	(7,891,345)	(8,485,436)	(15,923)	(8,469,513)	594,091	(7.00%)
Other	31,587,249	14,748,131	66,728	14,681,403	16,839,118	114.18%
Total Nonoperating Revenues (Expenses)	<u>185,256,880</u>	<u>170,127,616</u>	<u>6,956,675</u>	<u>163,170,941</u>	<u>15,129,264</u>	8.89%
Income Before Other Revenues, Expenses, Gains or Losses	<u>21,911,697</u>	<u>11,826,009</u>	<u>373,407</u>	<u>11,452,602</u>	<u>10,085,688</u>	85.28%
Capital Appropriations	98,112	79,211	-	79,211	18,901	23.86%
Capital Grants and Gifts	356,598	1,017,245	-	1,017,245	(660,647)	(64.94%)
Other	(218,616)	(366,859)	(57,373)	(309,486)	148,243	(40.41%)
Total	<u>236,094</u>	<u>729,597</u>	<u>(57,373)</u>	<u>786,970</u>	<u>(493,503)</u>	
Increase (Decrease) in Net Position	<u>\$ 22,147,791</u>	<u>\$ 12,555,606</u>	<u>\$ 316,034</u>	<u>\$ 12,239,572</u>	<u>\$ 9,592,185</u>	76.40%
Net Position, Beginning of Year	\$ 367,810,455	\$ 355,254,849	\$ 1,176,428	\$ 354,078,421	\$ 12,555,606	3.53%
Net Position, End of Year	\$ 389,958,246	\$ 367,810,455	\$ 1,492,462	\$ 366,317,993	\$ 22,147,791	6.02%

**Revenues**

Total revenues increased by approximately \$13.4 million.

**Operating Revenues**

Total operating revenues decreased by \$1.4 million.

**Tuition and Fees, net**

Net tuition and fees decreased a bit by approximately \$650,000. Gross tuition and fee revenue decreased by \$1.8 million. The campuses had modest increases in tuition and fee charges from 2019 to 2020. Beebe, Mountain Home, Newport, and Three Rivers all had decreases of net tuition and fee revenue. The largest decrease was \$1 million at Beebe; the remaining campuses had a combined decrease of \$750,000. All campuses experienced lower enrollment when comparing 2019 to 2020. Although enrollment declined,

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both Jonesboro and Mid-South managed to have slight increases in net tuition and fee revenue in the combined amount of \$1.1 million. Toward the end of the fiscal year; the campuses also suffered due to the COVID pandemic as classes were moved to online. The decrease in tuition and fee revenue also led to a decrease in scholarship allowances. Scholarship allowances decreased by \$1 million.

Grants and Contracts

Operating grants and contracts increased very slightly by \$437,000. Jonesboro, Mid-South, Mountain Home, and Newport all experienced increases in operating grants and contracts revenues due to slight increases of these balances at the end of the year. Overall, the change across the campuses was an increase of 1.23%. As the available grant resources continue to decline; there will continue to be fluctuations in the amount of operating grants and contracts revenue as more colleges and universities compete for these dollars. Additionally, timing issues of receipts and expenses also plays a role in the ending balances for grants and contracts.

Sales and Services

Sales and services decreased by \$662,000. This decrease is a direct result of the COVID pandemic as the campuses lost revenue due to cancelled events, lost store sales, and reduced admissions due to closed facilities. All of the campuses that show sales and services income showed reductions. These include Jonesboro, Beebe, and Mountain Home. Additionally, the operation of the Health Center at the Jonesboro campus was moved on January 1 to the NYIT (New York Institute of Technology) location on campus.

Auxiliary Enterprises, net

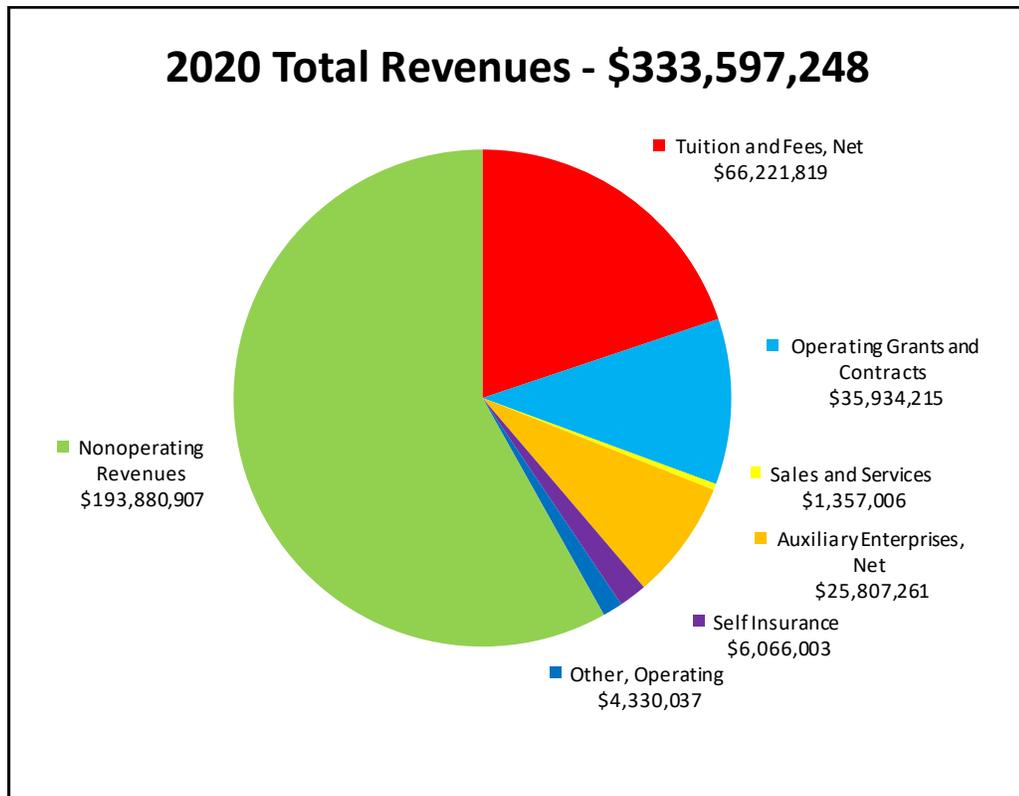
Auxiliary enterprises, net decreased by approximately \$2.8 million. All campuses, other than Newport, experienced declines from 2019 to 2020. The Jonesboro campus experienced the largest decrease of \$2.2 million. The decreases in auxiliary revenues at the campuses were expected due to the declines in enrollment and the pandemic. In addition to the reduced revenues, scholarship allowances related to auxiliaries decreased slightly by \$73,000.

Self Insurance

Self insurance revenues increased by \$809,000. During fiscal year 2020, there was a minimal increase in premiums beginning in January 2020 for the employee withholding amount.

Other

Other operating revenues increased by \$1.4 million; although Jonesboro and Three Rivers were the only campuses with increases. The largest increase was \$1.9 million at the Jonesboro campus for the partner share of the NYIT College of Osteopathic Medicine location on campus. The increase at Three Rivers was a result of a reclassification of rental income. The reductions for the year included the variance of energy rebates that had been received as one-time payments in 2019 for Beebe and Newport. Mountain Home also showed a decrease due to receiving one-time funds in 2019 for phone company refunds and payments received from the academic excellence trust.



**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Nonoperating Revenues**

Total nonoperating revenues increased by \$14.8 million.



**Federal Appropriations**

Federal appropriations decreased by about \$77,000. In prior fiscal years, the Jonesboro campus received several federal awards related to grants and contracts. These amounts continue to decrease as available grant resources continue to decline. In 2020, there were two grant awards compared to three in 2019.

**State Appropriations**

State appropriations decreased by approximately \$257,000; although Beebe was the only campus with a decrease. Their decrease was about \$894,000 and is a nearly a 6% loss from 2019. The other campuses had increases during the year due to general appropriation funding adjustments ranging from 0.19% to 3.46%. The Three Rivers campus had the lowest increase of \$31,000 and Newport had the highest at \$285,000. These ranges are an effect of the productivity-based funding model used. Act 148 of 2017 repealed the needs-based and outcome-centered funding and directed the Arkansas Higher Education Coordinating Board to adopt policies developed by the Department of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in the state.

**Grants and Contracts**

Nonoperating grants and contracts decreased by \$2 million. There was a decrease of \$2.2 million on the Jonesboro campus. Both federal and state financial aid declined during the year in the amounts of \$1.8 million and \$400,000, respectively. Also, Mid-South and Three Rivers had combined decreases of \$247,000. The other campuses had small increases during the year.

**CARES Grants-Related to COVID-19**

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress and signed by President Donald Trump on March 27th, 2020. This bill allotted \$2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, approximately \$14 billion was given to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF. The campuses recorded almost \$15.1 million related to this. A portion of these funds (the student portion) stipulated that the amount would be used to provide emergency grants to students. Once those funds had been expended; the institution may then receive the institutional portion of HEERF. The total HEERF award for the student portion and the institutional portion were equal awards to institutions. Additionally, the campuses qualified for SIP

**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

(Strengthening Institutions Program) funds. Both the institutional portion of HEERF and the SIP awards were used to provide relief to institutions for reimbursement items such as, room and board refunds to students, purchases of equipment related to moving to online learning, and additional emergency payments to students.

Sales and Use Taxes

Sales and use taxes increased a bit by \$117,000. Beebe saw an increase of \$123,000 and Newport experienced a decrease of \$6,000.

Property Taxes

Property tax revenues increased by \$143,000 overall. On the Mid-South campus this increase was \$108,000 and on the Mountain Home campus \$35,000.

Gifts

Revenues from gifts decreased by \$202,000. All the campuses experienced declines compared to 2019. Mid-South had the largest decrease of \$112,000 mainly due to a reductions in gifts for scholarships.

Investment Income

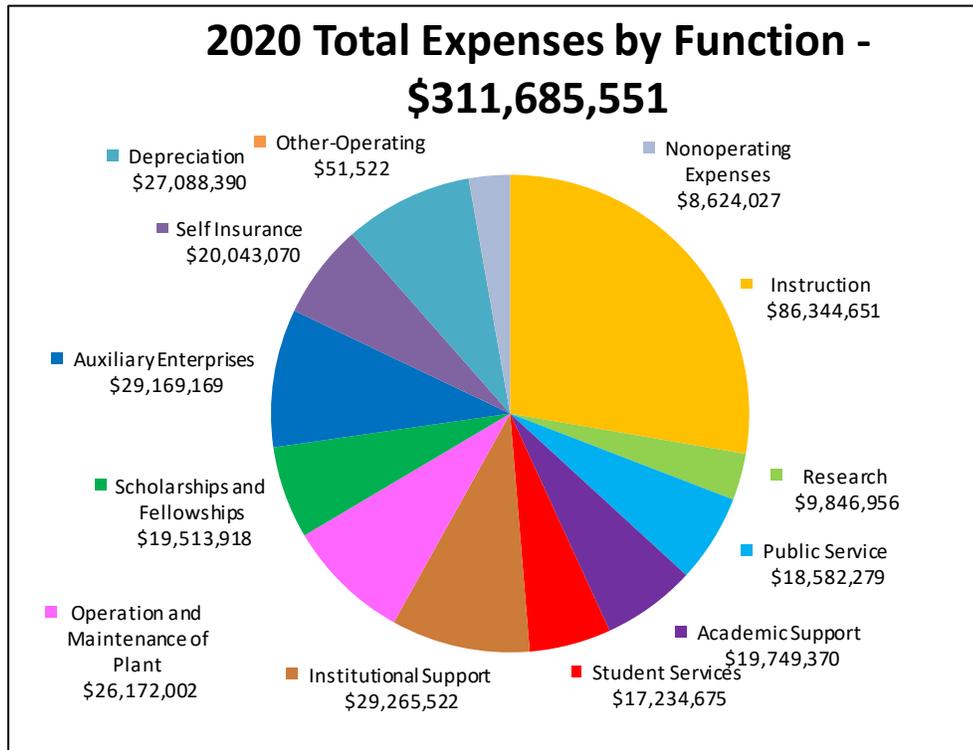
Investment income decreased by \$1.2 million. Jonesboro had the highest decrease of \$1.2 million. This was a result of lower investment income in the endowment and bond funds. Beebe was the only other campus with a decline due to a decrease in interest rates. The other campuses showed increases due to having additional investments and for Mid-South, an increase in their excess millage.

Expenses

Total expenses increased by \$3.2 million.

Operating Expenses

Total operating expenses increased by \$3.6 million. Additional information on operating expenses can be found in the tables and charts that follow.



Personal Services

Personal services decreased by approximately \$2.2 million. The Three-Rivers campus experienced the largest decrease, \$5.1 million. The majority of this decrease was to their OPEB plan. The campus joined the System's OPEB plan as previously mentioned. This provided the campus with a positive effect in recording OPEB plan liabilities from fiscal year 2019 to fiscal year 2020. Additionally, the remaining campuses (other than Jonesboro), had a combined decrease of \$1.1 million. The Jonesboro campus did minimal salary increases from 2019 to 2020. This and the effect of the OPEB liability caused a \$4 million increase in the campus's personal services. A net amount of \$1 million was recorded by the campuses for other postemployment benefits; other than Three Riv-

**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

ers. The Three Rivers campus recorded a reduction of \$4.9 million. More information on this may be found in Note 12.

Scholarships and Fellowships

Scholarships and fellowships decreased by \$350,000. As previously discussed, there was a decrease in scholarship allowances related to tuition and fees and a decrease in scholarship allowances related to auxiliaries. Gross scholarships and fellowships decreased by \$1.4 million. All of the campuses had declines in enrollment when compared to 2019. Although federal and state financial aid fluctuates throughout the years; the campuses continue to offer competitive institutional scholarships to students. The institutional scholarships continue to increase at each campus and displays the University's commitment to students.

Supplies and Services

Supplies and services increased by \$4.5 million. With the exception of a \$5.5 million increase at the Jonesboro campus, all other campuses experienced a decrease of expenses for supplies and services. The Jonesboro campus's increase was a result of the CARES direct payments to students (as detailed in the CARES Grants-Related to COVID-19 section previously). The direct amount of student payments totaled approximately \$4.6 million. This was the full amount of the student portion of the HEERF award. While the campus had reductions in travel and supplies expenses during the latter part of the fiscal year; there was an increase in expenses to prepare classrooms and other areas for online and socially distanced learning. The remaining campuses had a combined decrease of about \$1 million. These decreases were also a result of lower costs due to the pandemic. Some of these campuses also have not expended their full amount of the student portion of the HEERF award as of June 30. The campuses continue to be committed to cost containment efforts and pursue conservative levels of spending.

Self Insurance

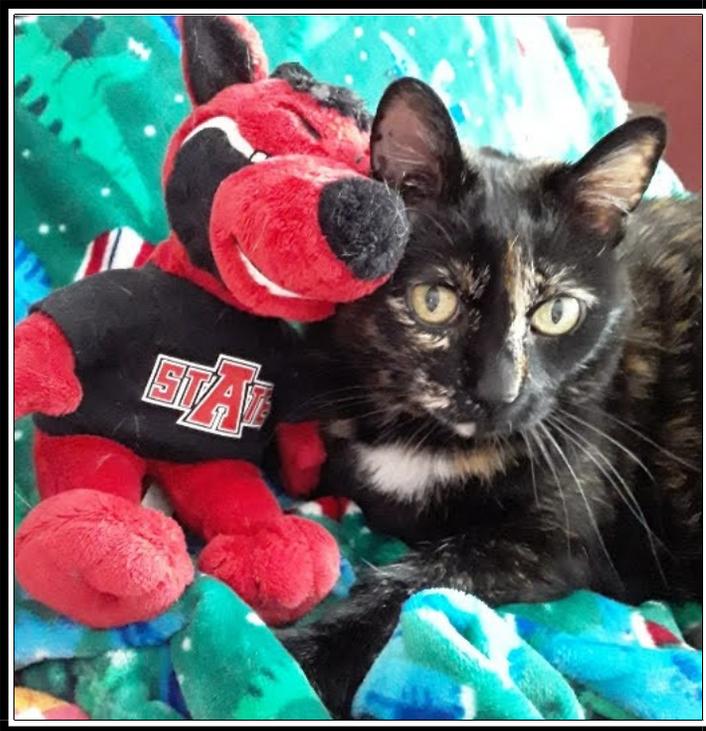
Self insurance expenses decreased by \$883,000. Medical claims during 2020 decreased minimally when compared to 2019. Additionally, there was a very slight increase (\$31,000) in the unpaid claims liability recorded at year end.

Depreciation

Depreciation expense increased by \$2.6 million. All of the campuses, other than Mid-South, experienced increases when compared to 2019. The amount of their decrease was about \$67,000. The increases at the other campuses were a result of new additions or renovations at the campuses that were added in 2019 and began depreciating in 2020. Additionally, as new projects were completed in 2020, depreciation expense will increase next year as a result of these. The amount of completed projects was \$12.7 million when compared to the \$11.4 million in 2019; depreciation expense will continue to increase each year as new buildings and renovations are completed and begin depreciating.

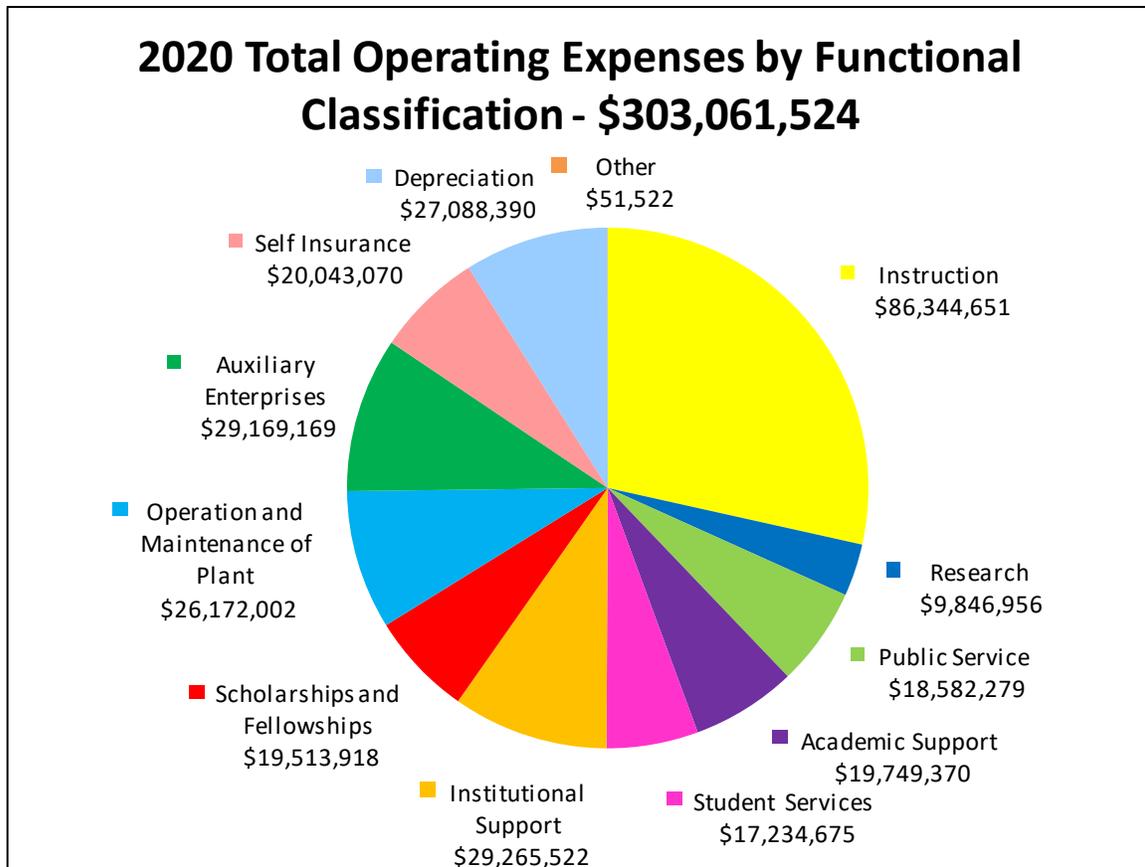
Other

Other operating expenses decreased by \$3,800. These expenses are related to the Federal Perkins Loan program on the Jonesboro campus.



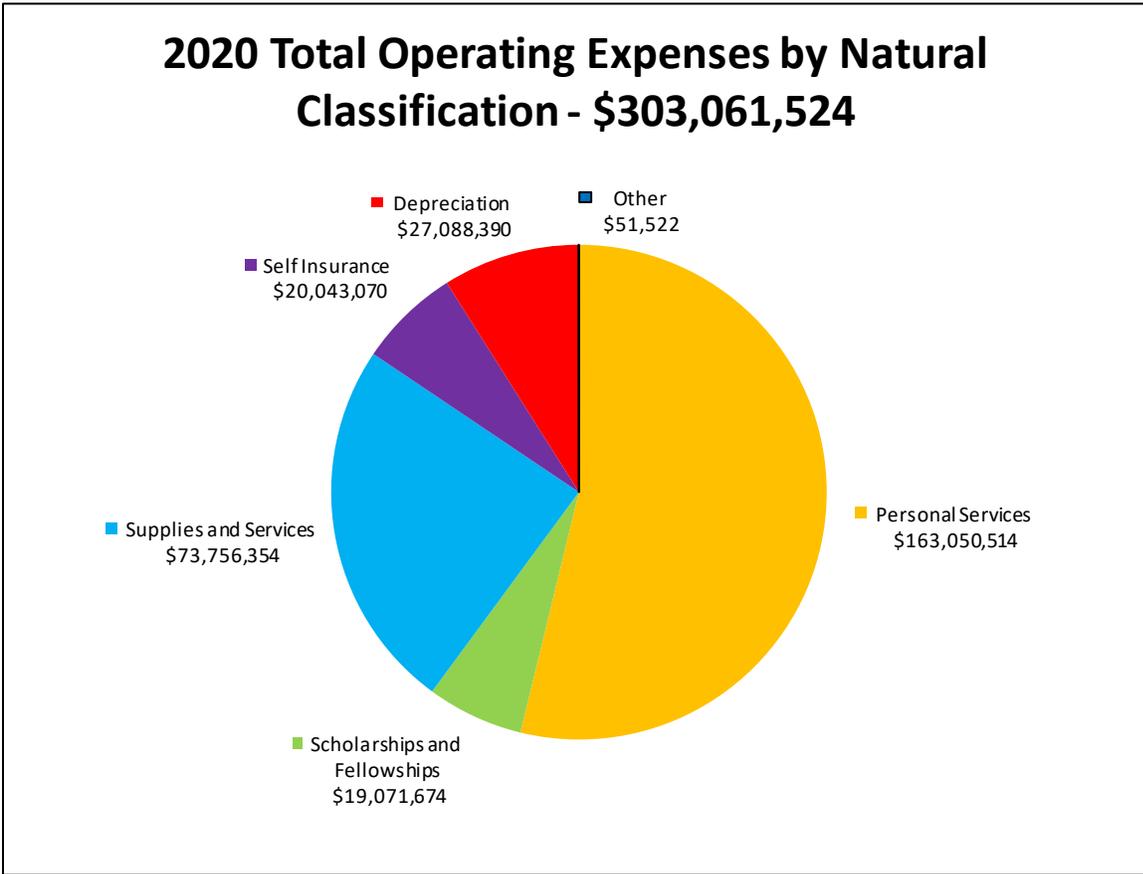
**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Operating Expenses by Function</b>						
	<u>2020</u>	<u>2019 Revised</u>	<u>2019 COTO</u>	<u>2019 ASU</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Instruction	\$ 86,344,651	\$ 89,513,025	\$ 5,652,144	\$ 83,860,881	\$ (3,168,374)	(3.54%)
Research	9,846,956	8,955,702		8,955,702	891,254	9.95%
Public Service	18,582,279	19,158,790		19,158,790	(576,511)	(3.01%)
Academic Support	19,749,370	19,323,947	797,273	18,526,674	425,423	2.20%
Student Services	17,234,675	20,320,637	1,498,055	18,822,582	(3,085,962)	(15.19%)
Institutional Support	29,265,522	30,948,866	1,647,185	29,301,681	(1,683,344)	(5.44%)
Scholarships and Fellowships	19,513,918	10,015,573	480,495	9,535,078	9,498,345	94.84%
Operation and Maintenance of Plant	26,172,002	23,256,453	980,105	22,276,348	2,915,549	12.54%
Auxiliary Enterprises	29,169,169	32,297,634	396,320	31,901,314	(3,128,465)	(9.69%)
Self Insurance	20,043,070	20,926,524		20,926,524	(883,454)	(4.22%)
Depreciation	27,088,390	24,524,788	408,151	24,116,637	2,563,602	10.45%
Other	51,522	186,769	131,412	55,357	(135,247)	(72.41%)
<b>Total Operating Expenses</b>	<u><u>\$ 303,061,524</u></u>	<u><u>\$ 299,428,708</u></u>	<u><u>\$ 11,991,140</u></u>	<u><u>\$ 287,437,568</u></u>	<u><u>\$ 3,632,816</u></u>	1.21%



**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Operating Expenses by Natural Classifications</b>						
	<u>2020</u>	<u>2019 Revised</u>	<u>2019 COTO</u>	<u>2019 ASU</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Personal Services	\$ 163,050,514	\$ 165,318,718	\$ 7,922,190	\$ 157,396,528	\$ (2,268,204)	(1.37%)
Scholarships and Fellowships	19,071,674	19,421,293	480,495	18,940,798	(349,619)	(1.80%)
Supplies and Services	73,756,354	69,182,028	3,180,304	66,001,724	4,574,326	6.61%
Self Insurance	20,043,070	20,926,524		20,926,524	(883,454)	(4.22%)
Depreciation	27,088,390	24,524,788	408,151	24,116,637	2,563,602	10.45%
Other	51,522	55,357		55,357	(3,835)	(6.93%)
<b>Total Operating Expenses</b>	<b><u>\$ 303,061,524</u></b>	<b><u>\$ 299,428,708</u></b>	<b><u>\$ 11,991,140</u></b>	<b><u>\$ 287,437,568</u></b>	<b><u>\$ 3,632,816</u></b>	<b>1.21%</b>



**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Nonoperating Expenses**

Total nonoperating expenses decreased by \$355,000.

**Interest**

Interest expense decreased by \$594,000. While all the campuses showed decreases; Jonesboro experienced the largest decrease of \$414,000. The campuses did not incur any new debt during fiscal year 2020. There were two bond refunding issues at Jonesboro and one bond refunding issue at Mountain Home. The lower interest expense is expected due to no additional debt with interest being added and the fact that more of the payments are being applied to principal rather than interest. Additional information on debt administration may be found in the Debt Administration section that follows.

**Gain or Loss on Disposal of Capital Assets**

During the fiscal year, the University had a loss of \$397,000 on capital assets compared to a loss of \$243,000 in fiscal year 2019. The Jonesboro campus had a loss of about \$390,000. This was mainly a result of disposing of renovated space for the IT Store that was not fully depreciated. The area is now part of the space that NYIT uses for the DO School. Additionally, Mid-South also disposed of an asset that was not fully depreciated which accounted for their loss of \$8,500. Newport was the only campus to show a gain of about \$1,100.

**Other Changes**

Other revenues, expenses, gains and losses totaled \$236,000. This amount decreased by \$551,000.

**Capital Appropriations**

Capital appropriations increased by \$19,000. The Jonesboro campus was the only campus with capital appropriations in 2019 as well as 2020. In 2020, the campus received around \$77,200 for projects for the Lakeport Plantation Dairy and the Dyess Colony. These are funds received that are related to the campus's Delta Heritage Office. The remaining funds received in 2020 were related to Marion Berry Phase III-Loop Road. This was the final payment on the project is nearing completion and the campus received about \$44,000 less than in 2019.

**Capital Grants and Gifts**

Capital grants and gifts decreased by \$661,000. The Jonesboro campus had a decline of \$676,000 compared to fiscal year 2019. This was mainly due to the capital gift of the marquee being added in 2019 in the amount of \$690,000. Beebe, Mid-South, Mountain Home, and Newport also had decreases when compared to 2019. Three Rivers had an increase of \$150,000 due to a building and land received during the year.

**Statement of Cash Flows**

The third and final statement presented is the Statement of Cash Flows. This statement presents detailed information about the University's financial activities from the perspective of their effect on cash. The information is presented in five components. The first presents cash inflows and outflows resulting from the University's normal operating activities. The second component presents cash flows from noncapital financing activities; that is, cash received from or spent for activities that do not result from normal operations, capital financing activities, or investing. The third component presents cash inflows and outflows resulting from capital and related financing activities such as debt issuance, lease agreements, and capital appropriations, grants, or gifts. The fourth component presents cash flows resulting from investing activities such as purchases and liquidations of investments and interest, gains, and losses generated by these activities. The fifth component of the Statement of Cash Flows is a reconciliation of the net operating revenues (expenses) for the fiscal year as reported on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash provided (used) by operating activities as presented in component one of the Statement of Cash Flows.



**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Capital Assets**

<b>Capital Assets (net of accumulated depreciation)</b>						
	2020	2019 Revised	2019 COTO	2019 ASU	Increase/ (Decrease)	Percent Change
Land and land improvements	\$ 19,502,919	\$ 19,447,544	\$ 776,762	\$ 18,670,782	\$ 55,375	0.28%
Construction in progress	5,327,472	4,018,016		4,018,016	\$ 1,309,456	32.59%
Livestock	234,901	218,351		218,351	\$ 16,550	7.58%
Intangibles-Software in development	847,761	1,628,858		1,628,858	\$ (781,097)	(47.95%)
Intangibles-Easements	2,675,000	2,675,000		2,675,000	\$ -	0.00%
Intangibles-Software	3,791,437	2,908,019		2,908,019	\$ 883,418	30.38%
Buildings	261,966,577	273,156,005	4,266,596	268,889,409	\$ (11,189,428)	(4.10%)
Improvements and infrastructure	141,834,988	145,885,718	62,146	145,823,572	\$ (4,050,730)	(2.78%)
Equipment	13,499,473	14,773,201	1,316,444	13,456,757	\$ (1,273,728)	(8.62%)
Library/audiovisual holdings	1,370,882	1,440,766	58,324	1,382,442	\$ (69,884)	(4.85%)
<b>Total</b>	<b>\$ 451,051,410</b>	<b>\$ 466,151,478</b>	<b>\$ 6,480,272</b>	<b>\$ 459,671,206</b>	<b>\$ (15,100,068)</b>	<b>(3.24%)</b>

Capital assets, net of accumulated depreciation, at June 30, 2020 and June 30, 2019 were as follows:

Land

The University had two additions of land and land improvements in the amounts of \$41,875 at the Newport campus and \$13,500 at the Three Rivers campus during fiscal year 2020. The land addition at Three Rivers was a capital gift received during the year.

Construction in progress

Construction in progress increased by 32.59%. This increase is mainly attributable to several renovation projects at the Jonesboro campus. Jonesboro had an increase of \$2.4 million. Some of these projects include renovations to the library and student union and campus lighting improvements. Additionally, Mountain Home had a slight increase while the other campuses either reduced their construction in progress or had none during 2020.

Livestock

The change of 7.58% is attributable to an increase of the Jonesboro campus livestock herds of \$12,613 and a slight increase of the Beebe campus's herds in the amount of \$3,937.

Intangibles-Software in development

The Beebe, Mountain Home and Newport campuses have been implementing a new ERP (Enterprise Resource Planning) System. The new software was still in development as of June 30, 2019 for the Newport campus. The University's threshold for capitalizing software is \$1 million and Newport campus completed \$1,709,844 and this amount was transferred to intangibles-software during 2020. The Jonesboro campus has been transitioning to cloud software and currently has \$847,761 of intangibles-software in development.

Intangibles-Easements

The University had no additions or disposals of easements during fiscal year 2020.

Intangibles-Software

The University's increase of \$883,418 consisted of the amount that the Newport campus transferred from intangibles-software in development. In addition, \$826,426 was depreciated for software during fiscal year 2020.

Buildings

The University experienced a decrease of \$11.2 million in the total value of buildings. This is a result of additional depreciation recorded during the year. In fiscal year 2020, the campuses added \$257,987 compared to \$507,614 in fiscal year 2019. Although this amount was higher than in 2019; the amount of depreciation far exceeded the amount of building additions. The Jonesboro and Three Rivers campuses were the only campuses with building additions during the year. The Jonesboro campus added \$121,487 in building additions for a pavilion but also removed several houses that were fully depreciated for the construction of an art studio.

**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

Three Rivers had an addition of \$136,500 in buildings due to a capital gift received during the year. Also, accumulated depreciation increased from \$298,722,574 in 2019 to \$310,056,494 in 2020. This is due to the annual amount of depreciation recorded by each campus. There were no large adjustments since the additions of buildings in the prior year were minor.

Improvements and infrastructure

The 2.78%, or \$4,050,730, decrease in improvements and infrastructure is attributable to the amount of depreciation exceeding the amount of additions during the year. In 2019, there were several projects that were completed totaling approximately \$16.4 million. These included \$10.5 million related to energy performance improvements at the Beebe, Mid-South, and Newport campuses and \$5.9 million at the Jonesboro campus for various projects as well as the addition of a capital gift of a marquee. In fiscal year 2020, there were only \$6.4 million in additions. The Jonesboro campus had the largest amount of additions totaling approximately \$5.2 million. The largest project was the addition of \$3.5 million in improvements to the cafeteria located in the student union. This was a project completed by the campus's food services provider at no cost to the campus in exchange for the campus foregoing the remaining investment funds for the remainder of the project. Additionally, the campus completed several renovations such as parking and residence hall improvements. In addition to a reduced amount of completed projects; the amount of depreciation increased in the fiscal year 2020 due to the additions in fiscal year 2019. In 2019, there was \$7.7 million posted for depreciation compared to \$10.1 million in 2020. Also, the deletions in 2019 were nearly fully depreciated while the 2020 deletions netted to around \$409,000.

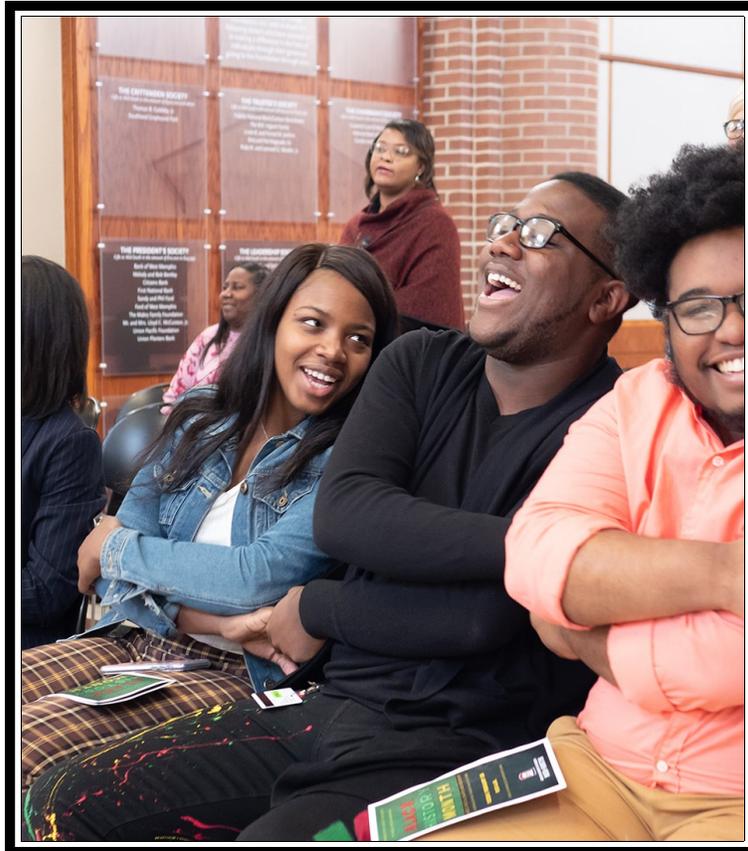
Equipment

Equipment decreased by 8.62%, or \$1,273,728, during the year. Equipment additions decreased from \$4,024,738 in 2019 to \$3,308,868 in 2020. Of the additions for fiscal year 2020, \$151,526 were capital gifts received by the campuses and noted on the Cash Flow Statement as a noncash transaction. Equipment purchases decreased by about \$716,000. The campuses did have reduced spending in light of the COVID pandemic. Depreciation expense increased from \$4,439,663 in 2019 to \$4,547,063 in 2020. The campuses disposed of equipment during the year with a net value of \$35,533.

Library/audiovisual holdings

The University's decrease of \$69,884, or 4.85%, is due to the amount of depreciation exceeding the amount of purchases during the year. Total purchases declined in part to the COVID pandemic during the last part of the fiscal year from a total of \$118,700 compared to \$143,492 in 2019. Depreciation expense decreased from \$220,619 in 2019 to \$188,584 in 2020. Library holdings that were removed during the year were fully depreciated.

Additional information on capital assets by campus may be found in Note 4 in the notes to the financial statements.



**ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

## **Debt Administration**

The University's financial statements indicate \$175,936,217 in bonds payable, \$9,815,080 in notes payable and \$22,326,301 in capital leases payable at June 30, 2020.

The Jonesboro and Mountain Home campuses issued refunding bonds during 2020. The bonds that were refunded included:

Jonesboro	\$1,605,000	2010A Refunding
Jonesboro	\$3,905,000	2012C Taxable Housing
Mountain Home	\$4,785,000	2012 Refunding

Additional information about the refunding is included in Note 5.

The University's bonded indebtedness consists of revenue bonds secured by tuition and fees, property taxes, and auxiliary revenues, such as housing and parking fees. The revenue bonds were issued for educational buildings, student housing, parking improvements, property purchases, plant improvements, and auxiliary facilities.

The \$9,815,080 in notes payable consists of five notes for the Jonesboro campus. These include an \$8,000,000 note to renovate Wilson Hall for the DO School, \$604,000 and \$600,000 notes for energy improvement projects through the state's sustainable revolving loan fund, and a \$1,000,000 note for pedestrian improvements. Additionally, there is a \$1,000,000 note for renovations to the Armory. The campus has benefited from securing zero or very low interest rates for each of these notes. At June 30, 2020, the outstanding amounts for these notes were \$3,748,321, \$332,200, \$330,000, \$402,879, and \$800,000 respectively. The Newport campus has \$829,439 in notes payable for the construction of a Hospitality Building at the ASU-Newport Jonesboro campus location. The Beebe, Mid-South, and Newport campuses have notes payable related to their energy performance improvements and are paid with savings from utility billings. These amounts at the end of 2020 are \$87,767, \$1,424,700, and \$877,674, respectively. The notes payable for the Three Rivers campus include \$825,000 for construction of a new Allied Health building, \$565,000 for the remodel and expansion of a cosmetology building, and \$1,000,000 for the purchase and renovation of an Applied Science Technology building. All three notes were secured through Arkansas Higher Education Coordinating Boards' College Savings Bond Revolving Loan Fund at exceptionally low interest rates. The outstanding amounts for these notes were \$148,027, \$229,763 and \$604,310 respectively.

The Jonesboro campus issued a capital lease during 2016 in the amount of \$15,226,080 for energy savings projects on the campus. The savings from utility billings will be used to pay the debt. Principal payments began in 2019 and the current balance of the debt is \$14,585,346. The Newport campus issued a capital lease during 2017 for IT equipment. The amount of the lease is \$606,934 and a balance of \$121,387 remains at June 30, 2020. The Beebe and Newport campuses added leases payable in the amounts of \$4,930,498 and \$2,951,079, respectively, during fiscal year 2018. Both of these leases payable were for energy performance improvements and will be paid with savings from utility billings. These balances are \$4,766,593 and \$2,852,975, respectively at June 30, 2020.

Additional information on the University's debt may be found in Notes 5, 6 and 15 in the notes to the financial statements.

## **Economic Outlook**

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The extent of the impact of COVID-19 on our financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak and revenue collections – all of which are uncertain and cannot be predicted. However, the economic outlook of the University remains sound at this time.

At the state level, the economy is stable, and revenues are tracking above forecast levels. Arkansas continues to conservatively manage its financial resources; as a result, state appropriations to the University have remained static with no expectation of appreciable increases in the near term. Public higher education will continue to compete with other state agencies and priorities for appropriate levels of funding.

Act 148 of 2017 repealed the needs-based and outcome-centered funding and directed the Arkansas Higher Education Coordinating Board to adopt policies developed by the Department of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in the state.

The University continues to maintain a strong credit rating of A1 by Moody's Investors Service. Achieving and maintaining this

credit ratings provides the University with significant flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the University to provide the necessary resources to support a consistent level of excellence in service to students, the local communities, the state and the nation.

The University continues to proactively manage its enrollment and scholarship administration to strike an appropriate balance between academic standards, demographic and economic changes, and net tuition revenue. The University continues to review all of its existing and potential revenue sources and is working to explore and develop new and innovative funding opportunities.



**ARKANSAS STATE UNIVERSITY SYSTEM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

<b>Current Assets:</b>	
Cash and cash equivalents	\$ 58,281,425
Short-term investments	10,248,840
Accounts receivable (less allowances of \$2,811,665)	37,916,678
Notes and deposits receivable (less allowances of \$481,051)	531,485
Accrued interest and late charges	248,321
Inventories	2,386,296
Deposits with trustees	891,766
Unamortized bond insurance	208,818
Prepaid expenses	665,395
<b>Total Current Assets</b>	<b>111,379,024</b>

<b>Noncurrent Assets:</b>	
Cash and cash equivalents	64,731,319
Restricted cash and cash equivalents	9,395,280
Restricted investments	142,206
Endowment investments	15,423,058
Unrestricted investments	1,269,985
Other long-term investments	16,215,620
Irrevocable split-interest agreement	2,103,882
Accrued interest and late charges	718,259
Deposits with trustees	2,769,640
Accounts receivable	1,949,683
Notes and deposits receivable (less allowances of \$1,466,020)	1,625,439
Capital assets (net of accumulated depreciation of \$471,287,152)	451,051,410
<b>Total Noncurrent Assets</b>	<b>567,395,781</b>
<b>TOTAL ASSETS</b>	<b>678,774,805</b>

<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Excess of bond reacquisition costs over carrying value	3,902,549
Pensions	4,751,249
Other postemployment benefits (OPEB)	2,805,123

<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>690,233,726</b>
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**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	11,674,975
Bonds, notes, and leases payable	12,051,282
Compensated absences	6,534,289
Unearned revenue	8,574,081
Funds held in trust for others	951,095
Deposits	752,501
Interest payable	2,051,654
Other postemployment benefits (OPEB) liability	621,048
<b>Total Current Liabilities</b>	<b>43,210,925</b>

<b>Noncurrent Liabilities:</b>	
Bonds, notes and leases payable	196,026,316
Compensated absences	5,094,870
Other postemployment benefits (OPEB) liability	17,118,286
Net pension liability	17,977,195
Deposits	50,725
Refundable federal advances	3,932,722
<b>Total Noncurrent Liabilities</b>	<b>240,200,114</b>
<b>TOTAL LIABILITIES</b>	<b>283,411,039</b>

<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	5,609,379
Other postemployment benefits (OPEB) liability	9,151,180
Irrevocable split-interest agreement	2,103,882

<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>300,275,480</b>
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**NET POSITION**

Net investment in capital assets	246,952,274
Restricted for nonexpendable purposes:	
Scholarships and fellowships	5,862,834
Renewal and replacement	967,261
Loans	96,574
Other-College and Department Purposes	9,515,757
Restricted for expendable purposes:	
Scholarships and fellowships	1,540,387
Research	149,849
Loans	20,000
Debt service	1,767,582
Renewal and replacement	607,526
Other	5,483,948
Unrestricted	116,994,254
<b>TOTAL NET POSITION</b>	<b>\$ 389,958,246</b>

*The accompanying notes are an integral part of these financial statements.*

**ARKANSAS STATE UNIVERSITY SYSTEM**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>OPERATING REVENUES</b>	
Student tuition and fees (net of scholarship allowances of \$52,969,815)	\$ 66,221,819
Grants and contracts	35,934,215
Sales and services	1,357,006
Auxiliary enterprises (net of scholarship allowances of \$7,917,927)	25,807,261
Self-insurance	6,066,003
Other operating revenues	4,330,037
<b>TOTAL OPERATING REVENUES</b>	<u>139,716,341</u>
<b>OPERATING EXPENSES</b>	
Personal services	163,050,514
Scholarships and fellowships	19,071,674
Supplies and services	73,756,354
Self-insurance	20,043,070
Depreciation	27,088,390
Other	51,522
<b>TOTAL OPERATING EXPENSES</b>	<u>303,061,524</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(163,345,183)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal appropriations	186,847
State appropriations	110,028,373
Grants and contracts	51,532,603
CARES Grants-Related to COVID-19	15,090,160
Sales and use taxes	2,969,188
Property taxes	4,533,364
Gifts	3,239,847
Investment income	3,107,796
Interest on capital asset - related debt	(7,891,345)
Gain or loss on disposal of capital assets	(397,045)
Refunds to grantors	(335,637)
Other nonoperating revenues (expenses)	3,192,729
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<u>185,256,880</u>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	21,911,697
Capital appropriations	98,112
Capital grants and gifts	356,598
Adjustments to capital assets	(247,422)
Capitalization of library holdings at rate per volume	12,256
Livestock additions	16,550
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>22,147,791</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	366,317,993
<b>MERGER WITH COLLEGE OF THE OUACHITAS (NOTE 20)</b>	1,492,462
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>	<u>367,810,455</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 389,958,246</u>

*The accompanying notes are an integral part of these financial statements.*

**ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Student tuition and fees	\$ 64,870,635
Grants and contracts	34,624,922
Auxiliary enterprises revenues	26,337,877
Sales and services	1,348,273
Self-insurance program receipts	5,753,331
Collection of principal and interest related to student loans	684,256
Other receipts	3,119,009
Payments to employees	(140,959,744)
Payments for employee benefits	(25,560,609)
Payments to suppliers	(74,114,338)
Scholarships and fellowships	(19,071,599)
Self insurance program payments	(20,159,037)
Other payments	(860,800)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(143,987,824)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Federal appropriations	214,602
State appropriations	108,528,117
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners	1,527,000
Grants and contracts	49,713,270
CARES Grants-Related to COVID-19	10,465,963
Private gifts and grants	3,471,757
Sales and use taxes	2,949,943
Property taxes	4,445,174
Direct lending, PLUS and FFEL loan receipts	91,460,883
Direct lending, PLUS and FFEL loan payments	(100,031,439)
Agency activity	163,594
Refunds to grantors	(260,576)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>172,648,288</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from capital debt	39,549
Capital appropriations	61,346
Capital gift and grants	136,685
Proceeds from sale of capital assets	28,684
Purchases of capital assets	(8,942,162)
Payments to trustees for bond principal	(8,389,999)
Payments to trustees for bond interest and fees	(6,218,638)
Payments to debt holders for principal (other than bonds)	(2,384,329)
Payments to debt holders for interest and fees (other than bonds)	(959,514)
Property taxes remitted to bond trustees	(2,989,812)
Distribution of excess property taxes from bond trustees	1,606,893
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(28,011,297)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	17,830,494
Interest on investments (net of fees)	2,411,649
Purchases of investments	(12,909,350)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>7,332,793</u>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 7,981,960

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 119,907,097

**MERGER WITH COLLEGE OF THE OUACHITAS (NOTE 20)** 4,518,967

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR, RESTATED** 124,426,064

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 132,408,024

*This statement is continued on the next page.*

*The accompanying notes are an integral part of these financial statements.*

## STATEMENT OF CASH FLOWS (CONTINUED)

### RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (163,345,183)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	27,088,390
Change in assets and liabilities:	
Receivables, net	(1,621,803)
Inventories	315,909
Prepaid expenses	8,652
Accounts and salaries payable	(1,092,758)
Other postemployment benefits (OPEB)	(3,911,928)
Pension obligations	(242,664)
Unearned revenue	(1,603,325)
Deposits	42,167
Refundable federal advances	(876,137)
Compensated absences	1,250,856
Net cash provided (used) by operating activities	<u>\$ (143,987,824)</u>

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### RECONCILIATION OF CASH AND CASH EQUIVALENTS

<b>Current Assets:</b>	
Cash and cash equivalents	\$ 58,281,425
<b>Noncurrent Assets:</b>	
Cash and cash equivalents	64,731,319
Restricted cash and cash equivalents	9,395,280
Total cash and cash equivalents	<u>\$ 132,408,024</u>

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*This statement is continued on the next page.*

*The accompanying notes are an integral part of these financial statements.*

## STATEMENT OF CASH FLOWS (CONTINUED)

### NONCASH TRANSACTIONS

#### JONESBORO

The University issued refunding bonds of \$1,640,000, at a premium of \$25,604. The proceeds of this issue were utilized as follows: \$1,625,023 was remitted to an escrow agent and \$40,581 was used to pay the bond issuance costs.

The University issued refunding bonds of \$3,750,000. The proceeds of this issue were utilized as follows: \$3,678,036 was remitted to an escrow agent and \$71,964 was used to pay the bond issuance costs.

Equipment-capital gifts of \$143,744

Student Union cafeteria improvements of \$3,479,051 received rather than remaining contract payments

Value of equipment traded for equipment-\$3,600

Value of equipment received from vendor discounts-\$64,344

Interest earned on reserve accounts held by trustee-\$26,109

Interest paid from accounts held by trustee-\$110,176

Amount earned on investments-\$365,092

#### BEEBE

Interest earned on reserve accounts held by trustee-\$2,942

Interest paid from accounts held by trustee-\$3,764

#### MID-SOUTH

Interest earned on reserve accounts held by trustee-\$29,673

Trustee payments for retirement of bond principal-\$555,000

Trustee payment for bond interest-\$748,052

Trustee payment for bond fees-\$4,075

Unrealized gain on investments-\$267,343

#### MOUNTAIN HOME

The University issued refunding bonds of \$4,885,000. The proceeds of this issue were utilized as follows: \$4,794,248 was remitted to an escrow agent and \$90,752 was used to pay the bond issuance costs.

Interest earned on reserve accounts held by trustee-\$493

Interest paid from accounts held by trustee-\$1,389

#### NEWPORT

Interest earned on reserve accounts held by trustee-\$176

Amount of interest earned on CD's reinvested with CD's-\$6,262

Equipment-capital gifts of \$7,782

#### THREE RIVERS

Land-capital gift of \$13,500

Building-capital gift of \$136,500

*The accompanying notes are an integral part of these financial statements.*

**ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,876,860
Certificates of deposit	5,015,763
Prepaid expenses	19,835
Contributions receivable, net	7,290,530
Investments, at fair value	86,437,782
Property and equipment, net	1,734,996
Other assests	99,442
<b>TOTAL ASSETS</b>	<u>\$ 112,475,208</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 121,324
Annuity obligations	16,000
Due to Arkansas State University campuses	6,348,701
Due to Alumni Association	40
Amounts held on behalf of Arkansas State University related entities	13,435,546
<b>TOTAL LIABILITIES</b>	<u>19,921,611</u>
<b>NET ASSETS</b>	
Without donor restrictions	
Undesignated	2,049,701
Board designated	4,742,823
Total without donor restrictions	<u>6,792,524</u>
With donor restrictions	
Restricted as to purposes	10,992,001
Restricted in perpetuity	74,769,072
Total with donor restrictions	<u>85,761,073</u>
<b>TOTAL NET ASSETS</b>	<u>92,553,597</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 112,475,208</u>

**ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.**

**DISCRETELY PRESENTED COMPONENT UNIT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>REVENUE AND OTHER SUPPORT</b>			
Contributions	\$ 397,769	\$ 5,256,676	\$ 5,654,445
Investment return, net	352,193	2,302,866	2,655,059
Other income	180,435	169,700	350,135
Net assets released from restrictions	<u>3,566,721</u>	<u>(3,566,721)</u>	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>4,497,118</u>	<u>4,162,521</u>	<u>8,659,639</u>
<b>EXPENSES</b>			
Program services	4,418,017		4,418,017
Management and general supporting services	131,176		131,176
Change in split-interest agreements		<u>16,000</u>	<u>16,000</u>
<b>TOTAL EXPENSES</b>	<u>4,549,193</u>	<u>16,000</u>	<u>4,565,193</u>
<b>CHANGE IN NET ASSETS</b>	(52,075)	4,146,521	4,094,446
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>6,844,599</u>	<u>81,614,552</u>	<u>88,459,151</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 6,792,524</u>	<u>\$ 85,761,073</u>	<u>\$ 92,553,597</u>

**ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Academic activities	\$ 823,500		\$ 823,500
Administrative support	350,490		350,490
Student activities	21,139		21,139
Transfers - ASU	463,798		463,798
Transfers - scholarships	1,160,193		1,160,193
Transfers - supplies and services	754,194		754,194
Transfers - payroll	206,310		206,310
Transfers - fixed assets	30,000		30,000
Transfers - other	83,693		83,693
Salaries and benefits	337,924	\$ 84,481	422,405
Depreciation	42,414	10,604	53,018
Other	144,362	36,091	180,453
<b>TOTAL EXPENSES</b>	<u>\$ 4,418,017</u>	<u>\$ 131,176</u>	<u>\$ 4,549,193</u>

**ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.****DISCRETELY PRESENTED COMPONENT UNIT****STATEMENT OF FINANCIAL POSITION****JUNE 30, 2020****ASSETS**

## Current Assets

Cash	\$ 3,777,751
Investment securities	770,238
Receivables, current portion	5,074,955
Related party prepaid lease, current portion	<u>1,700,000</u>
Total Current Assets	<u>11,322,944</u>

## Property and Equipment

Property and equipment	17,793
Less accumulated depreciation	<u>(17,164)</u>
Total Property and Equipment	629

## Other Assets

Receivables, net of current portion and amortization	15,606,466
Related party prepaid lease, net of current portion	6,091,667
Real estate	206,100
Construction in process	<u>29,530,664</u>
Total Other Assets	<u>51,434,897</u>

## Endowment Investments, at fair value

1,809,193

**TOTAL ASSETS**\$ 64,567,663**LIABILITIES AND NET ASSETS**

## Current Liabilities

Accounts payable	\$ 12,601
Accrued interest payable	42,496
Current portion long-term debt	2,369,726
Current portion deferred revenue	<u>4,355,157</u>
Total Current Liabilities	<u>6,779,980</u>

## Long-Term Debt, net of current portion

28,389,631

## Deferred Revenue, net of current portion

19,390,399

**NET ASSETS**

Without donor restrictions	(136,202)
With donor restrictions	<u>10,143,855</u>
Total Net Assets	<u>10,007,653</u>

**TOTAL LIABILITIES AND NET ASSETS**\$ 64,567,663

**ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.**

**DISCRETELY PRESENTED COMPONENT UNIT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2020**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES, GAINS, AND SUPPORT</b>			
Contributions	\$ 1,267,014	\$ 485,100	\$ 1,752,114
In-kind contributions	391,347		391,347
Special events/fundraising	25,220	559,138	584,358
Other income	100	5,566,068	5,566,168
Investment return	67,614	(106,149)	(38,535)
Net assets released from restrictions			
Satisfaction of purpose restrictions	5,340,138	(5,340,138)	
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<u>7,091,433</u>	<u>1,164,019</u>	<u>8,255,452</u>
<b>EXPENSES</b>			
General and administrative	785,490		785,490
Athletic program services	5,403,592		5,403,592
Special events/fundraising	262,528		262,528
<b>TOTAL EXPENSES</b>	<u>6,451,610</u>		<u>6,451,610</u>
<b>CHANGES IN NET ASSETS BEFORE TRANSFERS</b>	<u>639,823</u>	<u>1,164,019</u>	<u>1,803,842</u>
<b>TRANSFERS</b>			
Transfers to ASU athletic programs	50,233	5,096	55,329
Other transfers to ASU	2,188,031	244,177	2,432,208
<b>TOTAL TRANSFERS</b>	<u>2,238,264</u>	<u>249,273</u>	<u>2,487,537</u>
<b>CHANGE IN NET ASSETS</b>	<u>(1,598,441)</u>	<u>914,746</u>	<u>(683,695)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	551,083	9,229,109	9,780,192
<b>PRIOR PERIOD ADJUSTMENT</b>	911,156		911,156
<b>NET ASSETS, END OF YEAR</b>	<u>\$ (136,202)</u>	<u>\$ 10,143,855</u>	<u>\$ 10,007,653</u>

**ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL AND ADMINISTRATIVE	ATHLETIC PROGRAM SERVICES	SPECIAL EVENTS FUNDRAISING	TOTAL
Accounting fees	\$ 10,500			\$ 10,500
Advertising	11,360	\$ 49,650	\$ 32,389	93,399
Supplies	2,962	26,600	4,881	34,443
Telephone	1,025			1,025
Postage and shipping	13,604	82		13,686
Occupancy		90,940		90,940
In-kind facilities	17,338			17,338
Rent expense	800	1,702,060		1,702,860
Rentals and maintenance	2,088	9,838	113,552	125,478
Computer software	5,654			5,654
Printing and publication	5,117	14,119	181	19,417
Travel	7,582	224,492	1,352	233,426
In-kind courtesy cars	24,119			24,119
Conference meetings		16,386		16,386
Meals and entertainment		222,860	104,902	327,762
Interest expense		1,131,592		1,131,592
Depreciation	391			391
Legal fees	161			161
Contract labor	2,046	20,458	3,487	25,991
Contract services	169,205	1,535,629		1,704,834
In-kind services	349,889			349,889
Dues/memberships	45	54,397		54,442
Professional services		755		755
Insurance	4,722	2,971	50	7,743
Employee benefits	120,123	17,191		137,314
Miscellaneous	1,738	31,215	1,734	34,687
Bank charges	35,021	2,473		37,494
Bad debt expense		249,884		249,884
<b>TOTAL EXPENSES</b>	<u>\$ 785,490</u>	<u>\$ 5,403,592</u>	<u>\$ 262,528</u>	<u>\$ 6,451,610</u>

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1.  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

**Jonesboro**

Arkansas State University-Jonesboro, an Institution of Higher Education of the State of Arkansas, developed from one of four State agricultural schools established in 1909 by an act of the Arkansas General Assembly. The University opened as a vocational high school in 1910 and was reorganized as a junior college in 1918. The name was changed to State Agricultural and Mechanical College by an act of the Legislature in 1925. Authority to extend the curriculum, offer senior college work, and grant degrees was granted in 1931. In 1933, the Legislature changed the name of the College to Arkansas State College. Master-level programs were begun in 1955. In January 1967, the Legislature passed an act authorizing a change in the name of Arkansas State College to Arkansas State University, effective July 1, 1967. The University's first doctoral degree in Educational Leadership was awarded in 1992.

**Beebe**

Arkansas State University-Beebe began in 1927 as Junior Agricultural School of Central Arkansas. In 1955, the Arkansas General Assembly designated the school a campus of Arkansas State College. The branch campus was designated as Arkansas State College-Beebe Branch. The institution established a campus at the Little Rock Air Force Base in 1965. The campus became Arkansas State University-Beebe in 1967. Act 90 of 2001 eliminated the word "branch" from the references to campuses of Arkansas State University.

ASU-Heber Springs, a Center of ASU-Beebe, was officially established by Act 426 of 1999 in response to the community's desire to have a two-year college presence in Cleburne County.

Effective July 1, 2003, Foothills Technical Institute in Searcy merged with ASU-Beebe to become ASU-Searcy, a Technical Campus of ASU-Beebe.

**Mountain Home**

In 1991, the Arkansas General Assembly created Mountain Home Technical College through the merger of Baxter County Community/Technical Center and the North Arkansas Community/Technical Center in Mountain Home. On October 19, 1993, the voters of Baxter County authorized the levy of a two mill tax to support operations at the Arkansas State University-Mountain Home campus. The institution was designated Arkansas State University-Mountain Home in 1995.

**Newport**

Under the provisions of Ark. Code Ann. § 6-53-405, White River Technical College was consolidated with Arkansas State University-Beebe campus effective July 1, 1992 and named Arkansas State University-Newport. Subsequently, the Newport campus separated itself from Beebe to become a stand-alone campus.

Effective July 1, 2001, Delta Technical Institute was merged to the University to become the Arkansas State University Technical Center. The Technical Center is part of the Newport campus and consists of two campuses located at Marked Tree and Jonesboro.

**Mid-South**

Mid-South Vocational Technical School, an institution of higher education of the State of Arkansas and located in West Memphis, began operations January 18, 1982. Effective July 1, 1991, the College's name was changed to Mid-South Technical College under the provision of Ark. Code Ann. § 6-53-301. On February 16, 1993, the voters approved a four mill property tax for the creation of the community college. During April 1993, the Arkansas State Board of Higher Education approved the change in status of Mid-

South Technical College to Mid-South Community College. Effective July 1, 2015 under the provisions of Ark. Code Ann. § 6-60-102, Mid-South Community College merged with the Arkansas State System to become Arkansas State University-Mid-South.

**Three Rivers**

Ouachita Vocational Technical School began operations in January 1972. Effective July 1, 1991, the entity's name was changed to Ouachita Technical College under the provisions of Act 617 of 1991. The College became under the jurisdiction of the Arkansas State Board of Higher Education. On March 8, 2011, Act 208 of 2011 was approved changing the name of the entity to College of the Ouachitas effective July 27, 2011. Effective January 1, 2020 under the provisions of Ark. Code Ann. § 6-60-102, College of the Ouachitas merged with the Arkansas State University System to become Arkansas State University Three Rivers.

**System**

In 1998, the Arkansas State University Board of Trustees approved the recognition and designation of the Arkansas State University System to encompass the campuses and locations.

The Arkansas State University System is governed by the Board of Trustees, which consists of five persons appointed by the Governor of the State of Arkansas. Terms of appointments are for five years and Board members may be re-appointed by the Governor for a second five year term.

**Component Units**

**Arkansas State University System Foundation, Inc.**

The Arkansas State University System Foundation, Inc. (the ASU Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The ASU Foundation acts primarily as a fund-raising and asset management organization to develop and supplement the resources that are available to the University in support of its mission and programs. The 33 member board of the ASU Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the ASU Foundation, the majority of resources, or income thereon, which the ASU Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the ASU Foundation may only be used by, or for the benefit of the University, the ASU Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, Determining Whether Certain Organizations are Component Units. Accordingly, the financial statements of the ASU Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2020, the ASU Foundation transferred property, equipment and funds of \$2,698,188 to the University for academic support. Complete financial statements for the ASU Foundation may be obtained from the ASU Foundation at P.O. Box 1990, State University, AR 72467-1990.

The ASU Foundation reports under the requirements of the Not-for Profit Organizations Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the ASU Foundation's financial information in the University's financial statements.

**Arkansas State University Red Wolves Foundation, Inc.**

The Arkansas State University Red Wolves Foundation, Inc. (the RW Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The RW Foundation is dedicated to aid, assist, and promote the development of intercollegiate athletics at the Jonesboro campus and to work with the Uni-

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versity's administration in serving the institution. The RW Foundation's support comes primarily through donor contributions. The RW Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, Determining Whether Certain Organizations are Component Units. Accordingly, the financial statements of the RW Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2020, the RW Foundation transferred property, equipment and funds of \$2,487,537 to the University for support. Complete financial statements for the RW Foundation may be obtained from the RW Foundation at P.O. Box 2219, State University, AR 72467-1990.

The RW Foundation reports under the requirements of the Not-for Profit Organizations Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the RW Foundation's financial information in the University's financial statements.

### **Financial Statement Presentation**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement no. 34, Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments. GASB Statement no. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities, followed this in November 1999. The financial statement presentation required by GASB no. 34 and no. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

In June 2011, the GASB issued Statement no. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The use of net position as the residual of all other elements presented in a statement of financial position has also been identified. This statement amends the net asset reporting requirement in Statement no. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In March 2012, the GASB issued Statement no. 65, Items Previously Reported as Assets and Liabilities. This statement is related to Statement no. 63 in that it establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources



or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In June 2012, the GASB issued Statement no. 68, Accounting and Financial Reporting for Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

In June 2015, the GASB issued Statement no. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement revises existing standards for measuring and reporting retiree benefits provided by the University to its employees.

In March 2016, the GASB issued Statement no. 81, Irrevocable Split-Interest Agreements. Although the effective date of the Standard is for fiscal year 2018, the University early implemented the requirements of the Standard in accounting for an irrevocable split-interest agreement at the Jonesboro campus in fiscal year 2017.

In May 2020, the GASB issued Statement no. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement postpones the following Statements that are relevant to the University due to the COVID-19 pandemic: Statement no. 84 Fiduciary Activities, Statement no. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, and Statement no. 87, Leases.

### **Basis of Accounting**

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The consolidated University financial statements were prepared from the separate statements of the six (6) campuses. Financial transactions among the campuses were not considered material in amount or consequence and, accordingly, were not eliminated from the consolidated statements.

### **Capital Assets and Depreciation**

Land, buildings, improvements and infrastructure, equipment, audiovisual holdings and construction in progress are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Livestock held for educational purposes is record-



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ed at cost or estimated acquisition value. Library holdings are recorded at cost or a stated rate per volume. For the campuses that record library holdings at a stated rate per volume, the additions for the fiscal year are displayed as a separate line item on the Statement of Revenues, Expenses and Changes in Net Position. Library holdings that are capitalized do not include periodicals, microfilm, microfiche and government documents. The University follows capitalization guidelines established by the State of Arkansas. The University's capitalization policy for equipment is to record, as assets, any items with a unit cost of more than \$5,000 and an estimated useful life greater than one year. Improvements to buildings, infrastructure, and land that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense when incurred. Interest costs incurred are no longer capitalized during the period of construction. The University early implemented GASB Statement no. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, during fiscal year 2019. This statement was effective for reporting periods beginning after December 15, 2019, but was postponed by one year due to the COVID-19 pandemic.

At the Jonesboro campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 30 years for residence halls, 20 years for improvements and infrastructure, 15 years for library and audiovisual holdings, 10 years for leasehold improvements, and 3 to 7 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. No depreciation is taken the year of disposal.

At the Mid-South campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 20 years for mobile classrooms and metal structures, 20 years for improvements and infrastructure, 15 years for library and audiovisual holdings, and 5 to 15 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is started in the month of acquisition. No depreciation is taken the year of disposal.

At the Three Rivers campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 20 to 50 years for buildings, 10 to 40 years for improvements and infrastructure, 15 years for library and audiovisual holdings, and 5 to 20 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is started in the month of acquisition. Depreciation is taken in the year of disposal for equipment only.

For all other campuses, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 to 30 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, and 3 to 20 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. No depreciation is taken the year of disposal.

Easements are considered intangible assets and are capitalized at either the cost at the date of acquisition or acquisition value at the date of donation in the case of gifts.

Software costing \$1,000,000 or more is capitalized as an intangible asset and is amortized over the life of the software.

### **Operating and Nonoperating Revenues**

Revenues of the University are classified as either operating or nonoperating according to the following criteria:

Operating Revenues: Operating revenues result from activities that have characteristics of exchange transac-

tions; that is, the University receives payment in exchange for providing services or products to students or other constituencies. Student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary operations, net of scholarship discounts and allowances, and most federal, state, local, and private grants are the main categories of operating revenues for the University.

Nonoperating Revenues: Nonoperating revenues are those revenues that result from nonexchange transactions or from activities specifically defined as nonoperating by the GASB. Examples of nonoperating revenues include state appropriations, certain grants and contracts, sales and use taxes, property taxes, and investment income. State appropriations from the state are considered nonoperating under the definitions set forth by the GASB because the University does not provide a direct and commensurate benefit to the legislature in exchange for them.

### **Cash Equivalents**

For purposes of the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

### **Accounts Receivable**

Accounts receivable consists of assets the University is legally entitled to, but for which payment has not been received as of the close of the fiscal year at June 30, 2020. The various sources of the University's receivables are detailed in a subsequent note. Receivables are presented net of any estimated uncollectible amounts in accordance with generally accepted accounting principles.

### **Investments**

An investment is a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. The University accounts for its investments, except for nonparticipating contracts, at fair value in accordance with GASB Statement no. 72, *Fair Value Measurement and Application*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly



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transaction between market participants at the measurement date. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost in accordance with GASB Statement no. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

The University's policy is to report all endowment funds administered by other parties for investment purposes as investments in the financial statements.

Detailed information of the University's investments is provided in Note 2.

### **Inventories**

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

### **Noncurrent Cash and Investments**

Cash and investments that are externally restricted for endowment scholarships and other purposes or to purchase or construct capital assets, are classified as noncurrent assets in the Statement of Net Position. Additionally, this classification includes other long-term investments with original maturity dates greater than one year.

### **Restricted/Unrestricted Resources**

The University has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred.

### **Unearned Revenues**

Unearned revenues consist primarily of amounts received prior to the end of the fiscal year for tuition and fees and certain auxiliary activities that relate to a subsequent accounting period. For example, payments for tuition and fees for the second summer term or season football tickets for the upcoming fall season received prior to June 30, 2020 are treated as unearned revenues. They are considered liabilities of the University until earned.

### **Compensated Absences Payable**

Employee vacation, sick leave, and compensatory time earned, but not paid, and related matching costs are recorded as a liability and expense on the University's financial statements as required by generally accepted accounting principles. An estimate is made to allocate this liability between its current and noncurrent components.

### **Deposits with Trustees**

Deposits with trustees are externally restricted and held by various banks for the University. They are maintained in order to make



debt service payments, to maintain sinking or reserve funds as required by bond covenants, or to purchase or construct capital assets.

### **Noncurrent Liabilities**

Noncurrent liabilities include (1) principal amounts of bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and related matching costs and other liabilities that will not be paid within the next fiscal year; (3) estimated amounts for deposits held that will not be paid within the next fiscal year; (4) other postemployment benefits (Note 12); (5) net pension liability (Note 8); and (6) the refundable federal portion of the Perkins Loan Program.

### **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 (APERS) and Arkansas Teacher Retirement System (ARTRS) and additions to/deductions from their respective fiduciary net position have been determined on the same basis as they are reported by each retirement system. 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.

### **Property Taxes**

The Mid-South and Mountain Home campuses receive property tax revenues. These property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

### **Sales and Use Taxes**

Effective January 2003, the electors of Jackson County, by a majority vote, approved the levy of a one-half of one percent (1/2%) sales and use tax for the ASU-Newport campus. This tax will be utilized for capital improvements and operation and maintenance. Additionally, the electors of Cleburne County approved the levy of a one-half of one percent (1/2%) sales and use tax for the Heber Springs campus. The tax will also be utilized for capital improvements and operation and maintenance.

### **Funds Held in Trust for Others**

The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University.

### **Net Position**

The University's net position is classified as follows:

**Net Investment in Capital Assets:** This classification represents the University's total investment in capital assets, net of outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this category.

**Restricted Net Position:** Within this classification there are two (2) categories of net position:

- **Restricted, expendable:** Restricted expendable net position includes resources for which the University is legally or contractually obligated to spend only in accordance with restrictions imposed by external parties.

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- **Restricted, nonexpendable:** Nonexpendable restricted net position consists of endowment and similar type funds for which donors or other external parties have stipulated that the principal or corpus is to be maintained inviolate and in perpetuity and invested only for the purpose of producing income which may either be expended in accordance with the donors' or external parties' stipulations or added to the principal.

**Unrestricted Net Position:** Unrestricted net position represents resources of the University that are unrelated to capital items and not externally restricted. These resources may be expended at the discretion of the University's governing board in the educational and general operations of the University and in furtherance of its mission.

**Scholarship Discounts and Allowances**

Student tuition and fees, and certain other revenues received 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 University's stated rates and charges and the amount actually paid by students and/or third parties making payments on behalf of the students. Under this approach, scholarships awarded by the University are considered as reductions in tuition and fee revenues rather than as expenses. Additionally, certain governmental grants, such as Pell grants, and payments from other federal, state or non-governmental programs, are required to be recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the University has reported a corresponding scholarship discount or allowance.



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**NOTE 2.  
PUBLIC FUND DEPOSITS AND INVESTMENTS**

Cash deposits are carried at cost. The University's cash deposits at year end are shown below:

	<b>Carrying Amount</b>	<b>Bank Balance</b>
Insured (FDIC)	\$ 3,727,803	\$ 3,740,129
Insured (SIPC)	301	301
Collateralized:		
Collateral held by the pledging bank or pledging bank's trust department in the University's name	137,568,969	138,364,506
Uninsured, Uncollateralized	2,212,002	2,058,182
<b>Total Deposits</b>	<u><u>\$ 143,509,075</u></u>	<u><u>\$ 144,163,118</u></u>

The above deposits do not include cash on deposit in the state treasury and cash on hand maintained by the University in the amounts of \$6,118,576 and \$70,010 at June 30, 2020, respectively. Also, the above amount does not include \$100,727 in cash and cash equivalents and \$400,000 in certificates of deposits held by the ASU Foundation for license plate scholarships classified as short-term investments and \$56,053 of money market funds classified as cash and cash equivalents. The above total deposits include certificates of deposits of \$17,446,307 reported as investments and classified as nonnegotiable certificates of deposit and money market checking accounts of \$110 reported as deposits with trustees. Additionally, the deposits do not include money market checking accounts of \$1,836 reported as deposits with trustees.

**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. The University's policy states that investments made by the University, excluding those funds donated for endowment purposes, should be secure with no risk of loss. All investments must be fully collateralized with such collateral being evidenced by a bonded, third-party custody receipt provided to the campus making the investment. Collateral may be of three types including: (a) United States government securities, (b) securities of agencies of the United States, or (c) general obligation bonds of cities, counties, or school districts of the state of Arkansas. At June 30, 2020, \$2,058,182 of the University's bank balance of \$144,163,118 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$2,058,182

**Deposits with Trustees**

At June 30, 2020, the University's deposits with trustees totaled \$3,661,406. Other than the money market checking accounts of \$1,946, the details of the deposits with trustee by campus are below.

Jonesboro

At June 30, 2020, the University's deposits with trustee of \$1,197,526 were primarily invested in the Federated Hermes Treasury Obligations Fund, a money market treasury fund and the Federated Hermes U.S. Treasury Cash Reserves. These funds were rated Aaa-mf by Moody's Investors Service. The Federated Hermes Treasury Obligations Fund consisted primarily of repurchase agreements and short-term U.S. Treasury securities. The weighted average maturity was approximately 44 days. The Federated U.S. Treasury Cash Reserves consisted of short-term U.S. Treasury securities had a weighted average maturity of 39 days.

The deposits with trustee consisted of funds either obligated as debt reserves for the University's bond issues or earmarked for specific capital projects.

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Fair market value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair market value of the deposits with trustee at June 30, 2020 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 1,197,526	\$ -	\$ -	\$ 1,197,526

Mid-South

At June 30, 2020, the University's deposits with trustee of \$2,461,934 were invested by US Bank. The fund invests solely in First American Government Obligations, a money market treasury fund. The objective of the fund, rated AAAm and Aaa-mf by Standard and Poor's and Moody's Investors Service, respectively, is to maximize current income consistent with preserving capital and maintaining daily liquidity. The effective average maturity was approximately 43 days.

The deposits with trustee consist of funds obligated as debt reserves for the University's bond issues.

Fair market value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair market value of the deposits with trustee at June 30, 2020 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 2,461,934	\$ -	\$ -	\$ 2,461,934



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**University Investments (Excluding Endowment Funds)**

At June 30, 2020, the University's investments, excluding endowment funds, consisted of corporate bonds of \$2,190,908, U.S. agencies of \$1,362,419, negotiable certificates of deposit of \$1,423,847, and U.S. Treasury notes of \$5,053,170. Details of the investments by campus are below.

Jonesboro

At June 30, 2020, the University's investments, excluding endowment funds, consisted of corporate bonds of \$770,877, U.S. agencies of \$949,338 and negotiable certificates of deposit of \$1,423,847.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
\$ -	\$ 509,099	\$ 261,778	\$ -	\$ 770,877

The U.S. agencies will mature as follows:

Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
\$ 263,442	\$ -	\$ -	\$ 685,896	\$ 949,338

The negotiable certificates of deposits will mature as follows:

Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
\$ 553,253	\$ 870,594	\$ -	\$ -	\$ 1,423,847

Credit risk – The credit quality ratings of the corporate bonds by Moody's Investors Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
\$ -	\$ 659,418	\$ 111,459	\$ -	\$ -	\$ 770,877

The credit quality ratings of the U.S. agencies by Moody's Investors Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
\$ 263,442	\$ 353,129	\$ 258,600	\$ -	\$ 74,167	\$ 949,338

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 4.302 years at June 30, 2020. The U.S. agencies had an estimated weighted average maturity of 10.786 years at June 30, 2020. The negotiable certificates of deposit had an estimated weighted average maturity of 0.998 years at June 30, 2020. The University's investment policy does not specifically limit operating investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment policy states the portfolio shall be designed to attain an above market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and cash flow requirements.

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Concentration of credit risk – The University does not limit the amount of operating funds invested in any one issuer.

**Custodial Credit Risk - Investments**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of its investments. At June 30, 2020, negotiable certificates of deposits of \$1,423,847 were exposed to custodial credit risk.

Fair market value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair market value of the corporate bonds at June 30, 2020 are shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 770,877	\$ -	\$ -	\$ 770,877

The fair market value of the U.S. agencies at June 30, 2020 are shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 949,338	\$ -	\$ -	\$ 949,338

The fair market value of the negotiable certificates of deposit at June 30, 2020 are shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 1,423,847	\$ -	\$ -	\$ 1,423,847

Mid-South

At June 30, 2020, the University's investments consisted of corporate bonds of \$1,420,031, U.S. agencies of \$413,081, and U.S. Treasury notes of \$5,053,170.

Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
\$ 204,315	\$ 809,462	\$ 406,254	\$ -	\$ 1,420,031

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The U.S. agencies will mature as follows:

Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
\$ 201,236	\$ 211,845	\$ -	\$ -	\$ 413,081

The U.S Treasury notes will mature as follows:

Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
\$ 1,009,435	\$ 2,906,722	\$ 1,137,013	\$ -	\$ 5,053,170

Credit risk – The credit quality ratings of the corporate bonds by Moody’s Investors Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
\$ 84,311	\$ 318,993	\$ 1,016,727	\$ -	\$ -	\$ 1,420,031

The credit quality ratings of the U.S. agencies by Moody’s Investor Service are shown below:

Aaa	Aa	A	Baa	Not Rated	Total
\$ 413,081	\$ -	\$ -	\$ -	\$ -	\$ 413,081

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 4.104 years at June 30, 2020. The U.S. agencies had an estimated weighted average maturity of 1.398 years at June 30, 2020. The U.S. Treasury notes had an estimated weighted average maturity of 3.891 years at June 30, 2020. The University’s investment policy does not specifically limit operating investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment policy states the portfolio shall be designed to attain an above market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and cash flow requirements.

Concentration of credit risk – The University does not limit the amount of operating funds invested in any one issuer.

Fair market value – The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair market value of the corporate bonds at June 30, 2020 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ 1,420,031	\$ -	\$ -	\$ 1,420,031

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The fair market value of the U.S. agencies at June 30, 2020 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 413,081	\$ -	\$ -	\$ 413,081

The fair market value of the U.S. Treasury notes at June 30, 2020 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 5,053,170	\$ -	\$ -	\$ 5,053,170



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**Endowment Investments**

Except for the endowment investments of the R.E. Lee Wilson, Sr. Trust and the V.C. and Bertie H. Kays Educational Trust, all remaining endowment funds are included in an investment pool administered by the Arkansas State University Foundation, Inc. Endowment investments totaling \$5,006,145 were exposed to custodial credit risk because they were uninsured securities held by the Counterparty Trust Department or Agent and not in the University's name.

The Jonesboro campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 11.17% or \$9,658,559 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	\$ 2,707,391
Cash/Cash Equivalents	222,312
Domestic Equity Mutual Funds	1,227,278
Domestic Equities	1,402,791
Global Equity Funds	672,139
Hedge Fund	766,662
International Equities	695,887
International Equity Mutual Funds	979,983
Real Estate	205,316
Real Estate Funds	286,215
Venture Capital and Partnerships	492,585
<b>Total</b>	<b>\$ 9,658,559</b>

The ASU Foundation provides for investments in various investment securities, which generally are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment activities will occur.

The fair market value of the investments at June 30, 2020 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 8,924,871	\$ -	\$ 733,688	\$ 9,658,559

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The Beebe campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 0.88% or \$758,354 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	\$ 213,140
Cash/Cash Equivalents	14,696
Domestic Equity Mutual Funds	96,640
Domestic Equities	110,491
Global Equity Funds	53,460
Hedge Fund	60,400
International Equities	54,817
International Equity Mutual Funds	77,179
Real Estate	16,175
Real Estate Funds	22,548
Venture Capital and Partnerships	38,808
<b>Total</b>	<b>\$ 758,354</b>

The ASU Foundation provides for investments in various investment securities, which generally are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment activities will occur.

The fair market value of the investments at June 30, 2019 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 703,371	\$ -	\$ 54,983	\$ 758,354

**R.E. Lee Wilson, Sr. Trust Investments**

The R.E. Lee Wilson, Sr. Trust of \$3,415,420 consisted of the following types of investments held in trust by a third party for the Jonesboro campus:

Type	Amount
Bond Funds	\$ 253,386
Corporate Bonds	488,864
Cash Equivalents	87,162
U.S. Agencies	395,962
Equities	2,190,046
<b>Total</b>	<b>\$ 3,415,420</b>

**ARKANSAS STATE UNIVERSITY SYSTEM**  
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The corporate bonds and U.S. agencies will mature as follows:

	Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
Corporate Bonds	\$ 96,065	\$ 125,599	\$ 169,406	\$ 97,794	\$ 488,864
U.S. Agencies	-	41,705	49,826	304,431	395,962
<b>Total</b>	<b>\$ 96,065</b>	<b>\$ 167,304</b>	<b>\$ 219,232</b>	<b>\$ 402,225</b>	<b>\$ 884,826</b>

Credit risk – The credit quality ratings of the corporate bonds and U.S. agencies by Moody’s Investor Services are below:

	Aaa	Aa	A	Baa	Not Rated	Total
Corporate Bonds	-	\$ 102,054	\$ 229,566	\$ 149,201	\$ 8,073	\$ 488,894
U.S. Agencies	154,887	-	-	-	241,075	395,962
<b>Total</b>	<b>\$ 154,887</b>	<b>\$ 102,054</b>	<b>\$ 229,566</b>	<b>\$ 149,201</b>	<b>\$ 249,148</b>	<b>\$ 884,856</b>

Interest rate risk – The trust portfolio consists of corporate bonds and U.S. agencies had an estimated weighted average maturity of 7.867 and 17.915 years, respectively, at June 30, 2020.

The fair market value of the investments at June 30, 2020 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 3,415,420	-	-	\$ 3,415,420

**V.C. and Bertie H. Kays Educational Trust Investments**

The V.C. and Bertie H. Kays Educational Trust of \$1,590,725 consisted of the following types of investments held in trust by a third party:

Type	Amount
Bond Funds	\$ 126,607
Corporate Bonds	247,447
Cash Equivalents	34,519
U.S. Agencies	196,036
Equities	981,015
Other	5,101
<b>Total</b>	<b>\$ 1,590,725</b>

**ARKANSAS STATE UNIVERSITY SYSTEM**  
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The corporate bonds and U.S. agencies will mature as follows:

	Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
Corporate Bonds	\$ 48,526	\$ 64,880	\$ 89,554	\$ 44,487	\$ 247,447
U.S. Agencies	4	22,444	15,818	157,770	196,036
<b>Total</b>	<b>\$ 48,530</b>	<b>\$ 87,324</b>	<b>\$ 105,372</b>	<b>\$ 202,257</b>	<b>\$ 443,483</b>

Credit risk – The credit quality ratings of the corporate bonds and U.S. agencies by Moody’s Investor Services are below:

	Aaa	Aa	A	Baa	Not Rated	Total
Corporate Bonds	\$ -	\$ 50,332	\$ 116,875	\$ 75,194	\$ 5,046	\$ 247,447
U.S. Agencies	77,071	-	-	-	118,965	196,036
<b>Total</b>	<b>\$ 77,071</b>	<b>\$ 50,332</b>	<b>\$ 116,875</b>	<b>\$ 75,194</b>	<b>\$ 124,011</b>	<b>\$ 443,483</b>

Interest rate risk – The trust portfolio consists of corporate bonds and U.S. agencies had an estimated weighted average maturity of 7.484 and 18.440 years, respectively, at June 30, 2020.

The fair market value of the investments at June 30, 2020 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
\$ 1,590,725	\$ -	\$ -	\$ 1,590,725

**NOTE 3.**  
**INCOME TAXES**

The Institution is tax exempt under the Internal Revenue Service code and is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4.  
CAPITAL ASSETS**

Following are the changes in capital assets for the year ended June 30, 2020:

<b>Arkansas State University-Jonesboro</b>					
	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>June 30, 2020</b>
<b>Nondepreciable capital assets:</b>					
Land and improvements	\$ 7,058,089				\$ 7,058,089
Livestock for educational purposes	150,541	\$ 12,613			163,154
Construction-in-progress	2,886,299	3,618,577	* \$ (1,212,454)	\$ (34,997)	5,257,425
Intangibles-Easements	2,675,000				2,675,000
Intangibles-Software in development		847,761			847,761
<b>Total nondepreciable capital assets</b>	<b>\$ 12,769,929</b>	<b>\$ 4,478,951</b>	<b>\$ (1,212,454)</b>	<b>\$ (34,997)</b>	<b>\$ 16,001,429</b>
<b>Other capital assets:</b>					
Improvements and infrastructure	\$ 172,107,211	\$ 4,135,907	\$ 1,090,967	\$ (765,553)	\$ 176,568,532
Buildings	366,888,003		121,487	(92,803)	366,916,687
Equipment	47,574,000	2,325,387	*	(692,063)	49,207,324
Library/audiovisual holdings	12,222,198	3,672			12,225,870
Intangibles-Software	5,828,610				5,828,610
<b>Total other capital assets</b>	<b>\$ 604,620,022</b>	<b>\$ 6,464,966</b>	<b>\$ 1,212,454</b>	<b>\$ (1,550,419)</b>	<b>\$ 610,747,023</b>
<b>Less accumulated depreciation/amortization:</b>					
Improvements and infrastructure	46,182,991	7,860,770		(356,329)	53,687,432
Buildings	190,190,912	5,641,804		(92,803)	195,739,913
Equipment	39,050,036	2,885,746	*	(686,469)	41,249,313
Library/audiovisual holdings	11,646,436	38,796			11,685,232
Intangibles-Software	4,662,888	388,574			5,051,462
<b>Total accumulated depreciation/amortization</b>	<b>\$ 291,733,263</b>	<b>\$ 16,815,690</b>	<b>-</b>	<b>\$ (1,135,601)</b>	<b>\$ 307,413,352</b>
<b>Other capital assets, net</b>	<b>\$ 312,886,759</b>	<b>\$ (10,350,724)</b>	<b>\$ 1,212,454</b>	<b>\$ (414,818)</b>	<b>\$ 303,333,671</b>
<b>Capital Asset Summary:</b>					
Nondepreciable capital assets	\$ 12,769,929	\$ 4,478,951	\$ (1,212,454)	\$ (34,997)	\$ 16,001,429
Other capital assets, at cost	604,620,022	6,464,966	1,212,454	(1,550,419)	610,747,023
Total cost of capital assets	617,389,951	10,943,917	-	(1,585,416)	626,748,452
<b>Less accumulated depreciation/amortization</b>	<b>\$ 291,733,263</b>	<b>\$ 16,815,690</b>	<b>-</b>	<b>\$ (1,135,601)</b>	<b>\$ 307,413,352</b>
<b>Capital Assets, net</b>	<b>\$ 325,656,688</b>	<b>\$ (5,871,773)</b>	<b>\$ -</b>	<b>\$ (449,815)</b>	<b>\$ 319,335,100</b>

\*Includes \$807 for prior year additions for construction-in-progress, \$39,720 for prior year additions for equipment, and \$1,004 prior year depreciation expense for equipment

**ARKANSAS STATE UNIVERSITY SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
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<b>Arkansas State University-Beebe</b>					
	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>June 30, 2020</b>
<b>Nondepreciable capital assets:</b>					
Land and improvements	\$ 3,370,634				\$ 3,370,634
Livestock for educational purposes	67,810	\$ 3,937			71,747
Construction-in-progress	81,458		\$ (81,458)		-
<b>Total nondepreciable capital assets</b>	<b>\$ 3,519,902</b>	<b>\$ 3,937</b>	<b>\$ (81,458)</b>	<b>\$ -</b>	<b>\$ 3,442,381</b>
<b>Other capital assets:</b>					
Improvements and infrastructure	\$ 21,674,327	\$ 281,402	\$ 81,458		\$ 22,037,187
Buildings	67,073,027			\$ (20,691)	67,052,336
Equipment	6,187,776	267,669		(296,039)	6,159,406
Library/audiovisual holdings	2,710,928	85,284		(31,390)	2,764,822
Intangibles-Software	1,935,886				1,935,886
<b>Total other capital assets</b>	<b>99,581,944</b>	<b>634,355</b>	<b>81,458</b>	<b>(348,120)</b>	<b>99,949,637</b>
<b>Less accumulated depreciation:</b>					
Improvements and infrastructure	10,044,860	1,600,978			11,645,838
Buildings	32,427,598	1,788,250		(20,691)	34,195,157
Equipment	5,064,394	341,436		(296,039)	5,109,791
Library/audiovisual holdings	2,187,196	99,274		(31,390)	2,255,080
Intangibles-Software	193,589	193,589			387,178
<b>Total accumulated depreciation</b>	<b>49,917,637</b>	<b>4,023,527</b>	<b>-</b>	<b>(348,120)</b>	<b>53,593,044</b>
<b>Other capital assets, net</b>	<b>\$ 49,664,307</b>	<b>\$ (3,389,172)</b>	<b>\$ 81,458</b>	<b>\$ -</b>	<b>\$ 46,356,593</b>
<b>Capital Asset Summary:</b>					
Nondepreciable capital assets	\$ 3,519,902	\$ 3,937	\$ (81,458)	\$ -	\$ 3,442,381
Other capital assets, at cost	99,581,944	634,355	81,458	(348,120)	99,949,637
Total cost of capital assets	103,101,846	638,292	-	(348,120)	103,392,018
<b>Less accumulated depreciation</b>	<b>49,917,637</b>	<b>4,023,527</b>	<b>-</b>	<b>(348,120)</b>	<b>53,593,044</b>
<b>Capital Assets, net</b>	<b>\$ 53,184,209</b>	<b>\$ (3,385,235)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,798,974</b>

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

<b>Arkansas State University-Mid-South</b>					
	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>June 30, 2020</b>
<b>Nondepreciable capital assets:</b>					
Land and improvements	\$ 3,898,076				\$ 3,898,076
<b>Total nondepreciable capital assets</b>	<b>\$ 3,898,076</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,898,076</b>
<b>Other capital assets:</b>					
Improvements and infrastructure	\$ 7,538,828				\$ 7,538,828
Buildings	58,672,548				58,672,548
Equipment	10,841,978	\$ 86,716		\$ (75,751)	10,852,943
Library/audiovisual holdings	906,079	12,164		(120)	918,123
<b>Total other capital assets</b>	<b>77,959,433</b>	<b>98,880</b>	<b>-</b>	<b>(75,871)</b>	<b>77,982,442</b>
<b>Less accumulated depreciation/amortization:</b>					
Improvements and infrastructure	4,632,018	139,778			4,771,796
Buildings	24,932,292	1,165,551			26,097,843
Equipment	9,536,020	417,563		(45,812)	9,907,771
Library/audiovisual holdings	848,296	11,332		(119)	859,509
<b>Total accumulated depreciation/amortization</b>	<b>39,948,626</b>	<b>1,734,224</b>	<b>-</b>	<b>(45,931)</b>	<b>41,636,919</b>
<b>Other capital assets, net</b>	<b>\$ 38,010,807</b>	<b>\$ (1,635,344)</b>	<b>\$ -</b>	<b>\$ (29,940)</b>	<b>\$ 36,345,523</b>
<b>Capital Asset Summary:</b>					
Nondepreciable capital assets	\$ 3,898,076	\$ -	\$ -	\$ -	\$ 3,898,076
Other capital assets, at cost	77,959,433	98,880	-	(75,871)	77,982,442
Total cost of capital assets	81,857,509	98,880	-	(75,871)	81,880,518
<b>Less accumulated depreciation/amortization</b>	<b>39,948,626</b>	<b>1,734,224</b>	<b>-</b>	<b>(45,931)</b>	<b>41,636,919</b>
<b>Capital Assets, net</b>	<b>\$ 41,908,883</b>	<b>\$ (1,635,344)</b>	<b>\$ -</b>	<b>\$ (29,940)</b>	<b>\$ 40,243,599</b>

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

<b>Arkansas State University-Mountain Home</b>					
	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>June 30, 2020</b>
<b>Nondepreciable capital assets:</b>					
Land and improvements	\$ 2,934,808				2,934,808
Construction-in-progress		\$ 51,226			51,226
	<u>\$ 2,934,808</u>	<u>\$ 51,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,986,034</u>
<b>Other capital assets:</b>					
Improvements and infrastructure	\$ 2,313,346				\$ 2,313,346
Buildings	38,285,223				38,285,223
Equipment	2,430,878	\$ 100,399			2,531,277
Library/audiovisual holdings	1,026,137	12,285			1,038,422
<b>Total other capital assets</b>	<u>44,055,584</u>	<u>112,684</u>	<u>-</u>	<u>-</u>	<u>44,168,268</u>
<b>Less accumulated depreciation:</b>					
Improvements and infrastructure	2,192,365	31,334			2,223,699
Buildings	27,521,675	1,641,819			29,163,494
Equipment	1,921,249	124,851			2,046,100
Library/audiovisual holdings	896,802	20,987			917,789
<b>Total accumulated depreciation</b>	<u>32,532,091</u>	<u>1,818,991</u>	<u>-</u>	<u>-</u>	<u>34,351,082</u>
<b>Other capital assets, net</b>	<u>\$ 11,523,493</u>	<u>\$ (1,706,307)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,817,186</u>
<b>Capital Asset Summary:</b>					
Nondepreciable capital assets	\$ 2,934,808	\$ 51,226	\$ -	\$ -	\$ 2,986,034
Other capital assets, at cost	<u>44,055,584</u>	<u>112,684</u>	<u>-</u>	<u>-</u>	<u>44,168,268</u>
Total cost of capital assets	46,990,392	163,910	-	-	47,154,302
<b>Less accumulated depreciation</b>	<u>32,532,091</u>	<u>1,818,991</u>	<u>-</u>	<u>-</u>	<u>34,351,082</u>
<b>Capital Assets, net</b>	<u>\$ 14,458,301</u>	<u>\$ (1,655,081)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,803,220</u>

**ARKANSAS STATE UNIVERSITY SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

<b>Arkansas State University-Newport</b>					
	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>June 30, 2020</b>
<b>Nondepreciable capital assets:</b>					
Land and improvements	\$ 1,409,175	\$ 41,875			\$ 1,451,050
Construction-in-progress	1,050,259	18,820	\$ (817,759)	\$ (232,499)	18,821
Intangibles-Software in development	1,628,858	80,986	(1,709,844)		-
<b>Total nondepreciable capital assets</b>	<b>\$ 4,088,292</b>	<b>\$ 141,681</b>	<b>\$ (2,527,603)</b>	<b>\$ (232,499)</b>	<b>\$ 1,469,871</b>
<b>Other capital assets:</b>					
Improvements and infrastructure	\$ 6,803,185	\$ 138,080	\$ 710,587		\$ 7,651,852
Buildings	31,320,526				31,320,526
Equipment	5,618,191	374,092	107,172	\$ (27,488)	6,071,967
Library/audiovisual holdings	500,810				500,810
Intangibles-Software			1,709,844		1,709,844
<b>Total other capital assets</b>	<b>44,242,712</b>	<b>512,172</b>	<b>2,527,603</b>	<b>(27,488)</b>	<b>47,254,999</b>
<b>Less accumulated depreciation:</b>					
Improvements and infrastructure	1,561,091	440,202			2,001,293
Buildings	18,277,441	1,057,268			19,334,709
Equipment	3,624,367	510,086		(27,488)	4,106,965
Library/audiovisual holdings	404,980	8,273			413,253
Intangibles-Software		244,263			244,263
<b>Total accumulated depreciation</b>	<b>23,867,879</b>	<b>2,260,092</b>	<b>-</b>	<b>(27,488)</b>	<b>26,100,483</b>
<b>Other capital assets, net</b>	<b>\$ 20,374,833</b>	<b>\$ (1,747,920)</b>	<b>\$ 2,527,603</b>	<b>\$ -</b>	<b>\$ 21,154,516</b>
<b>Capital Asset Summary:</b>					
Nondepreciable capital assets	\$ 4,088,292	\$ 141,681	\$ (2,527,603)	\$ (232,499)	\$ 1,469,871
Other capital assets, at cost	44,242,712	512,172	2,527,603	(27,488)	47,254,999
Total cost of capital assets	48,331,004	653,853	-	(259,987)	48,724,870
<b>Less accumulated depreciation</b>	<b>23,867,879</b>	<b>2,260,092</b>	<b>-</b>	<b>(27,488)</b>	<b>26,100,483</b>
<b>Capital Assets, net</b>	<b>\$ 24,463,125</b>	<b>\$ (1,606,239)</b>	<b>\$ -</b>	<b>\$ (232,499)</b>	<b>\$ 22,624,387</b>

**ARKANSAS STATE UNIVERSITY SYSTEM  
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<b>Arkansas State University-Three Rivers</b>					
	<b>Balance</b>				<b>Balance</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>June 30, 2020</b>
<b>Nondepreciable capital assets:</b>					
Land and improvements	\$ 776,762	\$ 13,500			\$ 790,262
<b>Total nondepreciable capital assets</b>	<b>\$ 776,762</b>	<b>\$ 13,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 790,262</b>
<b>Other capital assets:</b>					
Improvements and infrastructure	\$ 339,912				\$ 339,912
Buildings	9,639,251	\$ 136,500			9,775,751
Equipment	2,999,546	47,433		\$ (18,482)	3,028,497
Library/audiovisual holdings	498,685	5,295			503,980
<b>Total other capital assets</b>	<b>13,477,394</b>	<b>189,228</b>	<b>-</b>	<b>(18,482)</b>	<b>13,648,140</b>
<b>Less accumulated depreciation/amortization:</b>					
Improvements and infrastructure	277,766	6,845			284,611
Buildings	5,372,655	152,722			5,525,377
Equipment	1,683,102	267,381		(18,482)	1,932,001
Library/audiovisual holdings	440,361	9,922			450,283
<b>Total accumulated depreciation/amortization</b>	<b>7,773,884</b>	<b>436,870</b>	<b>-</b>	<b>(18,482)</b>	<b>8,192,272</b>
<b>Other capital assets, net</b>	<b>\$ 5,703,510</b>	<b>\$ (247,642)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,455,868</b>
<b>Capital Asset Summary:</b>					
Nondepreciable capital assets	\$ 776,762	\$ 13,500	\$ -	\$ -	\$ 790,262
Other capital assets, at cost	13,477,394	189,228	-	(18,482)	13,648,140
Total cost of capital assets	14,254,156	202,728	-	(18,482)	14,438,402
<b>Less accumulated depreciation/amortization</b>	<b>7,773,884</b>	<b>436,870</b>	<b>-</b>	<b>(18,482)</b>	<b>8,192,272</b>
<b>Capital Assets, net</b>	<b>\$ 6,480,272</b>	<b>\$ (234,142)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,246,130</b>

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5.  
LONG-TERM LIABILITIES**

The summary of long-term debt is as follows:

<b>Arkansas State University-Jonesboro</b>					
<b>Date of Issue</b>	<b>Date of Final Maturity</b>	<b>Rate of Interest</b>	<b>Amount Authorized and Issued</b>	<b>Debt Outstanding June 30, 2020</b>	<b>Maturities To June 30, 2020</b>
9/15/2005	4/1/2025	3 - 5%	\$ 19,230,000	\$ 6,035,000	\$ 13,195,000
12/7/2010	12/1/2027	2 - 4%	3,435,000	535,000	2,900,000
3/1/2012	3/1/2034	0.7 - 4.8%	5,340,000	3,730,000	1,610,000
3/1/2012	3/1/2034	2 - 3.6%	2,775,000	1,790,000	985,000
3/1/2012	3/1/2042	0.9 - 5.2%	6,510,000	5,525,000	985,000
3/1/2012	3/1/2042	2 - 4%	6,875,000	5,705,000	1,170,000
3/1/2012	3/1/2037	2 - 4%	3,425,000	2,650,000	775,000
12/1/2012	3/1/2042	1.375 - 3.5%	1,255,000	1,040,000	215,000
12/1/2012	3/1/2037	1.375 - 3.375%	1,500,000	1,155,000	345,000
3/1/2013	3/1/2034	1 - 5%	28,895,000	21,425,000	7,470,000
8/1/2013	8/1/2023	0.24%	1,000,000	402,879	597,121
12/1/2013	12/1/2038	0.864 - 5.779%	11,130,000	9,395,000	1,735,000
12/1/2013	12/1/2043	2 - 5%	14,685,000	12,945,000	1,740,000
11/1/2015	11/1/2025	0.00%	600,000	330,000	270,000
11/1/2015	11/1/2025	0.00%	604,000	332,200	271,800
11/5/2015	11/5/2023	2.97%	8,000,000	3,748,321	4,251,679
12/17/2015	12/1/2035	3.21%	15,226,080	14,585,346	640,734
11/17/2016	3/1/2037	3 - 4%	13,870,000	11,975,000	1,895,000
11/17/2016	3/1/2037	2 - 4%	23,150,000	18,555,000	4,595,000
12/20/2017	3/1/2039	3 - 4%	11,740,000	10,200,000	1,540,000
7/25/2018	5/25/2028	0.00%	1,000,000	800,000	200,000
12/18/2019	3/1/2030	2 - 3%	1,640,000	1,495,000	145,000
12/18/2019	3/1/2042	2.004 - 3.651%	3,750,000	3,620,000	130,000
Unamortized discount			(46,507)	(30,829)	(15,678)
Unamortized premium			4,797,326	3,731,539	1,065,787
<b>Totals</b>			<b>\$ 190,385,899</b>	<b>\$ 141,674,456</b>	<b>\$ 48,711,443</b>

<b>Arkansas State University-Beebe</b>					
<b>Date of Issue</b>	<b>Date of Final Maturity</b>	<b>Rate of Interest</b>	<b>Amount Authorized and Issued</b>	<b>Debt Outstanding June 30, 2020</b>	<b>Maturities To June 30, 2020</b>
12/1/2012	12/1/2032	1 - 3%	\$ 1,890,000	\$ 1,325,000	\$ 565,000
4/1/2015	12/1/2023	1 - 3%	1,895,000	895,000	1,000,000
4/1/2015	4/1/2039	1 - 3.625%	8,005,000	6,735,000	1,270,000
5/1/2015	12/1/2035	2 - 4%	12,930,000	10,615,000	2,315,000
6/1/2015	9/1/2035	2 - 4%	9,185,000	7,455,000	1,730,000
8/8/2017	7/1/2032	1.31%	100,000	87,767	12,233
10/18/2017	10/1/2037	3.04%	4,930,498	4,766,593	163,905
Unamortized discount			(91,432)	(67,935)	(23,497)
Unamortized premium			404,190	296,653	107,537
<b>Totals</b>			<b>\$ 39,248,256</b>	<b>\$ 32,108,078</b>	<b>\$ 7,140,178</b>

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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Arkansas State University-Mid-South					
Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2020	Maturities To June 30, 2020
8/26/2010	2/1/2040	2 - 4.7%	\$ 5,180,000	\$ 4,090,000	\$ 1,090,000
8/1/2012	2/1/2042	1 - 4%	18,510,000	14,845,000	3,665,000
3/15/2018	3/15/2038	3.30%	1,537,658	1,424,700	112,958
Unamortized discount			(47,842)	(31,894)	(15,948)
Unamortized premium			112,689	82,639	30,050
Totals			<u>\$ 25,292,505</u>	<u>\$ 20,410,445</u>	<u>\$ 4,882,060</u>

Arkansas State University-Mountain Home					
Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2020	Maturities To June 30, 2020
12/18/2019	12/1/2032	2.004 - 3.119%	\$ 4,885,000	\$ 4,885,000	\$ -
Totals			<u>\$ 4,885,000</u>	<u>\$ 4,885,000</u>	<u>\$ -</u>

Arkansas State University-Newport					
Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2020	Maturities To June 30, 2020
7/23/2012	7/23/2027	3.75%	\$ 1,500,000	\$ 829,439	\$ 670,561
12/1/2012	5/1/2028	0.666 - 3.82%	3,740,000	2,030,000	1,710,000
12/1/2012	12/1/2032	1 - 3%	1,875,000	1,320,000	555,000
10/27/2016	3/1/2021	0.00%	606,934	121,387	485,547
8/8/2017	7/1/2032	1.31%	1,000,000	877,674	122,326
10/18/2017	10/1/2037	3.40%	2,951,079	2,852,975	98,104
Unamortized discount			(22,328)	(13,956)	(8,372)
Totals			<u>\$ 11,650,685</u>	<u>\$ 8,017,519</u>	<u>\$ 3,633,166</u>

Arkansas State University-Three Rivers					
Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2020	Maturities To June 30, 2020
6/5/2007	3/1/2022	5.03%	\$ 825,000	\$ 148,027	\$ 676,973
2/28/2011	3/1/2026	0.37%	565,000	229,763	335,237
4/25/2014	5/1/2029	0.24%	1,000,000	604,310	395,690
Totals			<u>\$ 2,390,000</u>	<u>\$ 982,100</u>	<u>\$ 1,407,900</u>

**ARKANSAS STATE UNIVERSITY SYSTEM  
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The changes in long-term liabilities are as follows:

<b>Arkansas State University-Jonesboro</b>					
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds payable	\$ 128,144,907	\$ 5,415,604	\$ 12,084,801 *	\$ 121,475,710	\$ 6,816,949
Notes payable	6,929,245		1,315,845	5,613,400	1,348,459
Capital leases payable	15,000,244		414,898	14,585,346	471,385
Compensated absences	6,867,298	4,542,336	3,685,703	7,723,931	4,571,918
Totals	<u>\$ 156,941,694</u>	<u>\$ 9,957,940</u>	<u>\$ 17,501,247</u>	<u>\$ 149,398,387</u>	<u>\$ 13,208,711</u>

\*Includes refunding of \$1,605,000 with an unamortized discount of \$5,681 and refunding of \$3,905,000

<b>Arkansas State University-Beebe</b>					
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds payable	\$ 28,660,618		\$ 1,406,900	\$ 27,253,718	\$ 1,451,899
Notes payable	93,923		6,156	87,767	6,238
Capital leases payable	4,852,007		85,414	4,766,593	99,566
Compensated absences	1,235,154	\$ 897,430	866,208	1,266,376	849,992
Totals	<u>\$ 34,841,702</u>	<u>\$ 897,430</u>	<u>\$ 2,364,678</u>	<u>\$ 33,374,454</u>	<u>\$2,407,695</u>

<b>Arkansas State University-Mid-South</b>					
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds payable	\$ 19,542,905		\$ 557,160	\$ 18,985,745	\$ 577,162
Notes payable	1,482,027		57,327	1,424,700	59,218
Compensated absences	496,812	475,526	379,823	592,515	36,035
Totals	<u>\$ 21,521,744</u>	<u>\$ 475,526</u>	<u>\$ 994,310</u>	<u>\$ 21,002,960</u>	<u>\$ 672,415</u>

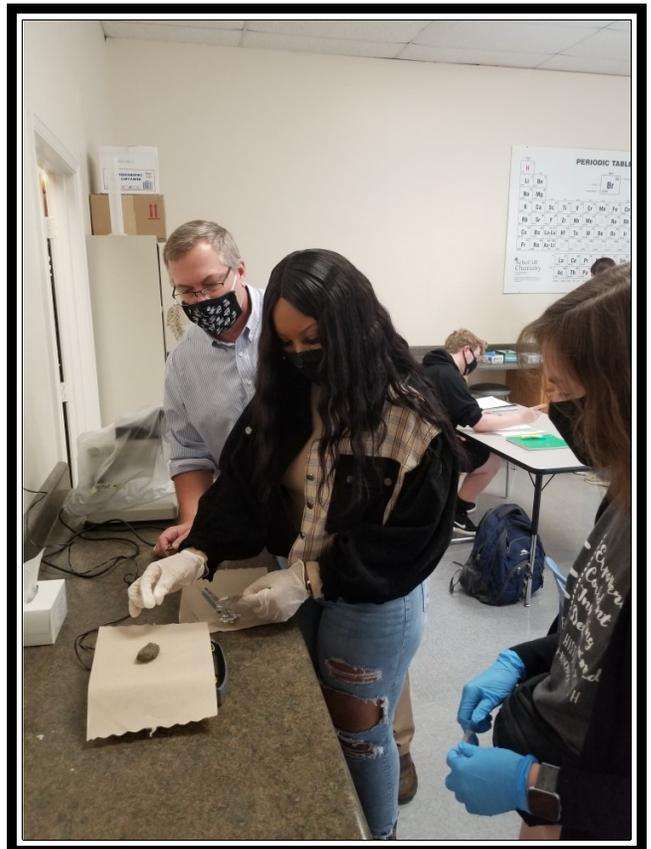
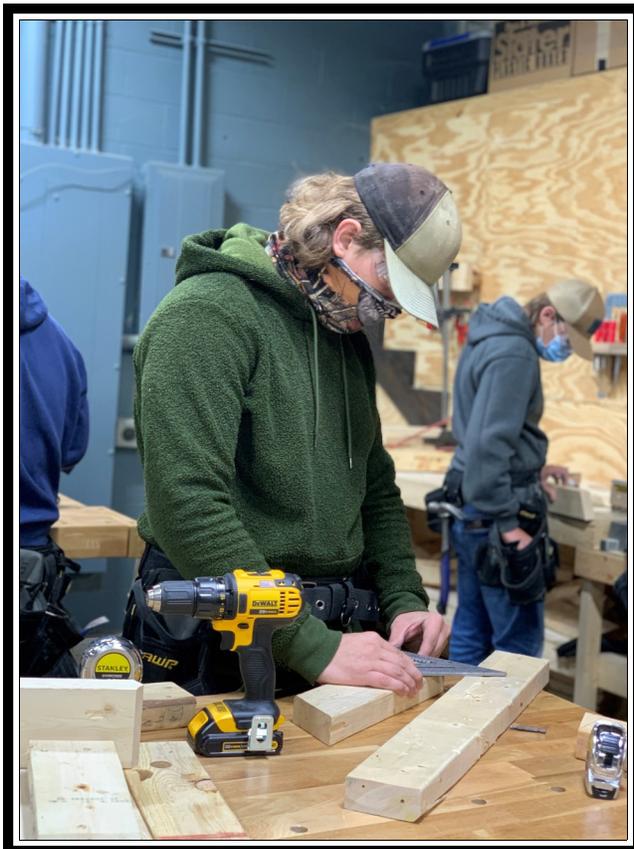
<b>Arkansas State University-Mountain Home</b>					
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds payable	\$ 5,115,000	\$ 4,885,000	\$ 5,115,000 *	\$ 4,885,000	\$ 370,000
Compensated absences	492,489	256,503	201,725	547,267	16,418
Totals	<u>\$ 5,607,489</u>	<u>\$ 5,141,503</u>	<u>\$ 5,316,725</u>	<u>\$ 5,432,267</u>	<u>\$ 386,418</u>

\*Includes refunding of \$4,785,000

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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<b>Arkansas State University-Newport</b>					
	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2020</b>	<b>Amounts Due Within One Year</b>
Bonds payable	\$ 3,649,929		\$ 313,885	\$ 3,336,044	\$ 328,884
Notes payable	1,866,407		159,294	1,707,113	163,899
Capital leases payable	3,146,872		172,510	2,974,362	180,981
Compensated absences	947,472	\$ 973,575	842,014	1,079,033	1,025,081
<b>Totals</b>	<b>\$ 9,610,680</b>	<b>\$ 973,575</b>	<b>\$ 1,487,703</b>	<b>\$ 9,096,552</b>	<b>\$ 1,698,845</b>

<b>Arkansas State University-Three Rivers</b>					
	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2020</b>	<b>Amounts Due Within One Year</b>
Notes payable	\$ 1,154,985		\$ 172,885	\$ 982,100	\$ 176,642
Compensated absences	339,078	\$ 295,059	214,100	420,037	34,845
<b>Totals</b>	<b>\$ 1,494,063</b>	<b>\$ 295,059</b>	<b>\$ 386,985</b>	<b>\$ 1,402,137</b>	<b>\$ 211,487</b>



**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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Total long-term debt principal and interest payments for bonds and notes are as follows:

<b>Arkansas State University-Jonesboro</b>								
<b>Year ended June 30,</b>	<b>Bonds Payable</b>			<b>Notes Payable</b>				
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>		
2021	\$ 6,816,949 *	\$ 4,754,987 **	\$ 11,571,936	\$ 1,348,459	\$ 106,087 **	\$ 1,454,546		
2022	7,076,949	4,489,953	11,566,902	1,379,788	74,757	1,454,545		
2023	7,331,949	4,214,257	11,546,206	1,417,344	37,202	1,454,546		
2024	7,636,949	3,926,170	11,563,119	887,209	926	888,135		
2025	6,071,949	3,636,477	9,708,426	220,400		220,400		
2026 - 2030	31,110,353	14,806,830	45,917,183	360,200		360,200		
2031 - 2035	32,364,947	8,406,344	40,771,291					
2036 - 2040	17,700,033	2,996,369	20,696,402					
2041 - 2044	5,365,632	464,510	5,830,142					
Totals	<u>\$ 121,475,710 ***</u>	<u>\$ 47,695,897</u>	<u>\$ 169,171,607</u>	<u>\$ 5,613,400</u>	<u>\$ 218,972</u>	<u>\$ 5,832,372</u>		

\*Includes discount amortization of \$1,605 and premium amortization of \$228,554

\*\*Includes interest payable of \$1,331,228 recorded as a current liability at June 30, 2020

\*\*\*Includes discount amortization of \$30,829 and premium amortization of \$3,731,539

<b>Arkansas State University-Beebe</b>								
<b>Year ended June 30,</b>	<b>Bonds Payable</b>			<b>Notes Payable</b>				
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>		
2021	\$ 1,451,899 *	\$ 925,023 **	\$ 2,376,922	\$ 6,238	\$ 1,150 **	\$ 7,388		
2022	1,476,899	882,485	2,359,384	6,318	1,068	7,386		
2023	1,531,899	833,473	2,365,372	6,401	985	7,386		
2024	1,575,745	782,444	2,358,189	6,485	901	7,386		
2025	1,389,923	731,276	2,121,199	6,570	816	7,386		
2026 - 2030	7,714,615	2,877,765	10,592,380	34,164	2,769	36,933		
2031 - 2035	8,887,413	1,440,563	10,327,976	21,591	568	22,159		
2036 - 2039	3,225,325	188,747	3,414,072					
Totals	<u>\$ 27,253,718 ***</u>	<u>\$ 8,661,776</u>	<u>\$ 35,915,494</u>	<u>\$ 87,767</u>	<u>\$ 8,257</u>	<u>\$ 96,024</u>		

\*Includes discount amortization of \$3,966 and premium amortization of \$20,896

\*\*Includes interest payable of \$294,301 recorded as a current liability at June 30, 2020

\*\*\*Includes discount amortization of \$67,935 and premium amortization of \$296,653

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

<b>Arkansas State University-Mid-South</b>								
<b>Year ended June 30,</b>	<b>Bonds Payable</b>			<b>Notes Payable</b>				
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>		
2021	\$ 577,162 *	\$ 730,989 **	\$ 1,308,151	\$ 59,218	\$ 47,015 **	\$ 106,233		
2022	597,162	710,721	1,307,883	61,172	45,061	106,233		
2023	617,162	691,496	1,308,658	63,191	43,042	106,233		
2024	637,162	671,733	1,308,895	65,276	40,957	106,233		
2025	657,162	650,940	1,308,102	67,431	38,803	106,234		
2026 - 2030	3,665,810	2,879,115	6,544,925	372,036	159,130	531,166		
2031 - 2035	4,410,810	2,133,159	6,543,969	437,609	93,557	531,166		
2036 - 2040	5,350,810	1,191,250	6,542,060	298,767	19,932	318,699		
2041 - 2042	2,472,505	148,800	2,621,305					
Totals	<u>\$ 18,985,745 ***</u>	<u>\$ 9,808,203</u>	<u>\$ 28,793,948</u>	<u>\$ 1,424,700</u>	<u>\$ 487,497</u>	<u>\$ 1,912,197</u>		

\*Includes discount amortization of \$1,594 and premium amortization of \$3,756

\*\*Includes interest payable of \$315,014 recorded as a current liability at June 30, 2020

\*\*\*Includes discount amortization of \$31,894 and premium amortization of \$82,639

<b>Arkansas State University-Mountain Home</b>			
<b>Year ended June 30,</b>	<b>Bonds Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 370,000	\$ 124,404 *	\$ 494,404
2022	375,000	116,752	491,752
2023	385,000	108,608	493,608
2024	390,000	99,972	489,972
2025	405,000	89,963	494,963
2026 - 2030	2,155,000	276,088	2,431,088
2031 - 2033	805,000	38,130	843,130
Totals	<u>\$ 4,885,000</u>	<u>\$ 853,917</u>	<u>\$ 5,738,917</u>

\*Includes interest payable of \$10,320 recorded as a current liability at June 30, 2020

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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<b>Arkansas State University-Newport</b>						
<b>Year ended June 30,</b>	<b>Bonds Payable</b>			<b>Notes Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 328,884 *	\$ 108,347 **	\$ 437,231	\$ 163,899	\$ 41,196 **	\$ 205,095
2022	323,884	99,403	423,287	168,578	36,518	205,096
2023	343,884	89,979	433,863	173,414	31,682	205,096
2024	353,884	78,035	431,919	178,369	26,727	205,096
2025	368,884	65,609	434,493	183,580	21,516	205,096
2026 - 2030	1,269,418	145,458	1,414,876	622,864	41,072	663,936
2031 - 2033	347,206	15,900	363,106	216,409	5,682	222,091
<b>Totals</b>	<b>\$ 3,336,044 ***</b>	<b>\$ 602,731</b>	<b>\$ 3,938,775</b>	<b>\$ 1,707,113</b>	<b>\$ 204,393</b>	<b>\$ 1,911,506</b>

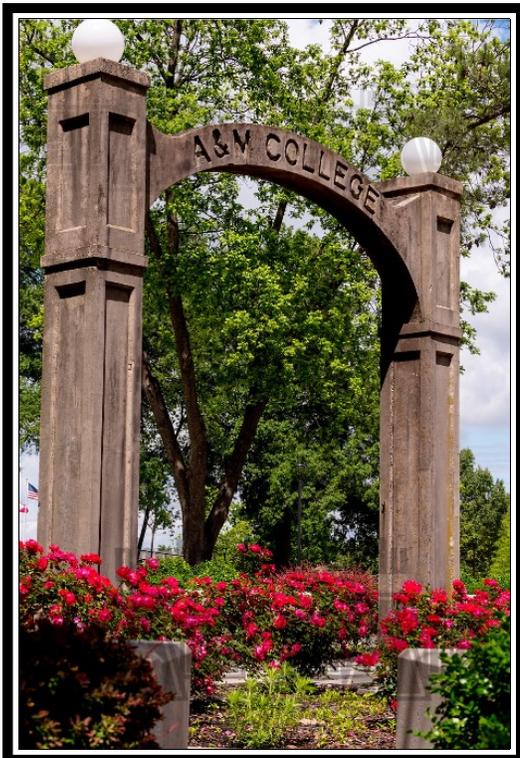
\*Includes discount amortization of \$1,116

\*\*Includes interest payable of \$97,784 recorded as a current liability at June 30, 2020

\*\*\*Includes discount amortization of \$13,955

<b>Arkansas State University-Three Rivers</b>			
<b>Year ended June 30,</b>	<b>Bonds Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 176,642	\$ 9,746 *	\$ 186,388
2022	180,574	5,815	186,389
2023	105,046	1,700	106,746
2024	105,347	1,398	106,745
2025	105,650	1,095	106,745
2026 - 2029	308,841	1,766	310,607
<b>Totals</b>	<b>\$ 982,100</b>	<b>\$ 21,520</b>	<b>\$ 1,003,620</b>

\*Includes interest payable of \$3,007 recorded as a current liability at June 30, 2020



**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**Refunding of Debt**

**Jonesboro**

On December 18, 2019, the University issued \$1,640,000 in tax exempt refunding bonds for the Jonesboro campus with interest rates of 2 to 3 percent to refund \$1,605,000 of outstanding bonds, with an unamortized discount of \$5,681, dated December 7, 2010 with interest rates of 2 to 4.125 percent. Net proceeds of \$1,625,023 after payment of \$40,581 for bond issuance costs and a premium of \$25,604 were remitted to an escrow agent to provide for all future payments of the defeased bonds. Additionally, \$38 was transferred from the debt service reserve of the 2010 issue. U.S. Treasury obligations of \$1,622,947 purchased by the escrow agent, were pledged for the retirement of these bonds. As a result of this refunding, the 2010 Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The 2010 bonds were called on December 18, 2019. The University refunded the bonds to reduce its total debt service payments by \$140,209 over the next eleven (11) years and to obtain an economic gain of \$110,272. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$38,292. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be amortized through the year 2030 using the straight-line method. Additionally, the 2010 Series had an unamortized difference between the reacquisition price and the net carrying amount of \$34,605. This will continue to be amortized through the year 2030 using the straight-line method.

On December 18, 2019, the University issued \$3,750,000 in taxable refunding bonds for the Jonesboro campus with interest rates of 2.004 to 3.651 percent to refund \$3,905,000 of outstanding bonds dated December 1, 2012 with interest rates of 0.866 to 4.7 percent. Net proceeds of \$3,678,036 after payment of \$71,964 for bond issuance costs were remitted to an escrow agent to provide for all future payments of the defeased bonds. Additionally, \$3,960 was transferred from the debt service reserve of the 2012 issue. U.S. Treasury obligations of \$3,678,036 purchased by the escrow agent, were pledged for the retirement of these bonds. As a result of this refunding, the 2012 Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The 2012 bonds were called on December 18, 2019. The University refunded the bonds to reduce its total debt service payments by \$629,014 over the next twenty-three (23) years and to obtain an economic gain of \$511,435. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$78,152. This difference, reported in the accompanying financial statements as a deferred outflow of resources, will be amortized through the year 2042 using the straight-line method.

**Mountain Home**

On December 18, 2019, the University issued \$4,885,000 in taxable refunding bonds for the Mountain Home campus with interest rates of 2.004 to 3.119 percent to refund \$4,785,000 of outstanding bonds dated December 1, 2012 with interest rates of 0.666 to 4.25 percent. Net proceeds of \$4,794,248 after payment of \$90,752 for bond issuances costs were remitted to an escrow agent to provide for all future payments of the defeased bonds. Additionally, \$151 was transferred from the debt service reserve of the 2012 issue. U.S. Treasury obligations of \$4,793,491, purchased by the escrow agent, were pledged for the retirement of these bonds. As a result of this refunding the 2012 Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The 2012 bonds were called on December 18, 2019. The University refunded the bonds to reduce its total debt service payments by \$305,477 over the next thirteen (13) years and to obtain an economic gain of \$256,586. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$50,502. This difference reported in the accompanying financial statements as a deferred outflow of resources, will be amortized through the year 2032 using the straight-line method. Additionally, the 2012 Series had an unamortized difference between the reacquisition price and the net carrying amount of \$16,633. This will continue to be amortized through the year 2032 using the straight-line method.



**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 6.  
CAPITAL LEASES**

The net value of assets held under capital leases totaled \$20,939,719 at June 30, 2020. The present value of the net minimum lease payments is as follows:

Type of Asset	Asset Amount	Accumulated Depreciation	Net Amount
IT Equipment	\$ 606,934	\$ 242,774	\$ 364,160
Energy Performance Contract	23,269,103	2,693,544	20,575,559
<b>Total</b>	<b>\$ 23,876,037</b>	<b>\$ 2,936,318</b>	<b>\$ 20,939,719</b>

Fiscal Year Ending June 30,	Amount
2021	\$ 1,445,017
2022	1,384,436
2023	1,450,779
2024	1,517,362
2025	1,589,749
2026 - 2030	8,416,752
2031 - 2035	10,453,734
2036 - 2038	3,176,733
<b>Total Minimum Lease Payments</b>	<b>29,434,562</b>
<b>Less: Amount Representing Interest</b>	<b>7,108,261</b>
<b>Total Present Value of Net Minimum Lease Payments</b>	<b>\$ 22,326,301</b>



**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7.  
COMMITMENTS**

The University was contractually obligated for the following at June 30, 2020:

A. Construction Contracts

Project Title	Estimated Completion Date	Contract Balance
<b><u>Jonesboro</u></b>		
Armory Electrical Upgrades	August 2020	\$ 119,981
University Hall Shower Repairs	August 2020	84,310
Alumni Drive Overlay and Milling	September 2020	102,476
ABI Greenhouse Controls and Shutters	September 2020	85,390
HPESS Air Handler Unit Replacement	October 2020	424,300
First National Bank Arena Improvements	December 2020	156,245
Campus Security-Phase I	June 2021	162,634

B. Operating Leases (Noncapital leases with initial or remaining noncancellable lease terms in excess of 1 year)

Various leases for land, office space, classroom/lab space, laundry services, cloud storage, farm equipment, printers/copiers, computers, and other office equipment with terms ranging from 1 to 50 years

1. Future minimum rental payments (aggregate) at June 30, 2020: \$3,108,730
2. Future minimum rental payments for the five (5) succeeding fiscal years and thereafter:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$1,122,419
2022	551,098
2023	170,930
2024	107,828
2025	51,839
2026 - 2030	113,531
2031 - 2035	115,437
2036 - 2040	117,400
2041 - 2045	119,422
2046 - 2050	121,505
2051 - 2055	123,650
2056 - 2060	125,860
2061 - 2065	128,135
2066 - 2070	102,979
2071 - 2075	36,697

Rental payments for the above operating leases, for the year ended June 30, 2020, were approximately \$1,290,919.

**ARKANSAS STATE UNIVERSITY SYSTEM**  
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**NOTE 8.**  
**RETIREMENT PLANS**

**Defined Contribution Plans**

**Teachers Insurance and Annuity Association (TIAA)**

Plan Description

The University participates in TIAA, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by TIAA. The plan offers fixed annuities, variable annuities, and mutual funds. Arkansas law authorizes participation in the plan.

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The Mid-South campus contributes 14% of earnings for employees hired prior to July 1, 2016. The Three Rivers campus contributes 14% of earnings for all eligible employees. Employees may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2020, \$41,453 of forfeitures were applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2020 were \$10,518,086 and \$8,578,625 respectively.

**Variable Annuity Life Insurance Company (VALIC)**

Plan Description

The Jonesboro, Beebe, Mountain Home, Newport, and Three Rivers campuses participates in VALIC, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is administered by VALIC. The plan also offers fixed annuities, variable annuities and mutual funds. Arkansas law authorizes participation in the plan.

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The Three Rivers campus contributes 14% of earnings for all eligible employees. Current participants may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2020, \$11,269 of forfeitures were applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2020 were \$1,457,678 and \$1,135,145, respectively.

**VOYA**

Plan Description

The Mid-South campus participates in VOYA, a defined contribution plan. The plan is a 403(b) program as defined by Internal Revenue Service Code of 1986 as amended, and is through VOYA. The plan offers fixed and variable annuities. Arkansas law authorizes participation in the plan.

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The campus contributes 14% of earnings for employees hired prior to July 1, 2016. Employees may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2020, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2020 were \$183,723 and \$90,080, respectively.

**Defined Benefit Pension Plans**

The University's defined benefit pension plan information includes Arkansas Teacher Retirement System and Arkansas Public Employees Retirement System. Following are the details and summary of the plans.

**Plan Descriptions**

Arkansas Teacher Retirement System

The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. 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. Detailed information about ATRS's fiduciary net position is available in the separately issued ATRS Financial Report available at <http://www.artsgov/publications>.

Arkansas Public Employees Retirement System

The University (other than the Mid-South campus) contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. 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. Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org/annualreports>.

**ARKANSAS STATE UNIVERSITY SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Benefits Provided**

**Arkansas Teacher Retirement System**

Benefit provisions are set forth in Arkansas Code Annotated, Chapter 24 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Members are eligible for full retirement benefits at age 60 with five or more years of credited service or at any age with 28 or more years of credited service. Members with 25 years of credited service who have not attained age 60 may receive an annuity reduced by 5/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary (effective April 1, 1998, computed using highest three years salary) and (2) the number of years of service.

Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity.

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and 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. The amount will be prorated for members who have both contributory and noncontributory service. Members with 15 or more years of contributory service will receive the full \$10,000.

A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is calculated by multiplying 100% of the member's base retirement annuity by 3%.

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credits. Act 1590 of 1999 allows for participation in the T-DROP after 28 years of credited service with a reduction of 6% for each year under 30 years. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees. Member election to enter T-DROP is irrevocable, and additional service credit cannot be accumulated. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits are the member's normal retirement benefit reduced by 1% for each year of service. For members who entered T-DROP prior to September 1, 2003, the reduction is 1/2 of 1% (.5%) for contributory service and 3/10 of 1% (.3%) for noncontributory service for each year above 30 years of service. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive the T-DROP distribution as a lump-sum cash payment or an annuity or may roll it over into another tax-deferred account. A member may also elect to defer all or part of the distribution into a T-DROP cash balance account held by ATRS.

The University no longer offers new employees the option of electing Arkansas Teacher Retirement System as a retirement plan. Employees who had already elected this option will continue to participate in the plan. This became effective on July 1, 2011 for the Jonesboro, Beebe, Mountain Home and Newport campuses. This was effective for the Mid-South campus on June 8, 2015 and the Three Rivers campus on December 31, 2019.

The University reported payables to ATRS in the amount of \$20,721 as of June 30, 2020. This amount has been reported on the Statement of Net Position as a current liability.

**Arkansas Public Employees Retirement System**

Benefit provisions are established by state law and may be amended only by the Arkansas General Assembly. Members are eligible for full benefits under the following conditions:

At age 65 with 5 years of service,

At any age with 28 years of actual service,

At age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or

At age 55 with 35 years of credited service for elected or public safety officials.

The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average salary and years of service. A member may retire with a reduced benefit at age 55 with at least five years of actual service or at any age with 25 years of actual service. APERS also provides for disability and survivor benefits.

The University no longer offers new employees the option of electing Arkansas Public Employees Retirement System as a retirement plan. Employees who had already elected this option will continue to participate in the plan. This became effective on January 1, 2012 for the Jonesboro, Beebe, Mountain Home and Newport campuses. This was effective for the Three Rivers campus on December 31, 2019. The Mid-South campus did not participate in this plan.

The University reported payables to APERS in the amount of \$65,932 as of June 30, 2020. This amount has been reported on the Statement of Net Position as a current liability.

**Contributions**

**Arkansas Teacher Retirement System**

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.

ATRS's funding policy provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. The em-

**ARKANSAS STATE UNIVERSITY SYSTEM  
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ployer contribution rate was 14.25% for the fiscal year ending June 30, 2020. Contributory members are required to contribute 6.25% of gross wages to ATRS. Employee contributions are refundable if ATRS-covered employment terminates before a monthly benefit is payable. Employee contributions remaining on deposit with ATRS for a period of one or more years earn interest credits, which are included in the refund.

Arkansas Public Employees Retirement System

Contribution provisions applicable to the participating employers are established by the Board and based on the actuary's determination of the rate required to fund the plan. The additional cost of public safety service for public safety employees is determined by the actuary as well.

The System was established as a contributory plan. However, with the passage of Act 793 of 1977, existing members and previous members were offered the opportunity to choose to become non-contributory members. Anyone who joined the System subsequent to January 1, 1978 and had not previously been a member was automatically enrolled as a non-contributory member.

Act 2084, enacted by the 2005 General Assembly, directed APERS to establish a new contributory plan that became effective July 1, 2005. All covered employees first hired on or after July 1, 2005, contribute 5% of their salary into the plan. Employees hired before June 30, 2005 who were in the non-contributory plan were given the option to join the new contributory plan by December 31, 2005. Non-contributory members who did not join the new contributory plan by that deadline remain non-contributory members.

Members may have employee contributions in the System if (a) they were members of APERS on or before January 1, 1978, (b) they are members first hired after July 1, 2005, or (c) they have purchased service in the System.

Employee contributions are refundable if APERS-covered employment terminates before a monthly benefit is payable. Employee contributions remaining on deposit with APERS can earn interest (at the rate of 4% per year), which is included in the refund. Pursuant to the provisions of Act 625 of 1983 and Act 1097 of 1993, certain agencies employing individuals in public safety positions are required to remit additional contributions in amounts determined by an independent actuary.

Employee refunds do not include contributions made by the employers. Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2020.



**ARKANSAS STATE UNIVERSITY SYSTEM**  
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**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The collective net pension liability of \$6,583,893,847 (\$4,171,365,050 related to ATRS and \$2,412,528,797 related to APERS) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

At June 30, 2020, the University reported a liability of \$17,977,195 (\$11,226,933 related to ATRS and \$6,750,262 related to APERS) for its proportionate share of the net pension liability. At June 30, 2019, the University's proportion of the collective net pension liability was .27% for ATRS and .28% for APERS.

For the year ended June 30, 2020, the University recognized total pension expense of \$1,599,161. \$923,153 of this amount was related to ATRS and \$676,008 was related to APERS. At June 30, 2020, 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
<b>ATRS</b>		
Differences between expected and actual experience	\$ 301,411	\$ 117,475
Changes of assumptions	1,668,673	
Net difference between projected and actual earnings on pension plan investments		790,889
Changes in proportion and differences between employer contributions and proportionate share of contributions	189,205	3,112,973
Contributions subsequent to the measurement date	1,063,230	
Totals	<u>\$ 3,222,519</u>	<u>\$ 4,021,337</u>
<b>APERS</b>		
Differences between expected and actual experience	\$ 183,713	\$ 10,028
Changes of assumptions	366,386	259,492
Net difference between projected and actual earnings on pension plan investments		51,271
Changes in proportion and differences between employer contributions and proportionate share of contributions	200,036	1,267,251
Contributions subsequent to the measurement date	778,595	
Totals	<u>\$ 1,528,730</u>	<u>\$ 1,588,042</u>
<b>COMBINED</b>		
Differences between expected and actual experience	\$ 485,124	\$ 127,503
Changes of assumptions	2,035,059	259,492
Net difference between projected and actual earnings on pension plan investments		842,160
Changes in proportion and differences between employer contributions and proportionate share of contributions	389,241	4,380,224
Contributions subsequent to the measurement date	1,841,825	
Totals	<u>\$ 4,751,249</u>	<u>\$ 5,609,379</u>

The above amount of \$1,841,825 was reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	ATRS	APERS	Total
2021	\$ (484,928)	\$ (187,424)	\$ (672,352)
2022	(845,118)	(553,606)	(1,398,724)
2023	(351,980)	(170,533)	(522,513)
2024	(105,021)	73,656	(31,365)
2025	(75,001)		(75,001)

**ARKANSAS STATE UNIVERSITY SYSTEM  
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**Actuarial Assumptions**

The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2019 for both ATRS and APERS. The significant assumptions used in the valuation and adopted by the ATRS Board of Trustees and the APERS Board of Trustees were as follows:

	<u>ATRS</u>	<u>APERS</u>
<b>Actuarial cost method</b>	Entry age normal	Entry age normal
<b>Amortization method</b>	Level percentage of payroll, closed	Level percentage of payroll, closed
<b>Remaining amortization period</b>	28 years	30 years
<b>Asset valuation method</b>	4-year closed period; 20% corridor	4-year smoothed market; 25% corridor
<b>Discount rate</b>	7.50%	7.15%
<b>Wage inflation</b>	2.75%	3.25%
<b>Salary increases</b>	2.75 – 7.75%	3.25 – 9.85%
<b>Investment rate of return</b>	7.50% compounded annually	7.15%*
	*Net of investment and administrative expenses	

**Mortality rate table**

**ATRS**

RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006

Table	<u>Scaling Factor</u>	
	<u>Males</u>	<u>Females</u>
Healthy Annuitant	101%	91%
Disabled Annuitant	99%	107%
Employee Mortality	94%	84%

**APERS**

RP-2014 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017

The actuarial assumptions used in the June 30, 2019 valuation for ATRS were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

All other actuarial assumptions used in the June 30, 2019 valuations for APERS were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2017, and were applied to all prior periods included in the measurement.



**ARKANSAS STATE UNIVERSITY SYSTEM  
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**Investment Rate of Return**

The investment rate of return was developed for each plan as follows:

**Arkansas Teacher Retirement System**

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

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53%	5.1%
Fixed income	15%	1.4%
Alternatives	5%	4.2%
Real assets	15%	5.0%
Private equity	12%	6.3%
Cash equivalents	0%	0.6%
 Total	 <u>100%</u>	

**Arkansas Public Employees Retirement System**

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 the 10-year period from 2019 - 2028 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class included in the plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37%	6.20%
International equity	24%	6.33%
Real assets	16%	3.32%
Absolute return	5%	3.56%
Domestic fixed	18%	1.54%
 Total	 <u>100%</u>	

**ARKANSAS STATE UNIVERSITY SYSTEM  
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**Discount Rate**

**Arkansas Teacher Retirement System**

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14% of payroll. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Arkansas Public Employees Retirement System**

A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the proportionate share of the net pension liability using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Amount	Rate	Amount	Rate	Amount
University's proportionate share of the net pension liability						
ATRS	6.50%	\$ 18,458,093	7.50%	\$ 11,226,933	8.50%	\$ 5,229,752
APERS	6.15%	\$ 10,818,985	7.15%	\$ 6,750,262	8.15%	\$ 3,393,379

**NOTE 9.**

**NATURAL CLASSIFICATIONS BY FUNCTION**

The University's operating expenses by function for the year ended June 30, 2020 were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Self Insurance	Depreciation	Other	Total
Instruction	\$ 73,481,732	\$ 2,531,683	\$10,331,236				\$ 86,344,651
Research	7,018,112	542,509	2,286,335				9,846,956
Public Service	13,253,894	8,500	5,319,885				18,582,279
Academic Support	13,227,292	36,516	6,485,562				19,749,370
Student Services	13,579,506	112,289	3,542,880				17,234,675
Institutional Support	21,841,242	10,760	7,413,520				29,265,522
Scholarships and Fellowships		9,751,118	9,762,800 *				19,513,918
Operations and Maintenance of Plant	12,108,572		14,063,430				26,172,002
Auxiliary Enterprises	8,540,164	6,078,299	14,550,706				29,169,169
Self Insurance				\$20,043,070			20,043,070
Depreciation					\$27,088,390		27,088,390
Other						\$51,522	51,522
<b>Total</b>	<u>\$163,050,514</u>	<u>\$ 19,071,674</u>	<u>\$73,756,354</u>	<u>\$20,043,070</u>	<u>\$27,088,390</u>	<u>\$51,522</u>	<u>\$ 303,061,524</u>

\*Includes \$6,741,227 of CARES-HEERF direct payments to students and \$3,021,573 of payments made for refunds of housing and meal charges due to COVID-19

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10.  
RECEIVABLE AND PAYABLE BALANCES**

Accounts receivables at June 30, 2020 as reported in the Statement of Net Position, were as follows:

	Current	Noncurrent	Total
Student receivables, net	\$ 11,895,168		\$ 11,895,168
Grants and contracts	11,466,605		11,466,605
Sales and use tax	200,899		200,899
Construction projects	736,198	\$ 403,129	1,139,327
Travel advances/repayments	25		25
Property tax accrual	1,032,565	1,472,720	2,505,285
Auxiliary enterprises	151,029	16,327	167,356
Direct lending	9,871,806		9,871,806
Miscellaneous	2,562,383	57,507	2,619,890
<b>Totals</b>	<b>\$ 37,916,678</b>	<b>\$ 1,949,683</b>	<b>\$ 39,866,361</b>

Accounts receivable from students are reported net of allowances for doubtful accounts. This amount was \$2,811,665 at June 30, 2020. Grants and contracts receivable are comprised of amounts due for sponsored research projects, scholarships and other restricted activities. Auxiliary enterprises receivables consist of amounts due at year for vending, bookstore and other types of auxiliaries. Direct lending receivables are federal loans that have been disbursed to students but the University has not yet received the cash.

Notes and Deposits Receivable at June 30, 2020 were as follows:

	Current	Noncurrent	Total
Notes receivable, net	\$ 531,472	\$ 1,619,680	\$ 2,151,152
Deposits receivable	13	5,759	5,772
<b>Totals</b>	<b>\$ 531,485</b>	<b>\$ 1,625,439</b>	<b>\$ 2,156,924</b>

Notes receivable pertains to loans awarded to students through the Federal Perkins Loan Program. Notes receivable at June 30, 2020 was reduced by an allowance for doubtful accounts of \$481,051 for the current portion and \$1,466,020 for the noncurrent portion.

Accounts Payable and Accrued Liabilities at June 30, 2020 are detailed below:

	Current	Noncurrent	Total
Vendors	\$ 7,115,902		\$ 7,115,902
Students	41,879		41,879
Sales tax and use tax	21,937		21,937
Health claims	1,457,300		1,457,300
Arkansas Delta Training and Education Consortium	241,255		241,255
Salaries and other payroll related items	2,611,836		2,611,836
Optional Voluntary Retirement Incentive Program	42,267		42,267
Miscellaneous	142,599		142,599
<b>Totals</b>	<b>\$ 11,674,975</b>	<b>\$ -</b>	<b>\$ 11,674,975</b>

**NOTE 11.  
MUSEUM COLLECTION**

The financial statements do not include the University's museum collection, which consists of numerous historical relics, artifacts, displays and memorabilia. The total value of this collection has not been established.

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12.  
OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The University's defined benefit OPEB plan, ASU System OPEB Plan (the Plan), provides postemployment benefits to all employees who officially retire from the University and meet certain age- and service-related requirements. The Plan is a single-employer defined benefit OPEB plan administered by the University. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

Benefits Provided

Employees shall become eligible for early retirement benefits in the calendar year in which the sum of their age (must be at least fifty-five (55)) and the number of years of continuous benefits eligible service to the University totals seventy (70). Certain employees who retire under a voluntary retirement window approved by the Board of Trustees of Arkansas State University are also eligible for benefits.

Employees electing retirement will receive the following benefits:

- Medical benefits – Pre-Medicare benefits are available to retirees and their eligible dependents (if covered at the time the employee retires) under the Arkansas Blue Advantage Plan.
- Life insurance benefits – The beneficiary of a retiree who dies prior to age 65 receives an amount equal to 1.5 times the retiree's final salary immediately prior to retirement, rounded to the next highest multiple of \$1,000. The maximum benefit is \$50,000. Benefits are not payable to a beneficiary of a retiree who dies after attaining age 65. Some current retirees from the Mid-South campus are eligible for a life insurance benefit of \$20,000. This benefit continues beyond age 65 for the lifetime of the retiree.

Medical contributions are equal to one-half of the total combined employee and employer premium cost. When a retiree dies or becomes eligible for Medicare, spouses may continue coverage until they become eligible for Medicare by paying 100% of the employee plus employer premium cost.

No contributions are required for the life insurance benefit.

Employees hired on or after January 1, 2019 are not eligible to receive these postemployment benefits.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

	<u>Medical benefits</u>	<u>Life insurance benefits*</u>
<b>Active employees</b>		
<b>Fully eligible</b>	480	
<b>Not yet fully eligible</b>	1,468	
	<u>1,948</u>	
<b>Retired employees</b>		
<b>Retirees</b>	85	116
<b>Spouses</b>	24	n/a
<b>Surviving spouses</b>	12	n/a
	<u>121</u>	<u>116</u>
<b>Totals</b>	<u><u>2,069</u></u>	<u><u>116</u></u>
*All active employees are assumed to be in the retiree life insurance program		

Total OPEB Liability

The University's total OPEB liability of \$17,739,334 was measured as of June 30, 2020, and determined by an actuarial valuation dated January 1, 2020. The liability was rolled forward to the measurement date using standard actuarial techniques.

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate** 3.14% for June 30, 2019 measurement date and fiscal 2020 OPEB expense development  
2.44% for June 30, 2020 measurement date
- Inflation rate** 2.00%
- Salary increases** 1.00% through 2022; 2.50% thereafter
- Mortality rate table** Pub-2010 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees  
  
Mortality includes a generational projection for future mortality improvements using Scale MP-2019.
- Healthcare cost trend rates** Healthcare costs are assumed to increase each year according to the following table:

Year	Medical	Pharmacy	Blended
2020	5.00%	10.00%	6.00%
2021	5.00%	7.40%	5.50%
2022	5.00%	6.90%	5.40%
2023 - 2024	4.90%	6.70%	5.30%
2025 - 2026	4.80%	6.60%	5.20%
2027 - 2028	4.80%	6.10%	5.10%
2029 - 2031	4.80%	5.20%	4.90%
2032 and beyond	4.80%	4.80%	4.80%



**ARKANSAS STATE UNIVERSITY SYSTEM  
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The discount rate is the average of the Bond Buyer 20-Bond GO Index, the S&P Municipal Bond 20 Year High Grade Rate Index, and the Fidelity GO AA – 20 Year Index as of the measurement date.

Mortality rates are based on recent research by the Society of Actuaries.

Healthcare trend rates are developed each year consistent with Lockton’s near-term expectations and the SOA Getzen Long-Term Healthcare Cost Trend model.

The salary scale, and retirement, termination, participation, and spousal participation rates were selected with plan sponsor input on historical trends and expected future experience.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study from June 30, 2016, based on census data from 2013 – 2016.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2019	\$ 25,398,286
Changes for the year:	
Service cost	1,426,881
Interest	839,994
Changes of benefit terms	999,479
Differences between expected and actual experience	(10,257,463)
Changes in assumptions or other inputs*	(519,149)
Benefit payments	(148,694)
Net changes	(7,658,952)
Balance, June 30, 2019	\$ 17,739,334

\*The discount rate was updated from 3.14% as of June 30, 2019 to 2.44% as of June 30, 2020 to reflect recent high-quality municipal bond rates.



Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the University using the discount rate of 2.44%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.44%) or 1 percentage point higher (3.44%) than the current rate:

	1% Decrease (1.44%)	Current Discount Rate (2.44%)	1% Increase (3.44%)
Total OPEB Liability	\$ 19,140,946	\$ 17,739,334	\$ 16,451,351

**ARKANSAS STATE UNIVERSITY SYSTEM  
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Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the University using the healthcare (medical and pharmacy) cost trend rate of 6.00% decreasing to 4.80%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.00% decreasing to 3.80%) or 1 percentage point higher (7.00% decreasing to 5.80%) than the current rate:

	1% Decrease  (5.00% decreasing to 3.80%)	Current Healthcare Cost Trend Rates (6.00% decreasing to 4.00%)	1% Increase  (7.00% decreasing to 5.80%)
Total OPEB Liability	\$ 16,076,079	\$ 17,739,334	\$ 19,693,047

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

For the year ended June 30, 2020, the University recognized OPEB expense of \$2,249,458. At June 30, 2020, the University reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,209,556	\$ (8,710,334)
Changes of assumptions or other inputs	595,567	(440,846)
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date		
Totals	<u>\$ 2,805,123</u>	<u>\$ (9,151,180)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2021	\$(1,017,296)
2022	(1,016,896)
2023	(1,016,896)
2024	(1,031,932)
2025	(1,239,017)
Thereafter	(1,024,020)
Total	<u>(6,346,057)</u>

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13.  
SELF INSURANCE PROGRAM**

Beginning July 1, 1994, Arkansas State University established a self-funded health benefit plan for employees and their eligible dependents. All campuses of the University participate in the program, which is administered by Arkansas Blue Advantage Administrators. The ASU Three Rivers campus joined the plan on January 1, 2020.

At June 30, 2020, approximately 4,407 active employees, their dependents, former employees and retirees were participating in the program. Effective January 1, 2019, the University offers two health plans: the Classic Plan which uses the Arkansas True-Blue network and a Premium Plan which uses the Arkansas True-Blue network and the National Blue Care network. For those participating in single coverage, the University pays 84% of the total premium. The University pays 74% of the total premium for those participating in full family coverage, 70% for those participating in employee & spouse coverage, and 69% for those participating in employee and children coverage. Retirees, including early retirees, pay 50% of their coverage and the University covers the other 50%. The University does not offer insurance to retirees or their spouses who are eligible for Medicare. A retiree's spouse can continue coverage after the retiree becomes eligible for Medicare at a cost of 100% of the single coverage rate until they too are eligible for Medicare.

The University estimates its unpaid health claims liability at June 30, 2020 to be \$1,457,300 with Arkansas Blue Advantage Administrators. This liability is established for incurred but not reported medical claims and is based on the calculation prepared by Lockton. Details of this liability are shown below.

<b>Unpaid Claims Liability</b>	
<b>Fiscal Year 2020</b>	
Unpaid claims, 7-1-2019	\$ 1,674,100
Incurred claims during current year	14,113,447
<b>Total claims</b>	<b>15,787,547</b>
Current year claims paid	12,656,147
Prior year claims paid	1,674,100
<b>Total payments</b>	<b>14,330,247</b>
<b>Unpaid claims, 6-30-2020</b>	<b>\$ 1,457,300</b>

The University purchases specific reinsurance to reduce its exposure to large claims. Anthem is the reinsurance carrier. Under the specific arrangement, the reinsurance carrier pays for claims for covered employees that exceed \$300,000.



**ARKANSAS STATE UNIVERSITY SYSTEM  
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JUNE 30, 2020**

**NOTE 14.  
ENDOWMENT FUNDS**

Jonesboro

The University has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships and other purposes. All endowment funds are maintained as cash or investments. Investments reported at fair value, include bonds/fixed income, mutual funds and other managed investments. The endowment net position at June 30, 2020 was \$13,873,909. Of this amount, \$12,736,151 was nonexpendable and the remaining \$1,137,758 was expendable.

State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established.

For endowments held by the Arkansas State University Foundation, the University's policy is for annual expenses from the endowment funds not to exceed 4% of the five (5) year average market value as determined at December 31st of the previous year. In periods with no market value appreciation, the University limits the spending to actual income generated by the endowment fund assets.

Beebe

The University has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships and other purposes. All endowment funds are maintained as investments. Investments reported at fair value, include bonds/fixed income, mutual funds and other managed investments. The endowment net assets at June 30, 2020 were \$758,354. Of this amount, \$740,772 was nonexpendable and the remaining \$17,582 was expendable.

State law allows a governing board to expend a portion of the net appreciation in the fair value of the assets over the historic dollar value of the fund unless the applicable gift document states otherwise. State law stipulates that such expenses are to be for the purpose for which the endowment funds were established.

The University's policy is for any interest earnings to be expended from the endowment funds for scholarships.



**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 15.  
PLEGGED REVENUES**

The University's pledged revenues at June 30, 2020 are as follows:

Jonesboro

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2020 Gross Revenue	Amount Issued	2020 Principal Paid	2020 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2005 Refunding	9/15/2005	4/1/2025	Refinance Student Union and Parking Garage	Student Union Fee/Parking Fees	\$ 3,488,371	\$ 19,230,000	\$ 1,244,999	\$ 364,000	\$ 6,035,000	\$ 821,500	46.12%
Series 2010B Refunding*	12/7/2010	12/1/2027	Refinance Series 2002-Construction of Fowler Center and property purchases	Gross Tuition and Fees	see below	1,866,624	55,000	20,375	535,000	84,738	0.08%
Series 2012A Taxable Housing	3/1/2012	3/1/2042	Construction of sorority housing	Housing Fees	856,185	6,510,000	150,000	269,683	5,525,000	3,687,763	49.02%
Series 2012B Housing	3/1/2012	3/1/2042	Construction of honors housing	Housing Fees	464,316	6,875,000	180,000	207,198	5,705,000	2,769,542	83.39%
Series 2012D Housing	12/1/2012	3/1/2042	Construction of honors housing	Housing Fees	464,316	1,255,000	35,000	33,119	1,040,000	439,019	14.67%
Series 2012C Student Fee	3/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,594,587	3,425,000	105,000	107,456	2,650,000	987,663	13.32%
Series 2012D Student Fee	12/1/2012	3/1/2037	Renovation of Kays Hall	Housing Fees	1,594,587	1,500,000	55,000	35,231	1,155,000	351,169	5.66%
Series 2012A Taxable Refunding	3/1/2012	3/1/2034	Refinance Series 2004 Student Fee-Property Purchases	Gross Tuition and Fees	see below	5,340,000	205,000	160,245	3,730,000	1,351,166	0.40%
Series 2012B Refunding	3/1/2012	3/1/2034	Refinance Series 2004 Student Fee-Refinance Library/Physical Plant, Demolition of Delta Hall, Chickasaw Building renovations, and utility infrastructure improvements	Gross Tuition and Fees	see below	2,775,000	100,000	60,006	1,790,000	469,300	0.17%
Series 2013 Refunding	3/1/2013	3/1/2034	Refinance Series 2004 Housing-Construction of Northpark Quads residence hall and construction of Family Housing Phase II	Housing Fees	5,070,488	28,895,000	1,145,000	853,000	21,425,000	6,547,825	39.40%

\*The total amount issued on the Series 2010B Refunding was \$3,435,000. The portion pledged with housing fees was \$1,568,376 and had a final maturity date of December 1, 2017.

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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Jonesboro (continued)

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2020 Gross Revenue	Amount Issued	2020 Principal Paid	2020 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2013A Student Fee	12/1/2013	12/1/2038	Construction of Student Activities Center	Gross Tuition and Fees	see below	\$ 11,130,000	\$ 305,000	\$ 504,373	\$ 9,395,000	\$ 5,804,250	0.88%
Series 2013B Student Fee	12/1/2013	12/1/2043	Construction of Humanities and Social Sciences building	Gross Tuition and Fees	see below	14,685,000	305,000	609,825	12,945,000	8,826,443	0.99%
Series 2016 Refunding	11/17/2016	3/1/2037	Refinance Series 2007 Student Fee-Construction of Recreation Center	Recreation Center Fee	1,585,506	13,870,000	490,000	458,356	11,975,000	4,151,114	59.81%
Series 2016 Housing Refunding	11/17/2016	3/1/2037	Refinance Series 2007 Housing-Construction of Honors Hall, Red Wolf Den apartments, refinance Collegiate Park	Housing Fees	3,369,010	23,150,000	1,200,000	762,713	18,555,000	6,216,637	58.26%
Series 2017 Refunding	12/20/2017	3/1/2039	Refinance Series 2009 and Series 2010 Refunding-Construction of Living Learning Community, Red Wolf Den Commons, housing deferred maintenance and refinancing Family Housing Phase I (Series 2001)	Housing Fees	1,626,330	11,740,000	505,000	393,725	10,200,000	3,403,794	55.26%
Series 2010A Refunding	Refunded below	Refunded below	Refinance Series 2001 Track Facility	Gross Tuition and Fees	see below	2,600,000	-	48,139	-	-	0.05%
Series 2019 Refunding	12/18/2019	3/1/2030	Refinance Series 2010A Refunding-Track Facility (Series 2001)	Gross Tuition and Fees	see below	1,640,000	145,000	8,840	1,495,000	200,150	0.17%
Series 2012C Taxable Housing	Refunded below	Refunded below	Construction of sorority housing	Housing Fees	856,185	4,470,000	-	134,598	-	-	15.72%
Series 2019 Taxable Housing Refunding	12/18/2019	3/1/2042	Refinance Series 2012C Taxable Housing-Construction of sorority housing	Housing Fees	856,185	3,750,000	130,000	24,026	3,620,000	1,583,824	17.99%

Note: Issues with Tuition and Fees pledged, 2020 Gross Revenue—\$92,369,705

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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Beebe

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2020 Gross Revenue	Amount Issued	2020 Principal Paid	2020 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2012 Refunding	12/1/2012	12/1/2032	Refinance Series 2008 Student Fee-Renovation of main building at the Searcy campus	Gross Tuition and Fees	see below	\$ 1,890,000	\$ 85,000	\$ 36,453	\$ 1,325,000	\$ 295,484	1.30%
Series 2015A Refunding	4/1/2015	12/1/2023	Refinance Series 2005 Refunding-Refinance Student Center	Gross Tuition and Fees	see below	1,895,000	205,000	28,900	895,000	54,525	2.51%
Series 2015 Refunding Auxiliary Enterprises	4/1/2015	4/1/2039	Refinance Series 2010 Auxiliary Enterprises-Construction of new residence halls	Housing Fees	\$ 701,149	8,005,000	265,000	228,623	6,735,000	2,553,434	71.60%
Series 2015 Refunding	5/1/2015	12/1/2035	Refinance Series 2005B Student Fee-Construction of academic and administrative buildings at the Heber Springs campus	Gross Tuition and Fees	see below	12,930,000	490,000	384,156	10,615,000	3,245,810	9.37%
Series 2015B Refunding	6/1/2015	9/1/2035	Refinance Series 2006 Student Fee-Construction of math and science building	Gross Tuition and Fees	see below	9,185,000	345,000	283,025	7,455,000	7,455,000	6.73%

Note: Issues with Tuition and Fees pledged, 2020 Gross Revenue—\$9,326,444

**ARKANSAS STATE UNIVERSITY SYSTEM  
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Mid-South

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2020 Gross Revenue	Amount Issued	2020 Principal Paid	2020 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2010 Construction	8/26/2010	2/1/2040	Construction of Facilities	Property Tax Millage	\$2,935,242	\$ 5,180,000	\$ 110,000	\$ 185,044	\$ 4,090,000	\$ 2,454,167	9.70%
Series 2012 Construction	8/1/2012	2/1/2042	Construction of Facilities and Refunding	Property Tax Millage	2,935,242	18,510,000	445,000	563,008	14,845,000	7,354,036	33.13%

Mountain Home

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2020 Gross Revenue	Amount Issued	2020 Principal Paid	2020 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2012 Refunding	Refunded below		Refinance Series 2008 Student Fee-Construction of Community Development Center	Gross Tuition and Fees	see below	\$ 6,995,000	\$ 330,000	\$ 93,645	\$ -	\$ -	10.47%
Series 2019 Refunding	12/18/2019	12/1/2032	Refinance Series 2012 Refunding Student Fee-Construction of Community Development Center	Gross Tuition and Fees	see below	4,885,000	-	58,006	4,885,000	853,917	1.43%

Note: Issues with Tuition and Fees pledges, 2020 Gross Revenue—\$4,048,149

**ARKANSAS STATE UNIVERSITY SYSTEM  
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Newport

	Issue Date	Maturity Date	Purpose	Type of Revenue Pledged	2020 Gross Revenue	Amount Issued	2020 Principal Paid	2020 Interest Paid	Principal Outstanding	Interest Outstanding	Percent of Revenue Pledged
Series 2012A Taxable Refunding	12/1/2012	5/1/2028	Refinance Series 2008 Building-Construction of Student Community Building	Gross Tuition and Fees	see below	\$ 3,740,000	\$ 230,000	\$ 80,304	\$ 2,029,999	\$ 343,859	4.00%
Series 2012B Refunding	12/1/2012	12/1/2032	Refinance Series 2008 Building-Construction of Transportation Technology Center building	Gross Tuition and Fees	see below	1,875,000	85,000	36,347	1,320,000	258,872	1.56%

Note: Issues with Tuition and Fees pledged, 2020 Gross Revenue—\$7,763,000

**ARKANSAS STATE UNIVERSITY SYSTEM**  
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**JUNE 30, 2020**

**NOTE 16.**  
**RISK MANAGEMENT**

The University is exposed to various risks of loss including, but not necessarily limited to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. In response to this diverse risk exposure, the University has established a comprehensive risk management approach including, where acceptable and prudent, retention of the associated risks to the extent that funds are available from general operations or reserves to cover losses. In those situations where risk retention has been deemed not acceptable or prudent, the University has practiced risk transfer through participation in the State of Arkansas's risk management programs or through the purchase of commercial insurance coverage.

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Government Bonding Board. The fund provides coverage of actual losses incurred as a result of fraudulent or dishonest acts committed by state officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are remitted by the Arkansas Department of Finance and Administration from funds deducted from the University's state treasury funds.

The University secures vehicle insurance coverage through participation in the Arkansas Multi-Agency Insurance Trust Fund administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow participating agencies an affordable means of insuring their vehicle fleets. The University pays an annual premium for this coverage. The fund provides a coverage pool, but, employs a reinsurance policy to reduce its exposure to large losses.

The University also participates in the Worker's Compensation Revolving Fund administered by the Arkansas Department of Finance and Administration. Premium assessments are determined annually by the Department of Finance and Administration and deducted on a quarterly basis from the University's state treasury funds.

Additional information relating to the state's insurance plans and funds is available in the State of Arkansas's Annual Comprehensive Financial Report.

The University also purchases commercial property insurance coverage to indemnify against unacceptable losses to buildings and business personal property through participation in the Arkansas Multi-Agency Insurance Trust Fund administered by the Risk Management Division of the Arkansas Insurance Department. Decisions concerning the appropriate retention levels and types of coverage are made by the campus administrators. During the past three fiscal years, no claims have exceeded the amount of coverage. There have been no significant reductions in insurance coverage from the prior year in the major categories of risk. The University pays an annual premium for this coverage. The fund provides a coverage pool, but, employs a reinsurance policy to reduce its exposure to large losses.

The University secures cyber data liability insurance coverage through participation in the Arkansas Multi-Agency Insurance Trust Fund administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow participating agencies an affordable means of insuring their cyber data liability exposure. The University pays an annual premium for this coverage and has a \$25,000 per occurrence deductible applicable only to the hardware "bricking" coverage of the policy. The insurance plan provides a limited self-funded risk retention plan, but procures an excess liability policy to reduce its exposure to large losses.

Additional policies purchased by the University include a group accident policy that provides accidental death and dismemberment and accident medical expenses coverage for certain categories of participants in intercollegiate sport activities of the university; a business travel policy that provides accidental death and dismemberment, medical evacuation and repatriation coverage for individuals traveling on university business; a comprehensive K&R policy to cover costs and provide assistance in certain crisis events involving university directors, officers, employees, faculty and students; a foreign commercial package policy that provides coverage for foreign commercial general liability, auto liability/physical damage, voluntary compensation and employers liability, and foreign travel accident and sickness.



**ARKANSAS STATE UNIVERSITY SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 17.**  
**OPTIONAL VOLUNTARY RETIREMENT INCENTIVE PROGRAM**

Newport

During fiscal year 2019, the campus offered an optional voluntary retirement incentive program to certain employees. To be eligible, an employee must have been 55 years of age with 15 years of continuous full-time employment as of June 30, 2019. Employees received twenty five percent of their salary for the first payment and one percent of the salary for each year of service in the second payment. These payments will occur over two years. An annual payment was paid to the employee's retirement fund in July 2019 and again in July 2020. The University has accrued the payable for the four (4) employees who elected to participate in this program. As of June 30, 2020, the liability totaling \$42,267 has been recorded on the University's financial statements as a current liability.

**NOTE 18.**  
**LEASE OBLIGATIONS WITH RED WOLVES FOUNDATION**

Jonesboro

In January 2015, the University entered into an agreement with the Red Wolves Foundation. This lease agreement allowed the Red Wolves Foundation to obtain financing to complete the expansion of the football stadium and press box (Centennial Bank Stadium). The agreement allows the Red Wolves Foundation to utilize the space and complete construction of the facility which will ultimately belong to the University. The term of the lease is 10 years and the amount of the financing was \$13 million. On August 27, 2015, the lease agreement with the Red Wolves Foundation was modified to secure additional financing for the Centennial Bank Stadium project. The amount was increased from \$13 million to \$17 million.

On November 20, 2017, the University entered into a ground lease agreement with the Red Wolves Foundation. The University leased approximately 1.92 acres of land for the construction of a portion of Centennial Bank Stadium consisting of premium stadium seating and a building containing an athletic training facility. The Red Wolves Foundation is responsible for the cost of the construction and leases the improvements to the University. The term of the lease is 20 years.

**NOTE 19.**  
**LEASE AGREEMENTS**

Jonesboro

On July 21, 2016, the University entered into a public-private partnership with ZP NO. 315, LLC (Zimmer) to construct and operate undergraduate and graduate student housing facilities on approximately 13 acres of land owned by the University. Zimmer is responsible for all construction costs, maintenance costs and operational costs of the housing. The University began receiving rent annually for the use of the land beginning in fall 2017. The University receives \$200,000 annually for the undergraduate housing and \$105,000 for the graduate housing. The term of the lease is thirty-five years. The lease provides an option for the University, not an obligation, to acquire Zimmer's interest in the property from and after the tenth anniversary of the rent commencement date.

On June 13, 2017, the University entered into a ground lease agreement and building lease agreement with Centennial Bank to facilitate the construction of a building on the campus to be used as a Campus Welcome Center. The building is approximately 3,833 square feet on 0.35 acres of land with 3,533 square feet used by the campus and 300 square feet used by Centennial to operate a bank branch. Centennial is responsible for all construction costs. The lease is for a term of twenty-five years with an option to renew for two periods of seven years each. Per the lease agreement, the University receives \$100 per year for rent.

On September 15, 2017, The University entered into a long-term lease agreement with the City of Imboden to construct a facility for the Disaster Preparedness Training Program. The lease will have an initial term of fifty (50) years, and may be renewed, at the University's option, for five (5) additional terms of five (5) years each. The premises, comprising of approximately 183 acres of undeveloped land, will be rent-free for the first five (5) years of the lease, and shall have an annual rent of \$10,000 for every year thereafter. The University has the right to construct buildings and other improvements on the property at its sole discretion. Any improvements constructed on the premises shall be and shall remain the property of the University until disposed of by the University.

On September 15, 2017, The University entered into a long-term lease agreement with the City of Walnut Ridge, acting by and through the Walnut Ridge Airport Commission, to construct a facility for the Disaster Preparedness Training Program. The lease will have an initial term of fifty (50) years, and may be renewed, at the University's option, for two (2) additional terms of five (5) years each. The premises, comprising of 100 acres of undeveloped land at the Walnut Ridge Airport, will have an annual rent of \$12,500, which shall be adjusted every five (5) years by the greater of (3%) or the cumulative average annual change in the Consumer Price Index. For the first two (2) years of the University's tenancy, the City of Walnut Ridge shall pay the annual rent on behalf of the University to the Walnut Ridge Airport Commission. The University has the right to construct buildings and other improvements on the property at its sole discretion. Any improvements constructed on the premises shall be and shall remain the property of the University until disposed of by the University.

**ARKANSAS STATE UNIVERSITY SYSTEM**  
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**JUNE 30, 2020**

**NOTE 20.**  
**MERGER WITH COLLEGE OF THE OUACHITAS**

On February 20, 2019, the Board of Trustees approved an agreement of merger and plan of transition between the ASU System and College of the Ouachitas (COTO). In the merger agreement, College of the Ouachitas became a member of the Arkansas State University System. The ASU System agreed to maintain and oversee operations of College of the Ouachitas, after the merger to be known as Arkansas State University Three Rivers (ASU Three Rivers). The agreement was entered into so that both parties can provide for sound growth of and sustain ASU Three Rivers as a first-class community college according to a plan of transition calling for specific action by the ASU System and COTO. This agreement was entered into so that COTO was fully merged into the Arkansas State University System, which is the surviving legal institution and will continue to be governed by the laws of the State of Arkansas with the ASU System receiving and assuming, upon the date of transfer, the assets and liabilities of COTO. The merger was effective on January 1, 2020.

As of the last audit date of June 30, 2019, ASU Three Rivers had the following assets, deferred outflows, liabilities, deferred inflows and net position.

**ARKANSAS STATE UNIVERSITY SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

<b>College of the Ouachitas</b>	
<b>Statement of Net Position</b>	
<b>June 30, 2019</b>	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>Current Assets:</b>	
Cash	\$ 4,518,967
Accounts receivable	270,750
Student receivables (less allowance of \$444,672)	288,993
Notes receivable	8,245
Inventories	18,159
Prepaid expenses	106,888
Total Current Assets	<u>5,212,002</u>
<b>Noncurrent Assets:</b>	
Capital assets (net of accumulated depreciation of \$7,773,884)	6,480,272
Total Noncurrent Assets	<u>6,480,272</u>
<b>TOTAL ASSETS</b>	<b><u>11,692,274</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount related to pensions	1,230,407
Deferred amount related to OPEB	101,819
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>13,024,500</u></b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable and accrued liabilities	511,102
Accrued interest payable	4,233
Certificates of indebtedness payable	172,886
Compensated absences	21,996
Unearned revenues	5,779
Funds held in trust for others	69,411
Other postemployment benefits	177,413
Total Current Liabilities	<u>962,820</u>
<b>Noncurrent Liabilities:</b>	
Certificates of indebtedness payable	982,099
Compensated absences	317,082
Other postemployment benefits	5,308,596
Net pension liability	2,554,411
Total Noncurrent Liabilities	<u>9,162,188</u>
<b>TOTAL LIABILITIES</b>	<b><u>10,125,008</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amount related to pensions	778,127
Deferred amount related to OPEB	628,903
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>11,532,038</u></b>
<b>NET POSITION</b>	
Net investment in capital assets	5,325,287
Restricted for:	
Expendable:	
Scholarships and fellowships	15,281
Emergency loans to students	10,000
Unrestricted	<u>(3,858,106)</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 1,492,462</u></b>

**ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 21.  
HENDERSON STATE UNIVERSITY PENDING MERGER**

On July 19, 2019, the University signed a Memorandum of Understanding to provide various operations support services to Henderson State University. The Henderson State University Board of Trustees voted to hire the ASU System to provide financial, internal audit, information technology, institutional research, executive support, and legal support services from August 1, 2019 through December 31, 2019 unless a different time period is mutually agreed to by the parties.

On October 24, 2019, the Henderson State University Board of Trustees voted to join the Arkansas State University System and proceed with the development of a merger agreement. The move was subject to approval from the ASU Board of Trustees and the Higher Learning Commission, as well as action by the Arkansas General Assembly.

On December 6, 2019, the Board of Trustees approved an agreement of merger and plan of transition between the ASU System and Henderson State University. The merger will be effective on January 1, 2021.

**NOTE 22.  
COVID-19**

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The extent of the impact of COVID-19 on our financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak and revenue collections – all of which are uncertain and cannot be predicted. The financial impact of COVID-19 to the Arkansas State University System is uncertain as of the audit report date.



**ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**Other Postemployment Benefits (OPEB)**

<b>Schedule of Changes in the University's Total OPEB Liability and Related Ratios</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability*</b>			
Service cost	\$ 1,426,881	\$ 1,521,697	\$ 1,433,006
Interest	839,994	743,196	671,522
Change of benefit terms	\$ 999,479		
Differences between expected and actual experience	(10,257,463)	3,151,798	
Changes in assumptions or other inputs	(519,149)	594,755	324,555
Benefit payments	(148,694)	(766,360)	(948,092)
Net change in total OPEB liability	(7,658,952)	5,245,086	1,480,991
T total OPEB liability, beginning of year	25,398,286	20,153,200	18,672,209
<b>Total OPEB liability, end of year</b>	<u><u>\$ 17,739,334</u></u>	<u><u>\$ 25,398,286</u></u>	<u><u>\$ 20,153,200</u></u>
Covered - employee payroll	\$ 123,777,641	\$ 115,592,428	\$ 117,067,546
Total OPEB liability as a percentage of covered - employee payroll	14.33%	21.97%	17.22%
<p>Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.</p> <p>* No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.</p>			

**ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**Notes to Required Supplementary Information**

**Postemployment Benefits Other Than Pensions (OPEB)**

**NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules**

A. Changes in benefit terms

- Plan changes were made such as the addition of new plan options, an increase in required retiree contributions for former Mid South retirees, and the addition of the Three Rivers campus to the valuation. These changes resulted in a liability increase of about \$1.0 million that was recognized immediately in fiscal 2020 expense as a change in benefit terms.

B. Changes in assumptions

- The discount rate was updated to reflect recent high-quality municipal bond rates.
- The mortality projection scales were updated based on recent research by the Society of Actuaries.
- Healthcare trend rates were updated to reflect anticipated future experience as well as separated for medical and prescription drugs.
- Per capita claim costs and administrative expenses were updated to reflect recent plan experience.
- Aging factors were updated as well as split for medical and prescription drug benefits.
- The medical participation assumption was updated to assume 80% of all active employees will elect coverage.
- A 10% administrative expense load was added to the life insurance benefit.
- The high-value coverage excise tax was removed from the valuation based on legislation in 2019 repealing the tax.
- The salary increase assumption was updated based on plan sponsor expectations.
- A plan selection assumption was added to reflect the availability of multiple plans to the retirees.

C. Method and assumptions used in calculations

Valuation date	January 1, 2020
Measurement date	June 30, 2020
Discount rate	3.14% for June 30, 2019 measurement date and fiscal 2020 OPEB expense development 2.44% for June 30, 2020 measurement date
Inflation rate	2.00%
Salary increases	1.00% through 2022; 2.50% thereafter
Mortality rate table	Pub-2010 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees  Mortality includes a generational projection for future mortality improvements using Scale MP-2019.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the following table:

Year	Medical	Pharmacy	Blended
2020	5.00%	10.00%	6.00%
2021	5.00%	7.40%	5.50%
2022	5.00%	6.90%	5.40%
2023 - 2024	4.90%	6.70%	5.30%
2025 - 2026	4.80%	6.60%	5.20%
2027 - 2028	4.80%	6.10%	5.10%
2029 - 2031	4.80%	5.20%	4.90%
2032 and beyond	4.80%	4.80%	4.80%

**ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**Pension Plans**

Schedule of the University's Proportionate Share of the Net Pension Liability						
Arkansas Teacher Retirement System						
	2020*	2019*	2018*	2017*	2016*	2015*
Proportion of the net pension liability (asset)	0.27%	0.25%	0.29%	0.32%	0.35%	0.36%
Proportionate share of the net pension liability (asset)	\$ 11,226,933	\$ 9,255,617	\$ 12,297,190	\$ 14,053,207	\$ 11,434,400	\$ 9,331,442
Covered payroll	\$ 8,157,125 ***	\$ 7,547,210	\$ 8,589,558	\$ 9,199,761	\$ 10,241,904 **	\$ 10,114,727
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	137.63%	122.64%	143.16%	152.76%	111.64%	92.26%
Plan fiduciary net position as a percentage of the total pension liability	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

\* The amounts presented were determined as of June 30<sup>th</sup> of the previous year.

\*\* Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.

\*\*\* College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

**ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**Pension Plans**

Schedule of the University Contributions						
Arkansas Teacher Retirement System						
	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,063,230	\$ 955,533	\$ 1,085,490	\$ 1,211,404	\$ 1,305,613	\$ 1,320,906
Contributions in relation to the contractually required contribution	\$(1,063,230)	\$ (955,533)	\$(1,085,490)	\$(1,211,404)	\$(1,305,613)	\$(1,320,906)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,028,649	\$ 6,715,577	\$ 7,547,210	\$ 8,589,558	\$ 9,199,761	\$ 9,404,438
Contributions as a percentage of covered payroll	15.13%	14.23%	14.38%	14.10%	14.19%	14.05%

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

**ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**Notes to Required Supplementary Information**

**Pension Plans**

**Arkansas Teacher Retirement System**

**NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules**

**A. Changes in benefit terms**

There were no significant changes in benefit terms for the year ended June 30, 2019.

**B. Changes in assumptions**

There were no significant changes in assumptions for the year ended June 30, 2019.

**C. Method and assumptions used in calculations of actuarially determined contributions**

Valuation date June 30, 2019

The actuarially determined contribution rates are calculated as of June 30 of every year, which is one year prior to the beginning of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule of contributions:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	4-year closed period; 20% corridor
Wage inflation	2.75%
Projected salary increases	2.75—7.75%
Investment rate of return	7.50% compounded annually

Mortality table RP-2014 Healthy Annuitant, Disabled Annuitant, and Employee Mortality Tables were used for males and females. Mortality rates were adjusted using projection scale MP-2017 from 2006.

Table	<u>Scaling Factor</u>	
	Males	Females
Healthy Annuitant	101%	91%
Disabled Annuitant	99%	107%
Employee Mortality	94%	84%

**ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

<b>Schedule of the University's Proportionate Share of the Net Pension Liability</b>						
<b>Arkansas Public Employees Retirement System</b>						
	<b>2020*</b>	<b>2019*</b>	<b>2018*</b>	<b>2017*</b>	<b>2016*</b>	<b>2015*</b>
Proportion of the net pension liability (asset)	0.28%	0.28%	0.33%	0.36%	0.39%	0.44%
Proportionate share of the net pension liability (asset)	\$ 6,750,262	\$ 6,214,764	\$ 8,480,922	\$ 8,493,072	\$ 7,228,228	\$ 6,175,989
Covered payroll	\$ 5,391,683	\$ 5,102,828	\$ 5,769,334	\$ 6,303,819	\$ 6,903,139	\$ 7,573,967
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	125.20%	121.79%	147.00%	134.73%	104.71%	81.54%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

\* The amounts presented were determined as of June 30<sup>th</sup> of the previous year.

\*\* College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.

**ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

Schedule of the University Contributions						
Arkansas Public Employees Retirement System						
	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 778,595	\$ 727,761	\$ 771,954	\$ 858,174	\$ 928,244	\$ 1,027,156
Contributions in relation to the contractually required contribution	\$ (778,595)	\$ (727,761)	\$ (771,954)	\$ (858,174)	\$ (928,244)	\$ (1,027,156)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,009,381	\$ 4,797,303	\$ 5,102,828	\$ 5,769,334	\$ 6,303,819	\$ 6,903,139
Contributions as a percentage of covered payroll	15.54%	15.17%	15.13%	14.87%	14.73%	14.88%

Note: This schedule is presented to show information for 10 years. However, until a full 10-year trend is compiled, only years for which information is available will be displayed.





# Supplemental Information

**ARKANSAS STATE UNIVERSITY SYSTEM**  
**STATEMENT OF NET POSITION BY CAMPUS**  
**JUNE 30, 2020**

	Jonesboro	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>							
<b>Current Assets:</b>							
Cash and cash equivalents	\$ 25,544,665	\$ 13,699,128	\$ 4,062,700	\$ 5,880,636	\$ 3,982,913	\$ 5,111,383	\$ 58,281,425
Short-term investments	400,000	4,098,840	2,000,000	1,700,000	2,050,000		10,248,840
Accounts receivable (less allowances of \$2,811,665)	27,332,180	1,971,675	2,722,645	2,252,318	2,820,708	817,152	37,916,678
Notes and deposits receivable (less allowances of \$481,051)	531,485						531,485
Accrued interest and late charges	232,918	8,000	885	4,483	2,035		248,321
Inventories	1,602,002	218,420	15,443		523,860	26,571	2,386,296
Deposits with trustee	11,427	1,836	878,393		110		891,766
Unamortized bond insurance	171,200	10,044			27,574		208,818
Prepaid expenses	246,485	16,802	158,007	36,687	61,839	145,575	665,395
<b>Total Current Assets</b>	<b>56,072,362</b>	<b>20,024,745</b>	<b>9,838,073</b>	<b>9,874,124</b>	<b>9,469,039</b>	<b>6,100,681</b>	<b>111,379,024</b>
<b>Noncurrent Assets:</b>							
Cash and cash equivalents	63,251,782			1,479,537			64,731,319
Restricted cash and cash equivalents	3,620,880		5,774,400				9,395,280
Restricted investments					142,206		142,206
Endowment investments	14,664,704	758,354					15,423,058
Unrestricted investments					1,269,985		1,269,985
Other long-term investments	3,394,105	1,935,233	8,886,282	2,000,000			16,215,620
Irrevocable split-interest agreement	2,103,882						2,103,882
Accrued interest and late charges	660,025		58,234				718,259
Deposits with trustee	1,186,099		1,583,541				2,769,640
Accounts receivable	476,963		1,472,720				1,949,683
Notes and deposits receivable (less allowances of \$1,466,020)	1,625,439						1,625,439
Capital assets (net of accumulated depreciation of \$471,287,152)	319,335,100	49,798,974	40,243,599	12,803,220	22,624,387	6,246,130	451,051,410
<b>Total Noncurrent Assets</b>	<b>410,318,979</b>	<b>52,492,561</b>	<b>58,018,776</b>	<b>16,282,757</b>	<b>24,036,578</b>	<b>6,246,130</b>	<b>567,395,781</b>
<b>TOTAL ASSETS</b>	<b>466,391,341</b>	<b>72,517,306</b>	<b>67,856,849</b>	<b>26,156,881</b>	<b>33,505,617</b>	<b>12,346,811</b>	<b>678,774,805</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Excess of bond reacquisition costs over carrying value	3,032,445	705,411	55,682	64,553	44,458		3,902,549
Pensions	2,408,104	726,418	147,667	22,210	416,955	1,029,895	4,751,249
Other postemployment benefits (OPEB)	1,862,955	350,283	128,831	137,081	201,415	124,558	2,805,123
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>473,694,845</b>	<b>74,299,418</b>	<b>68,189,029</b>	<b>26,380,725</b>	<b>34,168,445</b>	<b>13,501,264</b>	<b>690,233,726</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>							
<b>Current Liabilities:</b>							
Accounts payable and accrued liabilities	8,795,443	451,574	1,526,335	387,299	111,428	402,896	11,674,975
Bonds, notes and leases payable	8,636,793	1,557,703	636,380	370,000	673,764	176,642	12,051,282
Compensated absences	4,571,918	849,992	36,035	16,418	1,025,081	34,845	6,534,289
Unearned revenue	8,298,459	20,373	69,323	87,451	89,996	8,479	8,574,081
Funds held in trust for others	727,753	60,045	36,299	33,586	29,886	63,526	951,095
Deposits	654,962	2,780			94,759		752,501
Interest payable	1,331,228	294,301	315,014	10,320	97,784	3,007	2,051,654
Total other postemployment benefits (OPEB) liability	412,454	77,552	28,523	30,349	44,593	27,577	621,048
<b>Total Current Liabilities</b>	<b>33,429,010</b>	<b>3,314,320</b>	<b>2,647,909</b>	<b>935,423</b>	<b>2,167,291</b>	<b>716,972</b>	<b>43,210,925</b>
<b>Noncurrent Liabilities:</b>							
Bonds, notes and leases payable	133,037,663	30,550,375	19,774,065	4,515,000	7,343,755	805,458	196,026,316
Compensated absences	3,152,013	416,384	556,480	530,849	53,952	385,192	5,094,870
Total other postemployment benefits (OPEB) liability	11,368,697	2,137,604	786,190	836,537	1,229,139	760,119	17,118,286
Net pension liability	9,963,193	3,097,166	549,869	74,798	1,579,113	2,713,056	17,977,195
Deposits	50,725						50,725
Refundable federal advances	3,932,722						3,932,722
<b>Total Noncurrent Liabilities</b>	<b>161,505,013</b>	<b>36,201,529</b>	<b>21,666,604</b>	<b>5,957,184</b>	<b>10,205,959</b>	<b>4,663,825</b>	<b>240,200,114</b>
<b>TOTAL LIABILITIES</b>	<b>194,934,023</b>	<b>39,515,849</b>	<b>24,314,513</b>	<b>6,892,607</b>	<b>12,373,250</b>	<b>5,380,797</b>	<b>283,411,039</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pensions	2,989,851	1,082,931	250,001	170,953	486,084	629,559	5,609,379
Other postemployment benefits (OPEB)	6,077,536	1,142,731	420,286	447,200	657,079	406,348	9,151,180
Irrevocable split-interest agreement	2,103,882						2,103,882
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>206,105,292</b>	<b>41,741,511</b>	<b>24,984,800</b>	<b>7,510,760</b>	<b>13,516,413</b>	<b>6,416,704</b>	<b>300,275,480</b>
<b>NET POSITION</b>							
Net investment in capital assets	180,802,664	18,396,306	19,833,155	7,982,772	14,673,347	5,264,030	246,952,274
Restricted for nonexpendable purposes:							
Scholarships and fellowships	5,122,062	740,772					5,862,834
Renewal and replacement			967,261				967,261
Loans	76,574	20,000					96,574
Other - College and Department Purposes	9,515,757						9,515,757
Restricted for expendable purposes:							
Scholarships and fellowships	815,226	414,090	242,928	29,340		38,803	1,540,387
Research	149,849						149,849
Loans			10,000			10,000	20,000
Debt service			1,767,582				1,767,582
Renewal and replacement			607,526				607,526
Other	2,208,913	91,232	271,249	2,212,931	699,623		5,483,948
Unrestricted	68,898,508	12,895,507	19,504,528	8,644,922	5,279,062	1,771,727	116,994,254
<b>TOTAL NET POSITION</b>	<b>\$ 267,589,553</b>	<b>\$ 32,557,907</b>	<b>\$ 43,204,229</b>	<b>\$ 18,869,965</b>	<b>\$ 20,652,032</b>	<b>\$ 7,084,560</b>	<b>\$ 389,958,246</b>

The accompanying notes are an integral part of these financial statements.

**ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY CAMPUS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Jonesboro	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
<b>OPERATING REVENUES</b>							
Student tuition and fees (net of scholarship allowances of \$52,969,815)	\$ 53,003,992	\$ 4,323,945	\$ 1,860,213	\$ 1,368,620	\$ 4,285,389	\$ 1,379,660	\$ 66,221,819
Grants and contracts	21,630,911	3,505,573	3,749,363	1,511,261	2,442,851	3,094,256	\$ 35,934,215
Sales and services	1,240,308	66,376		50,322			\$ 1,357,006
Auxiliary enterprises (net of scholarship allowances of \$7,917,927)	23,774,075	1,122,925	99,396	157,851	510,831	142,183	\$ 25,807,261
Self-insurance	6,066,003						\$ 6,066,003
Other operating revenues	3,594,706	194,337	244,940	89,459	67,675	138,920	\$ 4,330,037
<b>TOTAL OPERATING REVENUES</b>	<u>109,309,995</u>	<u>9,213,156</u>	<u>5,953,912</u>	<u>3,177,513</u>	<u>7,306,746</u>	<u>4,755,019</u>	<u>139,716,341</u>
<b>OPERATING EXPENSES</b>							
Personal services	112,030,551	18,464,910	9,167,323	7,651,964	12,906,261	2,829,505	163,050,514
Scholarships and fellowships	10,674,861	3,053,640	1,513,694	1,486,988	1,829,590	512,901	19,071,674
Supplies and services	50,160,874	7,637,998	5,170,844	3,363,207	4,483,847	2,939,584	73,756,354
Self-insurance	20,043,070						20,043,070
Depreciation	16,814,686	4,023,527	1,734,224	1,818,991	2,260,092	436,870	27,088,390
Other	51,522						51,522
<b>TOTAL OPERATING EXPENSES</b>	<u>209,775,564</u>	<u>33,180,075</u>	<u>17,586,085</u>	<u>14,321,150</u>	<u>21,479,790</u>	<u>6,718,860</u>	<u>303,061,524</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(100,465,569)</u>	<u>(23,966,919)</u>	<u>(11,632,173)</u>	<u>(11,143,637)</u>	<u>(14,173,044)</u>	<u>(1,963,841)</u>	<u>(163,345,183)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Federal appropriations	186,847						186,847
State appropriations	69,658,455	14,422,334	7,701,869	4,989,755	8,541,741	4,714,219	110,028,373
Grants and contracts	30,849,988	7,370,566	2,356,289	3,810,131	4,978,657	2,166,972	51,532,603
CARES Grants-Related to COVID-19	10,597,723	1,272,870	647,851	1,214,809	778,214	578,693	15,090,160
Sales and use taxes		1,914,899			1,054,289		2,969,188
Property taxes			3,042,764	1,490,600			4,533,364
Gifts	2,703,269		275,000	252,578	9,000	3,239,847	
Investment income	2,114,766	252,769	488,696	95,932	125,547	30,086	3,107,796
Interest on capital asset - related debt	(5,548,299)	(1,133,999)	(790,505)	(149,537)	(256,728)	(12,277)	(7,891,345)
Gain or loss on disposal of capital assets	(389,656)		(8,491)		1,102		(397,045)
Refund to grantors	(136,323)	(29,110)	(26,476)	(66,273)	(5,701)	(71,754)	(335,637)
Other nonoperating revenues (expenses)	3,298,806	(10,250)	(4,075)	(90,752)	(1,000)		3,192,729
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<u>113,335,576</u>	<u>24,060,079</u>	<u>13,682,922</u>	<u>11,547,243</u>	<u>15,225,121</u>	<u>7,405,939</u>	<u>185,256,880</u>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	12,870,007	93,160	2,050,749	403,606	1,052,077	5,442,098	21,911,697
Capital appropriations	98,112						98,112
Capital grants and gifts	173,462			25,354	7,782	150,000	356,598
Adjustments to capital assets	4,525		(19,448)		(232,499)		(247,422)
Capitalization of library holdings at rate per volume	3,672			8,584			12,256
Livestock additions	12,613	3,937					16,550
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>13,149,778</u>	<u>97,097</u>	<u>2,031,301</u>	<u>437,544</u>	<u>827,360</u>	<u>5,592,098</u>	<u>22,147,791</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	254,427,162	32,460,810	41,172,928	18,432,421	19,824,672	1,492,462	366,317,993
<b>MERGER WITH COLLEGE OF THE OUA CHITAS (NOTE 20)</b>							
<b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>	254,427,162	32,460,810	41,172,928	18,432,421	19,824,672	1,492,462	367,810,455
<b>NET POSITION - END OF YEAR</b>	<u>\$ 267,576,940</u>	<u>\$ 32,557,907</u>	<u>\$ 43,204,229</u>	<u>\$ 18,869,965</u>	<u>\$ 20,652,032</u>	<u>\$ 7,084,560</u>	<u>\$ 389,958,246</u>

The accompanying notes are an integral part of these financial statements.

**ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF CASH FLOWS BY CAMPUS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Jonesboro	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
Student tuition and fees	\$ 51,762,224	\$ 4,366,483	\$ 1,782,944	\$ 1,416,362	\$ 4,111,320	\$ 1,431,302	\$ 64,870,635
Grants and contracts	20,726,447	3,435,676	3,938,575	1,613,743	2,114,330	2,796,151	34,624,922
Auxiliary enterprises revenues	24,160,021	1,185,545	99,396	154,431	596,301	142,183	26,337,877
Sales and services	1,240,308	57,643		50,322			1,348,273
Self-insurance program receipts	5,753,331						5,753,331
Collection of principal and interest related to student loans	684,256						684,256
Other receipts	2,379,068	194,337	248,040	90,969	67,675	138,920	3,119,009
Payments to employees	(98,686,568)	(14,120,121)	(6,981,906)	(5,817,922)	(9,543,267)	(5,809,960)	(140,959,744)
Payments for employee benefits	(12,590,044)	(4,420,368)	(2,174,397)	(1,665,407)	(3,038,788)	(1,671,605)	(25,560,609)
Payments to suppliers	(50,382,693)	(7,631,948)	(4,992,318)	(3,367,977)	(4,644,513)	(3,094,889)	(74,114,338)
Scholarships and fellowships	(10,674,861)	(3,053,640)	(1,513,694)	(1,486,913)	(1,829,590)	(512,901)	(19,071,599)
Self-insurance program payments	(20,159,037)						(20,159,037)
Other payments	(860,800)						(860,800)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(86,648,348)</u>	<u>(19,986,393)</u>	<u>(9,593,360)</u>	<u>(9,012,392)</u>	<u>(12,166,532)</u>	<u>(6,580,799)</u>	<u>(143,987,824)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Federal appropriations	214,602						214,602
State appropriations	69,658,454	14,422,334	6,201,614	4,989,755	8,541,741	4,714,219	108,528,117
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners			1,527,000				1,527,000
Grants and contracts	29,630,338	7,369,378	1,485,664	3,753,554	5,307,364	2,166,972	49,713,270
CARES Grants-Related to COVID-19	8,002,040	1,026,760		529,785	328,685	578,693	10,465,963
Private gifts and grants	3,083,270		125,000	254,487	9,000		3,471,757
Sales and use taxes		1,913,561			1,036,382		2,949,943
Property taxes			2,960,140	1,485,034			4,445,174
Direct lending, PLUS and FFEL loan receipts	82,678,758	2,762,140		1,762,482	2,435,193	1,822,310	91,460,883
Direct lending, PLUS and FFEL loan payments	(91,357,614)	(2,760,163)		(1,762,482)	(2,328,870)	(1,822,310)	(100,031,439)
Agency activity	195,400	(21,859)	440	3,439	(7,941)	(5,885)	163,594
Refunds to grantors	(112,839)	(9,086)	(26,476)	(34,720)	(5,701)	(71,754)	(260,576)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>101,992,409</u>	<u>24,703,065</u>	<u>12,273,382</u>	<u>10,981,334</u>	<u>15,315,853</u>	<u>7,382,245</u>	<u>172,648,288</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from capital debt	39,549						39,549
Capital appropriations	61,346						61,346
Capital gifts and grants	111,331			25,354			136,685
Proceeds from sale of capital assets	25,164		2,000		1,520		28,684
Purchases of capital assets	(7,209,381)	(578,054)	(120,587)	(155,342)	(826,070)	(52,728)	(8,942,162)
Payments to trustees for bond principal	(6,354,999)	(1,390,000)		(330,000)	(315,000)		(8,389,999)
Payments to trustees for bond interest and fees	(4,983,082)	(967,643)		(150,262)	(117,651)		(6,218,638)
Payments to debt holders for principal (other than bonds)	(1,730,743)	(91,570)	(57,327)		(331,804)	(172,885)	(2,384,329)
Payments to debt holders for interest and fees (other than bonds)	(614,287)	(148,731)	(48,907)		(134,086)	(13,503)	(959,514)
Property taxes remitted to bond trustees		(2,989,812)					(2,989,812)
Distribution of excess property taxes from bond trustees		1,606,893					1,606,893
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(20,655,102)</u>	<u>(3,175,998)</u>	<u>(1,607,740)</u>	<u>(610,250)</u>	<u>(1,723,091)</u>	<u>(239,116)</u>	<u>(28,011,297)</u>

*This statement is continued on the next page.*

*The accompanying notes are an integral part of these financial statements.*

	Jonesboro	Beebe	Mid-South	Mountain Home	Newport	Three Rivers	Total
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sales and maturities of investments	3,355,000	8,266,163	2,209,331	3,000,000	1,000,000		17,830,494
Interest on investments	1,633,484	275,547	269,304	91,350	111,878	30,086	2,411,649
Purchases of investments		(5,950,000)	(2,759,350)	(3,700,000)	(500,000)		(12,909,350)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>4,988,484</u>	<u>2,591,710</u>	<u>(280,715)</u>	<u>(608,650)</u>	<u>611,878</u>	<u>30,086</u>	<u>7,332,793</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(322,557)	4,132,384	791,567	750,042	2,038,108	592,416	7,981,960
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	92,739,884	9,566,744	9,045,533	6,610,131	1,944,805	4,518,967	119,907,097
<b>MERGER WITH COLLEGE OF THE OUACHITAS (NOTE 20)</b>							
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR, RESTATED</b>	<u>92,739,884</u>	<u>9,566,744</u>	<u>9,045,533</u>	<u>6,610,131</u>	<u>1,944,805</u>	<u>4,518,967</u>	<u>124,426,064</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 92,417,327</u>	<u>\$ 13,699,128</u>	<u>\$ 9,837,100</u>	<u>\$ 7,360,173</u>	<u>\$ 3,982,913</u>	<u>\$ 5,111,383</u>	<u>\$ 132,408,024</u>
Operating income (loss)	\$ (100,465,569)	\$ (23,966,919)	\$ (11,632,173)	\$ (11,143,637)	\$ (14,173,044)	\$ (1,963,841)	\$ (163,345,183)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	16,814,686	4,023,527	1,734,224	1,818,991	2,260,092	436,870	27,088,390
Change in assets and liabilities:							
Receivables, net	(1,345,806)	165,243	146,729	139,225	(478,030)	(249,164)	(1,621,803)
Inventories	390,073	1,667	2,167	(69,586)	(69,586)	(8,412)	315,909
Prepaid expenses	46,015	2,425	27,299	(24,528)	(3,872)	(38,687)	8,652
Accounts and salaries payable	(1,115,476)	(109,142)	230,213	147,813	(137,960)	(108,206)	(1,092,758)
Other postemployment benefits payable	876,945	49,122	(122,245)	59,228	168,629	(4,943,607)	(3,911,928)
Pension obligations	(260,850)	(128,329)	(50,709)	(74,114)	60,749	210,589	(242,664)
Unearned revenue	(1,530,579)	(55,709)	(24,568)	9,852	(5,021)	2,700	(1,603,325)
Deposits	(38,283)	500			79,950		42,167
Refundable federal advances	(876,137)						(876,137)
Compensated absences	856,633	31,222	95,703	54,778	131,561	80,959	1,250,856
<b>Net cash provided (used) by operating activities</b>	<u>\$ (86,648,348)</u>	<u>\$ (19,986,393)</u>	<u>\$ (9,593,360)</u>	<u>\$ (9,012,392)</u>	<u>\$ (12,166,532)</u>	<u>\$ (6,580,799)</u>	<u>\$ (143,987,824)</u>
<b>Reconciliation of Cash and Cash Equivalents</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 25,544,665	\$ 13,699,128	\$ 4,062,700	\$ 5,880,636	\$ 3,982,913	\$ 5,111,383	\$ 58,281,425
Noncurrent Assets:							
Cash and Cash Equivalents	63,251,782		5,774,400	1,479,537			64,731,319
Restricted Cash and Cash Equivalents	3,620,880						9,395,280
<b>Total</b>	<u>\$ 92,417,327</u>	<u>\$ 13,699,128</u>	<u>\$ 9,837,100</u>	<u>\$ 7,360,173</u>	<u>\$ 3,982,913</u>	<u>\$ 5,111,383</u>	<u>\$ 132,408,024</u>

The accompanying notes are an integral part of these financial statements.

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# **Statistical Section (Unaudited)**

**Statistical Section  
(Unaudited)**

This section of the report provides information for understanding the financial statements and notes as well as the overall health of the University and the state of Arkansas.

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**Financial Trends** ..... 117

These schedules present information to understand how the University’s financial activities and performance have changed over time.

**Debt Capacity** ..... 121

These schedules contain information to assess the University’s current debt levels as well as the ability to issue debt in the future.

**Operating Information** ..... 123

These schedules present capital asset data to understand how the University’s financial report relates to the services provided and activities performed.

**Demographic and Economic Information** ..... 126

These schedules provide demographic and economic indicators to better understand the environment in which the University’s and the State of Arkansas’s financial activities occur.

Schedule of Changes in Net Position

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
<b>Operating Revenues</b>										
Tuition and Fees, net	\$ 66,221,819	\$ 65,397,629	\$ 65,415,289	\$ 62,980,619	\$ 61,466,443	\$ 56,312,892	\$ 54,202,184	\$ 54,188,183	\$ 53,179,741	\$ 50,458,050
Grants and Contracts	35,934,215	31,844,781	34,547,837	34,328,583	33,294,306	23,825,840	23,149,541	27,839,857	30,928,513	33,399,265
Sales and Services	1,357,006	2,018,646	2,022,718	2,097,800	2,112,343	1,838,753	1,924,664	1,871,734	1,036,266	964,531
Auxiliary Enterprises, net	25,807,261	28,382,096	28,748,193	29,731,551	29,135,663	27,081,691	25,985,508	24,706,113	23,926,128	21,252,473
Self Insurance	6,066,003	5,257,173	4,481,976	4,193,379	4,104,547	3,898,570	3,898,570	3,740,368	3,453,786	3,205,048
Other	4,330,037	2,818,904	2,709,791	2,618,535	1,603,847	2,304,618	2,190,622	1,998,538	1,880,486	2,988,151
<b>Total Operating Revenues</b>	<b>139,716,341</b>	<b>135,719,229</b>	<b>137,925,804</b>	<b>135,950,467</b>	<b>131,717,149</b>	<b>115,442,238</b>	<b>111,351,089</b>	<b>114,344,793</b>	<b>114,404,920</b>	<b>112,267,518</b>
<b>Expenses</b>										
<b>Operating Expenses</b>										
Personal Services	163,050,514	157,396,528	158,803,195	158,310,684	156,378,870	145,366,071	146,974,378	143,666,551	142,396,694	141,193,099
Scholarships and Fellowships	19,071,674	18,940,798	19,504,606	17,021,407	17,809,431	16,339,675	17,274,330	19,175,308	19,733,286	25,837,301
Supplies and Services	73,756,354	66,001,724	69,578,951	66,170,938	73,841,581	61,361,424	61,025,501	63,347,443	62,165,003	59,173,498
Self Insurance	20,043,070	20,926,524	20,722,131	18,176,043	15,570,817	15,612,804	16,082,687	15,164,210	14,774,378	14,397,856
Depreciation	27,088,390	24,116,637	33,465,428	29,125,582	29,385,729	24,953,628	23,824,951	22,500,636	22,208,187	19,138,033
Other	51,522	55,357	27,764	81,508	106,217	67,139	67,148	61,381	49,850	92,507
<b>Total Operating Expenses</b>	<b>303,061,524</b>	<b>287,437,568</b>	<b>302,102,075</b>	<b>288,886,162</b>	<b>293,092,645</b>	<b>263,700,741</b>	<b>265,248,995</b>	<b>263,915,529</b>	<b>261,327,398</b>	<b>259,892,294</b>
<b>Operating Loss</b>	<b>(163,345,183)</b>	<b>(151,718,339)</b>	<b>(164,176,271)</b>	<b>(152,935,695)</b>	<b>(161,375,496)</b>	<b>(148,258,503)</b>	<b>(153,897,906)</b>	<b>(149,570,736)</b>	<b>(146,922,478)</b>	<b>(147,564,776)</b>
<b>Nonoperating Revenues (Expenses)</b>										
Federal Appropriations	186,847	263,475	273,222	356,521	541,230	594,401	1,175,443	3,579,588	5,580,251	-
State Appropriations	110,028,373	105,602,258	103,393,175	102,826,511	102,455,543	94,945,462	94,956,873	92,408,687	93,460,349	91,995,057
Stimulus Funds (ARRA)	-	-	-	-	24,848	88,000	59,738	162,094	241,189	2,042,785
Grants and Contracts	51,532,603	51,356,793	52,218,395	51,427,501	53,440,251	51,753,608	53,132,794	53,786,731	53,629,309	55,310,240
CARES Grants-Related to COVID-19	15,099,180	-	-	-	-	-	-	-	-	-
Sales and Use Taxes	2,969,188	2,852,118	2,865,169	2,690,627	2,751,115	2,760,987	2,760,987	2,821,506	2,775,286	2,710,217
Property Taxes	4,533,364	4,390,058	4,327,844	3,993,057	4,175,364	3,316,279	1,333,345	1,285,901	1,338,678	1,260,788
Gifts	3,239,847	3,441,493	3,547,432	2,970,520	1,897,107	2,132,117	1,709,564	1,159,225	1,313,548	1,639,038
Investment Income	3,107,796	4,269,022	2,557,793	2,871,791	432,601	660,842	2,341,189	1,487,484	804,604	2,130,476
Interest on Capital Asset Related Debt	(7,891,345)	(8,469,513)	(8,643,398)	(8,272,170)	(8,478,234)	(7,092,358)	(7,580,770)	(7,451,756)	(7,765,915)	(7,469,157)
Bond Insurance and Issuance Costs	-	-	-	-	-	(468,765)	(334,781)	(625,586)	(46,465)	(32,506)
Gain or Loss on Disposal of Capital Assets	(397,045)	(236,900)	(592,248)	(631,667)	(694,387)	(135,721)	(431,058)	234,147	(642,348)	744,391
Refunds to Grantors	(335,637)	(153,364)	(93,270)	(113,774)	(59,618)	(48,891)	(67,997)	(88,010)	(290,916)	(94,297)
Other	3,192,729	(144,499)	(235,907)	(340,137)	(196,047)	25,768	97,699	(403,254)	(111,538)	2,446
<b>Net Nonoperating Revenues (Expenses)</b>	<b>185,256,880</b>	<b>163,170,941</b>	<b>159,618,107</b>	<b>157,704,639</b>	<b>156,229,285</b>	<b>146,521,857</b>	<b>149,153,026</b>	<b>148,356,757</b>	<b>150,286,032</b>	<b>150,239,478</b>
<b>Income Before Other Revenues, Expenses, Gain or Losses</b>	<b>21,911,697</b>	<b>11,452,602</b>	<b>(4,558,164)</b>	<b>4,768,944</b>	<b>(5,146,211)</b>	<b>(1,736,646)</b>	<b>(4,744,880)</b>	<b>(1,213,979)</b>	<b>3,363,554</b>	<b>2,674,702</b>
Capital Appropriations	98,112	79,211	594,629	54,761	2,178,977	2,326,698	10,259,205	2,409,353	7,826,005	10,722,718
Capital Grants and Gifts	356,598	1,017,245	1,234,593	1,507,492	13,471,345	13,486,598	2,724,929	1,660,000	940,473	6,810,236
Additions to Endowments	-	24,667	150	200	36,054	425,546	3,711	1,035	1,476,859	-
Adjustments to Capital Assets	(247,422)	(387,594)	90,035	(26,685)	(11,684)	129,517	15,304	205,822	26,739	333,485
Capitalization of Library Holdings	12,256	21,536	23,126	202,198	179,670	20,333	49,842	105,109	153,639	175,735
Livestock Additions	16,550	31,905	11,030	-	885	766	123,422	205	1,775	28,463
Bond Proceeds/Accrued Interest	-	-	-	-	-	16,691	-	86,746	-	-
<b>Increase (Decrease) in Net Position</b>	<b>\$ 22,147,791</b>	<b>\$ 12,239,572</b>	<b>\$ (2,607,600)</b>	<b>\$ 6,506,910</b>	<b>\$ 10,709,036</b>	<b>\$ 14,669,503</b>	<b>\$ 8,431,533</b>	<b>\$ 3,254,291</b>	<b>\$ 13,787,269</b>	<b>\$ 20,747,114</b>

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015. College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020. Source: Controller's Office

**Schedule of Major Sources of Revenue**

<b>Fiscal Year Ended June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Operating Revenues</b>										
Tuition and Fees, net	\$ 66,221,819	\$ 65,397,629	\$ 65,415,289	\$ 62,980,619	\$ 61,466,443	\$ 56,312,892	\$ 54,202,184	\$ 54,188,183	\$ 53,179,741	\$ 50,458,050
Grants and Contracts	35,934,215	31,844,781	34,547,837	34,328,583	33,294,306	23,825,840	23,149,541	27,839,857	30,928,513	33,399,265
Sales and Services	1,357,006	2,018,646	2,022,718	2,097,800	2,112,343	1,838,753	1,924,664	1,871,734	1,036,266	964,531
Auxiliary Enterprises, net	25,807,261	28,382,096	28,748,193	29,731,551	29,135,663	27,081,631	25,985,508	24,706,113	23,926,128	21,252,473
Self Insurance	6,066,003	5,257,173	4,481,976	4,193,379	4,104,547	4,078,504	3,898,570	3,740,368	3,453,786	3,205,048
Other	4,330,037	2,818,904	2,709,791	2,618,535	1,603,847	2,304,618	2,190,622	1,998,538	1,880,486	2,988,151
<b>Total Operating Revenues</b>	<b>139,716,341</b>	<b>135,719,229</b>	<b>137,925,804</b>	<b>135,950,467</b>	<b>131,717,149</b>	<b>115,442,238</b>	<b>111,351,089</b>	<b>114,344,793</b>	<b>114,404,920</b>	<b>112,267,518</b>
<b>Nonoperating Revenues and Other Changes</b>										
Federal Appropriations	186,847	263,475	273,222	356,521	541,230	594,401	1,175,443	3,579,588	5,580,251	-
State Appropriations	110,028,373	105,602,258	103,393,175	102,826,511	102,455,543	94,945,462	94,956,873	92,408,687	93,460,349	91,995,057
Stimulus Funds (ARRA)	-	-	-	-	24,848	88,000	59,738	202,399	241,189	2,042,785
Grants and Contracts	51,532,603	51,356,793	52,218,395	51,427,501	53,440,251	51,753,608	53,132,794	53,786,731	53,629,309	55,310,240
CARES Grants-Related to COVID-19	15,090,160	-	-	-	-	-	-	-	-	-
Sales and Use Taxes	2,969,188	2,852,118	2,865,169	2,676,486	2,690,627	2,751,115	2,760,987	2,821,506	2,775,286	2,710,217
Property Taxes	4,533,364	4,390,058	4,327,844	3,933,057	4,175,364	1,316,279	1,333,345	1,285,901	1,338,678	1,260,788
Gifts	3,239,847	3,441,493	3,547,432	2,970,520	1,897,107	2,132,117	1,709,564	1,159,225	1,313,548	1,639,038
Investment Income	3,107,796	4,269,022	2,557,793	2,871,791	432,601	660,842	2,341,189	1,487,484	804,604	2,130,476
Capital Appropriations	98,112	79,211	594,629	54,761	2,178,977	2,326,698	10,259,205	2,409,353	7,826,005	10,722,718
Capital Grants and Gifts	356,598	1,017,245	1,231,593	1,507,492	13,471,345	13,486,598	2,724,929	1,619,695	940,473	6,810,236
Net Gain on Disposal of Capital Assets	(397,045)	(236,900)	(592,348)	(631,667)	(694,387)	(135,721)	(431,058)	234,147	(642,348)	744,391
Capitalization of Library Holdings	12,256	21,536	23,126	202,198	179,670	20,333	49,842	105,109	153,639	175,735
Livestock Additions	16,550	31,905	11,030	-	885	766	123,422	205	-	1,775
Net Other Nonoperating Revenues	3,192,729	(119,832)	(235,757)	(339,937)	(159,993)	468,005	116,714	87,781	1,476,859	30,909
<b>Total Nonoperating Revenues and Other Changes</b>	<b>193,967,378</b>	<b>172,968,382</b>	<b>170,215,303</b>	<b>167,855,234</b>	<b>180,634,068</b>	<b>170,408,503</b>	<b>170,312,987</b>	<b>161,187,811</b>	<b>168,897,842</b>	<b>175,574,365</b>
<b>Total Revenues and Other Changes</b>	<b>\$ 333,683,719</b>	<b>\$ 308,687,611</b>	<b>\$ 308,141,107</b>	<b>\$ 303,805,701</b>	<b>\$ 312,351,217</b>	<b>\$ 285,850,741</b>	<b>\$ 281,664,076</b>	<b>\$ 275,532,604</b>	<b>\$ 283,302,762</b>	<b>\$ 287,841,883</b>

*By Percent of Total Revenues*

<b>Fiscal Year Ended June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Operating Revenues</b>										
Tuition and Fees, net	19.85%	21.19%	21.23%	20.73%	19.68%	19.70%	19.24%	19.67%	18.77%	17.53%
Grants and Contracts	10.77%	10.32%	11.21%	11.30%	10.66%	8.34%	8.22%	10.10%	10.92%	11.60%
Sales and Services	0.41%	0.65%	0.66%	0.69%	0.68%	0.64%	0.68%	0.68%	0.37%	0.34%
Auxiliary Enterprises, net	7.73%	9.19%	9.33%	9.79%	9.33%	9.47%	9.23%	8.97%	8.45%	7.38%
Self Insurance	1.82%	1.70%	1.45%	1.38%	1.31%	1.43%	1.38%	1.36%	1.22%	1.11%
Other	1.30%	0.91%	0.88%	0.86%	0.51%	0.81%	0.78%	0.73%	0.66%	1.04%
<b>Total Operating Revenues</b>	<b>41.87%</b>	<b>43.97%</b>	<b>44.76%</b>	<b>44.75%</b>	<b>42.17%</b>	<b>40.39%</b>	<b>39.53%</b>	<b>41.50%</b>	<b>40.38%</b>	<b>39.00%</b>
<b>Nonoperating Revenues and Other Changes</b>										
Federal Appropriations	0.06%	0.09%	0.09%	0.12%	0.17%	0.21%	0.42%	1.30%	1.97%	0.00%
State Appropriations	32.97%	34.21%	33.55%	33.85%	32.80%	33.22%	33.71%	33.54%	32.99%	31.96%
Stimulus Funds (ARRA)	0.00%	0.00%	0.00%	0.00%	0.01%	0.03%	0.02%	0.07%	0.09%	0.71%
Grants and Contracts	15.44%	16.64%	16.95%	16.93%	17.11%	18.11%	18.86%	19.52%	18.93%	19.22%
CARES Grants-Related to COVID-19	4.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sales and Use Taxes	0.89%	0.92%	0.93%	0.88%	0.86%	0.96%	0.98%	1.02%	0.98%	0.94%
Property Taxes	1.36%	1.42%	1.40%	1.29%	1.34%	0.46%	0.47%	0.47%	0.47%	0.44%
Gifts	0.97%	1.11%	1.15%	0.98%	0.61%	0.75%	0.61%	0.42%	0.46%	0.57%
Investment Income	0.93%	1.38%	0.83%	0.95%	0.14%	0.23%	0.83%	0.54%	0.28%	0.74%
Capital Appropriations	0.03%	0.03%	0.19%	0.02%	0.70%	0.81%	3.64%	0.87%	2.76%	3.73%
Capital Grants and Gifts	0.11%	0.33%	0.40%	0.50%	4.31%	4.72%	0.97%	0.59%	0.33%	2.37%
Net Gain on Disposal of Capital Assets	-0.12%	-0.08%	-0.19%	-0.21%	-0.22%	-0.05%	-0.15%	0.08%	-0.23%	0.26%
Capitalization of Library Holdings	0.00%	0.01%	0.01%	0.07%	0.06%	0.01%	0.02%	0.04%	0.05%	0.06%
Livestock Additions	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%
Net Other Nonoperating Revenues	0.96%	-0.04%	-0.08%	-0.11%	-0.05%	0.16%	0.04%	0.03%	0.52%	0.01%
<b>Total Nonoperating Revenues and Other Changes</b>	<b>58.13%</b>	<b>56.03%</b>	<b>55.24%</b>	<b>55.25%</b>	<b>57.83%</b>	<b>59.61%</b>	<b>60.47%</b>	<b>58.50%</b>	<b>59.62%</b>	<b>61.00%</b>
<b>Total Revenues and Other Changes</b>	<b>100.00%</b>									

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.

College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

Source: Controller's Office

**Schedule of Expenses by Use**

<b>Fiscal Year Ended June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Operating Expenses</b>										
Personal Services	\$ 163,050,514	\$ 157,396,528	\$ 158,803,195	\$ 158,310,684	\$ 156,378,870	\$ 145,366,071	\$ 146,974,378	\$ 143,666,551	\$ 142,396,694	\$ 141,193,099
Scholarships and Fellowships	19,071,674	18,940,798	19,504,606	17,021,407	17,809,431	16,339,675	17,274,330	19,175,308	19,793,286	25,837,301
Supplies and Services	73,756,354	66,001,724	69,578,951	66,170,938	73,841,581	61,361,424	61,025,501	63,347,443	62,165,003	59,173,498
Self Insurance	20,043,070	20,926,524	20,722,131	18,176,043	15,570,817	15,612,804	16,082,687	15,164,210	14,774,378	14,397,856
Depreciation	27,088,990	24,116,637	33,465,428	29,125,582	29,385,729	24,953,628	23,824,951	22,500,636	22,208,187	19,138,033
Other	51,522	55,357	27,764	81,508	106,217	67,139	67,148	61,381	49,850	92,507
<b>Total Operating Expenses</b>	<b>303,061,524</b>	<b>287,437,568</b>	<b>302,102,075</b>	<b>288,886,162</b>	<b>293,092,645</b>	<b>263,700,741</b>	<b>265,248,995</b>	<b>263,915,529</b>	<b>261,327,398</b>	<b>259,832,294</b>
<b>Nonoperating Expenses and Other Changes</b>										
Interest on Capital Asset Related Debt	7,891,345	8,469,513	8,643,398	8,272,170	8,478,234	7,092,358	7,580,770	7,451,756	7,765,915	7,469,157
Net Adjustments to Capital Assets	247,422	387,594	(90,085)	26,685	11,684	(129,517)	(15,304)	(205,822)	(26,739)	(333,485)
Refunds to Grantors	335,637	153,364	99,270	113,774	59,618	48,891	67,997	88,010	290,916	94,297
Bond Insurance and Issuance Costs	-	-	-	-	468,765	-	334,781	625,586	46,465	32,506
Other	-	-	-	-	-	-	-	403,254	111,538	-
<b>Total Nonoperating Expenses and Other Changes</b>	<b>8,474,404</b>	<b>9,010,471</b>	<b>8,646,633</b>	<b>8,412,629</b>	<b>8,549,536</b>	<b>7,480,497</b>	<b>7,968,244</b>	<b>8,362,784</b>	<b>8,188,095</b>	<b>7,262,475</b>
<b>Total Expenses and Other Changes</b>	<b>\$ 311,535,928</b>	<b>\$ 296,448,039</b>	<b>\$ 310,748,708</b>	<b>\$ 297,298,791</b>	<b>\$ 301,642,181</b>	<b>\$ 271,181,238</b>	<b>\$ 273,217,239</b>	<b>\$ 272,278,313</b>	<b>\$ 269,515,493</b>	<b>\$ 267,094,769</b>

*By Percentage of Total Expenses*

<b>Fiscal Year Ended June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Operating Expenses</b>										
Personal Services	52.34%	53.09%	51.10%	53.25%	51.84%	53.60%	53.79%	52.76%	52.83%	52.86%
Scholarships and Fellowships	6.12%	6.39%	6.28%	5.73%	5.90%	6.03%	6.32%	7.04%	7.32%	9.67%
Supplies and Services	23.68%	22.26%	22.39%	22.26%	24.48%	22.63%	22.34%	23.27%	23.07%	22.15%
Self Insurance	6.43%	7.06%	6.67%	6.11%	5.16%	5.76%	5.89%	5.57%	5.48%	5.39%
Depreciation	8.70%	8.14%	10.77%	9.80%	9.74%	9.20%	8.72%	8.26%	8.24%	7.17%
Other	0.02%	0.02%	0.01%	0.03%	0.04%	0.02%	0.02%	0.02%	0.02%	0.03%
<b>Total Operating Expenses</b>	<b>97.28%</b>	<b>96.96%</b>	<b>97.22%</b>	<b>97.17%</b>	<b>97.17%</b>	<b>97.24%</b>	<b>97.08%</b>	<b>96.93%</b>	<b>96.96%</b>	<b>97.28%</b>
<b>Nonoperating Expenses and Other Changes</b>										
Interest on Capital Asset Related Debt	2.53%	2.86%	2.78%	2.78%	2.81%	2.62%	2.77%	2.74%	2.88%	2.80%
Net Adjustments to Prior Year Capital Assets	0.08%	0.13%	-0.03%	0.01%	0.00%	-0.05%	-0.01%	-0.08%	-0.01%	-0.12%
Refunds to Grantors	0.11%	0.05%	0.03%	0.04%	0.02%	0.03%	0.02%	0.03%	0.11%	0.04%
Bond Issuance Costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	0.12%	0.23%	0.02%	0.01%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.15%	0.04%	0.00%
<b>Total Nonoperating Expenses and Other Changes</b>	<b>2.72%</b>	<b>3.04%</b>	<b>2.78%</b>	<b>2.83%</b>	<b>2.83%</b>	<b>2.76%</b>	<b>2.92%</b>	<b>3.07%</b>	<b>3.04%</b>	<b>2.72%</b>
<b>Total Expenses and Other Changes</b>	<b>100.00%</b>									

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.  
 College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.  
 Source: Controller's Office

**Schedule of Net Position by Component**

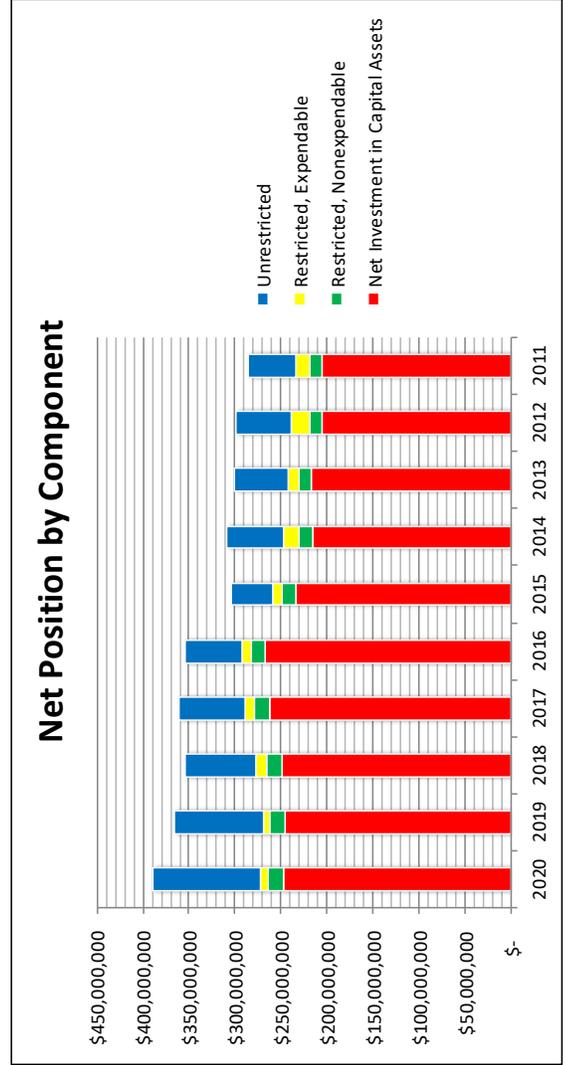
<b>Fiscal Year Ended June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net Investment in Capital Assets	\$ 246,952,274	\$ 245,438,206	\$ 249,687,618	\$ 261,798,452	\$ 266,541,265	\$ 233,385,604	\$ 214,836,136	\$ 216,938,842	\$ 205,872,011	\$ 206,297,618
Restricted, Nonexpendable	16,442,426	16,873,717	16,716,836	16,419,262	15,436,967	15,489,602	15,057,533	13,782,556	13,097,190	11,957,122
Restricted, Expendable	9,569,292	6,025,454	11,315,926	10,540,995	10,721,576	10,380,124	17,171,213	11,092,834	20,096,584	16,396,814
Unrestricted	116,994,254	97,980,616	76,358,041	72,544,468	62,096,459	44,973,969	62,712,176	59,531,293	60,059,056	50,686,018
<b>Total Net Position</b>	<b>\$ 389,958,246</b>	<b>\$ 366,317,993</b>	<b>\$ 354,078,421</b>	<b>\$ 361,303,177</b>	<b>\$ 354,796,267</b>	<b>\$ 304,229,299</b>	<b>\$ 309,777,058</b>	<b>\$ 301,345,525</b>	<b>\$ 299,124,841</b>	<b>\$ 285,337,572</b>

**Net Position Components by Percent of Total**

<b>Fiscal Year Ended June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net Investment in Capital Assets	63.33%	67.00%	70.52%	72.46%	75.13%	76.71%	69.35%	71.99%	68.82%	72.30%
Restricted, Nonexpendable	4.22%	4.61%	4.72%	4.54%	4.35%	5.09%	4.86%	4.57%	4.38%	4.19%
Restricted, Expendable	2.45%	1.64%	3.20%	2.92%	3.02%	3.41%	5.54%	3.68%	6.72%	5.75%
Unrestricted	30.00%	26.75%	21.57%	20.08%	17.50%	14.78%	20.24%	19.76%	20.08%	17.76%
<b>Total Net Position</b>	<b>100.00%</b>									

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.  
 College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

Source: Controller's Office



Outstanding Debt per Student											
As of June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue Bonds	\$175,936,217	\$185,113,359	\$193,965,322	\$203,215,553	\$210,302,525	\$197,334,426	\$203,635,581	\$183,186,590	\$180,099,269	\$169,000,285	\$174,167,092
Notes	9,815,080	10,371,602	10,951,122	9,632,008	10,919,154	2,737,288	3,927,386	4,011,621	5,910,524	6,830,588	3,072,181
Capital Leases	22,326,301	22,999,123	23,653,485	16,073,556	15,244,732	32,575	6,732	88,444	118,486	-	10,335
Total Outstanding Debt	\$208,077,598	\$218,484,084	\$228,569,929	\$228,921,117	\$236,466,411	\$200,104,289	\$207,569,699	\$187,286,655	\$186,128,279	\$175,830,873	\$177,249,608
Student FTE	15,071	15,055	15,602	16,299	16,012	14,953	15,272	15,453	15,466	15,469	14,752
Total Debt per Student	\$ 13,806	\$ 14,512	\$ 14,650	\$ 14,045	\$ 14,768	\$ 13,382	\$ 13,592	\$ 12,120	\$ 12,035	\$ 11,367	\$ 12,015

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.  
 College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

Sources: ASU System, Office of Strategic Research; Controller's Office

<b>Bonds Secured by Pledged Revenues</b>									
<b>Educational &amp; General Bonds</b>									
Fiscal Year Ended June 30,	Tuition and Fees	Property Taxes	Total Revenue Available for Debt Service			Debt Service Requirements			
			Service	Principal	Interest	Total	Coverage Ratio		
2020	\$ 113,507,298	\$ 3,042,764	\$ 116,550,062	\$ 3,930,000	\$ 3,619,047	\$ 7,549,047	15.44		
2019	114,457,550	2,935,242	117,392,792	3,810,000	3,757,280	7,567,280	15.51		
2018	113,619,785	2,922,410	116,542,195	3,757,143	3,846,782	7,603,925	15.33		
2017	110,003,780	3,933,057	113,936,837	4,125,538	3,899,478	8,025,016	14.20		
2016	108,882,449	4,175,364	113,057,813	4,022,501	4,118,469	8,140,970	13.89		
2015	106,658,560	1,311,144	107,969,704	3,250,002	3,397,965	6,647,967	16.24		
2014	101,583,101	1,333,345	102,916,446	2,890,613	3,146,736	6,037,349	17.05		
2013	100,195,774	1,285,901	101,481,675	2,931,372	2,615,167	5,546,539	18.30		
2012	98,514,698	1,338,678	99,853,376	2,849,454	2,937,709	5,787,163	17.25		
2011	94,499,066	1,260,788	95,759,854	2,660,000	3,056,750	5,716,750	16.75		

<b>Auxiliary Bonds</b>									
Fiscal Year Ended June 30,	Revenues	Operating Expenses	Net Revenue Available for Debt Service			Debt Service Requirements			
			Service	Principal	Interest	Total	Coverage Ratio		
2020	\$ 19,805,145	\$ 5,678,497	\$ 14,126,648	\$ 5,014,999	\$ 3,413,372	\$ 8,428,371	1.68		
2019	20,697,803	7,892,204	12,805,599	4,800,000	3,598,558	8,398,558	1.52		
2018	21,282,932	8,324,151	12,958,781	4,725,000	3,693,487	8,418,487	1.54		
2017	21,785,680	8,524,127	13,261,553	4,814,461	3,963,618	8,778,079	1.51		
2016	21,984,118	8,518,248	13,465,870	4,537,498	4,425,752	8,963,250	1.50		
2015	20,980,605	8,142,370	12,838,235	4,364,998	4,648,031	9,013,029	1.42		
2014	19,865,171	8,512,141	11,353,029	4,174,387	4,830,438	9,004,825	1.26		
2013	18,800,928	8,349,112	10,451,817	4,068,628	4,495,800	8,564,428	1.22		
2012	17,957,702	7,776,904	10,180,798	3,275,546	4,522,009	7,797,555	1.31		
2011	16,666,814	7,197,473	9,469,341	2,960,000	4,537,205	7,497,205	1.26		

Note: Auxiliary revenue bonds are secured by revenues from these sources: student housing, student union, dining services, parking, and vending.

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.  
 College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

Source: Controller's Office

**Enrollment and Degree History**

**Enrollment Information**

**Certificates and Degrees Awarded**

Year	Enrollment Information			Certificates and Degrees Awarded				
	Enrollment (fall term)	FTE (fall term)	Undergraduate Students	Graduate Students	Certificates	Associate Degrees	Bachelor's Degrees	Graduate Degrees
2019-20	22,725	15,071	18,297	4,428	2,666	2,060	1,712	2,460
2018-19	22,198	15,055	17,839	4,359	2,481	1,859	1,820	2,610
2017-18	23,182	15,602	18,856	4,326	2,485	1,765	1,837	2,224
2016-17	23,995	16,299	19,749	4,246	2,431	1,852	1,782	2,068
2015-16	23,277	16,012	19,459	3,818	2,257	1,871	1,713	1,739
2014-15	21,158	14,953	17,871	3,287	1,937	1,655	1,766	1,615
2013-14	21,417	15,272	17,963	3,454	1,651	1,479	1,824	1,552
2012-13	21,976	15,453	18,267	3,709	1,685	1,603	1,721	1,739
2011-12	22,065	15,466	18,278	3,787	1,378	1,619	1,641	1,892
2010-11	21,783	15,469	18,419	3,364	1,429	1,572	1,582	1,363
2009-10	20,201	14,752	18,069	2,132	1,314	1,244	1,552	725

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.

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Source: Office of Institutional Effectiveness

Year	Enrollment Sources by Campus																	
	Arkansas					Out of State					International							
	J	B	MS	MH	N	TR	J	B	MS	MH	N	TR	J	B	MS	MH	N	TR
2019-20	9,408	3,268	1,221	1,266	2,154	1,149	3,373	34	101	59	65	1	575	15	7	0	28	1
2018-19	9,714	3,376	1,326	1,287	2,125		3,365	49	97	58	137		630	21	0	0	13	
2017-18	10,114	3,664	1,404	1,374	2,397		3,102	52	157	66	114		714	22	0	1	1	
2016-17	10,416	3,917	1,661	1,271	2,661		2,818	62	175	94	51		851	10	0	2	6	
2015-16	10,151	3,854	1,703	1,302	2,602		2,499	66	187	82	45		760	15	6	0	5	
2014-15	10,146	4,068		1,295	2,454		2,252	57		98	22		746	15	0	0	5	
2013-14	10,437	4,300		1,359	2,004		2,308	27		87	24		807	53	0	0	11	
2012-13	10,708	4,543		1,329	2,000		2,311	49		84	27		858	51	0	0	16	
2011-12	10,698	4,566		1,376	1,975		2,414	61		96	19		788	62	0	0	10	
2010-11	10,761	4,628		1,480	2,057		2,079	44		103	36		575	11	0	0	9	
2009-10	10,474	4,425		1,411	2,023		1,263	52		105	14		419	14	1	1	0	

KEY:  
 J=Jonesboro  
 B=Beebe  
 MS=Mid-South  
 MH=Mountain Home  
 N=Newport  
 TR=Three Rivers

NOTE: Information is as of Fall term  
 NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.  
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 Source: ASU System, Office of Strategic Research

**Annual Tuition and Required Fees**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Undergraduate*</b>										
<b>Resident</b>										
Jonesboro	\$8,900	\$8,608	\$8,478	\$8,200	\$8,050	\$7,720	\$7,510	\$7,180	\$6,934	\$6,640
Beebe	3,660	3,600	3,540	3,480	3,420	3,270	3,120	2,970	2,850	2,790
Mid-South	4,090	4,140	4,000	3,880	3,420					
Mountain Home	3,630	3,570	3,540	3,480	3,270	3,330	3,240	3,150	3,030	2,910
Newport	3,570	3,480	3,450	3,330	3,790	3,150	3,000	2,850	2,700	2,550
Three Rivers	4,070									
<b>Nonresident</b>										
Jonesboro	15,860	15,298	14,778	14,260	14,050	13,480	13,120	12,610	12,238	14,860
Beebe	5,820	5,760	5,700	5,610	5,520	5,310	5,040	4,830	4,650	4,530
Mid-South	5,290	5,340	5,200	5,080	5,400					
Mountain Home	5,640	5,580	5,550	5,460	5,010	5,250	5,100	4,950	4,770	4,560
Newport	5,400	5,310	5,280	5,100	4,990	4,860	4,680	4,500	4,290	4,140
Three Rivers	7,100									
<b>Graduate**</b>										
<b>Resident</b>										
Jonesboro	6,422	6,210	6,120	5,918	5,810	5,576	5,432	5,198	5,030	4,820
<b>Nonresident</b>										
Jonesboro	11,408	11,016	10,926	10,544	10,382	9,968	9,716	9,338	9,073	10,850

\*Undergraduate rates are based on a 15 hour load

\*\*Graduate rates are based on a 9 hour load

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Source: ADHE for Undergraduate and NCES IPES for Graduate.

**Capital Asset Usage**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Academic and Administrative Buildings	174	164	164	163	163	151	149	143	142	143
Auxiliary Buildings	75	93	93	94	97	165	163	158	164	182
Total	249	257	257	257	260	316	312	301	306	325

NOTE: Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.

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Source: Campus Financial Offices

**Number of Employees by Campus**

<b>Year</b>	<b>Jonesboro</b>	<b>Beebe</b>	<b>Mid-South</b>	<b>Mountain</b>			<b>Total</b>
				<b>Home</b>	<b>Newport</b>	<b>Three Rivers</b>	
2019-20	1,591	285	128	107	165	103	2,379
2018-19	1,579	277	144	111	162	162	2,273
2017-18	1,610	293	144	110	164	164	2,321
2016-17	1,603	301	148	111	166	166	2,329
2015-16	1,587	306	145	109	154	154	2,301
2014-15	1,566	344		119	149	149	2,178
2013-14	1,603	347		119	144	144	2,213
2012-13	1,582	342		120	149	149	2,193
2011-12	1,550	333		124	151	151	2,158
2010-11	1,519	344		123	149	149	2,135

Note: Information represents only full-time employees and is as of Fall term

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Source: ASU System, Office of Strategic Research

**Principal Employers in the State of Arkansas  
Current Fiscal Year\* as Compared to 2010**

Rank	2019*	2010
1	Arkansas State Government	Arkansas State Government
2	Wal-Mart Stores, Inc.	Wal-Mart Stores, Inc.
3	Tyson Foods, Inc.	Tyson Foods, Inc.
4	U.S. Federal Government	U.S. Federal Government
5	University of Arkansas for Medical Sciences	Baptist Health
6	Baptist Health	ConAgra, Inc.
7	J.B. Hunt Transport Services, Inc.	Beverly Enterprises, Inc.
8	Arkansas Blue Cross & Blue Shield	Alltel Corp
9	Arkansas Children's Hospital	Whirlpool Corp
10	Arvest Bank Group, Inc.	Kroger Co.

Information regarding number of employees is considered confidential and is not publicly disclosed.

\*Most recent data available

Source: Department of Finance and Administration

**State of Arkansas Demographic and Economic Information**

<u>Year</u>	<u>Total Population (in 000's)</u>	<u>Per Capita Personal Income</u>	<u>State Unemployment Rate</u>	<u>National Unemployment Rate</u>
2020	3,018	45,726	8.1%	11.1%
2019	3,014	43,813	3.5%	3.7%
2018	3,004	42,336	3.8%	4.0%
2017	2,988	40,893	3.7%	4.4%
2016	2,978	39,720	3.8%	4.7%
2015	2,966	38,376	5.7%	5.3%
2014	2,971	37,036	6.2%	6.1%
2013	2,963	35,480	7.2%	7.6%
2012	2,951	34,769	7.3%	8.2%
2011	2,940	33,722	7.9%	9.1%

Source: U.S. Census Bureau, U.S. Bureau of Labor Statistics, Arkansas Department of Finance and Administration