ARKANSAS

The Natural State

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

ARKANSAS

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Sarah Huckabee Sanders
Governor

Jim Hudson
Secretary
Department of Finance and Administration

Prepared By
The Department of Finance and Administration
Office of Accounting

The requirements of State agencies to print annual reports, such as the State of Arkansas's Annual Comprehensive Financial Report, were reduced by Ark. Code Ann. § 25-1-203. The report is available in electronic form at https://www.dfa.arkansas.gov/accounting-office/acfr.

The photograph of Governor Sarah Huckabee Sanders is courtesy of the Governor's Office.

Governor Sarah Huckabee Sanders

STATE OF ARKANSAS
SARAH HUCKABEE SANDERS
GOVERNOR

December 22, 2023

To the People of Arkansas and the Honorable Members of the Arkansas General Assembly:

It is my honor to submit this Fiscal Year's Arkansas Annual Comprehensive Financial Report, the first of my administration. Included in this report are detailed disclosures and financial statements that shed greater light on the State of Arkansas's financial status, accounting methods, and general economic data. As you will see in these documents, our State's financial health and economy are strong.

We have chosen to go beyond generally accepted accounting principles to provide a greater depth of information and data. Thanks to the hard work of our staff at the Department of Finance and Administration, Arkansas has received twenty-five separate awards commending our transparency. We seek to continue that strong tradition into this new year and administration.

The team at the Department of Finance and Administration has worked over the past several months to ensure this year's report is as strong and comprehensive as in years past. This report is not just a list of numbers and tables – it is a physical testament to my administration's commitment to transparency, strong recordkeeping, and responsible financial management.

Sincerely,

Sarah Huckabee Sanders
Governor of Arkansas

State Capitol Building • Little Rock, AR 72201
Telephone: (501) 682-2345
www.governor.arkansas.gov

Acknowledgments

The Annual Comprehensive Financial Report was prepared by the
Department of Finance and Administration Office of Accounting:

Jim Hudson
Secretary

Andy Babbitt, CPA, CFE, MBA
Deputy Director/State Comptroller

Financial Reporting Staff:

Jessica Primm, CPA, MBA
Assistant Administrator of Office of Accounting

Gary Puls, CPA – ACFR Accounting Manager
Dan Brassart, CPA – SEFA Accounting Manager
David Paes, CPA – ACFR Coordinator
Jerry Ellis, CPA – SEFA Coordinator
Joseph R. Cox, CPA – ACFR Coordinator
Josh Loy, CPA – ACFR Coordinator
Marilyn Hannibal, CPA – ACFR Coordinator
Rhonda Harris, CPA – ACFR Coordinator
Becky Salewski
Carla Diemer-Meeks
Caroline Glover
Daniela Buhayevska, CPA, MBA
Destan Wilkerson
Emil James White, CPA - Inactive
George Williams, CPA
Jordan Muir, CPA
Kathy Crawford
Kimberly Kethley-Sapp
Lisa Marts, CPA, MAFM
Maddie Arey
Marcella Winzerling, CPA, CGFM
Stephanie Price
Trevor Gibbons, CPA

Photo Credit: Will Newton/Arkansas Department of Parks, Heritage, and Tourism

Special appreciation is given to all personnel throughout the State whose extra effort to contribute accurate, timely financial data, for their agencies made this report possible.

ARKANSAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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ARKANSAS STATE GOVERNMENT

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STATE OF ARKANSAS
Department of Finance and Administration

OFFICE OF THE SECRETARY
1509 West Seventh Street, Suite 401
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-2242
Fax: (501) 682-1029
www.arkansas.gov/dfa

December 22, 2023

The Honorable Sarah Huckabee Sanders, Governor
The Honorable Members of the Arkansas General Assembly
The Citizens of Arkansas

In accordance with the requirements set forth in Arkansas Code of 1987 (Ark. Code Ann.) § 19-4-517, it is my pleasure to transmit to you the Annual Comprehensive Financial Report (ACFR) of the State of Arkansas (the State) for the fiscal year ended June 30, 2023.

This report has been prepared by the Department of Finance and Administration (DFA) in conformance with Generally Accepted Accounting Principles for governments as promulgated by the Governmental Accounting Standards Board. The accuracy of agency-level data that support these financial statements is the responsibility of agency management. The completeness and fairness of the presentation, including all disclosures, rests with DFA. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position of the State. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

The management of the State is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow the preparation of the financial statements. The internal control structure has been designed to provide reasonable, but not absolute, assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for the safeguarding of public assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management.

Arkansas Legislative Audit performed the audit for the fiscal year ended June 30, 2023. Auditing standards generally accepted in the United States of America were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements is included in the financial section of this report.

The Management's Discussion and Analysis (MD&A) introduces the basic financial statements and provides an analytical overview of the government's financial activities. This letter of transmittal complements the MD&A and should be read in conjunction with it. The State's MD&A can be found in the financial section immediately following the report of the independent auditor.

PROFILE OF THE GOVERNMENT

Originally part of the Louisiana Purchase of 1803, Arkansas was organized into a territory in 1819 with the same northern, eastern, and southern borders it shares today. In 1836, Arkansas became the 25th state of the United States of America with a new border on the west. It currently stands as the 29th state in size with an area of 53,179 square miles. Arkansas has grown from a vast wilderness to a thriving state with a population of 3.1 million, propagating industries ranging from agriculture to technology to commerce. Nicknamed "The Natural State," Arkansas is known throughout the country for its natural beauty, clear waters, and abundance of natural wildlife. The Constitution of the State provides for three distinct branches of government: executive, legislative, and judicial. The executive branch is comprised of the Governor, Lieutenant Governor, Attorney General, Secretary of State, Treasurer of State, Auditor of State, and State Land Commissioner, all of whom are elected by state-wide vote to serve four-year terms. The legislative branch is comprised of 35 State senators and 100 State representatives. Known collectively as the General Assembly, the senators and representatives begin the Regular Legislative Session in every odd-numbered year and the Fiscal Legislative Session in every even-numbered year. The judicial branch is comprised of three levels of courts: District Courts, the Circuit Courts, and the Appellate Courts, which are the Court of Appeals and the Supreme Court.

Budgetary control is maintained through legislative appropriation. Agencies submit budgetary requests to DFA, which compiles the executive budget on behalf of the Governor, who then submits it to the Legislature for approval. DFA maintains control over the spending patterns of the State through control at the line-item level. See Notes to Schedule of Expenditures – Budget and Actual – General Fund in the Required Supplementary Information section for further discussion of budgetary controls.

The State provides a full range of services. They include education; health and human services; transportation; law, justice, and public safety; recreation; resource development; commerce; regulation of business and professionals; and general government.

All agencies, divisions, departments, boards, and commissions that represent the State's reporting entities are included in this report. In addition to these primary government activities, this report includes information related to component units for which the State is financially accountable. Although such information is provided in this report, the focus of the MD&A and the financial statements is on the primary government and its activities. Separately issued financial statements are available from the discretely presented component units and should be read to obtain a better understanding of their respective financial conditions. Additional information on all discretely presented component units can be found in the notes to the financial statements.

FACTORS AFFECTING ECONOMIC CONDITION

Local Economy

Arkansas is noted as a leader in the South for its favorable business climate and low cost of doing business. The average cost of living for the State is consistently below the national average. Businesses also enjoy low tax obligations through a variety of incentives, exemptions, credits, refunds, and the continued efforts of elected officials to reduce the individual and business income tax rates. Centrally located half-way between Canada and Mexico, California and the Carolinas, Arkansas is only a short distance away from one-third of the nation's population.

Arkansas is very proud of the four Fortune 500 companies that got their start and are headquartered here: Wal-Mart (#1), Tyson Foods (#80), Murphy USA (#182), and J.B. Hunt Transport Services (#280). They are the industry leaders and are making a global impact from Arkansas.

The State has continued to attract new businesses and grow current businesses. The Department of the Air Force has finalized the selection of Ebbing Air National Guard Base in Fort Smith as the site for the new home of the Foreign Military Sales Program Pilot Training Center, hosting F-16 and F-35 training for participants.

Expanding and new companies which include Albemarle Corporation, Apptegy, Emerson, Westrock Coffee Company, and 18 other companies have committed to investing $1.7 billion and creating 3,232 new jobs.

ECONOMIC CONDITION AND OUTLOOK

State Personal Income: Personal income consists of wages and salaries, dividends, interest, rent, and transfer payments, such as social security and other retirement incomes. Personal income does not include realized capital gains from the sale of assets. Total personal income, measured in current dollars, reached a total of $165.3 billion in fiscal year 2023. This represented an increase of $9.8 billion, or 6.3%, over fiscal year 2022. Fiscal year 2024 is estimated at $172.3 billion (current dollars), an increase of $7.0 billion or 4.2 % over fiscal year 2023.

Arkansas Wage and Salary Disbursements: Measured in current dollars, wage and salary income rose to $76.0 billion in fiscal year 2023, an increase of $6.1 billion, or 8.7%, from fiscal year 2022. Fiscal year 2024 is estimated at $79.4 billion (current dollars), an increase of $3.4 billion or 4.5% from fiscal year 2023.

Employment: In fiscal year 2023, revised payroll employment in Arkansas averaged 1.3 million jobs. This represented an increase of approximately 41,730 jobs, or 3.2%, compared to fiscal year 2022. In fiscal year 2024 payroll employment is expected to average 1.4 million jobs. This represents a projected increase of approximately 400 jobs, or 0.03%, from fiscal year 2023.

Fiscal Year 2023 Net Available General Revenues: Actual net available general revenues collected totaled $7.2 billion with $1.2 billion recorded as surplus. The net available collected was $292.0 million or 3.9 % below the net available in fiscal year 2022. Fiscal year 2024 net available general revenue collections are estimated at $6.6 billion, a decrease of $560.0 million or 7.8 % below fiscal year 2023 with a year-end surplus estimated at $423.3 million.

Selected Special Revenues: Act 87 of 2007 designated a portion of the 6-cent per gallon dyed diesel tax to the Educational Adequacy Fund to partially offset the exemption of dyed diesel from sales tax. Starting in fiscal year 2013, a portion of motor fuel taxes is also deposited to the Educational Adequacy Fund to offset the revenue loss from exempting truck tractors and semitrailers from sales tax. These revenues are deposited to the Educational Adequacy Fund to provide an adequate educational system. In fiscal year 2023, $713.3 million in net tax collections was deposited to the Educational Adequacy Fund, with the fiscal year 2024 net tax collections estimated to be $704.7 million.

RELEVANT FINANCIAL POLICIES

Balanced Budget: Arkansas continues to maintain a budget surplus. This is because Arkansas Code Title 19 (Public Finance) provides for a balanced budget. Title 19 also requires the Secretary of DFA, who is the Chief Fiscal Officer of the State, to be aware of the actual and estimated funds available at all times in order to ensure that they are sufficient to maintain the State on a sound financial basis without incurring a deficit. Additionally, there are requirements for the executive branch to report to the legislative branch on a regular basis regarding the status of the State’s finances.

The Governor shall issue a general revenue forecast no later than 60 days prior to the convening of the General Assembly in regular session or by December 1 of the year preceding a fiscal session. This forecast is based upon the aggregate revenue forecasts of each individual agency. It identifies the expected level of general revenue collections and the net distributions of those revenues for the year, as required by the Revenue Stabilization Act. The General Assembly then authorizes the level of funded appropriation each year based upon the annual general revenue distribution along with other special and federal revenue sources. State spending is limited to available cash and available appropriation.

The Office of Economic Analysis and Tax Research compares the actual revenue collections to the forecast on an ongoing basis. If shortfalls in general revenue collections are anticipated, the "funded appropriation" levels are appropriately reduced to maintain a balanced budget for general revenues. Special, federal, and other revenue collections are monitored by DFA, Office of Budget. Each agency provides an annual revenue forecast, which is the basis for establishing the agency's "funded appropriation." This funded appropriation will be adjusted by the Office of Budget as necessary for shortfalls in anticipated revenue collection.

General revenue collections in excess of the original general revenue forecast are placed into a revenue allotment reserve fund. The General Assembly then determines how the funds will be spent. This general revenue one-time funding source is rarely used to finance general operation appropriations. Special, federal, and other revenues generally remain with the recipient agency as funding for its operations.

Tax Cuts: The Governor has signed into law tax cuts that lower the top individual tax rate from 4.9% to 4.4%, and the top corporate tax rate from 5.3% to 4.8%. Additionally, income tax credits of up to $150 were granted for taxpayers making less than $103,600. An overview of the expected financial impact of these tax cuts can be found in Note 22 – Subsequent events.

Tax Abatements: The State provides tax abatements through 11 programs. These programs provide incentives in the form of reduced taxes for the purposes of business development and job creation, housing development, tourism development, and other programs. The **Advantage Arkansas** program provides income tax abatements to encourage economic development through job creation. The **ArkPlu**s program provides income tax and sales and use tax abatements to encourage economic development through job creation and capital investments. The **InvestArk** program provides for abatement of sales and use taxes to encourage economic development through retention of current Arkansas businesses. The **Tax Back** program provides for abatement of sales and use taxes to encourage economic development through job creation. The **In-House Research and Development** program provides for abatement of income taxes to encourage economic development through research activities. The **Targeted Research** program provides for abatement of taxes to encourage economic development through research activities of targeted businesses or in areas of strategic value. The **Targeted Business Payroll** program provides for abatement of income taxes to encourage the development of jobs that pay significantly more than the average hourly wage of the county in which the business is located or the State average hourly wage, if less. The **Tourism Development** program provides for abatement of income taxes and sales and use taxes to encourage the development of tourism attractions within the State. The **Water Resource Conservation and Development** program provides for abatement of income taxes to encourage investment in projects that increase the use of surface water and reduce agricultural irrigation water use. The **Wetland and Riparian Zone** program provides for abatement of income taxes to encourage landowners to restore and enhance existing wetlands and riparian zones or create new wetlands and riparian zones. The **Low-Income Housing** program provides for abatement of income taxes to encourage the development of housing for individuals and families with low income.

MAJOR INITIATIVES

The Arkansas Department of Education's (ADE) mission is for every Arkansan to be prepared, supported, and inspired to succeed in school, career, community, and life. In fiscal year 2023, ADE focused on literacy, empowerment, accountability, readiness, networking, and safety (LEARNS). The Arkansas Educator Licensure system issued 7,845 new licenses. In addition, the division ensured each new teacher candidate was provided a mentor and all initial licensing fees for first time teachers were waived.

The LEARNS Act was signed into law on March 8, 2023. The LEARNS Act is Governor Sander's education reform act which she has described as "the largest overhaul of the State's education system in Arkansas history." The Learns Act provides $50,000 minimum salaries for starting teachers, $2,000 raises for existing teachers, and a phased-in universal State-funded private school education voucher program.

ADE started a focus on early childhood education ensuring Arkansans enter kindergarten ready to learn and equipped K-2 classrooms with high quality instructional materials aligned with the Science of Reading. Additional support was provided in the form of literacy coaches and high-quality literacy and numeracy intervention for struggling students.

ADE works toward ensuring every student has access to talented, committed educators, high-speed internet, quality networking, and to graduate high school on a strong pathway to the workforce. Students were able to complete course work, have work based learning opportunities such as internships and pre-apprenticeships, and receive industry recognized credentials through the career and technical education pathways program.

ADE provided additional funding to school districts to implement the State's safety priorities. Districts were provided direct support, professional learning, and direction regarding school safety.

The Department of Public Safety (DPS) is working to improve safety in the State by increasing the number of State Troopers and increasing training. Beginning July 1, 2022, DPS increased the entry salary for a Trooper to $54,000. A method for increasing in rank and pay after completion of certain milestones was also implemented, incentivizing a career as a Trooper.

The Arkansas Department of Transportation (ARDOT) completed several construction projects across the State in 2023. These included a new Highway 89 Bypass at Mayflower connecting Highways 89 and 365 and includes a new overpass over Interstate 40.

ARDOT was proud to announce the official designation of United States Bike Route 80 through Arkansas, marking the State's first nationally recognized bicycle route.

ARDOT was recognized by the American Council of Engineering Companies – Arkansas Chapter with two 2023 Engineering Excellence Awards. In the Structured Systems category, ARDOT was recognized for the Palarm Creek Bridge Replacement on Highway 365. In the Studies, Research, and Consulting Engineering Services category, ARDOT received an Honor Award for its Electric Vehicle Infrastructure Deployment Plan.

ARDOT began a new Winter Weather Strike Team. The team differs from District crews in that, as opposed to clearing a specific multi-county area of ice and snow on the roadways, the team travels to areas across the State that need the most attention, no matter what part of the State that may be. It's all a part of clearing Arkansas's highways as fast as possible.

The Arkansas Department of Parks, Heritage, and Tourism (ADPHT) has 52 State parks encompassing 55,145 acres of wetlands, forests, fish and wildlife habitats, recreational facilities, and unique historic and cultural resources. Within the parks are 1,263 buildings, including 190 historic structures and 130 exhibit buildings, 1,728 campsites, 1,085 picnic sites, four lodges with 214 lodge rooms, 204 fully equipped cabins, 3 group lodging facilities, 48 gift shops and/or park stores, 41 playgrounds, 38 boat launches, 23 fishing piers, 15 swimming beaches, 10 marinas, 12 swimming pools, 6 restaurants, 18 and 27 hole golf courses, 4 tennis courts, one music auditorium, one public airport, one public firing range, one 54,000 seat stadium, more than 200 miles of roads, hundreds of miles of utilities, 19 wastewater treatment plants, and an assortment of 217 hiking, mountain bike, backpack, equestrian, and multi-use trails covering 477 miles. More than 8.9 million visitors came to the State parks and we offered 16,611 Educational Programs, Tours, and Ranger-led Activities for 143,343 guests. On January 24, 2023, the Governor signed an executive order creating the Natural State Initiative and the Natural State Advisory Council to further establish Arkansas as a leader in the outdoor economy and a destination for outdoor enthusiasts from around the world. The Advisory Council will partner with ADPHT in establishing a plan to maintain and expand Arkansas's world class trail system and to develop an innovative marketing strategy to promote tourism and outdoor recreation in Arkansas and thus grow the outdoor recreation economy.

Over $275.5 million in capital improvements and major maintenance projects have been completed through the ADPHT system funded by Amendment 75, the 1/8 Cent Conservation Tax, since its passage in 1996. In FY2023, ADPHT completed 9 capital improvement construction contracts totaling $2.5 million and 233 major maintenance projects totaling $2.7 million. In addition, 26 projects were under construction, totaling $29.2 million and 17 ongoing maintenance projects were in various stages of completion at the end of FY2023.

ADPHT often serve as a community hub. With that in mind, we use social media to continue two-way conversations with our visitors and prospective guests. We continue to gather and share photos and videos taken by our visitors on our website galleries and social media to help build connectivity, as well as showcasing increased diversity in our State parks. We want the many faces and authentic experiences of our visitors to be highlighted.

Arkansas's statewide visitor spending and tourism tax collections saw an increase as the State welcomed over 48 million visitors, who spent $9.2 billion in total travel expenditures, amounting to $752 million in State and local taxes, according to data released this year. In addition, 68,098 Arkansas jobs were directly related to the travel industry.

Arkansas's 2% tax collections showed a strong trend of growth. Overall visitation at the state's 13 Welcome Centers increased to 1.2 million visitors and requests for literature and other inquiries have grown by 5% over the previous year. Arkansas Tourism promoted the State's products through traditional and digital channels and assisted its industry partners in their promotions with marketing co-ops. Staff continued the Economic Development Administration grant administration plan as part of the America Rescue Plan Act Grant funding, which outlined recovery initiatives in the following areas of focus: transformational development planning, brand development, marketing, paid media, outdoor recreation, visitor engagement, and workforce development.

Arkansas participates with Travel South, the official regional Destination Marketing Organization promoting the southern U.S. to the international market via advertising, public relations, and sales missions. Arkansas also collaborates with Brand USA, the official Destination Marketing Organization for the United States, through cooperative advertising in key markets.

ADPHT continued its coordinated effort to prepare industry partners for the 2024 Great North American Eclipse by hosting a series of training seminars across the state. On April 8, 2024, Arkansas will be one of the few states directly in the eclipse's Path of Totality – the prime shadow zone of an eclipse. Visitors from across the globe are expected to travel to Arkansas to view this phenomenon, ultimately resulting in substantial economic impact for the State. Over the coming months, Arkansas Tourism will continue to coordinate with other State government agencies and tourism industry partners to ensure that Arkansas makes the most of this historic event.

The Division of Arkansas Heritage (DAH), a division within ADPHT is composed of four museums, four agencies, one archives, and a central office all dedicated to identifying, protecting, and promoting our State's natural, cultural, and historic resources.

DAH's agencies include the Arkansas Arts Council, Arkansas Historic Preservation Program, the Arkansas Natural Heritage Commission, and the Capitol Zoning District Commission. The museums are the Delta Cultural Center, Historic Arkansas Museum, Mosaic Templars Cultural Center, and the Old State House Museum. We also maintain two historic sites, Trapnall Hall in Little Rock, Arkansas, and the Jacob Wolf House in Norfork, Arkansas. Three of DAH's four museums are accredited by the American Alliance of Museums. The Arkansas State Archives is responsible for collecting and preserving the official records and historical materials for the State of Arkansas. The archives consist of a main central facility in Little Rock, Arkansas, and two branches - Southwest Arkansas Regional Archives in Historic Washington State Park at Washington, Arkansas, and the Northeast Arkansas Regional Archives in Powhatan State Park at Powhatan, Arkansas.

DAH currently maintains 37 properties (24 are historic structures that require special maintenance) and approximately 125,000 artifacts in four museums, archives collections, and the Collection Management Facility. The Division also maintains a state-of-the-art herbarium at Division headquarters in the Arkansas Natural Heritage Commission (ANHC). The herbarium stores and catalogues 19,875 accessioned specimens representing 3,803 species. The ANHC also manages approximately 73,983 acres of Arkansas's natural landscape, located in 79 natural areas. Stewardship of these lands requires proven techniques to preserve and sometimes restore unique and diverse ecosystems.

The Arkansas Department of Human Services (DHS) provides services for more than a million Arkansans every year. The Department has implemented an array of critical projects, programs, and policies centered in several core goals established for the agency: prevention in all service areas, reviewing Medicaid for efficiencies and optimizations, bolstering the behavioral health continuum of care, and improving the employee experience.

The formal end of the Public Health Emergency initiated a statutorily required six-month unwinding period during which DHS redetermined eligibility for more than 700,000 beneficiaries while removing ineligible beneficiaries. The Department initiated the Medicaid Sustainability Review Process, a comprehensive systemwide review of all programs under the Medicaid umbrella. This effort is aimed at identifying efficiencies, gaps, and potential reforms that will serve both beneficiaries and taxpayers.

DHS worked with the Department of Commerce (DOC) to shift the administration and management of the Temporary Assistance for Needy Families from the Division of Workforce Services within DOC to DHS, where it aligns with existing programs run by DHS that provide wraparound services to vulnerable populations. DHS also worked to move the Division of Child Care and Early Childhood Education from DHS and into ADE to comply with a new organizational structure created by the Literacy, Empowerment, Accountability, Readiness, Networking, and School Safety Act. DHS created the new Office of Substance Abuse and Mental Health to bring an increased focus on behavioral health under one umbrella at DHS.

DHS has strived to work together to become a more effective and more efficient agency in everything we do with a focus on being good stewards of the taxpayer dollar. That commitment is recognized in our motto: "We care. We act. We change lives."

The Department of Transformation and Shared Services, Division of Information Systems (DIS) is the lead information technology provider and policy maker for the State's executive branch public sector entities. DIS provides IT and Cyber Security planning, implementation, and support to other governmental entities. Overall, DIS provides approximately $85 million in IT products and solutions to approximately 1,500 governmental sites throughout the State including State agencies, boards and commissions, K-12 public schools, business and administrative departments of higher education, cities and counties, and public safety organizations. Services like broadband connectivity, K-12 broadband connectivity, cybersecurity monitoring and protection, hosting services, etc. Ultimately, DIS supports other public sector information systems by managing the private State network.

A priority for DIS is to implement enterprise-level initiatives aimed at leveraging the State's tremendous buying power to drive cost savings, efficiencies, and strengthen security. Because information and data are strategic assets, security is a key decision driver at DIS. The department is home to the State Cybersecurity Office which serves as the front line of defense in keeping the State's data safe from intrusion. The agency maintains network monitoring tools that function 24/7/365 to ensure that citizen and government data flowing across the network is kept secure, private, and confidential, and is inaccessible to hackers.

DIS does not receive allocation of general revenue and is legislatively prohibited from making a profit. The agency is funded from receipts comprised of moneys received from the public sector customers it serves in payment for services provided.

The Office of the Arkansas Lottery (OAL) oversees the operation and regulates the State lotteries. The voters passed an amendment to the Arkansas Constitution in November 2008 authorizing the Legislature to establish a lottery. The net proceeds of the lottery are used to fund scholarships for Arkansas students to in-state two-year and four-year higher education institutions.

For the fiscal year ended June 30, 2023, the OAL had operating revenues of $608.2 million and non-operating interest income of $2.5 million, resulting in total revenues of $610.7 million, The OAL also had gaming prizes expenses of $416.9 million, paid selling and cashing commissions to Arkansas retailers of $34.3 million, had gaming vendor contract costs of $31.9 million, had other operating expenses of $17.0 million, and provided $113.1 million in scholarship funds to the Lottery Scholarship Trust Account.

The Arkansas Department of Health (ADH) works every day at the local level through a statewide service network to provide prevention services and address threats to the public's health. During State fiscal year 2023, the ADH continued coordinating statewide efforts to increase opportunities for Arkansans to live long and healthy lives.

The Be Well Arkansas program, the ADH program for Arkansans who need assistance quitting tobacco and nicotine, continues to innovate ways to decrease smoking and vaping in Arkansas and is looking forward to celebrating its five-year anniversary on November 5, 2023. Be Well released a new "Coral's Reef" video with corresponding materials that includes age-appropriate information to discourage vaping in young Arkansans down to age 5. Developed by ADH staff, Coral's Reef is the only known program of its kind in the nation.

Arkansas will be in the path of the eclipse in April 2024, and many tourists are expected to come into the State to view the eclipse. Learning from other states' experiences with past eclipses, the ADH is working to help ensure that anyone who needs medical or emergency medical services during the event can access those services.

The ADH collaborates with a wide variety of partners in the public and private sectors to address the health problems facing Arkansans. The ADH will maintain efforts every day to improve the health of individual Arkansans, protect the public from epidemics, and provide preventive health services in Arkansas communities.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its ACFR for the fiscal year ended June 30, 2022. This was the twenty-fifth consecutive year that the State has achieved this prestigious award. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for a period of one year.

Governor Sanders, by making fiscal responsibility a top priority, has provided excellent leadership in the accurate and timely financial reporting by the State. Her administration has developed policies and acquired the resources necessary to ensure strict compliance with the reporting requirements of the entities that govern financial reporting for governments. The information generated by and distributed through the State's reporting structure is used by the General Assembly and other decision makers within the State.

The level of detail and degree of accuracy with which information in this report is presented would not be possible without the time and efforts of dedicated staff of all State agencies that provide their financial packages on a timely basis. Their efforts are appreciated by all the people responsible for preparing the ACFR.

Sincerely,

Jim Hudson
Secretary

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Arkansas

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

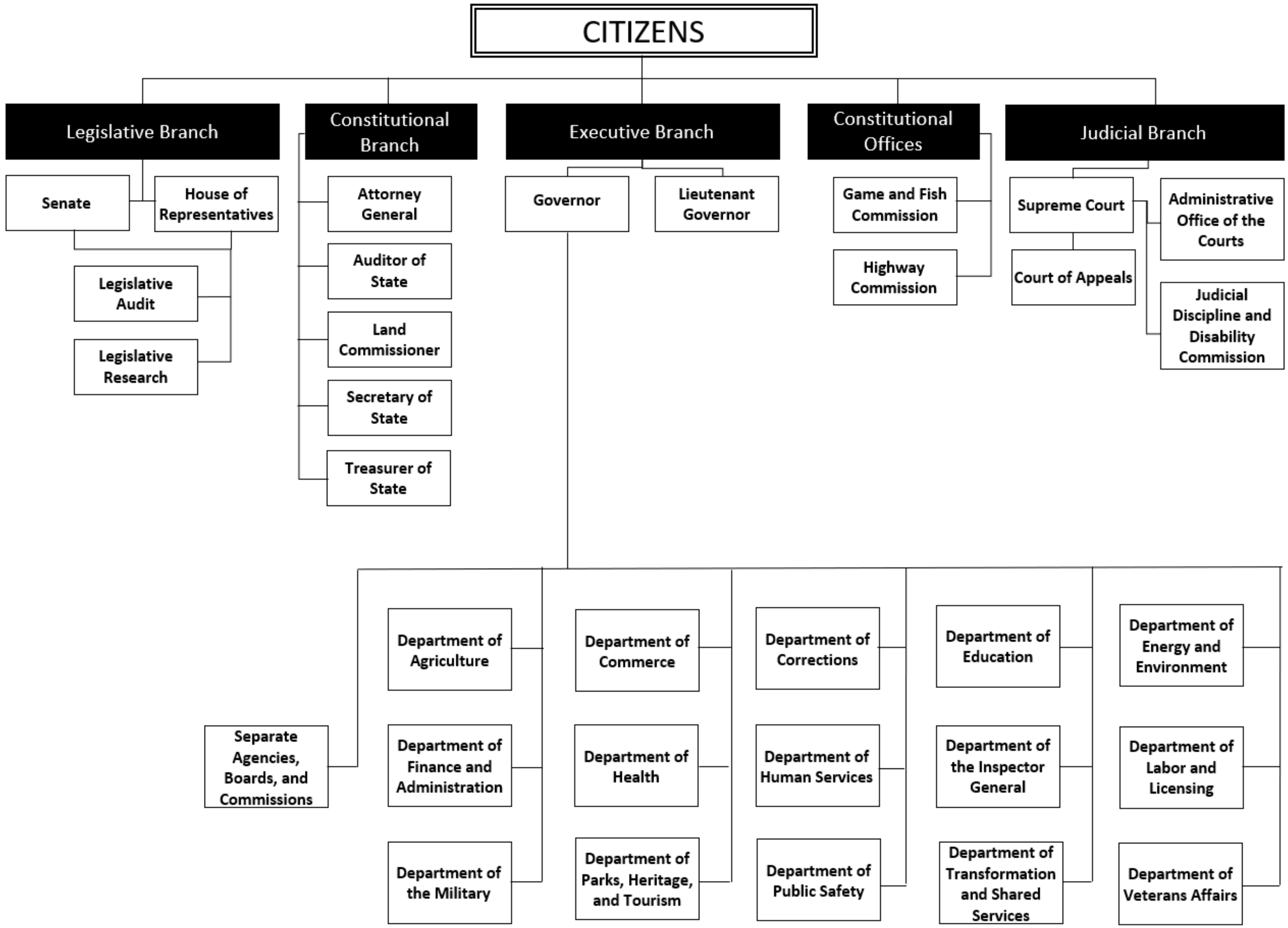
June 30, 2022

Christopher P. Morrill

Executive Director/CEO

ARKANSAS

Organizational Chart



Principal Officials

Elected Officials	General Assembly	Supreme Court
Governor	***President Pro Tempore***	***Chief Justice***
Sarah Huckabee Sanders	Senator Bart Hester	John Dan Kemp
Lieutenant Governor	***Speaker of the House***	***Associate Justice***
Leslie Rutledge	Representative Matthew J. Shepherd	Cody Hiland
Attorney General		***Associate Justice***
Tim Griffin		Courtney Rae Hudson
Auditor of State		***Associate Justice***
Dennis Milligan		Barbara Webb
Land Commissioner		***Associate Justice***
Tommy Land		Shawn A. Womack
Secretary of State		***Associate Justice***
John Thurston		Karen R. Baker
Treasurer of State		***Associate Justice***
Larry Walther		Rhonda K. Wood

FINANCIAL SECTION

ARKANSAS STATE GOVERNMENT

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Arkansas

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

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

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

The Governor and Members of the Legislative Joint Auditing Committee
State of Arkansas:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Arkansas (the State), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Arkansas as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of:

- The discretely presented component units, which represent 100% of the assets and revenues of the aggregate discretely presented component units opinion unit.
- The University of Arkansas for Medical Sciences, a portion of the Higher Education Fund, which represents 18% of the assets and 33% of the revenues of the business-type activities opinion unit and 24% of the assets and 53% of the revenues of the Higher Education major enterprise fund opinion unit.
- The Construction Assistance Revolving Loan Fund or the Other Revolving Loan Funds (non-major enterprise funds), which, on a combined basis, represent 8% of the assets and 1% of the revenues of the business-type activities opinion unit and 2% of the assets and less than 1% of the revenues of the aggregate remaining fund information opinion unit.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the aforementioned funds and entities, are based solely on the reports of the other auditors. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc. (discretely presented component units) were not audited in accordance with *Government Auditing Standards*.

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Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the State of Arkansas'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. That report will be issued under separate cover in the *State of Arkansas Single Audit Report*. 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 State's internal control over financial reporting or on compliance. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Arkansas's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
December 22, 2023
ACFR00123

MANAGEMENT'S DISCUSSION AND ANALYSIS

ARKANSAS STATE GOVERNMENT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Arkansas (the State) provides this narrative, overview, and analysis of the financial activities of the State's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023. The State's June 30, 2023, financial statements received an unmodified opinion (see Independent Auditor's Report for more information). We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal that can be found preceding this narrative and with the State's financial statements which follow. The first section of the Management's Discussion and Analysis (MD&A) is intended to familiarize readers with the accounting terminology and methods relevant to reporting financial information for the State. The second section of the MD&A is a summary of financial and statistical information that should be more meaningful because the readers have been exposed to the accounting terminology and methods used by the State.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources for the year ended June 30, 2023, by $26.2 billion (presented as total net position).
- The net position of the State increased by $2.8 billion during the fiscal year.
- The governmental activities net position increased by $2.6 billion.
- The business-type activities net position increased by $250.6 million.
- Of the total net position, $16.5 billion (63.01%) reflects its investment in capital assets such as land, buildings, equipment, intangibles, and infrastructure (roads, bridges, and other immovable assets), less any related outstanding debt used to acquire these assets.
- The State's restricted net position of $8.4 billion (32.04%) represents resources that are subject to restrictions on how they may be used.
- The State's unrestricted net position of $1.3 billion represents the amount available to meet the State's ongoing obligations to citizens and creditors.

Fund Highlights

As of the close of business on June 30, 2023, the State's General Fund reported a fund balance of $9.5 billion.

- The nonspendable fund balance was $121.6 million (1.27%).
- The restricted fund balance was $2.3 billion (23.62%).
- The committed fund balance was $6.7 billion (69.80%).
- The assigned fund balance was $178.1 million (1.87%).
- The unassigned fund balance was $328.4 million (3.44%).

The fund balance in the State's General Fund increased $1.6 billion during the fiscal year.

Long-Term Debt

Long-term debt payable for bonds, notes, installment purchase agreements, leases, and subscription based information technology arrangements (SBITAs) as of June 30, 2023, was $3.6 billion. Additional debt totaling $427.5 million was entered into during the year: $154.4 million was attributable to the increase in bond, notes payable, installment purchase agreements, leases, and SBITAs payable for governmental activities; $137.4 million was attributable to increases in college and university revenue bonds; and $135.6 million was attributable to the increase in business-type notes payable, installment purchase agreements, leases, and SBITAs.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management Discussion and Analysis is an introduction to the State's basic financial statements, which are comprised of three components. The State's basic financial statements include *Government-Wide Financial Statements*, *Fund Financial Statements, and Notes to the Financial Statements. Required Supplementary Information* is included in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at June 30, 2023. These financial statements are prepared using the full accrual basis of accounting, which recognizes all revenues when earned and expenditures at the time the related liabilities are incurred. These statements include the *Statement of Net Position* and the *Statement of Activities*.

- ***Statement of Net Position –*** This statement presents all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the difference between these items is reported as net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the overall financial position of the State is improving.
- ***Statement of Activities –*** This statement presents information showing how the State's net position changed during the year ended June 30, 2023, and a comparison between program revenues and direct expenditures for each function of the State.

Both government-wide financial statements are divided into three categories:

- ***Governmental activities*** are primarily supported by taxes and intergovernmental revenues, also known as federal grants. Most services normally associated with state government fall into this category and include education; health and human services; transportation; law, justice, and public safety; recreation and tourism; resource development; general government; commerce; and regulation of businesses and professionals.
- ***Business-type activities*** operate more like those of commercial enterprises. These activities normally intend to recover all or a significant portion of their costs through user fees and charges to external users of goods and services and operate with minimal assistance from the governmental activities of the State. The business-type activities of the State include Higher Education, Workers' Compensation Commission, Division of Workforce Services, Office of the Arkansas Lottery, Public School Employees Health and Life Benefit Plan, Construction Assistance Revolving Loan Fund, other Revolving Loan Funds and Enterprise Funds.
- ***Discretely presented component units –*** Although legally separate organizations, component units are important because the State is financially accountable for these entities. Discretely presented component units include the Arkansas Development Finance Authority (ADFA), University of Arkansas Foundation, Inc., and University of Arkansas Fayetteville Campus Foundation, Inc. Complete financial statements can be obtained from their administrative offices. Addresses and other additional information about the State's component units are presented in the notes to the financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the State can be divided into three categories: *Governmental Funds*, *Proprietary Funds*, and *Fiduciary Funds*.

- ***Governmental Fund Financial Statements –*** The focus of the governmental fund financial statements is the short-term information about the State's financial position, and these are prepared on the modified-accrual basis of accounting rather than the full accrual basis of accounting used for the government-wide financial statements. The governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balance.

  The State has one governmental fund, which is the General Fund. Reconciliations are provided that facilitates comparisons of the financial statements for the General Fund with the government-wide financial statements and can be found on the pages immediately following the governmental fund financial statements.

- ***Proprietary Fund Financial Statements –*** These funds charge fees for services provided to outside customers, including local governments, and are used to show the activities of the State that operate more like those of a commercial business. Proprietary fund financial statements, like the government-wide financial statements, use the full accrual basis of accounting.

  The State has seven proprietary funds: the Higher Education Fund, the Workers' Compensation Commission, the Division of Workforce Services, the Office of the Arkansas Lottery, the Public School Employees Health and Life Benefit Plan, the Construction Assistance Revolving Loan Fund, other Loan Funds (Safe Drinking Water, Community/Technical College, E&E Arkansas Energy Performance Contracting, and Energy Efficiency and Conservation Block Grant/Residential Loan Program).

- ***Fiduciary Fund Financial Statements –*** Fiduciary funds show the activity of the funds used to account for resources held for the benefit of activities outside state government and are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. These funds use the full accrual basis of accounting.

  The State's fiduciary funds include these trust funds: Arkansas Public Employees Retirement Systems, which includes Arkansas State Police Retirement System and Arkansas Judicial Retirement System; Arkansas Teacher Retirement System; Arkansas State Highway Employees Retirement System; and custodial funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the fiduciary fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes schedules of pension and other postemployment benefits information, a schedule of 10-year claims development information for two public entity risk pools, and a budgetary comparison schedule, which includes a reconciliation between the statutory expenditures for budgetary purposes and the expenditures for the General Fund as presented in the governmental fund financial statements.

Combining Financial Statements

The combining financial statements for proprietary funds and fiduciary funds are presented following the required supplementary information.

GOVERNMENT-WIDE HIGHLIGHTS AND ANALYSIS

The following chart presents a summary of the government-wide financial statements (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current assets	$ 13,046,659	$ 11,378,240	$ 3,554,752	$ 3,458,353	$ 16,601,411	$ 14,836,593
Noncurrent assets	195,363	196,153	1,698,795	1,694,002	1,894,158	1,890,155
Capital assets	14,774,824	14,267,064	4,685,719	4,509,206	19,460,543	18,776,270
Total assets	28,016,846	25,841,457	9,939,266	9,661,561	37,956,112	35,503,018
Deferred outflows of resources	1,058,332	720,335	109,764	90,571	1,168,096	810,906
Current liabilities	3,031,051	3,155,298	696,664	723,852	3,727,715	3,879,150
Long-term liabilities	5,106,848	3,705,523	3,166,274	3,004,643	8,273,122	6,710,166
Total liabilities	8,137,899	6,860,821	3,862,938	3,728,495	12,000,837	10,589,316
Deferred inflows of resources	861,148	2,218,156	101,075	189,187	962,223	2,407,343
Net investment in capital assets	14,281,541	13,585,993	2,203,200	2,123,732	16,484,741	15,709,725
Restricted	6,990,512	5,963,009	1,392,381	1,318,257	8,382,893	7,281,266
Unrestricted	(1,195,922)	(2,066,187)	2,489,436	2,392,461	1,293,514	326,274
Total net position	$ 20,076,131	$ 17,482,815	$ 6,085,017	$ 5,834,450	$ 26,161,148	$ 23,317,265

The net position of the governmental activities increased $2.6 billion. This is due to program (grants, charges for services, and capital grants and contributions), general (taxes i.e., sales, use, personal, corporate, gas, motor carriers, and other), and other revenues exceeding program expenditures resulting from continued economic growth.

The net position of the business-type activities increased $250.6 million. This change was primarily due to increase in investment earnings, charges for services, and other income.

The book value of capital assets as of June 30, 2023, was $14.8 billion for governmental activities and $4.7 billion for business-type activities. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated to fund these liabilities.

The following table displays key elements of these changes (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 1,495,612	$ 1,415,430	$ 3,595,101	$ 3,507,990	$ 5,090,713	$ 4,923,420
Operating grants	11,578,353	11,344,966	1,091,674	1,248,909	12,670,027	12,593,875
Capital grants and contributions	938,391	766,011	49,559	78,917	987,950	844,928
General revenues:						
Personal and corporate taxes	3,935,189	4,489,965			3,935,189	4,489,965
Sales and use taxes	4,558,369	4,220,058			4,558,369	4,220,058
Gas and motor carrier	494,691	506,400			494,691	506,400
Other taxes	1,651,859	1,570,923	38,970	38,802	1,690,829	1,609,725
Other revenues:						
Investment earnings (loss)	49,453	(472,773)	110,544	(30,686)	159,997	(503,459)
Miscellaneous income	599,355	582,862	337,890	283,356	937,245	866,218
Total revenues	25,301,272	24,423,842	5,223,738	5,127,288	30,525,010	29,551,130
Expenses:						
Governmental expenses:						
General government	1,519,309	713,045			1,519,309	713,045
Education	4,604,255	4,638,304			4,604,255	4,638,304
Health and human services	12,408,738	11,811,414			12,408,738	11,811,414
Transportation	1,205,270	987,510			1,205,270	987,510
Law, justice, and public safety	1,079,395	1,018,650			1,079,395	1,018,650
Recreation and tourism	252,151	221,103			252,151	221,103
Regulation of business and professionals	27,703	26,737			27,703	26,737
Resource development	238,758	214,473			238,758	214,473
Commerce	385,317	520,486			385,317	520,486
Interest expense	24,339	34,528			24,339	34,528
Business-type expenses:						
Higher education			4,931,856	4,702,199	4,931,856	4,702,199
Workers' Compensation Commission			7,439	4,575	7,439	4,575
Division of Workforce Services			72,062	114,733	72,062	114,733
Office of the Arkansas Lottery			500,166	479,947	500,166	479,947
Public School Employee Health and Life Benefit Plan			417,427	398,664	417,427	398,664
Revolving loans			6,942	11,364	6,942	11,364
Total expenses	21,745,235	20,186,250	5,935,892	5,711,482	27,681,127	25,897,732
Increase (decrease) in net position before transfers	3,556,037	4,237,592	(712,154)	(584,194)	2,843,883	3,653,398
Transfers - internal activities	(962,721)	(876,475)	962,721	876,475		
Increase in net position	2,593,316	3,361,117	250,567	292,281 `	2,843,883	3,653,398
Net position - beginning	17,482,815	14,121,698	5,834,450	5,542,169	23,317,265	19,663,867
Net position - ending	$ 20,076,131	$ 17,482,815	$ 6,085,017	$ 5,834,450	$ 26,161,148	$ 23,317,265

As is typical for governmental activities, program expenditures exceeded program revenues. The excess program expenditures of $7.7 billion were funded by normal state taxing activities.

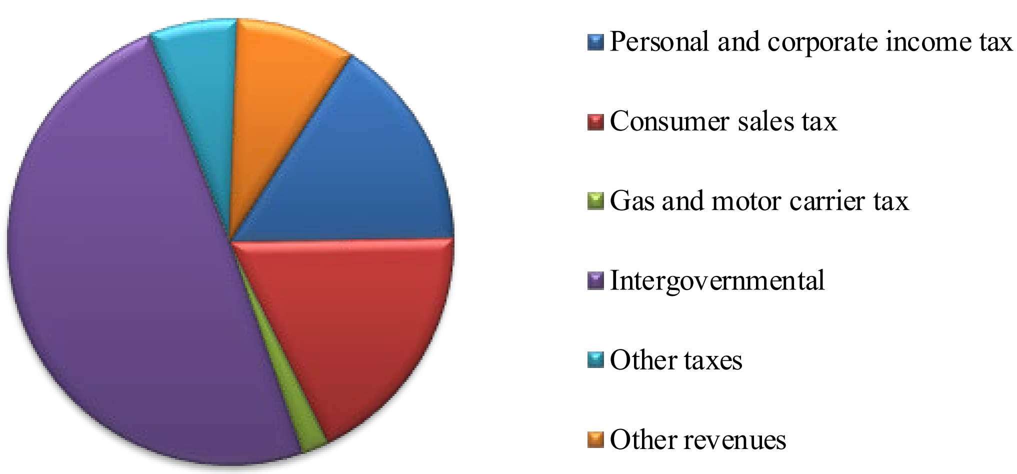
FUND HIGHLIGHTS AND ANALYSIS

General Government Functions

Most State functions are financed through the General Fund. The State's most significant sources of revenue in the General Fund are taxes and intergovernmental (i.e., federal grants). The State's most significant areas of expenditure from the General Fund are education and health and human services. The following charts present actual General Fund revenues and expenditures for the years ended June 30, 2023, and 2022 (expressed in thousands). The information presented includes revenues by source for the General Fund, expenditures by function for the General Fund, and changes in fund balance for the General Fund. The fund financial statements provide greater detail than is presented in this overview.

Revenues by Source - General Fund (expressed in thousands)

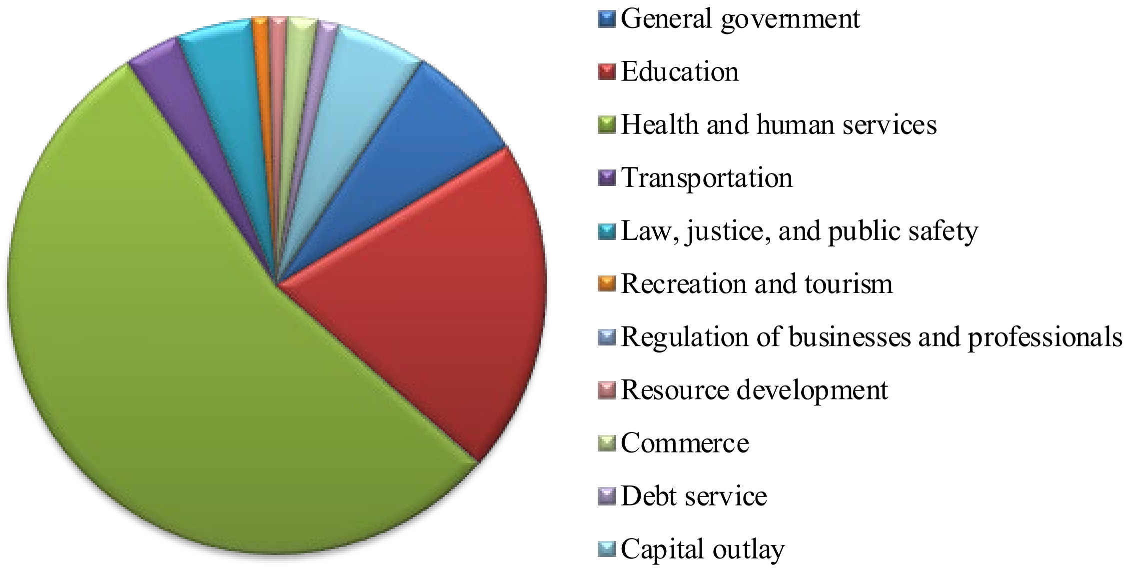
Revenues	2023	2022	Increase (Decrease) Percent
Personal and corporate income tax	$ 3,932,123	$ 4,490,595	(12.44%)
Consumer sales tax	4,559,747	4,199,145	8.59%
Gas and motor carrier tax	494,805	506,521	(2.31%)
Intergovernmental	12,490,430	12,177,163	2.57%
Other taxes	1,629,533	1,571,273	3.71%
Other revenues	2,173,724	1,519,530	43.05%
Total	$ 25,280,362	$ 24,464,227	3.34%



Governmental revenues increased by 3.34%. Intergovernmental increased $313.3 million, primarily due to American Rescue Plan Act (ARPA) revenue funds that became available in FY23. Personal and corporate income tax decreased by ($558.5) million, due to a retroactive income tax cut as of January 1, 2023. Consumer sales tax revenue increased $360.6 million, due to continued strong growth in the State's economy. The market positively impacted earnings in FY23. As a result, other revenues increased by $654.2 million.

Expenditures by Function – General Fund (expressed in thousands)

Expenditures	2023	2022	Increase (Decrease) Percent
General government	$ 1,635,355	$ 1,580,566	3.47%
Education	4,604,347	4,638,723	(0.74%)
Health and human services	12,389,117	11,968,473	3.51%
Transportation	760,392	784,338	(3.05%)
Law, justice, and public safety	1,036,743	988,209	4.91%
Recreation and tourism	229,063	198,020	15.68%
Regulation of businesses and professionals	27,602	26,529	4.04%
Resource development	232,005	204,352	13.53%
Commerce	411,949	560,389	(26.49%)
Debt service	290,339	301,606	(3.74%)
Capital outlay	1,239,317	1,139,455	8.76%
Total	$ 22,856,229	$ 22,390,660	2.08%



The State's expenditures increased for the year ended June 30, 2023, by $2.08%. Health and Human Services expenditures increased by $420.6 million, primarily due to Medicaid enrollment and Supplemental Nutrition Assistance Program. Commerce expenditures decreased by $148.4 million primarily due to the change in Broadband grant funding. Capital outlay expenditures increased by $99.9 million, primarily due to increased capital projects at the Arkansas Department of Transportation.

Changes in Fund Balance – General Fund

The focus of the State's General Fund is to provide information on short-term inflows, outflows, and balances of resources that can be spent. Such information is useful in assessing the State's financing requirements. For instance, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at June 30, 2023.

On June 30, 2023, the State's General Fund reported an ending fund balance of $9.5 billion, which is an increase of $1.6 billion in comparison to June 30, 2022. The increase is predominantly related to continued economic growth during the fiscal year.

The classifications and amounts of fund balance were determined according to the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Note 1 provides an explanation of the various classifications.

Fund balance consisted of the following:

- The nonspendable fund balance was $121.6 million (1.27%).
- The restricted fund balance was $2.3 billion (23.62%).
- The committed fund balance was $6.7 billion (69.80%).
- The assigned fund balance was $178.1 million (1.87%).
- The unassigned fund balance was $328.4 million (3.44%).

Capital Assets and Debt Administration

Capital Assets

The investment in capital assets includes land, buildings, improvements, equipment, intangibles, infrastructure, construction in progress, and right-to-use assets. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The investment in capital assets for the governmental and business-type activities was $36.8 billion and the accumulated depreciation was $17.3 billion at June 30, 2023. The net book value was $19.5 billion. Depreciation expense was $743.9 million for governmental activities and $345.4 million for business-type activities.

Major capital asset events during the current year ended June 30, 2023, included the following:

- Arkansas Department of Transportation (ARDOT) constructed roads, bridges, and interchanges for $860.6 million and purchased rights-of-way for $81.4 million. ARDOT also spent $30.1 million on various types of equipment.
- Parks and Tourism purchased $28.3 million in buildings, infrastructure, and equipment.
- With the implementation of GASB 96, SBITAs, $54.3 million was recorded as right-to-use assets.
- For leases, under GASB 87, $30.1 million of right-to-use assets were recorded.

Major commitments concerning capital assets at June 30, 2023, included the following:

- ARDOT has $1.5 billion committed to the construction of highways and other infrastructure.

Additional information on the State's capital assets can be found in Note 8 of the notes to the financial statements of this report.

Debt Administration

The State issues both general obligation bonds and revenue bonds. General obligation bonds are backed by the full faith and credit of the State. Revenue bonds are backed by a revenue source and restricted funds as specified in the bond resolution. Revenue bonds are generally designed to be self-supporting from the revenue source related to the program financed. On November 8, 2016, voters passed an Amendment to the Arkansas Constitution Concerning Job Creation, Job Expansion and Economic Development (Issue No. 3, 2016). Provisions of this amendment removed the limitation on the principal amount of general obligation bonds, which were not to exceed 5.00% of general revenue as stated in Amendment 82 of the Arkansas Constitution, in order to attract large economic development projects. The provisions of this amendment also redefined the economic development financing restrictions as imposed by Amendment 62 of the Arkansas Constitution, which applies to Arkansas counties and municipalities.

The State is rated as AA by a nationally recognized statistical rating organization. The AA rating indicates very strong creditworthiness compared to similar issues.

Governmental Activities

The State's governmental activities had $899.7 million in bonds, loans payable, notes payable, installment purchase agreements, leases, and SBITAs outstanding at June 30, 2023, compared to $1.1 billion at June 30, 2022. The net decrease is approximately $180.9 million.

For the year ended June 30, 2023, bonds payable had a net decrease of $208.2 million. Principal payments on these bonds totaled $231.0 million. Notes payable and installment purchase agreements to component units had a net increase of $2.4 million during the year ended June 30, 2023. SBITA obligations had a net increase of $24.3 million.

New debt resulted primarily from general obligation bonds, notes payable with a component unit, and leases. The most significant increases are listed below:

- The Arkansas Natural Resources Commission issued $43.0 million in Water, Waste, and Pollution Bonds.
- SBITAs, per GASB 96, increased by $51.2 million.

The State's governmental activities had approximately $133.7 million in claims and judgments outstanding on June 30, 2023, compared to $131.7 million at June 30, 2022. Other obligations include $163.2 million for accrued sick leave and vacation pay, $22.3 million for pollution remediation, and $111.1 million for recycling tax obligations on June 30, 2023. The State's governmental activities also had $1.4 billion recorded for other postemployment benefits liability and $2.2 billion recorded for net pension liability at June 30, 2023.

Business-type Activities

The State's business-type activities had $2.7 billion in bonds, notes payable, installment purchase agreements, leases, and SBITAs outstanding at June 30, 2023, and $2.6 billion at June 30, 2022. The net increase was approximately $98.1 million.

New debt resulted primarily from the issuance of revenue and general obligation bonds. The most significant increases in bonds, notes payable, installment purchase agreements, leases, and SBITAs are listed below:

- University of Arkansas – Fayetteville issued $76.7 million in various facility revenue bonds, Series 2022A and Series 2022B, for various construction and renovation projects.

- University of Arkansas – Pine Bluff issued $16.7 million in facilities revenue bonds. The Series 2022 will be used to finance a portion of the capital improvements related to a student center.
- SBITA, per GASB 96, The University of Arkansas group increased by $23.5 million.

The colleges and universities also entered into installment purchase agreements totaling $3.9 million and notes payable totaling $19.0 million. The State's business-type activities made reductions, through principal payments and refinancing, to bonds, notes payable, installment purchase agreements, leases, and SBITAs of $174.9 million during the fiscal year.

The State's business-type activities had approximately $224.6 million in claims and judgments outstanding on June 30, 2023, compared to $260.8 million at June 30, 2022. Other obligations included accrued sick leave and vacation pay of $142.2 million on June 30, 2023. The State's business-type activities also had $116.4 million recorded for other postemployment benefits liability and $170.0 million recorded for net pension liability on June 30, 2023.

More detailed information about the State's liabilities is presented in Note 9 of the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

Schedule of Expenditures – Budget and Actual (expressed in thousands)

	Budgeted Amounts		Actual
Functions	**Original**	**Final**	**Amounts**
Commerce	$ 611,824	$ 984,134	$ 437,794
Education	5,449,981	6,492,122	4,649,966
General government	3,122,645	3,257,528	2,564,982
Health and human services	11,162,607	12,787,650	11,686,310
Law, justice, and public safety	1,163,994	1,268,513	1,077,620
Recreation and tourism	334,743	391,460	273,448
Regulation of business and professionals	34,594	36,794	30,267
Resource development	390,897	811,295	261,439
Transportation	760,248	1,369,875	632,235
Capital outlay	1,781,511	2,148,893	1,301,778
Debt service	298,053	304,353	263,784
Total	$ 25,111,097	$ 29,852,617	$ 23,179,623

The amounts reported as budgeted reflect appropriations made by the General Assembly of the State. Appropriations made to programs and agencies are only maximum authorizations to spend. Actual expenditures are limited to the lesser of monies flowing into programs and agencies' funds maintained by the State Treasurer or the maximum appropriation by the General Assembly. The significant variances between budgeted amounts and actual amounts are due to the appropriations exceeding available funding sources or delays in timing of expenditures.

The final budget exceeded the original budget by $4.7 billion. The increase in Health and Human Services and in Education is mainly due to ARPA funds. The increase in Transportation is primarily due to the Infrastructure Investment and Jobs Act (IIJA). Arkansas Legislative Council requires a special appropriation for ARPA and IIJA funds to be used that is separate from the original budgeted amount.

In addition, supplemental appropriation and carryover of fund balances, as provided by law for payment of carryover obligations of the State, added to the increase in final budget numbers. The increases/decreases in general government; education; law, justice, and public safety; recreation; resource development; regulation of businesses and professionals; transportation; capital outlay; and debt service were primarily due to reallocation of appropriation for expenditures related to infrastructure and employee salaries.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Arkansas's finances for all of Arkansas's citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of Arkansas, Department of Finance and Administration, PO Box 3278, Little Rock, Arkansas 72203.

ARKANSAS STATE GOVERNMENT

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BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2023
(Expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
Assets				
Current assets:				
Cash and cash equivalents	$ 1,898,781	$ 2,051,016	$ 3,949,797	$ 300,093
Cash and cash equivalents-restricted		244,385	244,385	
Investments	8,562,383	762,498	9,324,881	17,620
Receivables, net:				
Accounts	181,440	497,736	679,176	3,977
Taxes	656,940		656,940	
Medicaid	756,868		756,868	
Loans	10,336	2,442	12,778	2,905
Leases	561	1,730	2,291	103
Interest	33,272	2,656	35,928	2,646
Other	34,278	13,016	47,294	
Internal balances	220,890	(220,890)		
Due from other governments	562,649	86,826	649,475	
Prepaid items	36,917	33,828	70,745	
Inventories	83,144	48,015	131,159	
Deposits with trustee	8,200	27,266	35,466	
Other current assets		4,228	4,228	
Total current assets	13,046,659	3,554,752	16,601,411	327,344
Noncurrent assets:				
Cash and cash equivalents-restricted		248,018	248,018	
Deposits with component unit	53,985		53,985	
Deposits with bond trustee		242,170	242,170	
Deposits with Multi-State Lottery Association		2,081	2,081	
Investments		506,048	506,048	174,281
Receivables, net	671	17,740	18,411	
Internal balances				26
Loans and mortgages receivable	128,689	622,309	750,998	222,504
Loans and capital leases receivable from primary government				256,872
Lease receivable	1,043	21,417	22,460	629
Due from other governments		2,256	2,256	
Irrevocable split-interest agreements		2,232	2,232	
Financial assurance instruments		7,475	7,475	
Other noncurrent assets	10,975	27,049	38,024	1,306
Capital assets:				
Nondepreciable	3,900,400	444,163	4,344,563	670
Depreciable, net	10,874,424	4,241,556	15,115,980	1,497
Total noncurrent assets	14,970,187	6,384,514	21,354,701	657,785
Total assets	28,016,846	9,939,266	37,956,112	985,129
Deferred Outflows of Resources				
Related to pensions	858,726	63,334	922,060	1,371
Related to other postemployment benefits	181,738	17,899	199,637	371
Related to debt refundings	17,868	28,531	46,399	
Total deferred outflows of resources	1,058,332	109,764	1,168,096	1,742
Total assets and deferred outflows of resources	$ 29,075,178	$ 10,049,030	$ 39,124,208	$ 986,871

Statement of Net Position
June 30, 2023
(Expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
Liabilities				
Current liabilities:				
Accounts payable	$ 135,596	$ 241,302	$ 376,898	$ 10,887
Prizes payable		26,799	26,799	
Accrued interest	3,263	13,178	16,441	1,747
Accrued and other current liabilities	349,041	39,070	388,111	
Investment principal payable	26,310	3,917	30,227	
Medicaid payable	415,405		415,405	
Income tax refunds payable	444,925		444,925	
Due to other governments	1,107,694	17,336	1,125,030	
Workers' compensation benefits payable		12,982	12,982	
Funds held in trust for others		12,902	12,902	
Bonds, notes, and installment agreements payable	128,535	133,342	261,877	24,982
Claims, judgments, arbitrage, and compensated absences	134,878	74,686	209,564	
Lease obligation	22,086	24,976	47,062	
SBITA obligation	6,734	7,237	13,971	
Pollution remediation obligations	3,088		3,088	
Unearned gain on refinancing sale of asset				23
Rebate/refund incentives payable	18,269		18,269	
Recycling tax obligation payable	12,388		12,388	
Other postemployment benefits liability	54,705	4,624	59,329	84
Unearned revenue	168,134	84,313	252,447	191
Total current liabilities	3,031,051	696,664	3,727,715	37,914
Long-term liabilities:				
Workers' compensation benefits payable		153,302	153,302	
Bonds, notes, and installment agreements payable	680,962	2,427,889	3,108,851	382,706
Claims, judgments, arbitrage, and compensated absences	162,001	125,819	287,820	
Lease obligation	43,886	139,212	183,098	
SBITA obligation	17,528	14,623	32,151	
Pollution remediation obligations	19,174		19,174	
Other postemployment benefits liability	1,364,874	111,758	1,476,632	2,007
Net pension liability	2,218,823	170,019	2,388,842	3,784
Deposits held on behalf of primary government				53,985
Other noncurrent liabilities	272,112	21,296	293,408	375
Unearned gain on refinancing sale of asset				243
Rebate/refund incentives payable	228,736		228,736	
Recycling tax obligation payable	98,752		98,752	
Unearned revenue		2,356	2,356	696
Total long-term liabilities	5,106,848	3,166,274	8,273,122	443,796
Total liabilities	8,137,899	3,862,938	12,000,837	481,710
Deferred Inflows of Resources				
Related to pensions	194,206	28,868	223,074	511
Related to other postemployment benefits	665,338	40,458	705,796	1,044
Related to debt refundings		840	840	
Related to irrevocable split-interest agreements		8,510	8,510	
Related to leases	1,604	22,399	24,003	706
Total deferred inflows of resources	861,148	101,075	962,223	2,261
Total liabilities and deferred inflows of resources	8,999,047	3,964,013	12,963,060	483,971
Net Position				
Net position:				
Net investment in capital assets	14,281,541	2,203,200	16,484,741	2,167
Restricted for:				
Expendable:				
Debt service	221,757	55,186	276,943	
Other capital projects	165,709	80,165	245,874	
Bond resolution and programs				348,520
Program requirements	5,701,445		5,701,445	
Lottery	249,371		249,371	
Tobacco settlement	169,861		169,861	
Transportation	482,369		482,369	
Scholarships and fellowships		44,082	44,082	
Research		83,952	83,952	
Public service		859,621	859,621	
Other		126,594	126,594	
Nonexpendable - other		142,781	142,781	
Nonexpendable - minority interest				530
Unrestricted	(1,195,922)	2,489,436	1,293,514	151,683
Total net position	20,076,131	6,085,017	26,161,148	502,900
Total liabilities, deferred inflows of resources, and net position	$ 29,075,178	$ 10,049,030	$ 39,124,208	$ 986,871

The notes to the financial statements are an integral part of this statement.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Financial Position
June 30, 2023
(Expressed in thousands)

Assets		
Contributions receivable, net	$	94,676
Interest receivable		6,720
Cash value of life insurance		1,416
Land		30
Investments		1,851,035
Total assets	$	1,953,877
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	8,107
Annuity obligations		14,051
Total liabilities		22,158
Net assets:		
Without donor restrictions		150,711
With donor restrictions		1,781,008
Total net assets		1,931,719
Total liabilities and net assets	$	1,953,877

The notes to the financial statements are an integral part of this statement.

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Financial Position
June 30, 2023
(Expressed in thousands)

Assets		
Investments	$	664,940
Total assets	$	664,940
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	2,532
Total liabilities		2,532
Net assets:		
With donor restrictions		662,408
Total net assets		662,408
Total liabilities and net assets	$	664,940

The notes to the financial statements are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2023
(Expressed in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,519,309	$ 443,479	$ 278,267	$
Education	4,604,255	4,538	1,300,779	312
Health and human services	12,408,738	468,299	9,584,279	4,240
Transportation	1,205,270	142,204	1,321	924,068
Law, justice, and public safety	1,079,395	167,908	128,615	6,766
Recreation and tourism	252,151	71,995	35,455	2,523
Regulation of business and professionals	27,703	21,875	2,287	
Resource development	238,758	81,857	96,311	
Commerce	385,317	93,457	151,039	482
Interest expense	24,339			
Total governmental activities	21,745,235	1,495,612	11,578,353	938,391
Business-type activities:				
Higher education	4,931,856	2,425,566	1,070,831	49,559
Workers' Compensation Commission	7,439	15,438		
Division of Workforce Services	72,062	88,961		
Office of the Arkansas Lottery	500,166	608,223		
Public School Employee Health and Life Benefit Plan	417,427	450,655		
Revolving loans	6,942	6,258	20,843	
Total business-type activities	5,935,892	3,595,101	1,091,674	49,559
Total primary government	$ 27,681,127	$ 5,090,713	$ 12,670,027	$ 987,950
Component unit:				
Arkansas Development Finance Authority	$ 65,012	$ 35,085	$ 30,243	

General revenues:
Taxes:
Personal and corporate income
Consumer sales and use
Gas and motor carrier
Other
Total taxes
Investment earnings (loss)
Miscellaneous income
Transfers-internal activities
Total general revenues and transfers

Change in net position
Net position - beginning
Net position - ending

Net Revenue (Expense)			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
$ (797,563)	$	$ (797,563)	
(3,298,626)		(3,298,626)	
(2,351,920)		(2,351,920)	
(137,677)		(137,677)	
(776,106)		(776,106)	
(142,178)		(142,178)	
(3,541)		(3,541)	
(60,590)		(60,590)	
(140,339)		(140,339)	
(24,339)		(24,339)	
(7,732,879)		(7,732,879)	
	(1,385,900)	(1,385,900)	
	7,999	7,999	
	16,899	16,899	
	108,057	108,057	
	33,228	33,228	
	20,159	20,159	
	(1,199,558)	(1,199,558)	
(7,732,879)	(1,199,558)	(8,932,437)	
			$ 316
3,935,189		3,935,189	
4,558,369		4,558,369	
494,691		494,691	
1,651,859	38,970	1,690,829	
10,640,108	38,970	10,679,078	
49,453	110,544	159,997	(6,178)
599,355	337,890	937,245	
(962,721)	962,721		
10,326,195	1,450,125	11,776,320	(6,178)
2,593,316	250,567	2,843,883	(5,862)
17,482,815	5,834,450	23,317,265	508,762
$ 20,076,131	$ 6,085,017	$ 26,161,148	$ 502,900

The notes to the financial statements are an integral part of this statement.

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Activities
For the Year Ended June 30, 2023
(Expressed in thousands)

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Contributions	$ 11,198	$ 62,676	$ 73,874
Interest and dividends	11,622	10,142	21,764
Net realized and unrealized gains on investments	17,114	87,762	104,876
Net asset reclassifications, including release from restrictions and satisfaction of restrictions	98,845	(98,845)	
Total revenues, gains, and other support	138,779	61,735	200,514
Expenses and losses:			
Program services:			
University system support	113,644		113,644
Total program services	113,644		113,644
Supporting services:			
Management and general	2,584		2,584
Fundraising	10,973		10,973
Change in value of split-interest agreements	(26)	(337)	(363)
Provision for loss on uncollectible pledges	22	2,999	3,021
Total supporting services	13,553	2,662	16,215
Total expenses and losses	127,197	2,662	129,859
Change in net assets	11,582	59,073	70,655
Net assets - beginning	139,129	1,721,935	1,861,064
Net assets - ending	$ 150,711	$ 1,781,008	$ 1,931,719

The notes to the financial statements are an integral part of this statement.

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Activities
For the Year Ended June 30, 2023
(Expressed in thousands)

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Interest and dividends	$	$ 3,359	$ 3,359
Net realized and unrealized gains on investments		41,095	41,095
Net asset reclassifications, including release from restrictions, satisfaction of restrictions, and change in donor restriction	24,996	(24,996)	
Total revenues, gains, and other support	24,996	19,458	44,454
Expenses and losses:			
Program services:			
Fayetteville campus support	24,996		24,996
Total program services	24,996		24,996
Change in net assets		19,458	19,458
Net assets - beginning		642,950	642,950
Net assets - ending	$	$ 662,408	$ 662,408

The notes to the financial statements are an integral part of this statement.

Balance Sheet
Governmental Fund
June 30, 2023
(Expressed in thousands)

		General Fund
Assets		
Cash and cash equivalents	$	1,898,781
Deposit with trustee		8,200
Investments		8,562,383
Receivable, net:		
Accounts		181,430
Taxes		656,940
Medicaid		756,868
Loans		139,025
Leases		1,604
Interest		33,272
Other		34,949
Due from other funds		252,960
Due from other governments		562,649
Advances to other funds		8,864
Prepaid items		36,801
Inventories		83,144
Deposits with component unit		53,985
Other assets		10,975
Total assets	$	13,282,830
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	$	131,408
Accrued and other current liabilities		363,615
Investment principal payable		26,310
Unearned income		168,134
Income tax refunds payable		444,925
Due to other governments		1,107,694
Due to other funds		44,779
Advances from other funds		334
Medicaid claims payable		415,405
Total liabilities		2,702,604
Deferred Inflows of Resources		
Related to revenues		1,035,967
Total liabilities and deferred inflows of resources		3,738,571
Fund balance:		
Nonspendable:		
Prepaid items		36,801
Inventories		83,144
Long-term loans		578
Long-term leases		1,043
Restricted		2,254,660
Committed		6,661,455
Assigned		178,140
Unassigned		328,438
Total fund balance		9,544,259
Total liabilities, deferred inflows of resources, and fund balance	$	13,282,830

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2023
(Expressed in thousands)

Total fund balances:		
Governmental fund		$ 9,544,259
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Nondepreciable assets	$ 3,900,400	
Depreciable assets	10,874,424	
Total capital assets		14,774,824
Bonds issued by the State have associated insurance costs that are paid from current "available" financial resources of governmental funds. However, these costs are amortized on the Statement of Activities.		116
Some of the State's revenues will be collected after year-end but are not "available" soon enough to pay for the current period's expenditures and therefore are deferred inflows of resources in the funds.		1,034,363
Deferred inflows and outflows of resources related to the State's pension liabilities are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total inflows	$ (194,206)	
Total outflows	858,726	664,520
Deferred inflows and outflows of resources related to the State's other postemployment benefits liabilities are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total inflows	$ (665,338)	
Total outflows	181,738	(483,600)
Deferred inflows and outflows resulting from loss or gain on debt refunding are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total outflows		17,868
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds, notes, and installment purchases payable	$ (762,645)	
Claims, judgments, arbitrage, and compensated absences	(282,304)	
Lease and SBITA obligations	(90,234)	
Other noncurrent liabilities	(272,112)	
Refund/Rebate incentives payable	(247,005)	
Recycling tax obligation	(111,140)	
Other postemployment benefits liability	(1,419,579)	
Pollution remediation obligation	(22,262)	
Unamortized bond issue premiums	(46,882)	
Accrued interest on bonds, notes, installment purchases, and lease obligations	(3,263)	
Unamortized bond issue discounts	30	
Net pension liabilities	(2,218,823)	
Total long-term liabilities		(5,476,219)
Net position of governmental activities		$ 20,076,131

The notes to the financial statements are an integral part of this statement.

ARKANSAS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2023
(Expressed in thousands)

		General Fund
Revenues:		
Taxes:		
Personal and corporate income	$	3,932,123
Consumers sales and use		4,559,747
Gas and motor carrier		494,805
Other		1,629,533
Intergovernmental		12,490,430
Licenses, permits, and fees		1,520,617
Investment earnings (loss)		49,453
Miscellaneous		603,654
Total revenues		25,280,362
Expenditures:		
Current:		
General government		1,635,355
Education		4,604,347
Health and human services		12,389,117
Transportation		760,392
Law, justice, and public safety		1,036,743
Recreation and tourism		229,063
Regulation of business and professionals		27,602
Resource development		232,005
Commerce		411,949
Debt service:		
Principal retirement		246,451
Interest		43,888
Capital outlay		1,239,317
Total expenditures		22,856,229
Excess of revenues over expenditures		2,424,133
Other financing sources (uses):		
Issuance of debt		60,903
Issuance of refunding bonds		15,356
Bond discounts/premiums		242
Issuance of leases		26,690
Issuance of SBITAs		51,199
Sale of capital assets		2,906
Payment to refunding escrow agent		(15,356)
Transfers in		211,763
Transfers out		(1,174,484)
Total other financing sources and uses		(820,781)
Net change in fund balance		1,603,352
Fund balance - beginning		7,940,907
Fund balance - ending	$	9,544,259

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2023
(Expressed in thousands)

Net change in fund balance-governmental fund		$ 1,603,352
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 1,239,317	
Depreciation expense	(743,857)	
Excess of capital outlay over depreciation expense		495,460
The net effect of various miscellaneous transactions involving capital assets (for example: sales, trade-ins, and donations) is to increase net position.		11,396
Bond and note proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		(76,259)
Bonds issued at a premium provide current financial resources to government funds, but increase the long-term liabilities in the Statement of Net Position.		(242)
Payment to refunding escrow agents use current financial resources to governmental funds but increase the long-term liabilities in the Statement of Net Position.		15,356
Some capital additions were financed through leases and SBITAs. In governmental funds, a lease or SBITA arrangement is considered a source of financing, but in the Statement of Net Position, the lease and SBITA obligations are reported as liabilities.		(77,889)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of: bond, note, installment purchase, lease, and SBITA principal retirement.		246,451
Because some revenues will not be collected for several months after the State's fiscal year-end, they are not considered "available" revenues and are deferred inflows of resources in the governmental funds.		51,972
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Claims, judgments, arbitrage, and compensated absences	$ 27,448	
Amortization of bond premiums and discounts	20,436	
Amortization of bond insurance costs	(9)	
Amortization of deferred outflows of resources related to debt refunding	(1,293)	
Leases and SBITAs	52,945	
Pollution remediation obligations	(914)	
Loss on sale of capital assets	(1)	
Net change in pension related accounts	164,917	
Accrued interest	415	
Other postemployment benefits obligations	59,775	
Total additional expenditures		323,719
Change in net position of governmental activities		$ 2,593,316

The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Position
Proprietary Funds
June 30, 2023
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 680,329	$ 49,372	$ 951,821	$ 9,082	$ 360,412	$ 2,051,016
Cash and cash equivalents-restricted				244,385		244,385
Investments	634,161	48,604	3,902		75,831	762,498
Receivables:						
Accounts receivable, net	432,764	7,788	35,185	15,426	6,584	497,747
Loans and notes receivables, net	2,442					2,442
Leases receivable	1,730					1,730
Interest	891	32	15		1,718	2,656
Other current receivables	13,016					13,016
Due from other funds	34,443	337	266	5,776		40,822
Due from other governments	85,977		424		425	86,826
Advances to other funds					981	981
Inventories	48,015					48,015
Prepaid items	33,621	45		162		33,828
Deposits with bond trustee	27,266					27,266
Other current assets	4,228					4,228
Total current assets	1,998,883	106,178	991,613	274,831	445,951	3,817,456
Noncurrent assets:						
Cash and cash equivalents-restricted	227,518			20,500		248,018
Deposits with Multi-State Lottery Association				2,081		2,081
Investments:						
Restricted endowments	221,886					221,886
Unrestricted endowments	19,734					19,734
Restricted investments	7,638					7,638
Unrestricted investments	256,790					256,790
Receivables:						
Loans and notes receivable, net	15,741					15,741
Leases receivable	21,417					21,417
Other noncurrent receivables	1,999					1,999
Due from other governments	2,256					2,256
Advances to other funds					5,047	5,047
Loans receivables-restricted					622,309	622,309
Deposits with bond trustee	242,170					242,170
Irrevocable split interest agreements	2,232					2,232
Financial assurance instruments		7,475				7,475
Other noncurrent assets	27,049					27,049
Capital assets:						
Nondepreciable	443,583	580				444,163
Depreciable, net	4,238,045	73	1,728	1,403	307	4,241,556
Total noncurrent assets	5,728,058	8,128	1,728	23,984	627,663	6,389,561
Total assets	7,726,941	114,306	993,341	298,815	1,073,614	10,207,017
Deferred Outflows of Resources						
Related to pensions	59,086	2,377		1,871		63,334
Related to other postemployment benefits	16,618	632		649		17,899
Related to debt refunding	28,531					28,531
Total deferred outflows of resources	104,235	3,009		2,520		109,764
Total assets and deferred outflows of resources	$ 7,831,176	$ 117,315	$ 993,341	$ 301,335	$ 1,073,614	$ 10,316,781

Statement of Fund Net Position
Proprietary Funds
June 30, 2023
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Liabilities						
Current liabilities:						
Accounts payable	$ 205,112	$ 10	$ 24,940	$ 7	$ 11,233	$ 241,302
Prizes payable				26,799		26,799
Accrued interest	13,178					13,178
Accrued and other current liabilities	32,614	126		6,330		39,070
Investment principal payable		16	11		3,890	3,917
Advances from other funds	1,601	53				1,654
Due to other funds	2,379		11	250,378	425	253,193
Due to other governments	467		16,869			17,336
Funds held in trust for others	12,902					12,902
Worker's compensation benefits payable		12,982				12,982
Bonds, notes, and installment agreements payable	133,342					133,342
Leases obligation	24,673	32		271		24,976
SBITA obligation	7,237					7,237
Claims, judgments, and compensated liability	36,750	89		57	37,790	74,686
Other postemployment benefits liability	4,363	161		100		4,624
Unearned revenue	83,615	356		342		84,313
Total current liabilities	558,233	13,825	41,831	284,284	53,338	951,511
Noncurrent liabilities:						
Worker's compensation benefits payable		153,302				153,302
Advances from other funds	12,893	11				12,904
Bonds, notes, and installment agreements payable	2,427,889					2,427,889
Leases obligation	138,599			613		139,212
SBITA obligation	14,623					14,623
Other postemployment benefits liability	105,559	3,834		2,365		111,758
Net pension liability	158,360	6,669		4,990		170,019
Claims, judgments, and compensated absences	124,923	546		350		125,819
Unearned revenue	2,356					2,356
Other noncurrent liabilities	13,821	7,475				21,296
Total noncurrent liabilities	2,999,023	171,837		8,318		3,179,178
Total liabilities	3,557,256	185,662	41,831	292,602	53,338	4,130,689
Deferred Inflows of Resources						
Related to pensions	28,055	598		215		28,868
Related to other postemployment benefits	37,067	2,163		1,228		40,458
Related to debt refundings	840					840
Related to irrevocable split interest agreement	8,510					8,510
Related to leases	22,399					22,399
Total deferred inflows of resources	96,871	2,761		1,443		101,075
Total liabilities and deferred inflows of resources	3,654,127	188,423	41,831	294,045	53,338	4,231,764
Net Position						
Net investment in capital assets	2,200,003	620	1,728	542	307	2,203,200
Restricted for:						
Expendable						
Scholarships and fellowships	44,082					44,082
Debt service	55,186					55,186
Capital projects	80,165					80,165
Research	83,952					83,952
Public service	27,428			21,000	811,193	859,621
Other	124,013			2,581		126,594
Nonexpendable - other	142,781					142,781
Unrestricted (deficit)	1,419,439	(71,728)	949,782	(16,833)	208,776	2,489,436
Total net position	4,177,049	(71,108)	951,510	7,290	1,020,276	6,085,017
Total liabilities, deferred inflows of resources, and net position	$ 7,831,176	$ 117,315	$ 993,341	$ 301,335	$ 1,073,614	$ 10,316,781

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Operating revenues:						
Charges for sales and services	$ 2,425,566	$	$	$	$ 450,655	$ 2,876,221
Lottery collections				607,561		607,561
Licenses, permits, and fees				662	6,258	6,920
Grants and contributions	500,367					500,367
Insurance taxes		17,080				17,080
Unemployment taxes			88,961			88,961
Other operating revenues	296,977	54	21,837	7		318,875
Total operating revenues	3,222,910	17,134	110,798	608,230	456,913	4,415,985
Operating expenses:						
Cost of sales and services				416,920		416,920
Lottery prize payments				66,168		66,168
Compensation and benefits	2,610,691	6,547		5,151		2,622,389
Supplies and services	1,520,277	499		8,448	1,858	1,531,082
General and administrative expenses	213,346	275		2,763	2,569	218,953
Federal financial assistance					4,373	4,373
Scholarships and fellowships	164,876					164,876
Benefit and aid payments		1,632	71,257		415,249	488,138
Depreciation and amortization	344,084	118	133	700	320	345,355
Total operating expenses	4,853,274	9,071	71,390	500,150	424,369	5,858,254
Operating income (loss)	(1,630,364)	8,063	39,408	108,080	32,544	(1,442,269)
Nonoperating revenues (expenses):						
Investment earnings (loss)	70,232	2,776	15,928	2,482	18,980	110,398
Net increase (decrease) fair value investments					146	146
Taxes	38,970					38,970
Grants and contributions	570,464	(10)	(672)		20,843	590,625
Interest and amortization expense	(85,048)			(16)		(85,064)
Gain/(loss) on sale of capital assets	6,466					6,466
Other nonoperating revenue	19,015					19,015
Total nonoperating revenues	620,099	2,766	15,256	2,466	39,969	680,556
Income (loss) before transfers and contributions	(1,010,265)	10,829	54,664	110,546	72,513	(761,713)
Transfers in	1,128,836	61		5,776	39,811	1,174,484
Transfers out	(64,868)	(459)	(24,273)	(118,867)	(3,296)	(211,763)
Capital grants and contributions	52,843					52,843
Other	(3,284)					(3,284)
Change in net position	103,262	10,431	30,391	(2,545)	109,028	250,567
Total net position - beginning	4,073,787	(81,539)	921,119	9,835	911,248	5,834,450
Total net position - ending	$ 4,177,049	$ (71,108)	$ 951,510	$ 7,290	$ 1,020,276	$ 6,085,017

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Cash flows from operating activities:						
Cash received from customers	$ 1,937,549	$	$	$ 607,195	$ 450,555	$ 2,995,299
Cash received from other government agencies	472,533					472,533
Auxiliary enterprise charges	366,632					366,632
Compensation and benefits	(2,607,628)	(20,525)	(68,982)	(5,644)	(415,279)	(3,118,058)
Payments to suppliers	(1,553,401)	(775)		(71,132)	(2,018)	(1,627,326)
Insurance taxes		16,957				16,957
Unemployment taxes			101,013			101,013
Payments for lottery prizes				(413,151)		(413,151)
Principal and interest on loans received	648					648
Loan administration received					1,449	1,449
Loans issued to students	(9)					(9)
Scholarships and fellowships	(165,191)					(165,191)
Other operating receipts (payments)	127,396		21,837	(4,862)	2,191	146,562
Net cash provided by (used in) operating activities	(1,421,471)	(4,343)	53,868	112,406	36,898	(1,222,642)
Cash flows from noncapital financing activities:						
Direct lending receipts	450,609					450,609
Direct lending payments	(452,817)					(452,817)
Taxes	33,473					33,473
Grants and contributions	562,675	(10)	(94)		20,782	583,353
Noncapital financing receipts (payments)	(8,782)					(8,782)
Transfers in	1,128,836	61		15,927	39,814	1,184,638
Transfers out	(64,868)	(459)	(24,273)	(62,400)	(3,157)	(155,157)
Net cash provided by (used in) noncapital financing activities	1,649,126	(408)	(24,367)	(46,473)	57,439	1,635,317
Cash flows from capital and related financing activities:						
Principal paid on capital debts and leases	(157,398)	(36)				(157,434)
Interest paid on capital debts and leases	(93,388)	(1)				(93,389)
Acquisition and construction of capital assets	(410,393)			(6)		(410,399)
Proceeds from long-term borrowings	56,524					56,524
Proceeds from sale of capital assets	4,942					4,942
Other capital and related financing receipts (pmts)	78,921					78,921
Net cash used in capital and related financing activities	(520,792)	(37)		(6)		(520,835)
Cash flows from investing activities:						
Purchase of investments	(449,819)	(32,474)	(3,891)		(2,881)	(489,065)
Proceeds from sale and maturities of investments	498,846				(11,762)	487,084
Interest and dividends on investments	19,191	2,767	15,921	2,483	10,691	51,053
Loan disbursements					(84,251)	(84,251)
Principal repayments on loans					52,079	52,079
Interest received on loans					7,890	7,890
Federal grant funds expended					(4,373)	(4,373)
Net cash provided by (used in) investing activities	68,218	(29,707)	12,030	2,483	(32,607)	20,417
Net increase (decrease) in cash and cash equivalents	(224,919)	(34,495)	41,531	68,410	61,730	(87,743)
Cash and cash equivalents - beginning	1,132,766	83,867	910,290	205,557	298,682	2,631,162
Cash and cash equivalents - ending	$ 907,847	$ 49,372	$ 951,821	$ 273,967	$ 360,412	$ 2,543,419

Continued on the following page

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023
(Expressed in thousands)

Continued from the previous page

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (1,630,364)	$ 8,063	$ 39,408	$ 108,080	$ 32,544	$ (1,442,269)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	344,084	118	133	700	320	345,355
Pension expense				(192)		(192)
Other postemployment benefits expense				(62)		(62)
Interest on investments					(363)	(363)
Federal grants expended					4,373	4,373
Other operating activities	10,973			(276)		10,697
Net changes in assets, liabilities, and deferred outflows/inflows:						
Accounts receivable	(46,773)	(87)	12,052	(1,069)	132	(35,745)
Loans receivable	2,394					2,394
Inventory	(4,225)					(4,225)
Prepaid items	(7,666)	(9)		(3)		(7,678)
Deposits with Multi-State Lottery Association				(46)		(46)
Other current assets	263					263
Current liabilities	9,831					9,831
Accounts payable and other accrued liabilities	(28,284)	(11,698)	2,275	5,277	(108)	(32,538)
Other postemployment benefits liabilities	(7,765)	46				(7,719)
Net pension liability	(58,640)	4,564				(54,076)
Deferred outflows related to pensions	(1,364)	(1,534)				(2,898)
Deferred outflows related to OPEB		176				176
Deferred inflows related to pensions	(5,002)	(3,414)				(8,416)
Deferred inflows related to OPEB		(514)				(514)
Compensated absences	3,541	(54)		(37)		3,450
Unearned revenue	(2,474)			34		(2,440)
Net cash provided by (used in) operating activities	$ (1,421,471)	$ (4,343)	$ 53,868	$ 112,406	$ 36,898	$ (1,222,642)
Non-cash investing, capital, and financing activities:						
Amortization of bond discount	$ (2)	$	$	$	$	$ (2)
Amortization of bond premium	993					993
Amortization of cost associated with debt issuance and refundings	252					252
Assets acquired by lease	74,262					74,262
Capital assets purchased with bond proceeds held by trustee	24,904					24,904
Change in capital assets acquired in year-end accounts payable	2,679					2,679
Costs of student loan principal and interest cancelled	(225)					(225)
Deposit of bond proceeds with trustee, including accrued interest and reserves	131,416					131,416
Donated capital assets/gifts	3,047					3,047
Donated scholarships from the foundation	184					184
Earnings on investments with trustee	4,257					4,257
Impairment gain (loss)	1,185					1,185
(Increase) decrease in note receivables allowance for bad debt	134					134
Net gain/loss on the disposal of assets	635					635
Net increase/decrease in the fair value of investments	70					70
Payment of bond issuance cost and other fees from bond proceeds and reserves	21					21
Payment of debt service directly from trustee	7,417					7,417
Principal investment payable		16	11		3,890	3,917
Right-to-use assets	4,545	10		(227)		4,328
Trade-in allowance for equipment	29					29
Valuation adjustment to capital assets	(68)					(68)
Value of assets received from vendors for sponsorship agreements	3,504					3,504

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023
(Expressed in thousands)

	Pension Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	$ 893,610	$ 225,412
Receivables:		
Employee	13,162	
Employer	38,225	
Investment principal	34,049	
Interest and dividends	56,686	288
Other	2,905	36
Due from other funds	4,200	
Total receivables	149,227	324
Investments at fair value:		
Certificates of deposit		10,709
U.S. government securities	808,059	2,013
Bonds, notes, mortgages, and preferred stock	1,212,857	74
Common stock	6,804,614	
Real estate	1,678,369	
International investments	3,193,747	
Mutual funds	212,813	1,377
Pooled investment funds	7,472,465	
Corporate obligations	1,362,683	
Asset and mortgage-backed securities	335,421	
State recycling tax credits	145,552	
Other	9,004,707	
Total investments	32,231,287	14,173
Other assets		
Securities lending collateral	1,187,288	
Financial assurance instruments		217,639
Capital assets	8,684	
Other assets	526	
Total other assets	1,196,498	217,639
Total assets	34,470,622	457,548
Deferred Outflows of Resources		
Deferred outflows related to other post employment benefits	821	
Total assets and deferred outflows of resources	$ 34,471,443	$ 457,548
Liabilities		
Accounts payable and other liabilities	$ 30,338	$ 8,160
Investment principal payable	58,387	6
Obligations under securities lending	1,187,866	
Other postemployment benefits	6,125	
Due to other governments		198,672
Due to other funds	10	
Due to third parties		2,519
Total liabilities	1,282,726	209,357
Deferred Inflows of Resources		
Deferred inflows related to other post employment benefits	2,989	
Total liabilities and deferred inflows of resources	$ 1,285,715	$ 209,357
Net Position		
Restricted for:		
Pensions	$ 33,185,728	$
Individuals, organizations, and other governments		248,191
Total net position	$ 33,185,728	$ 248,191

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023
(Expressed in thousands)

	Pension Trust Funds	Custodial Funds
Additions:		
Contributions:		
Members	$ 307,660	$
Employers	919,821	
Supplemental contributions	11,856	
Title fees	4,838	
Court fees	500	
Reinstatement fees	1,630	
Total contributions	1,246,305	
Investment income (loss):		
Net increase (decrease) in fair value of investments	2,378,549	(9,323)
Interest, dividends, and other	375,107	5,619
Other investment income	6,809	
Securities lending income, net of expenses	4,700	
Total investment income (loss)	2,765,165	(3,704)
Less investment expense	91,520	
Net investment income (loss)	2,673,645	(3,704)
Sales tax collections for other governments		3,359,896
Child support deposits		316,823
Federal grant receipts for non-entitlement units of local government		108,113
Beneficiary deposits		90,882
Seized assets		782
Insurance surety deposits		10,965
Other surety deposits		4,367
Miscellaneous	8,890	
Total additions	3,928,840	3,888,124
Deductions:		
Benefits paid to participants or beneficiaries	2,253,934	
Refunds of employee/employer contributions	31,517	
Sales tax payments to other governments		3,385,366
Child support disbursements		316,823
Federal grant disbursements for non-entitlement units of local government		108,113
Beneficiary withdrawls/payments		87,171
Insurance surety withdrawals		3,091
Claims		2,069
Administrative expenses	20,134	35
Total deductions	2,305,585	3,902,668
Change in net position held in trust for employees' pension benefits	1,623,255	
Change in net position amounts held for individuals, organizations, and other governments		(14,544)
Net position - beginning	31,562,473	262,735
Net position - ending	$ 33,185,728	$ 248,191

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements – Table of Contents

Notes to the Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for state and local governmental accounting and financial reporting in the United States of America.

The basic financial statements have been prepared primarily from accounts maintained by the Department of Finance and Administration (DFA) and the State Treasurer. Additional data have been derived from the audited financial statements of certain entities and from reports and data prepared by various State agencies and departments based on independent or subsidiary accounting records maintained by them.

(b) Reporting Entity

For financial reporting purposes, the State of Arkansas (the State) includes all funds, departments, and agencies of the State as well as boards, commissions, authorities, and colleges and universities for which the State is financially accountable. The State also includes component units to the extent necessary for complete financial statement presentation.

(c) Component Units

A component unit is a legally separate organization for which the State's elected officials are financially accountable or an organization for which the nature and significance of the relationship with the State is such that exclusion would cause the State's financial statements to be misleading.

One component unit meets the criteria to be discretely presented in the financial statements. The financial information of the organization is presented in a separate column in the financial statements to emphasize that the organization is legally separate from the State.

The State is financially accountable for the Arkansas Development Finance Authority (ADFA) because the board members are appointed by the governor or other elected officials and the State is able to impose its will on its operations.

ADFA was established pursuant to Act 1062 of 1985, as amended. ADFA provides financing through the issuance of taxable and tax-exempt bonds and other debt instruments for economic development, homeownership, affordable rental housing, and educational loans. The affairs of ADFA are governed by a Board of Directors composed of the State Treasurer, the Secretary of DFA, 11 public members appointed by the Governor, and the Secretary of the Department of Commerce (non-voting). Each appointed public member may be removed from office by the Governor for cause after a public hearing. The Board has the authority to employ a president who serves at the will of the Governor.

The complete financial statements of ADFA can be obtained by contacting:

ADFA, 1 Commerce Way, Little Rock, AR 72202 https://adfa.arkansas.gov/financial-statements/

The Governmental Fund of the State has significant transactions with ADFA. During the 2023 fiscal year, the Governmental Fund paid $6.2 million to ADFA for note payments and $5.5 million for interest on notes payable. The Governmental Fund paid $ 24.5 million for installment purchase payments and $4.4 million for interest on installment purchases. Additional information on notes payable and installment purchases to the Component Unit can be found in Note 9.

In addition, two nonprofit foundations are included as discretely presented component units following the government-wide financial statements. Although the State does not control the timing or amount of receipts from either of these foundations, the economic resources that the foundations hold and invest are almost entirely restricted by the donors for distribution and use benefiting the State and are significant to the State. As a result, these foundations are considered component units of the State in accordance with GAAP.

The University of Arkansas Foundation, Inc., operates for charitable and educational purposes, including administering and investing gifts and other amounts received directly or indirectly for the benefit of the University of Arkansas. The Board of Directors of the foundation has 28 members, four of whom are current or previous members of the University of Arkansas Board of Trustees.

The University of Arkansas Fayetteville Campus Foundation, Inc., was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School, and the University’s library. The Board of Trustees of the foundation is made up of seven members, three of whom are also employees of the University of Arkansas, Fayetteville.

Complete financial statements for each of the foundations can be obtained by contacting their administrative offices:

The University of Arkansas
Foundation, Inc.
535 Research Center Blvd., Suite 120
Fayetteville, AR 72701

The University of Arkansas
Fayetteville Campus Foundation, Inc.
535 Research Center Blvd., Suite 120
Fayetteville, AR 72701

The foundations are private, nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards. 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 foundations’ financial information to account for these differences.

During the year ended June 30, 2023, the foundations distributed $150.0 million to, or on behalf of, the University of Arkansas.

(d) Measurement Focus and Basis of Accounting

The accrual basis of accounting, with a “flow of economic resources” measurement focus, is utilized in the government-wide financial statements, proprietary funds, fiduciary funds, and discretely presented component unit. Under this accounting basis, revenues are recognized when earned, and expenses are recognized when incurred, regardless of the timing of the related cash flows. Significant revenues susceptible to accrual include individual and corporate income taxes, sales and use taxes, gas and other taxes, federal reimbursements, federal grants, and other reimbursements for use of materials and services. In general, tax revenue is recognized on the government-wide statement of activities when assessed or levied.

The governmental fund financial statements are prepared using a “flow of current financial resources” measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. “Available” means expected to be collected within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 45 days). Tax revenue is recognized to the extent that it is both measurable and available. Revenues from federal grants and federal reimbursements are recognized when all applicable eligibility requirements and the availability criteria of 45 days have been met, except for Medicaid and State Children’s Health Insurance Program revenues, which are recognized using a one-year availability criterion. Revenues from other sources are recognized when received. Expenditures are recorded at the time fund liabilities are incurred except as follows: (1) inventories generally are recorded as expenditures when consumed, and (2) principal and interest on long-term debt, claims, judgments, and compensated absences are recorded when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods. All other revenues and expenses are reported as non-operating revenues and expenses.

For the pension trust funds, employee contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Contributions from employees and employers for service through June 30 are accrued. These contributions are considered to be fully collectible, and accordingly, no allowance for uncollectible receivables is reflected in the financial statements. Benefits and refunds are recognized when due and payable in accordance with provisions set forth in the Arkansas Code.

(e) Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all non-fiduciary activities of the primary government and its component unit. Primary government activities are identified as either governmental or business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

The statement of net position presents the State’s non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets and adjusted for any deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.
- Restricted net position results when constraints placed on asset use are either externally imposed by creditors, grantors, contributors, or the like or imposed by law through constitutional provision or enabling legislation. The amount of

restricted assets is reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted net position does not meet the definition of the two preceding categories and is generally available for government purposes.

In the government-wide statement of activities, revenues and expenses are segregated by activity (governmental or business-type) and then segregated further by function (e.g., general government, education, health and human services, etc.). Direct expenses are those that are clearly identifiable with a specific function. Revenues are classified as either program or general revenues. Program revenues include (1) charges to customers for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally, dedicated resources are reported as general revenues rather than program revenue. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue. Certain indirect costs are included in the program expenses reported for individual functions and activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the rule are (1) activities between funds reported as governmental activities and funds reported as business-type activities and (2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first and then unrestricted resources as they are needed.

(f) Fund Financial Statements

Separate financial statements are provided for the governmental fund (i.e., the General Fund), proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. The major individual governmental fund (General Fund) and the major individual proprietary funds (i.e., the Higher Education Fund, Workers' Compensation Commission, Division of Workforce Services, and the Office of the Arkansas Lottery) are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column for the proprietary funds.

In the fund financial statements, transfers represent flows of cash or assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides the revenue to the fund that expends the resources.

The following describes the major funds and categories used in the accompanying financial statements:

Governmental Fund

The General Fund is the major Governmental Fund of the State. As the general operating fund of the State, it is used to account for all financial resources obtained and expended for those services normally provided by the State that are not accounted for in other funds.

The focus of Governmental Fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

Proprietary Funds

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to a business. These funds are used to account for operations of those State agencies providing goods or services to the general public on a user-charge basis or where the State has decided that periodic determination of revenues earned, expenses incurred, and income or loss is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following are descriptions of the major proprietary funds of the State:

Higher Education Fund

The financial statements of the Higher Education Fund, which accounts for the activities of the State's higher education system, are prepared as a business-type activity with the accounting guidance and reporting practices applicable to colleges and universities.

Workers' Compensation Commission Fund

The Workers' Compensation Commission Fund accounts for the activities of the Workers' Compensation Commission (WCC), which is responsible for providing a prompt and equitable system of compensation for injury or illness sustained during the course of employment. Operating revenues include assessments, fees, and charges paid by insurance carriers, self-insured employers, and public employers. Operating expenses include benefit and aid payments, payroll, supplies, and administrative costs.

Department of Commerce - Division of Workforce Services – Unemployment Insurance Fund

The Unemployment Insurance Fund accounts for the Unemployment Insurance Program administered by the Department of Commerce, Division of Workforce Services. Operating revenues include contributions from employers for unemployment insurance and other charges. Operating expenses include benefit and aid payments.

Department of Finance and Administration – Office of the Arkansas Lottery Fund

The Office of the Arkansas Lottery Fund's primary purpose is to supplement higher education scholarships with net proceeds from the State's lotteries.

Non-Major Enterprise Funds

The Non-Major Enterprise Funds consist of the Construction Assistance Revolving Loan Fund, which is responsible for providing a perpetual fund for financing the construction of wastewater treatment facilities for municipalities and other public entities, and the Public School Employee Health and Life Benefit Plan, which is responsible for providing health and life insurance along with a prescription drug benefit to participating public school employees. Other Non-Major Enterprise Funds include activities that are responsible for the planning, design, acquisition, construction, expansion, equipping, and/or rehabilitation of water systems; for the financing of capitalizable educational and general projects for community and technical colleges; for the financing of energy efficiency and conservation projects for residential homes; for no-cost assistance for energy performance contracting for State agencies, institutions of higher learning, municipalities, and counties.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside of State government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. These funds include Pension Trust and Custodial Funds. The Pension Trust Funds account for the activities of the Arkansas Judicial Retirement System, the Arkansas State Highway Employees Retirement System, the Arkansas Teacher Retirement System, the Arkansas Public Employees Retirement System, and the Arkansas State Police Retirement System, which accumulate resources required to be held in trust for members and beneficiaries of the respective plans. Custodial Funds account for the collection and disbursement of sales and use taxes to local governments within the State, the collection of assets of bankrupt insurance companies and the payment of claims against those companies, and for other miscellaneous accounts for the benefit of other parties.

(g) Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, imprest accounts, cash on hand, all certificates of deposit with maturities at purchase of 90 days or less, and all short-term instruments with maturities at purchase of 90 days or less. All short-term investments are stated at fair value.

Investments

Investments include U.S. Government and government agency obligations, repurchase agreements, mutual funds, real estate, limited partnerships, foreign currency contracts, asset-backed securities, guaranteed investment contracts, state and local government obligations, and corporate debt and equity obligations. Investments are reported at fair value.

Investments in the Pension Trust Funds are reported at fair value as determined by the custodial agents. The agents' determination of fair value includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates. Securities on loan for cash collateral and the related liabilities are reported in the statement of net position. Securities lending transactions are discussed in Note 4.

Unrealized gains and losses on investments are included in investment earnings on the respective operating statements.

The University of Arkansas (UA) System and the UA Foundation have established an external investment pool (the Pool). The investments in the Pool are managed by the UA Foundation. The UA Board of Trustees and the UA Foundation, Inc., Board of Trustees are the sponsors of this investment pool and are responsible for its operation and oversight. Participation in the Pool is voluntary. At June 30, 2023, four campuses, one division, and six foundations participated in the Pool. The foundations hold approximately $2.5 billion (external portion) of the investments in the Pool. The Pool issues a publicly available financial report, which may be obtained by writing the University of Arkansas Foundation, 535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion) or "advances to/from other funds" (noncurrent portion). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items

Inventories of materials and supplies are valued at cost principally using the first-in/first-out method. The costs of governmental fund-type inventories and prepaid items are recorded using the consumption method, which records expenditures when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. Inventory and prepaid balances, as reported in the general fund financial statements, are recorded as nonspendable components of fund balance, indicating that they do not constitute "available, spendable financial resources."

Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, to maintain sinking or reserve funds, or to purchase capital or other noncurrent assets are classified as noncurrent assets in the statement of net position. Cash, cash equivalents, and investments relating to university endowments are also reflected as noncurrent assets in the statement of net position.

Capital Assets

Methods Used to Value Capital Assets

Capital assets, which include property, plant, equipment, infrastructure items (e.g., roads, bridges, ramps, and similar items, etc.), intangible, and right-to-use assets are reported in the applicable governmental or business-type activity columns of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition. Right-to-use assets are measured at the present value of payments expected to be made during the lease term (less any lease incentives) plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Capitalization Policies

All land and other non-depreciable assets are capitalized regardless of cost. Buildings and building improvements are capitalized when the cost of the building, or an improvement that becomes an integral part of a building, exceeds $100,000. All other tangible assets, including equipment, are capitalized when the cost of an individual item exceeds $5,000 and the estimated useful life exceeds one year. Intangible assets are recorded at historical cost and depreciated using the same method for tangible assets. It is the State's policy to capitalize intangible assets when the individual item's cost exceeds $1.0 million for internally generated software or $5,000 for all other intangible assets and the estimated useful life exceeds one year. Right-to-use lease assets and right-to-use intangible assets are recognized when the expected present value exceeds $25,000 and $1.0 million, respectively. Right-to-use assets and right-to-use intangibles are depreciated using the shorter of the lease/subscription term or useful life.

The costs of normal maintenance and repairs that do not significantly add to the value of assets or materially extend asset lives are not capitalized.

The State reported a significant portion of its infrastructure assets for the first time in fiscal year 2002. Estimated costs were retroactive to 1971. The State's current policy is to record new infrastructure acquisitions at historical cost and to use the depreciation method in reporting long-term infrastructure assets.

The University of Arkansas adopted the following separate policy for capitalization of intangible assets:

Assets	Capitalization Threshold	Useful Life
Software – Purchased	$ 500,000	5 years
Software – Internally developed	1,000,000	10 years
Easements	250,000	15 years
Land use rights	250,000	15 years
Trademarks and Copyrights	250,000	15 years
Patents	250,000	20 years

Items Not Capitalized and Depreciated

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include works of art and historical treasures, such as statues, monuments, historical documents, paintings, rare library books, miscellaneous capital-related artifacts and furnishings, etc. GASB Statement No. 34 does not require these items to be capitalized because (1) the items are held for reasons other than financial gain; (2) the items are protected, kept unencumbered, cared for and preserved; and (3) the items are subject to a State policy requiring the proceeds from the sales of collection items be used to acquire other items for collections. The State also acts as an agent for the tracking and disbursement of federal surplus property. The assigned value of this property at June 30, 2023, was $32.3 million and is not reflected in the financial statements.

Depreciation and Useful Lives

Applicable capital assets are depreciated using the straight-line method, with a full month charged for assets acquired in the first half of the month and a half-month charged for assets acquired in the second half of the month. Assets were assigned estimated useful lives most suitable for the particular assets. Estimated useful lives generally assigned are as follows:

Assets	Useful Life
Equipment	5 to 20 years
Buildings and building improvements	20 to 50 years
Infrastructure	10 to 40 years
Land improvements	10 to 100 years
Other tangible and intangibles	4 to 20 years
Library holdings	15 years

Accrued and Other Current Liabilities

The State has established a liability for both reported and unreported insured events in the government-wide financial statements, which includes estimates of future payments of claims and related claim adjustment expenses, based on the estimated ultimate cost of settling claims. In estimating its liability for incurred but unpaid claims, the State considers prior experience, industry information, and currently recognized trends affecting data specific to the State. Actual claim costs depend upon such factors as duration of worker disability, medical cost trends, occupational disease, and inflation. The process used in computing the ultimate cost of settling claims and expense for administering claims is necessarily based on estimates.

The Internal Revenue Code of 1986 limits the amount of income that issuers of certain tax-exempt bonds can earn from investing the bond proceeds. Such excess, called arbitrage rebates, must be remitted to the federal government. The Construction Assistance Revolving Loan Fund and ADFA make provision for arbitrage rebates as they are incurred.

Income Tax Refunds Payable

Income tax refunds are accounted for as a reduction in the appropriate tax revenue category. The amount reported as income tax refunds payable at June 30, 2023, is related to projected refund estimates attributable to fiscal year 2023 tax revenues.

Compensated Absences

In the government-wide and proprietary fund financial statements, the State accrues liabilities for compensated absences as services are incurred and benefits accrue to employees.

In the governmental fund financial statements, liabilities for compensated absences are accrued only if they have matured and are recorded in the fund only for separations or transfers that occur before year-end.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to future periods. These items will not be recognized as an outflow of resources (an expense or expenditure) until a future period.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense; information about the fiduciary net positions of the various pension funds and the additions to and deductions from their respective fiduciary net positions have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Leases

Lease obligations are presented in the amounts equal to the present value of lease payments expected to be made during the lease term (less any lease incentives). These obligations are remeasured whenever there is a change in lease payments or if a modification of the lease occurs. The lease liability is reported separately as either current or noncurrent.

Subscription Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right-to-use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The related obligations are presented in the amounts equal to the present value of SBITA payments expected to be made during the contract term (less any SBITA incentives). These obligations are remeasured whenever there is a change in the contract payment or if a modification of the contract occurs. The SBITA liability is reported separately as either current or noncurrent.

Bond-Related Items

In the government-wide financial statements and proprietary fund financial statements, long-term debt and long-term liabilities are reported as liabilities. Bond premiums, discounts, and insurance costs are reported and amortized over the life of the bonds using the straight-line method. Bond issuance costs, other than insurance, are recognized in the period of issuance. Bond payables are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums, discounts, and bond issuance costs are recognized in the period of issuance. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Net Position/Fund Balance

The difference between total assets, total deferred outflows of resources, total liabilities, and total deferred inflows of resources is presented as "Net Position" on the government-wide, proprietary, and fiduciary fund financial statements and as "Fund Balance" on the governmental fund financial statements.

Fund Balance Classifications

In the governmental fund financial statements, fund balance is reported in one of five classifications based on the constraints imposed on the use of the resources.

Non-spendable fund balance

The non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form (for example, prepaid items and inventories) or legally or contractually required to be maintained intact.

The spendable portion of fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance

This classification reflects constraints imposed on resources either (1) externally by creditors, grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance

These amounts can only be used for specific purposes according to constraints imposed by legislation of the General Assembly – the government's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the General Assembly removes or changes the constraint by legislation.

Assigned fund balance

This classification reflects amounts constrained by the State's intent to be used for specific purposes but are neither restricted nor committed. The General Assembly has the authority to assign amounts to be used for specific purposes by legislation or by approved methods of financing.

Unassigned fund balance

This amount is the residual classification for the General Fund.

When more than one spendable classification is available for use, it is the State's policy to use the resources in this order: restricted, committed, assigned, and unassigned.

See Note 13 for additional information about fund balances.

Restricted Assets/Net Position

Assets and net position are reported as restricted when constraints placed on the use of the asset or net position are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provision or enabling legislation. Restricted net position primarily consists of unemployment compensation, bond resolution programs, tobacco settlement, debt service, capital projects, and various other purposes and may be used only for the legally restricted purposes as allowed by law.

Reclassifications

Certain amounts presented in the prior-year data have been reclassified in order to be consistent with the current-year presentation.

(h) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(i) New Accounting Pronouncements Not Yet Required to be Adopted

GASB Statement No. 99, *Omnibus 2022,* addresses several practice issues to improve consistency of application and comparability in accounting and financial reporting. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter (i.e., fiscal year 2024)

GASB Statement No. 100, *Accounting Changes and Error Corrections, an Amendment to GASB Statement No. 62,* the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 (i.e., fiscal year 2024)

GASB Statement No. 101, *Compensated Absences,* the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that a liability for leave not used and leave that has been used but not yet paid, be recognized. This Statement also requires that a liability for certain types of compensated absences not be recognized until the leave is used. This Statement amends the existing requirement to disclose the gross changes in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (i.e., fiscal year 2025)

(2) Deposits and Investments

The deposits and investments of the State are exposed to risks that have the potential to result in losses. The following information discloses risks related to custodial credit, interest rate, credit, and foreign currency, as well as policies related to these risks. The higher education component units are not included in the following information. The Foundations are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards and are not required to report under Governmental Accounting Standards Board (GASB) standards. As such, the Foundations are not required to report deposit and investment risks.

(a) Deposits

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the State may not be able to recover deposits or collateral securities that are in the possession of an outside party.

Ark. Code Ann. § 19-4-805 requires that agencies holding monies not deposited in the State Treasury, other than the institutions of higher education, abide by the recommendations of the State Board of Finance (SBF). The SBF promulgated Rule 2012-A, effective July 14, 2012, that details requirements for the management of State agencies' cash funds, including investment activities and the collateralization of these funds, and is referenced in the

Financial Management Guide (FMG) issued by the Department of Finance and Administration (DFA) for use by all State agencies.

The stated goal of State cash management is the protection of principal, while maximizing investment income and minimizing non-interest earning balances. Deposits are to be made within the borders of the State of Arkansas and must qualify for Federal Deposit Insurance Corporation (FDIC) deposit insurance coverage. The SBF policy suggests a minimum of four bids to be sought on interest-bearing deposits in order to obtain the highest rate possible.

The SBF policy states that funds are to be in transactional and non-transactional accounts as defined in the FMG. Funds in excess of immediate expenditure requirements (excluding minimum balances) should not remain in non-interest bearing accounts.

The SBF policy states that cash funds may only be invested in accounts and investments authorized under Ark. Code Ann. §§ 19-3-510 and -518. All noncash investments must be held in safekeeping by a bank or financial institution. In addition, all cash funds on deposit with a bank or financial institution that exceed the FDIC deposit insurance coverage must be collateralized. Collateral pledged must be held by an unaffiliated third-party custodian in an amount at least equal to 105% of the cash funds on deposit.

State Treasury Management Law governs the management of funds held in the State Treasury, and the Treasurer of the State is responsible for ensuring these funds are adequately insured and collateralized.

At June 30, 2023, the reported bank balances of the general fund were $932,249,881. Of this amount, $46,253 was uninsured and uncollateralized.

At June 30, 2023, the reported bank balances of the enterprise funds were $1,452,681,100. Of this amount, $85 was uninsured and uncollateralized and $3,329,179 was uninsured with collateral held by the pledging financial institution.

At June 30, 2023, the reported bank balances of the fiduciary funds were $748,005,435. Of this amount, $3,076,317 was uninsured and uncollateralized.

At June 30, 2023, the reported bank balances of the component unit were $17,200,000. Of this amount, $162,000 was uninsured and uncollateralized.

(b) Investments

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The length of the term of a debt investment determines how sensitive the fair market price is to a change in interest rates.

The State Treasury's interest rate risk policy is that the weighted average maturity of the total portfolio will not exceed 10 years and the expected maturity of any security will not exceed 10 years except for (1) securities used as collateral in repurchase agreements, Arkansas Capital Corporation Bonds, SBF and State Building Services Certificates of Indebtedness, direct obligations of the U.S. government, obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidences of indebtedness, regardless of guarantee of repayment by the U.S. government, and (2) U.S. agency mortgage-backed securities, collateralized mortgage obligations, and municipal bonds that return principal in scheduled payments prior to final maturity shall not have, at the time of purchase, an average life exceeding 15 years using average life assumptions while employing Prepayment Speed Assumption (PSA) and/or Conditional Prepayment Rate (CPR) analysis models. The average life at the time of purchase shall be used as opposed to maturity. U.S. agency mortgage-backed securities and collateralized mortgage obligations which have an average life greater than 10 years shall not exceed 5% of the total portfolio at the time of purchase. The investment policy for funds managed by the State Treasurer for the State Treasury Money Management Trust (STMMT) states that the average maturity of the portfolio will not exceed 60 days, and the stated maturity of any security will not exceed 397 days, with the exception of (1) securities used as collateral in repurchase agreements and (2) U.S. agency mortgage-backed securities, collateralized mortgage obligations, and municipal bonds that return principal in scheduled payments prior to final maturity shall not have, at the time of purchase, an average life exceeding 397 days using average life assumptions while employing PSA and/or CPR analysis models. Securities for which average life at the time of purchase is used shall not have a stated final maturity beyond two years. The SBF requires that every effort be made to match maturity of investments with expenditure requirements. The institutions of higher education and the retirement systems do not have formal investment policies that limit the investment maturities as a means of managing the exposure to fair value losses arising from increased interest rates.

As of June 30, 2023, the State of Arkansas had the following debt investments and maturities (expressed in thousands):

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 to 5**	**6 to 10**	**More Than 10**
General fund					
Bonds	$ 192,645	$ 4,825	$ 40,172	$ 147,648	$
Commercial paper	1,233,839	1,233,839			
Domestic securities	85		60		25
Money market mutual fund	915,568	915,568			
Mortgage-backed securities	5,443,045		612,835	1,084,922	3,745,288
Municipal bonds	72,942	744	39,843	29,302	3,053
Negotiable certificates of deposit	9,306	5,996	3,310		
U.S. government agencies	1,338,208	52,893	625,006	536,631	123,678
U.S. treasuries	556,824	90,896	370,967	94,961	
Subtotal	9,762,462	2,304,761	1,692,193	1,893,464	3,872,044
Enterprise funds					
Bonds	139,503	8,017	127,054	4,324	108
Commercial paper	154,789	154,789			
Commingled funds	73,059	73,059			
Money market mutual funds	157,834	157,834			
Mortgage-backed securities	48,763		4,945	8,755	35,063
Municipal bonds	588	6	322	236	24
Negotiable certificates of deposit	1,693	1,693			
Short-term investment pools	452,882	452,882			
U.S. government agencies	128,616	68,210	47,237	11,413	1,756
U.S. treasuries	395,015	191,263	177,049	24,932	1,771
Subtotal	1,552,742	1,107,753	356,607	49,660	38,722

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Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 to 5	6 to 10	More Than 10
Fiduciary funds					
Asset- and mortgage-backed securities	104,845	17,970	19,474	10,046	57,355
Bond funds	222,124		152,089	32,566	37,469
Collective investment trusts	1,332,896	387,607		945,289	
Commercial paper and loans	38,432	37,433	754	245	
Corporate bonds and notes	3,156,142	463,961	1,439,697	553,912	698,572
Convertible preferred equities	62,951	13,016	23,804		26,131
Municipal bonds	13,372	2,062	5,476	2,280	3,554
Private investments	562,558			562,558	
Pooled investment funds	937,443	234,190	53,593	649,660	
Short-term investments	786,803	757,109	8,828	20,866	
State recycling tax credits	129,552	17,552	64,000	48,000	
U.S. government agencies	457,424	15	80,124	102,397	274,888
U.S. treasuries	314,701	8,548	60,841	44,400	200,912
Subtotal	8,119,243	1,939,463	1,908,680	2,972,219	1,298,881
Component unit					
Commingled funds	65,555	65,555			
Money market mutual funds	221,595	221,595			
Mortgage-backed securities	80,236	5	2,699	15,853	61,679
Mutual bond funds	2,885	212	1,145	215	1,313
U.S. government agencies	84,700	19,577	62,613	2,510	
Subtotal	454,971	306,944	66,457	18,578	62,992
Total	$ 19,889,418	$ 5,658,921	$ 4,023,937	$ 4,933,921	$ 5,272,639

Corporate Debt

As of June 30, 2023, the Arkansas Public Employees Retirement System (APERS), Arkansas Teacher Retirement System (ATRS), and Arkansas State Highway Employees Retirement System (ASHERS) held corporate debt with fair values of $916,518,245, $373,987,489, and $93,968,131 respectively. Corporate bonds are debt instruments that are issued by private corporations. They have a term maturity and can have either a fixed or variable interest rate. Variable interest rate bonds have adjustments that are made periodically and vary directly with movements in interest rates. As of June 30, 2023, only $49,031,966 of the bonds held by ASHERS were considered sensitive to interest rate changes.

Convertible Corporate Bonds

As of June 30, 2023, APERS and ATRS held convertible bonds with fair values of $383,986,848 and $870,493,950 respectively. Convertible bonds convey an option to the bondholder to exchange each bond for a specified number of shares of common stock of the corporation. Convertible bonds offer lower coupon rates and promised yields to maturity than do nonconvertible bonds. A variable coupon varies directly with movements in interest rates.

Promissory Notes

ATRS also held two promissory notes with a fair value of $249,381,807 at June 30, 2023. Promissory notes are a form of debt that companies use to raise money in exchange for payment of a fixed amount of periodic income at a specified date or on demand. One unsecured promissory note was issued to Big River Steel Holdings, LLC and one secured note was issued to Highland LP.

Credit Risk

Credit risk of investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The SBF policy is that readily marketable commercial paper has an investment grade indicated by at least two Nationally Recognized Statistical Rating Organizations (NRSRO). No investment shall be made in commercial paper which, at the time of purchase, holds the minimum rating and is on negative credit watch by either of the NRSROs used to rate the paper. The Board's policy for corporate bonds requires that the issue be graded by at least two NRSROs. No investment shall be made in bonds which have maturity beyond 10 years, have a minimum rating at the time of purchase, or are on a negative credit watch by either of the NRSROs used to rate the issue. ASHERS has adopted a formal investment policy for credit risk with some of the guidelines being that debt securities are to have an investment rating of BAA or better by Moody's or a rating of BBB or better by S&P and commercial paper is to be rated P-1 by Moody's or A-1 by S&P. APERS, ATRS, and the institutions of higher education do not have a credit risk policy.

The State's exposure to credit risk as of June 30, 2023, was as follows (expressed in thousands):

Rating	Fair Value
General fund	
AAA	$ 1,823,262
AA	845,821
A	117,470
BBB	47
P-1	96,560
P-2	36,209
A-1	801,142
A-2	299,928
Unrated	4,485,112
Subtotal	8,505,551
Enterprise funds	
AAA	276,617
AA	120,784
A	3,620
BBB	1,541
B and below	112
P-1	7,511
P-2	292
A-1	121,336
A-2	17,178
Unrated	605,404
Subtotal	1,154,395

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Rating		Fair Value
Fiduciary funds		
AAA		327,949
AA		1,298,929
A		1,035,766
BBB		707,578
BB		249,742
B		181,633
CCC or below		53,969
P-1		14
P-2		22
A-1		93,596
A-2		175
Unrated		4,059,136
Subtotal		8,008,509
Component unit		
AAA		221,595
AA		90,217
Unrated		72,203
Subtotal		384,015
Total ratings	$	18,052,470

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The SBF requires that investment instruments be held in safekeeping by financial institutions and that the cash fund manager obtain safekeeping receipts. ATRS, ASHERS, APERS, and the institutions of higher education do not have a formal custodial credit risk policy for investments.

At June 30, 2023, the reported amount of the enterprise funds' investments was $1,647,064,736. Of this amount, $5,002,237 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the government's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the State's investment in any one issuer that represents 5% or more of total investments. The State places no limit on the amount the State Treasury may invest in U.S. government agency securities. The SBF policy for corporate debt, including both commercial paper and bonded debt of an issuer, is that 1) no investment shall be made in any single issuer which, at the time of purchase, exceeds 5% of the total portfolio of the Treasury or the STMMT and 2) that total corporate debt, including bonds and commercial paper, will not exceed 30% of the total portfolio of the Treasury or the STMMT, with the exception that second-tier commercial paper may not exceed 5% of the total portfolio of the Treasury or the STMMT. ASHERS has adopted a formal investment policy for concentration of credit risk with some of the guidelines being that no more than 5% of total assets may be invested in the debt securities of any one issuer and no more than 3% of total assets may be invested in any one debt issue. ATRS and APERS do not have formal investment policies for concentration of credit risk. The State's investments representing 5% or more of total investments of the general fund included Federal Home Loan Mortgage Corporation (FHLMC) securities of $2,846,787,769 (29.16%) and Federal National Mortgage Association (FNMA) securities of $2,453,574,388 (25.13%). The State's investments representing 5% or more of total investments of the component unit included Federal Home Loan Bank (FHLB) securities of $53,546,000 (11.77%).

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The State does not have a formal investment policy for foreign currency risk.

The exposure to foreign currency risk for investments and deposits at June 30, 2023, is as follows (expressed in thousands):

Currency	Cash Deposits	Equities	Fixed Income	Real Estate	Pooled Investments	Alternative Investments
Argentine Peso	$ 18	$	$	$	$	$
Australian Dollar		15,105		4,508		
Brazilian Real	91	23,691				
British Pound Sterling	890	337,696		9,139	256,525	
Canadian Dollar	208	103,320			3,786	
Chilean Peso		4,435				
Chinese Yuan Renminbi		2,732				
Danish Krone		50,906				
Euro	28	872,845	1,825			99,117
Hong Kong Dollar	250	215,579			3,430	
Indian Rupee	397					
Indonesian Rupiah			1,613			
Israeli Shekel		8,265				
Japanese Yen	926	335,055				
Mexican Nuevo Peso	28	20,785				
New Taiwan Dollar	227	32,390				
Norwegian Krone						
Phillipine Peso	13	3,840				
Singapore Dollar		18,898				
South African Rand		10,584	1,458			
South Korean Won		96,601				
Swedish Krona		69,801				
Swiss Franc		223,262				
Thailand Baht		4,325				
Total fair value	$ 3,076	$ 2,450,115	$ 4,896	$ 13,647	$ 263,741	$ 99,117

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Currency	Forward Currency Contracts (1)	Investment Principal - Receivable	Investment Principal - Payable	Accrued Income	Security Lending	Total Exposure
Argentine Peso	$	$	$	$	$	$ 18
Australian Dollar				5		19,618
Brazilian Real				12		23,794
British Pound Sterling	2,311		(1,641)	653		605,573
Canadian Dollar	(70)	70		447		107,761
Chilean Peso						4,435
Chinese Yuan Renminbi						2,732
Danish Krone				313		51,219
Euro	3,508			3,828		981,151
Hong Kong Dollar	(69)			292		219,482
Indian Rupee						397
Indonesian Rupiah						1,613
Israeli Shekel						8,265
Japanese Yen	742			964	56,748	394,435
Mexican Nuevo Peso	95					20,908
New Taiwan Dollar						32,617
Norwegian Krone				9		9
Phillipine Peso						3,853
Singapore Dollar						18,898
South African Rand						12,042
South Korean Won	337			182		97,120
Swedish Krona	106			45		69,952
Swiss Franc	314			3,137		226,713
Thailand Baht						4,325
Total fair value	$ 7,274	$ 70	$ (1,641)	$ 9,887	$ 56,748	$ 2,906,930

(1) For Forward Currency Contracts in the schedule above, a positive number represents the fair value of contracts to purchase that currency in excess of the fair value of contracts to sell that currency. A negative number, therefore, represents the fair value of contracts to sell foreign currency in excess of contracts to purchase that currency.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for ATRS, APERS, and ASHERS was 8.78%, 8.43%, and 8.79%, respectively.

Concentration of Investments

Generally accepted accounting principles require each pension plan to disclose investments (other than those issued or explicitly guaranteed by the U.S. Government) in any one organization that represent 5% or more of the pension plan's fiduciary net position. As of June 30, 2023, ATRS had investments of 5% or more of fiduciary net position in the following organizations: $1,561,415,588 in Blackrock Institutional Trust Company, N.A., $1,138,777,178 in Franklin Park Associates, LLC, $1,234,178,399 in Jacobs Levy Equity Management, Inc., and $2,036,362,821 in State Street Global Advisors Trust Company.

Depositary Receipts

A depositary receipt is a negotiable certificate issued by a bank to represent a foreign company's publicly traded securities. A custodian bank in the foreign country holds the actual shares, often in a form of an American Depository Receipt (ADR), which is listed and traded on exchanges based in the United States, or a Global Depository Receipt (GDR), which is traded in established non-U.S. markets. Indirectly, depository receipts are exposed to foreign currency risk since the non-U.S. company would be doing business in a foreign currency. At June 30, 2023, ASHERS had $10,799,471 invested in ADRs.

Fair Value Measurement

The fair value measurement of investments is categorized within the hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. In instances where inputs used to measure fair value fall into different levels, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The hierarchy of inputs is defined as follows:

Level 1 - unadjusted quoted prices for identical instruments in active markets.

Level 2 - quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 - valuations derived from valuation techniques in which significant inputs are unobservable.

The fair value amounts in the table below may not reflect all investments included in the amounts presented in the statements of net position. GASB Statement No. 72 provides reporting exceptions for specific investments including guaranteed investment contracts, money market mutual funds, certain state and local government agencies, and U.S. Treasury obligations.

The following table represents the State of Arkansas's investments and securities lending collateral measured at fair value on a recurring basis by valuation hierarchy as of June 30, 2023 (expressed in thousands):

General fund

Investments measured at fair value	Total	Level 1	Level 2	Level 3
Bonds	$ 192,644	$ 235	$ 192,409	$
Domestic securities	567	567		
Money market mutual fund	205	205		
Mortgage-backed securities	5,443,046		5,443,046	
Municipal bonds	72,942		72,942	
Mutual funds	119	119		
Negotiable certificates of deposit	9,306	6,911	2,395	
U.S. government agencies	1,338,208	399	1,337,809	
U.S. treasuries	556,823	556,823		
Total investments at fair value	7,613,860	$ 565,259	$ 7,048,601	$
Investments measured at net asset value (NAV)				
First American Funds - Government Obligations Fund, Class D.	7,434			
Total investments	$ 7,621,294			

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Enterprise funds

Investments measured at fair value	Total	Level 1	Level 2	Level 3
Bonds	$ 4,927	$	$ 4,927	$
Bond funds	352	352		
Commingled funds	111,534	35,443	76,091	
Domestic equities	4,723	4,293	430	
Exchange-traded funds	5,850	5,850		
External investment pools	8,506	6,752	1,018	736
Marketable alternatives	680			680
Money market mutual funds	4,093	4,093		
Mortgage-backed securities	48,763		48,763	
Mutual funds	1,452	1,452		
Negotiable certificates of deposit	26,210	20,559	5,651	
Non-marketable alternatives	6,939			6,939
Other	9,585	9,484		101
Fixed income securities	585,088	132,434	452,654	
Short-term investments	28,661	25,126	2,239	1,296
U.S. government agencies	67,340	10,528	54,516	2,296
U.S. treasuries	27,793	27,793		
Total investments at fair value	942,496	$ 284,159	$ 646,289	$ 12,048

Investments measured at net asset value (NAV)	
External investment pool - UA Foundation	204,989
Short-term investment fund pool - UA System	108,870
Intermediate-term investment fund pool - UA System	92,624
Extended fixed income pool - UA System	26,373
External investment pools - NAC:	
Intermediate term fund	763
Multi-strategy equity fund	304
Multi-strategy bond fund	119
Pooled investments	3,511
Total investments at NAV	437,553
Total investments	$ 1,380,049

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Fiduciary funds

Investments measured at fair value		Total	Level 1	Level 2	Level 3
Asset- and mortgage-backed securities	$	343,027	$	$ 343,027	$
Corporate bonds and notes		2,283,793		2,033,411	250,382
Domestic equities		5,597,908	5,597,908		
International equities		2,795,661	2,795,661		
International obligations		91,604		91,604	
Investment derivatives		(802)	(784)	(18)	
Limited partnerships		21,292	21,292		
Municipal bonds		13,371		13,371	
Mutual and exchange-traded funds		795,712	722,002	73,710	
Preferred stock		30,537	18,220	12,317	
Preferred equity investments		116,223	116,223		
Real estate		175,694	102,639		73,055
State recycling tax credits		129,552		129,552	
U.S. government agencies		414,829		414,829	
U.S. treasuries		390,030	204,713	185,317	
Total investments at fair value		13,198,431	$ 9,577,874	$ 3,297,120	$ 323,437
Investments measured at net asset value (NAV)					
Diversified investment funds		219,313			
Hedge funds		1,199,332			
Other		2,627,775			
Pooled investments		8,547,706			
Private equity funds		3,176,323			
Real estate funds		3,504,735			
Total investments at NAV		19,275,184			
Total investments	$	32,473,615			
Securities lending collateral measured at fair value (1)					
Asset-backed securities	$	34,361	$	$ 34,361	$
Commercial paper		36,753		36,753	
Floating rate notes		450,577		450,577	
Repurchase agreements		93,156		93,156	
Short-term investment pool		114,952		114,952	
Total securities lending collateral at fair value		729,799	$	$ 729,799	$
Securities lending collateral measured at net asset value (NAV) (1)					
Quality D short-term investment pool		457,490			
Total securities lending collateral	$	1,187,289			

Component unit

Investments measured at fair value		Total	Level 1	Level 2	Level 3
Commingled funds	$	65,555	$	$ 65,555	$
Mortgage-backed securities		80,236		80,236	
Mutual bond funds		2,885		2,885	
U.S. government agencies		84,700		84,700	
Total investments at fair value	$	233,376	$	$ 233,376	$

(1) Cash collateral received for security lending of Fiduciary funds totaled $1,187,886. The amount reported above is the fair value of the collateral at June 30, 2023.

Assets classified at Level 1 are exchange-traded securities whose values are based on published market prices and quotations from either a national security exchange or active markets for those securities.

Assets classified at Level 2 are valued using observable inputs. Observable inputs are those that reflect the assumptions market participants use in pricing the asset and are obtained from independent sources. Examples of observable inputs are quoted prices for similar assets in active markets and inactive markets and matrix pricing based on the investments relationship to benchmark securities quoted prices. Prices are obtained from various independent pricing sources provided by the custodial banks.

Assets classified at Level 3 are valued using internal fair value as provided by the investment manager due to the lack of observable and independent pricing inputs.

Investments measured at the net asset value (NAV) per share (or its equivalent) are presented in the following table as of June 30, 2023 (expressed in thousands):

General Fund

Investments measured at net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period and Redemption Restrictions
First American Funds - Government Obligations Fund, Class D.	$ 7,434		Daily	None

Enterprise Funds

Investments measured at net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period and Redemption Restrictions
External investment pool - UA Foundation	$ 204,989		Daily	7-30 days
Short-term investment fund pool - UA System	108,870		Daily	0-3 days
Intermediate-term investment fund pool - UA System	92,624		End of Month	2-30 days
Extended fixed income pool - UA System	26,373		End of Month	2-30 days
External investment pools - NAC:				
Intermediate term fund	763		Weekly	5 days
Multi-strategy equity fund	304		Monthly	5 days
Multi-strategy bond fund	119		Monthly	5 days
Pooled investments	3,511		Daily	None
Total investments at NAV	$ 437,553			

Fiduciary Funds

Investments measured at net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period and Redemption Restrictions
Diversified investment funds	$ 219,313	$	Last day of each Quarter	1yr; 2yrs; 3yrs; >3yrs; 55% liquidity; then 20%; then 15%; then 10%
Hedge funds	1,199,332	30,188	Weekly - Monthly - Quarterly - Semi-Annually - Annually	3 to 90 days
Other	2,627,775		Semi-monthly - Monthly	3-7 days
Pooled Investments	8,547,706		Daily - Monthly	T+1; T+3; T+10; Daily; 1-10 days; N/A
Private equity funds	3,176,323	1,532,757	Quarterly - Annually; N/A	90 days; N/A
Real estate funds	3,504,735	1,157,986	Quarterly; Open end with 2-years lock up; 7-year lock up; None; N/A	T+45; T+90; 30-90 days; N/A
Total investments at NAV	$ 19,275,184	$ 2,720,931		

The following limited partnerships and commingled funds (investment pools) issue annual financial statements audited by independent auditors, but the year-end for the State of Arkansas and these entities do not always agree. There are inherent uncertainties in estimating fair values for these types of investments, and it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different from the reported net asset value.

Investment pools – University of Arkansas (UA)

The University of Arkansas is a participant in four investment pools which utilize different investment strategies. The external investment pool includes a broadly diversified external investment portfolio with allocations to global equities, hedge funds, bonds, natural resources, and real estate. The short-term investment pool is comprised of fixed income investments with a duration of two years or less with allocations primarily to treasuries, government agency bonds, corporate bonds, commercial paper, negotiable certificates of deposit, and money market funds. The intermediate-term investment pool is comprised of fixed income investments with durations of three years or less. The pooled investments are allocated primarily to international development bonds, governmental agency bonds, corporate bonds, and money-market funds. The extended fixed income pool has a diversified portfolio of stocks and bonds investments with durations of five years or longer. The pooled investments are allocated primarily to equities, bonds, natural resources, real estate, and money-market funds.

Intermediate Term Fund – North Arkansas College (NAC)

The strategy of this fund is that at least 50% of the net assets of a portfolio will be invested in securities issued or guaranteed by the U.S. government, federal agencies, or U.S. government sponsored corporations or in securities that are rated AAA or its equivalent by at least one of the nationally recognized rating agencies. The objective is to produce a total return in excess of its benchmark, the Merrill Lynch 1-3 Year Treasury Index, and to generate a higher current yield than short-term money market investments in a manner that mitigates the chances of a negative total return over any 12-month period.

Multi-Strategy Equity Fund – NAC

The strategy of this fund focuses on allocating assets across a wide spectrum of equity strategies, including investing in a portfolio of common stocks, and securities convertible into common stocks, of U.S. companies. A multi-strategy equity allocation to the U.S. equity market includes exposure to companies in the S&P 500 index as well as companies not included in the index. The objective is to offer an actively managed, multi-manager investment program that will provide broad exposure to global equity markets.

Multi-Strategy Bond Fund – NAC

The strategy of this fund generally focuses on investments in a broad spectrum of fixed income sectors. Generally, assets are invested in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the U.S. bond market. The objective is to offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets.

Pooled investments

Pooled investments are commingled funds that consist of assets from several accounts that are blended together to lower trading costs per dollar of investment. The State has funds invested in domestic and international equities, as well as domestic and international fixed income securities. The value of the investments in this asset class has been determined using the NAV per share (or its equivalent) of the State's ownership interest in partners' capital. These investments can be redeemed with proper notification to the fund manager. Distributions are received through liquidation of the underlying assets. The expected holding period is dependent on the discretion of the fund manager.

Diversified investment funds

This investment type provides diversification to the total portfolio and strives to reduce total fund volatility while also enhancing the total return on the portfolio. Blackstone manages a hedge fund of funds strategy through investing in other hedge funds. Their strategies will vary based on market conditions and can include fundamental equity strategies, event-driven strategies, fundamental credit strategies, credit trading strategies, distressed credit strategies, RMBS strategies, structured ABS strategies, multi-strat strategies, commodity strategies, macro rates strategies, thematic macro strategies, quantitative strategies, CTA strategies, and special situation strategies.

Hedge funds

Hedge funds consist of one co-investment fund, five credit funds, one equity fund, one event-driven fund, two global macro funds, one opportunistic fund, 12 re-insurance funds, one relative value fund, and two risk premia funds. The value of the investments in this asset class have been determined using the NAV per share (or its equivalent) of the State's ownership interest in partners' capital. Redemption ranges from monthly to annually depending on the manager (with the exception of one fund that currently has a one-year hold). Distributions are received through liquidation of the underlying assets. The expected holding period is dependent on the discretion of the fund manager.

Private equity funds

Private equity includes 69 buyout funds, three distressed debt funds, three growth equity funds, 13 hard asset funds, 12 infrastructure funds, five mezzanine funds, five multi-strategy funds, four structured capital funds, 10 turnaround funds, and 15 venture capital funds that invest mostly in private companies across a variety of industries. The value of the investments in this type have been determined using the NAV per share (or its equivalent) of the State's ownership interest in partners' capital. These investments cannot be easily redeemed. The nature of private equity investments is that distributions are received through the liquidation of the underlying assets of the fund. The expected holding period of a private equity portfolio company is two to ten years.

Real estate funds

Real estate funds include core funds, debt funds, farmland funds, opportunistic funds, timberland funds, and value added funds that invest primarily in the United States, Europe, and Asia. Fund investments can be made in the debt, equity, or a combination of both in real estate property ventures. The value of the investments in this asset class have been determined using the NAV per share (or its equivalent) of the State's ownership interest in partners' capital. These investments can be redeemed with proper notification to the fund manager. Distributions from each fund may be received as cash flows from operations or return of capital from sales of assets. The expected holding period of underlying assets in the real estate funds is two to ten years.

Securities lending collateral

Cash collateral received from borrowers in the securities lending program is invested in a collective investment fund comprised of liquidity pool. The value of this fund has been determined by the fund administrator using the NAV per share (or its equivalent).

(3) Derivative Instruments

The State invests in various asset-backed securities, mortgage-backed securities, and derivative instruments. These investments are reported at fair value in the balance sheet as government securities, asset-backed securities, mortgage-backed securities, and international securities. They are also included in the totals of government securities, corporate securities, and international securities, depending on the issuer, in the disclosure of investment risk (see Note 2 on Deposits and Investments). The State invests in these securities to enhance yields on investments.

Mortgage-Backed Securities

As of June 30, 2023, governmental activities, business-type activities, fiduciary funds, and component units held mortgage-backed securities with fair values of $5.4 billion, $48.8 million, $462.9 million, and $80.2 million, respectively. The yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. Although the full amount of principal will be received if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost.

Asset-Backed Securities

As of June 30, 2023, Arkansas Public Employees Retirement System (APERS) and Arkansas Teacher Retirement System (ATRS) held asset-backed securities with a combined fair value of $185.8 million. These securities represent interests in various trusts consisting of pooled financial assets other than mortgage loans conveyed by the issuing parties. The ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

Forward Currency Contracts

APERS and ATRS enter into various currency contracts to manage exposure of foreign portfolio holdings to changes in foreign currency exchange rates. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated rate. Risks associated with such contracts include movement in the value of the foreign currency in relation to the U.S. dollar and the ability of the counterparty to perform. The contracts are valued at forward exchange rates, and the changes in the value of open contracts are recognized as unrealized appreciation/depreciation in the statement of changes in plan net position. The realized gain or loss on closed forward currency contracts represents the difference between the original value of the original contracts and the closing value of such contracts and is included in the net increase (decrease) in fair value of investments in the statement of changes in plan net position. At June 30, 2023, the retirement systems referred to above were party to outstanding foreign exchange currency contracts to purchase foreign currencies with contract amounts of $4.1 million, collectively. Fair values of these outstanding contracts were $4.1 million, resulting in an unrealized gain of $2,684. The retirement systems also had outstanding foreign exchange currency contracts to sell foreign currencies with contract amounts of $2.2 million at June 30, 2023. Fair values of these contracts were $2.2 million, resulting in an unrealized loss of $20,308.

Derivative Instruments

Derivative instruments are financial contracts or agreements whose values depend on the values of one or more underlying assets, reference rates, and/or financial indexes. Derivative instruments include futures contracts, forward contracts, swap contracts, options contracts, and forward foreign currency exchange. ATRS investment guidelines state that derivatives may be used to reduce the risk in a portfolio but should not be used to create a position of leverage or substantially increase the risk of the overall portfolio. Futures and options should be matched by cash or cash equivalent securities, and all short futures positions should be matched by equivalent long security positions. Each investment manager's derivative usage is specified in the investment management agreement or specific guidelines. APERS, through its external investment managers, could enter into swaps and futures contracts to gain or hedge exposure to certain markets, to manage interest rate risk, and to use forward foreign exchange contracts primarily to hedge foreign currency exposure. Investments in limited partnerships and commingled or pooled funds may include derivatives that are not shown in any derivative totals. There is a risk that the counterparties to the contracts will not be able to meet the contract terms. APERS' external investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2023, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2023	
Type	Classification	Amount	Classification	Amount
Foreign currency forwards	Net increase (decrease) in fair value of investments	$ (28,255)	Investment derivatives	$ (17,622)
Futures	Net increase (decrease) in fair value of investments	(1,238,637)	Investment derivatives	(783,642)

Foreign Currency Forward	Fair Value		Notional Amount
Euro	$ (18,836)	EUR	$ 1,483,000
Hong Kong Dollar	36	HKD	2,432,349
Swiss Franc	(1,507)	SEK	281,298
United States Dollar	2,685	USD	4,073,058
Total foreign currency forwards	$ (17,622)		$ 8,269,705
Futures	$ (783,642)	USD	$ 105,300,000

(4) Securities Lending Transactions

Arkansas Public Employees Retirement System (APERS) and Arkansas Teacher Retirement System (ATRS) participate in securities lending programs as authorized by Arkansas Code and the Boards of Trustees' policies whereby investment securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash and cash equivalents, letters of credit, or securities guaranteed by the U.S. government or an agency thereof, equal to at least 100% of the fair value of the securities loaned for ATRS and equal to at least 102% for domestic loans and 105% for international loans for APERS. The programs are administered by custodial agent banks. The types of securities on loan at June 30, 2023, include U.S. government securities, corporate securities, and international securities. Except for cash collateral, the pensions do not have the ability to pledge or sell the collateral securities received unless there is borrower default. The pensions invest cash collateral received; accordingly, investments made with cash collateral received appear as assets on the statements of plan net position. As the pensions must return the cash collateral to the borrower upon expiration of the loan, a corresponding liability is recorded as obligations under securities lending. These securities have also been included in the preceding summary of deposits and investments (see Note 2). The weighted average maturity of collateral investments generally does not match the maturity of the loans. The custodial agents provide the pensions with an indemnification if insolvency causes the borrower to fail to return the securities lent or to fail to pay the income on the securities to the trust while lent. No losses resulting from default have occurred in the history of the pensions' participation in such programs. As of June 30, 2023, the carrying value and fair value of the underlying securities was $1.19 billion. At June 30, 2023, the pension systems had no credit risk exposure to borrowers because the amounts the pension systems owed the borrowers was less than the amounts the borrowers owed the pension systems or because the custodian's indemnification eliminated the credit risk.

(5) Receivables

Receivables at June 30, 2023, consisted of the following (expressed in thousands):

Primary Government

	Accounts	Taxes (1)	Employee/ Employer	Medicaid	Lease Receivable	Loans	Investment-Related	Other Receivables	Allowance for Uncollectibles	Total
General Fund	$ 309,172 (2)	$ 1,177,059	$	$ 869,801	$ 1,604	$ 252,500	$ 33,272	$ 36,785	$ (876,105)	$ 1,804,088
Higher Education Fund	793,196				23,147	22,705	891	15,015	(364,954)	490,000
Workers' Compensation Commission	7,788						32			7,820
Division of Workforce Services	196,765						15		(161,580)	35,200
Office of the Arkansas Lottery	15,426									15,426
Non-major enterprise funds	6,584					622,309	1,718			630,611
Pension trust			51,387				90,735	2,905		145,027
Custodial							288	36		324
Total	$ 1,328,931	$ 1,177,059	$ 51,387	$ 869,801	$ 24,751	$ 897,514	$ 126,951	$ 54,741	$ (1,402,639)	$ 3,128,496

(1) Receivable balances of $5,830 are not expected to be collected within one year of the date of the financial statements.
(2) $10 Interfund receivables due to the General Fund from the Pension Trust fund were reclassified as accounts receivable on the Government-wide Statement of Net Position.

Component Units

	Accounts	Loans	Lease Receivable	Investment-Related	Contributions	Allowance for Uncollectibles	Net Receivable by Component Unit
Arkansas Development Finance Authority	$ 3,977	$ 560,382	$ 732	$ 2,646	$	$ (78,101)	$ 489,636
University of Arkansas Foundation				6,720	96,181	(1,505)	101,396
Total	$ 3,977	$ 560,382	$ 732	$ 9,366	$ 96,181	$ (79,606)	$ 591,032

(6) Lease Receivables

As the lessor, the State leases out various types of assets, such as buildings, infrastructure, and land. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term.

For the year ended June 30, 2023, total lease related inflows recognized by the general fund, higher ed fund, and component unit were $773,108, $1.7 million, and $111,237, respectively.

The State had no significant variable payments, residual value guarantees, or lease termination penalties related to its lease agreements as of June 30, 2023.

(7) Interfund Activity

Interfund Receivables and Payables (expressed in thousands):

	Due From						
Due To	General Fund	Higher Education Fund	Department of Workforce Services	Office of the Arkansas Lottery	Non-major Enterprise Funds	Pension Trust	Total
General Fund	$	$ 2,136	$ 11	$ 250,378	$ 425	$ 10 (1)	$ 252,960
Higher Education Fund	34,443						34,443
Workers' Compensation Commission	106	231					337
Workforce Services	266						266
Office of the Arkansas Lottery	5,776						5,776
Non-major Enterprise Funds							
Pension trust	4,188 (2)	12 (2)					4,200
Total	$ 44,779	$ 2,379	$ 11	$ 250,378	$ 425	$ 10	$ 297,982

(1) $10 Interfund receivables due to the General Fund from the Pension Trust fund were reclassified as accounts receivable on the Government-wide Statement of Net Position.
(2) $4,188 and $12 Interfund payables due from the General and Higher Education Funds to the Pension Trust Fund were reclassified as accounts payable on the Government-wide Statement of Net Position.

Interfund receivables and payables include (1) $34.4 million due to the Higher Education Fund from the General Fund for College Technical Bond payment requisitions and grants; (2) $5.8 million due to the Office of the Arkansas Lottery from the General Fund for deposits, refunds, and interest earned less scholarships awarded pursuant to Ark. Code Ann. § 6-85-212 (d)(2)(B)(i); (3) $4.2 million due from the General Fund to the Pension Trust for employers’ contributions; (4) $2.1 million due from the Higher Education Fund to the General Fund for workers’ compensation contributions and administrative costs, unemployment contributions, information technology services, and grants; and (5) $250.4 million due from the Office of the Arkansas Lottery to the General Fund for trust proceeds to administer the Arkansas Lottery Scholarship Program, audit fees, information technology services, printing, and administrative costs. All amounts are expected to be repaid within one year.

Advances To/From Other Funds – Primary Government (expressed in thousands):

	Advances From		
Advances To	General Fund	Non-Major Enterprise Funds	Total
General Fund	$	$ 334	$ 334
Higher Education Fund	8,800	5,694	14,494
Workers' Compensation Commission	64		64
Total	$ 8,864	$ 6,028	$ 14,892

Advances include (1) an outstanding balance of $3.0 million loaned from the General Fund (i.e., Transformation and Shared Services – Division of Building Authority) to Higher Education for the Sustainable Building Design Program used to pay for energy improvements; (2) an outstanding balance of $5.8 million loaned from the Department of Finance and Administration State Budget Stabilization Trust Fund to Henderson State University; and (3) an outstanding balance of $5.7 million loaned from the Community/Technical College Revolving Loan program providing low interest loans to community and technical colleges for capitalizable education and general projects with variable interest rates.

Transfers (expressed in thousands):

	Transfers In					
Transfers Out	General Fund	Higher Education	Workers' Compensation Commission	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
General Fund	$	$ 1,128,836	$ 61	$ 5,776	$ 39,811	$ 1,174,484
Higher Education	64,868					64,868
Division of Workforce Services	24,273					24,273
Workers' Compensation Commission	459					459
Office of the Arkansas Lottery	118,867					118,867
Non-major Enterprise Funds	3,296					3,296
Total	$ 211,763	$ 1,128,836	$ 61	$ 5,776	$ 39,811	$ 1,386,247

Transfers include (1) $64.9 million transferred from the Higher Education Fund to the General Fund, which includes $58.3 million of State funding provided to the University of Arkansas Medical Sciences and transferred to the Department of Human Services for the Medicaid Program; (2) $24.3 million transferred from Division of Workforce Services to the General Fund; (3) $118.9 million transferred from the Office of the Arkansas Lottery to the General Fund for the 2023/2024 academic school year; (4) $39.8 million transferred from the General Fund to the Non-Major Enterprise Funds, which includes $31.8 million transferred from the General Fund to Employee Benefits Division for reimbursement of COVID related Public School Employees health claims; (5) $1.1 billion transferred from the General Fund to the Higher Education Fund for State funding of higher education institutions; and (6) $5.8 million transferred from the General Fund to the Office of the Arkansas Lottery for excess net proceeds over scholarships issued.

(8) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2023, was as follows (expressed in thousands):

	Balance June 30, 2022	Adjustments/ Transfers (1)	Additions	Deletions	Balance June 30, 2023
Governmental activities:					
Capital assets, nondepreciable/amortizable:					
Land	$ 1,175,077	$ 501	$ 91,930	$ (1,613)	$ 1,265,895
Construction in progress	2,646,034	(1,202,718)	919,975	(4,438)	2,358,853
Construction in progress - intangibles	192,618	3,760	37,846		234,224
Construction in progress - right-to-use		2,659	7,130		9,789
Other nondepreciable/amortizable assets	31,393	145	101		31,639
Total capital assets, nondepreciable/amortizable	4,045,122	(1,195,653)	1,056,982	(6,051)	3,900,400
Capital assets, depreciable/amortizable:					
Improvements other than building	231,334	6,987	4,781	(43)	243,059
Buildings	1,959,126	21,230	16,331	(596)	1,996,091
Equipment	915,291	1,866	70,465	(30,293)	957,329
Infrastructure	18,444,286	1,186,269	4,860	(172,376)	19,463,039
Intangibles	390,494	1,072	1,521	(974)	392,113
Other depreciable/amortizable assets	9,940	9	39	(2)	9,986
Right-to-use assets:					
Land	2,137				2,137
Buildings	80,693	(505)	27,572	(1,170)	106,590
Equipment	2,520		2,460	(237)	4,743
Land improvements	468		46		514
Infrastucture	1,303				1,303
SBITA			54,260		54,260
Total capital assets, depreciable/amortizable	22,037,592	1,216,928	182,335	(205,691)	23,231,164
Less accumulated depreciation/amortization for:					
Improvements other than building	(145,746)		(7,023)	43	(152,726)
Buildings	(846,888)	(2)	(37,784)	546	(884,128)
Equipment	(654,086)	(579)	(60,752)	27,653	(687,764)
Infrastructure	(9,907,305)		(558,218)	172,376	(10,293,147)
Intangibles	(231,295)	(2)	(28,723)	974	(259,046)
Other depreciable/amortizable assets	(8,256)		(252)	2	(8,506)
Right-to-use assets:					
Land	(134)		(146)		(280)
Buildings	(20,556)	381	(24,590)	1,170	(43,595)
Equipment	(1,015)		(1,656)	205	(2,466)
Land improvements	(75)		(87)		(162)
Infrastucture	(294)		(299)		(593)
SBITA			(24,327)		(24,327)
Total accumulated depreciation/amortization	(11,815,650)	(202)	(743,857)	202,969	(12,356,740)
Total capital assets, depreciable/amortizable, net	10,221,942	1,216,726	(561,522)	(2,722)	10,874,424
Total governmental capital assets, net	$ 14,267,064	$ 21,073	$ 495,460	$ (8,773)	$ 14,774,824

(1) Includes transfers within the governmental activities, assets that were not previously reported, accounting errors, and other changes.

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	Balance June 30, 2022	Adjustments/ Transfers (1)	Additions	Deletions	Balance June 30, 2023
Business-type activities:					
Capital assets, nondepreciable/amortizable:					
Land	$ 204,603	$ 132	$ 272	$ (3,791)	$ 201,216
Construction in progress	292,170	(296,803)	296,449	(57,101)	234,715
Construction in progress - intangibles	43,622	(39,596)	1,439	(2,103)	3,362
Construction in progress - right-to-use		(360)	648		288
Easements	2,675				2,675
Art/historic treasures	1,011				1,011
Other nondepreciable/amortizable assets	823		197	(124)	896
Total capital assets, nondepreciable/amortizable	544,904	(336,627)	299,005	(63,119)	444,163
Capital assets, depreciable/amortizable:					
Improvements other than building	32,641	2,040	764	(17)	35,428
Buildings	6,284,417	199,816	96,195	(7,383)	6,573,045
Equipment	961,419	7,494	77,133	(61,319)	984,727
Infrastructure	714,397	89,200	5,019	(713)	807,903
Intangibles	249,865	(25,110)	2,124	(3,646)	223,233
Library holdings	246,925	6	6,986	(20,137)	233,780
Other depreciable/amortizable assets	6,104		405	(50)	6,459
Right-to-use assets:					
Land	223			(223)	
Buildings	141,782	11,031	71,069	(9,773)	214,109
Equipment	58,152	(1,928)	2,645	(176)	58,693
Land improvements	26		10		36
Infrastucture	12,115				12,115
SBITA		89,677	7,942		97,619
Total capital assets, depreciable/amortizable	8,708,066	372,226	270,292	(103,437)	9,247,147
Less accumulated depreciation/amortization for:					
Improvements other than building	(18,597)	(399)	(1,640)	17	(20,619)
Buildings	(3,100,178)	31,071	(191,198)	(1,187)	(3,261,492)
Equipment	(785,246)	503	(52,023)	57,953	(778,813)
Infrastructure	(372,349)	(31,637)	(32,209)	328	(435,867)
Intangibles	(190,318)	1,934	(11,223)	1,514	(198,093)
Library holdings	(208,639)	(1)	(7,049)	19,984	(195,705)
Other depreciable/amortizable assets	(1,716)				(1,716)
Right-to-use assets:					
Land	(14)		(3)	17	
Buildings	(31,572)	(946)	(22,947)	3,793	(51,672)
Equipment	(34,517)	541	(7,032)	144	(40,864)
Land improvements	(13)		(13)		(26)
Infrastucture	(605)		(1,828)		(2,433)
SBITA		(101)	(18,190)		(18,291)
Total accumulated depreciation/amortization	(4,743,764)	965	(345,355)	82,563	(5,005,591)
Total capital assets, depreciable/amortizable, net	3,964,302	373,191	(75,063)	(20,874)	4,241,556
Total business-type capital assets, net	$ 4,509,206	$ 36,564	$ 223,942	$ (83,993)	$ 4,685,719

(1) Includes transfers within business-type activities, assets that were not previously reported, accounting errors, and other changes.

Component Units

Activity for ADFA for the year ended June 30, 2023, was as follows (expressed in thousands):

	Balance June 30, 2022	Adjustments/ Transfers (1)	Additions	Deletions	Balance June 30, 2023
ADFA:					
Capital assets, nondepreciable/amortizable:					
Land	$ 670	$	$	$	$ 670
Capital assets, depreciable/amortizable:					
Building	2,032				2,032
Equipment	1,682		2	(68)	1,616
Intangibles	10,629				10,629
Total capital assets, depreciable/amortizable	14,343		2	(68)	14,277
Less accumulated depreciation/amortization for:					
Building	(912)		(63)		(975)
Equipment	(1,208)		(36)	68	(1,176)
Intangibles	(10,629)				(10,629)
Total accumulated depreciated/amortization	(12,749)		(99)	68	(12,780)
Total capital assets, depreciable/amortizable, net	1,594		(97)		1,497
Total ADFA capital assets, net	$ 2,264	$	$ (97)	$	$ 2,167

(1) Includes transfers within ADFA, assets that were not previously reported, accounting errors, and other changes.

Activity for U of A Foundation, Inc., for the year ended June 30, 2023, was as follows (expressed in thousands):

	Balance June 30, 2022	Adjustments/ Transfers (1)	Additions	Deletions	Balance June 30, 2023
U of A Foundation, Inc.:					
Capital assets, nondepreciable/amortizable:					
Land	$ 30	$	$	$	$ 30

(1) Includes transfers within the Foundation, assets that were not previously reported, accounting errors, and other changes.

Depreciation and Amortization

Depreciation and amortization expenses were charged to functions/programs of the primary government and component units as follows (expressed in thousands):

Primary Government

Governmental Activities:	
Education	$ 9,998
Commerce	3,831
Recreation and tourism	23,126
Health and human services	44,966
Transportation	584,304
Law, justice, and public safety	37,488
Resource development	3,619
General government	36,167
Regulation of business and professionals	358
Total depreciation and amortization expense	$ 743,857

Business-type Activities:

Enterprise funds	$	345,355
Total depreciation and amortization expense	$	345,355

Component Unit

ADFA	$	99
Total depreciation and amortization expense	$	99

(9) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2023, are summarized as follows (expressed in thousands):

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due within One Year	Due Greater Than One Year
Governmental Activities:						
Bonds payable:						
General obligation	$ 702,090	$ 43,000	$ 230,960	$ 514,130	$ 100,960	$ 413,170
Add (deduct):						
Issuance premium (discount):						
General obligation	48,678	242	19,484	29,436	9,700	19,736
Notes payable to component unit	15,371		738	14,633	705	13,928
Installment purchases with component unit	2,998		215	2,783	213	2,570
Total bonds payable	769,137	43,242	251,397	560,982	111,578	449,404
Notes payable to component unit	106,844	8,899	6,172	109,571	7,115	102,456
Installment purchases with component unit	139,259	24,360	24,675	138,944	9,842	129,102
Total bonds, notes, and installment purchases	1,015,240	76,501	282,244	809,497	128,535	680,962
Lease obligations	65,382	26,690	26,100	65,972	22,086	43,886
SBITA obligations		51,199	26,937	24,262	6,734	17,528
Recycling tax obligation (1)	123,138		11,998	111,140	12,388	98,752
Claims, judgments, and arbitrage (1)	131,680	326,321	324,292	133,709	112,050	21,659
Compensated absences (1)	163,783	117,201	117,814	163,170	22,828	140,342
Total claims, judgments, arbitrage, and compensated absences	295,463	443,522	442,106	296,879	134,878	162,001
Pollution remediation (1)	21,348	1,422	508	22,262	3,088	19,174
Total OPEB liability (1)	1,428,766		9,187	1,419,579	54,705	1,364,874
Net pension liability (1)	737,512	1,481,311		2,218,823		2,218,823
Governmental activities total	$ 3,686,849	$ 2,080,645	$ 799,080	$ 4,968,414	$ 362,414	$ 4,606,000

(1) The various long-term liabilities other than debt are all paid from the general fund.

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	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year	Due Greater Than One Year
Business-type Activities:						
Bonds payable:						
College and University						
Revenue bonds	$ 2,202,650	$ 130,545	$ 105,640	$ 2,227,555	$ 99,995	$ 2,127,560
Revenue bonds from direct placement	7,880		564	7,316	572	6,744
Add:						
Issuance premiums (discounts)	153,429	6,899	11,923	148,405	11,431	136,974
Total bonds payable	2,363,959	137,444	118,127	2,383,276	111,998	2,271,278
Notes payable from direct placement	113,325	19,028	15,598	116,755	15,827	100,928
Notes payable with component unit	7,512		525	6,987	540	6,447
Total notes payable	120,837	19,028	16,123	123,742	16,367	107,375
Installment purchase agreements payable	58,411	3,906	8,104	54,213	4,977	49,236
Total bonds, notes, and installment purchases	2,543,207	160,378	142,354	2,561,231	133,342	2,427,889
Lease obligations	105,942	84,058	25,812	164,188	24,976	139,212
SBITA obligations		28,640	6,780	21,860	7,237	14,623
Claims and judgments	260,790	584,246	620,439	224,597	71,295	153,302
Compensated absences	138,860	68,006	64,674	142,192	16,373	125,819
Total claims, judgments, and compensated absences	399,650	652,252	685,113	366,789	87,668	279,121
Total OPEB liability	127,253		10,871	116,382	4,624	111,758
Net pension liability	71,739	98,280		170,019		170,019
Business-type activities total	$ 3,247,791	$ 1,023,608	$ 870,930	$ 3,400,469	$ 257,847	$ 3,142,622

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year	Due Greater Than One Year
Component units:						
Arkansas Development Finance Authority:						
Bonds payable	$ 494,513	$ 18,793	$ 108,859	$ 404,447	$ 24,842	$ 379,605
Notes payable from direct placement	8,003		4,762	3,241	140	3,101
Add: issuance premiums (discounts)	(544)		(544)			
Total bonds and notes payable ADFA	501,972	18,793	113,077	407,688	24,982	382,706
Total OPEB liability	2,087	4		2,091	84	2,007
Net pension liability	1,172	2,612		3,784		3,784
U of A Foundation						
Annuity obligations	15,402	2,199	3,550	14,051	1,126	12,925
Component units total	$ 520,633	$ 23,608	$ 116,627	$ 427,614	$ 26,192	$ 401,422

Primary Government

Governmental Activities

General Obligation Bonds – The Constitution of the State does not limit the amount of general obligation bonds that may be issued by the State; however, no such bonds may be issued unless approved by the voters of the State at a general election or a special election held for that purpose.

General obligation bonds outstanding at June 30, 2023, were as follows (expressed in thousands):

	Final maturity date (1)	Interest rates %	Balance
Federal Highway Grant Anticipation and Tax Revenue G.O. Bonds:			
2012 Series Federal Highway G.O.Bonds	2025	3.00	$ 35,040
2013 Series Federal Highway G.O.Bonds	2026	4.00 - 5.00	47,490
2014 Series Federal Highway G.O.Bonds	2027	5.00	72,605
Arkansas Economic Development Commission Bonds:			
2014 Series Capital Improvement G.O. Bonds - A	2035	0.46 - 4.11	46,550
Arkansas Natural Resources Commission Bonds:			
2014A Series Water, Waste and Pollution	2045	3.00 - 3.50	6,255
2014B Series Water, Waste and Pollution	2025	2.40 - 2.66	3,310
2016A Series Water, Waste and Pollution	2034	3.50 - 5.00	19,960
2017A Series Water, Waste and Pollution	2028	2.00 - 2.80	8,540
2017B Series Water, Waste and Pollution	2040	2.13 - 5.00	15,370
2019A Series Water, Waste and Pollution	2050	2.10 - 3.35	27,300
2020A Series Water, Waste and Pollution	2027	0.30 - 0.55	6,630
2020B Series Water, Waste and Pollution	2048	1.05 - 2.50	30,455
2022A Series Water, Waste and Pollution	2043	2.00 - 3.25	22,615
2022B Series Water, Waste and Pollution	2043	2.00 - 3.25	16,335
2023 Series Water, Waste and Pollution	2034	4.25 - 5.00	43,000
Higher Education Bonds:			
2015 Series, G.O. Bonds	2029	4.00 - 4.25	112,675
Total			$ 514,130

(1) Fiscal year

Future amounts required to pay principal and interest on general obligation bonds at June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 100,960	$ 17,903	$ 118,863
2025	89,245	14,967	104,212
2026	69,575	11,572	81,147
2027	49,050	8,867	57,917
2028	37,030	7,138	44,168
2029-2033	94,145	21,320	115,465
2034-2038	34,330	8,799	43,129
2039-2043	25,690	4,266	29,956
2044-2048	12,585	1,297	13,882
2049-2053	1,520	50	1,570
Total	$ 514,130	$ 96,179	$ 610,309

Details of general obligation bonds outstanding are as follows:

Federal Highway Grant Anticipation and Tax Revenue General Obligation Bonds – Act 511 of 2007 and a statewide election conducted November 8, 2011, authorized the State to issue Federal Highway Grant Anticipation and Tax Revenue General Obligation Bonds. All bonds issued under the authority of this act are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The act authorizes the bonds to be issued in several series of various principal amounts, provided that the total principal amount of bonds outstanding does not exceed $575.0 million. The bonds were issued to pay the cost of reconstructing and renovating the interstate highways and related facilities in the State of Arkansas. The Arkansas State Highway Commission may not issue any additional bonds pursuant to Act 511 of 2007. The bonds are payable primarily from Federal Interstate Maintenance Funds (FIMF) and by State revenues derived from the tax on diesel fuel at the rate of four cents per gallon.

Current and prior-year revenues and apportionments and projected revenues and apportionments for these bonds are as follows (expressed in thousands):

Designated Revenues for GARVEE Bonds

Revenues and Apportionments			Projected Revenues and Apportionments		
Year ending June 30:	Additional Diesel Tax Revenues	Apportioned FIMF	Year ending June 30:	Additional Diesel Tax Revenues	Apportioned FIMF
2019	$ 18,399	$ 103,074	2024	$ 19,000	$ 116,078
2020	18,164	105,135	2025	19,000	100,000
2021	18,800	107,238	2026	19,000	100,000
2022	19,790	109,383	2027	19,000	100,000
2023	19,590	113,802	2028	19,000	100,000

General Obligation Amendment 82 Bonds – Amendment 82 to the State Constitution was approved by a vote of the people in 2004 and modified by Amendment 90, which was approved by a vote of the people in 2010. The amendment authorized the issuance of general obligation bonds for the purpose of financing the costs of infrastructure or other needs to attract large economic development projects. All bonds issued under this authority are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The 2014 series, the first issuance under this authority, is for a total of $125.0 million to provide $70.0 million in infrastructure improvements, $50.0 million in a loan, and $5.0 million for issuance costs. No bonds were issued under this act in the 2023 fiscal year.

State Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bonds – Act 607 of 1997 authorized the Arkansas Soil and Water Conservation Commission (subsequently the Arkansas Natural Resources Commission) and Act 631 of 2007 authorized the Arkansas Natural Resources Commission to issue Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bonds. All bonds issued under the authority of these acts are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. Each act limits the total principal amount to approximately $300.0 million, with no more than $60.0 million being issued during any fiscal biennium for nonrefunding purposes unless the General Assembly of the State by law authorizes a greater principal amount to be issued. The bonds were issued to provide financing for the development of water, waste disposal, pollution abatement, drainage and flood control, irrigation, and wetland preservation facilities projects in the State. Repayment of financial assistance provided for the development of the projects is first used to repay the bonds; any remaining debt service requirement is paid from general revenues.

Higher Education General Obligation Bonds – Act 1282 of 2005 authorized the State to issue Higher Education General Obligation Bonds. All bonds issued under the authority of this act are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The act limited the total principal amount to approximately $250.0 million. However, the total outstanding principal amount of Higher Education General Obligation Bonds issued under Act 1282 of 2005 and the College Savings Bond Act of 1989 shall not have scheduled debt service payments on a combined basis in excess of $24.0 million in any one fiscal year. The Higher Education General Obligation Bonds were issued to provide funds to finance technology and facility improvements for State institutions of higher education and to refund certain outstanding bonds. The bonds are payable from the net general revenues of the State and investment earnings on the proceeds of the bonds. No bonds were issued under this act in the 2023 fiscal year.

Revenue Bond Guaranty Fund – Under the Arkansas Development Finance Authority Bond Guaranty Act of 1985, the Arkansas Economic Development Commission (AEDC) may guarantee amortization payments on industrial development revenue bonds issued by counties and municipalities within the State of Arkansas. At June 30, 2023, total bonds guaranteed by the Revenue Bond Guaranty Fund were approximately $14.4 million.

Notes Payable to Component Units – Notes payable to component units consist of notes issued to ADFA for construction and renovation of various State agency facilities. Principal and interest payments are made from specifically dedicated fees and other revenue sources.

Future amounts required to pay principal and interest on notes payable to component unit at June 30, 2023 were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 7,115	$ 5,608	$ 12,723
2025	7,757	5,042	12,799
2026	7,519	4,750	12,269
2027	7,654	4,490	12,144
2028	6,328	4,226	10,554
2029-2033	30,809	18,219	49,028
2034-2038	33,196	11,284	44,480
2039-2043	4,169	1,442	5,611
2044-2048	3,310	796	4,106
2049-2053	1,714	134	1,848
Total	$ 109,571	$ 55,991	$ 165,562

Installment Purchases with Component Units – Installment purchase agreements with component units consist of agreements issued to ADFA for construction and renovation of various State agency facilities. Principal and interest payments are made from specifically dedicated fees and other revenue sources.

Future amounts required to pay principal and interest on installment purchases with component unit at June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 9,842	$ 4,400	$ 14,242
2025	9,813	3,779	13,592
2026	7,995	3,475	11,470
2027	8,298	3,236	11,534
2028	8,619	2,986	11,605
2029-2033	41,892	11,042	52,934
2034-2038	32,994	4,938	37,932
2039-2043	11,579	1,812	13,391
2044-2048	5,559	847	6,406
2049-2053	2,353	103	2,456
Total	$ 138,944	$ 36,618	$ 175,562

Lease Obligations - The State leases a significant amount of nonfinancial assets including land, land improvements, buildings, equipment, and infrastructure. For more information on the State's right-to-use assets and associated accumulated depreciation, refer to Note 8. The related obligations are presented in the amounts equal to the present value of lease payments expected to be made during the lease term (less any lease incentives).

The State had no significant lease expenses related to variable payments as of June 30, 2023. The State did not incur any lease expenses related to residual value guarantees, lease termination penalties, or losses due to impairment. The State did not have any commitments for any leases prior to the start of the lease term.

Future amounts required to pay principal and interest on governmental activity lease obligations as of June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 22,086	$ 1,407	$ 23,493
2025	13,464	914	14,378
2026	8,994	639	9,633
2027	6,298	459	6,757
2028	4,227	334	4,561
2029-2033	10,177	576	10,753
2034-2038	532	38	570
2039-2043	116	11	127
2044-2048	78	3	81
Total	$ 65,972	$ 4,381	$ 70,353

Significant lease obligations for governmental activities as of June 30, 2023, consists of local offices for Department of Human Services (32%), Child Support (20%), Disability Determination for Social Security Administration (11%), State Revenue (8%), and Arkansas Workforce Centers (6%).

SBITA Obligations - The State leases a significant amount of IT Software. The related obligations are presented in the amounts equal to the present value of lease payments expected to be made during the lease term (less any SBITA incentives).

The State had no significant lease expenses related to variable payments as of June 30, 2023. The State did not incur any SBITA expenses related to SBITA termination penalties, or losses due to impairment. For information on the State's SBITA commitments, refer to Note 18.

Future amounts required to pay principal and interest on governmental activity SBITA obligations as of June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 6,734	$ 706	$ 7,440
2025	5,437	499	5,936
2026	4,993	336	5,329
2027	4,216	187	4,403
2028	1,005	86	1,091
2029-2033	1,877	114	1,991
Total	$ 24,262	$ 1,928	$ 26,190

Significant SBITA obligations for governmental activities as of June 30, 2023, consists of Cloud Service Subscriptions for Arkansas Game and Fish Commission (19%), Arkansas Department of

Transportation (21%), Arkansas Department of Information Systems (17%), and Arkansas Division of Emergency Management (21%).

Recycling Tax Obligation – The Waste Reduction and Recycling Equipment Credit is authorized under Ark. Code Ann. § 26-51-506. Act 748 of 1991, as amended by Act 654 of 1993, authorizes an income tax credit equal to 30% of the cost of waste reduction, reuse, or recycling equipment, including the cost of installation of such machinery and equipment. The credit used for a taxable year may not exceed the individual or corporation income tax due. Any unused credit may be carried over for a maximum of three consecutive years, unless the business is a qualified steel mill that has invested more than $200.0 million; then, the carry forward period is 14 years. In fiscal year 2017, Arkansas Teacher Retirement System (ATRS), an investor in Big River Steel, negotiated an agreement with the State and Big River Steel. This agreement allowed ATRS to purchase the tax credits totaling $300.0 million from Big River Steel for $161.8 million and sell them back to the State at the rate of $20.0 million in tax credits per year at a discounted price of $16.0 million. As a result of this agreement, which was incorporated into State law, the State considers this a structured payout and has used a discount rate of 3.25% to record an obligation of $187.6 million to ATRS as of the agreement date.

Future amounts required to pay principal and interest on the recycling tax obligation at June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 12,388	$ 3,612	$ 16,000
2025	12,791	3,209	16,000
2026	13,206	2,794	16,000
2027	13,635	2,365	16,000
2028	14,079	1,921	16,000
2029-2033	45,041	2,959	48,000
Total	$ 111,140	$ 16,860	$ 128,000

Business-Type Activities

Colleges and Universities – The boards of trustees of state-sponsored colleges and universities are authorized to issue revenue bonds, notes, and installment purchase agreements for the purpose of financing all or part of the acquisition of land, the construction or renovations of buildings, and the acquisition of furnishings or equipment for any such buildings of all State colleges and universities. The bonds, which are not general debt of the State, are payable from student tuition and other fees.

The principal amount shown below differs from the amount on the combined statement of net position due to unamortized discounts/premiums of approximately $148.4 million. At June 30, 2023, business-type activity revenue bonds outstanding were as follows (expressed in thousands):

Arkansas State University - System	Final Maturity Date (1)	Interest Rates %	Balance
Arkansas State University – Beebe	2039	1.30-3.63	$ 22,615
Arkansas State University – Jonesboro	2044	0.52-5.00	97,345
Arkansas State University – Midsouth	2042	1.00-4.70	17,150
Arkansas State University – Mountain Home	2033	2.00-3.12	3,755
Arkansas State University – Newport	2033	0.67-3.82	2,350
Henderson State University	2040	1.00-5.00	39,672
University of Arkansas - System			
Cossatot Community College of the University of Arkansas	2035	1.00-5.00	2,555
Phillips Community College of the University of Arkansas	2040	2.00-4.00	8,445
University of Arkansas – Fayetteville	2053	0.85-5.28	765,650
University of Arkansas – Fort Smith	2039	0.35-5.00	38,670
University of Arkansas – Little Rock	2038	0.44-5.00	74,775
University of Arkansas – Monticello	2042	0.49-5.00	23,300
University of Arkansas – Pine Bluff	2053	2.00-5.00	28,450
University of Arkansas – Pulaski Technical College	2041	1.80-5.00	70,855
University of Arkansas Community College – Hope-Texarkana	2039	1.00-3.65	1,825
University of Arkansas Community College – Morrilton	2046	2.00-5.00	8,930
University of Arkansas Community College – Rich Mountain	2049	1.00-5.00	11,165
University of Arkansas for Medical Sciences	2052	0.85-5.00	575,765
Other Institutions			
Arkansas Northeastern College	2047	1.95-4.00	6,460
Arkansas Tech University	2053	0.51-5.00	88,590
Black River Technical College	2044	2.00-4.00	7,809
East Arkansas Community College	2040	1.13-2.25	3,030
National Park College	2049	2.00-4.00	27,615
North Arkansas College	2043	2.00-4.00	7,445
Northwest Arkansas Community College	2035	1.35-4.50	23,715
Ozarka College	2043	1.00-3.00	4,575
South Arkansas College	2039	2.00-4.00	2,540
Southern Arkansas University – Magnolia	2048	1.00-4.25	61,275
Southern Arkansas University Tech – Camden	2043	1.70-3.85	4,455
University of Central Arkansas	2050	0.55-6.13	198,580
Southeast Arkansas College	2044	4.25-5.13	5,510
Total			$ 2,234,871

(1) Fiscal year

Future amounts required to pay principal and interest on business-type activity revenue bonds as of June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 100,567	$ 84,191	$ 184,758
2025	101,283	80,779	182,062
2026	104,196	77,306	181,502
2027	106,769	74,762	181,531
2028	109,522	70,961	180,483
2029-2033	554,247	289,446	843,693
2034-2038	507,446	186,880	694,326
2039-2043	352,330	105,456	457,786
2044-2048	222,861	41,423	264,284
2049-2053	75,650	8,390	84,040
Total	$ 2,234,871	$ 1,019,594	$ 3,254,465

Business-type activity notes payable outstanding at June 30, 2023, were as follows (expressed in thousands):

Arkansas State University - System	**Final Maturity Date (1)**	**Interest Rates %**	**Balance**
Arkansas State University – Midsouth	2038	3.3	$ 1,241
Henderson State University (2)	2040	3.08-5.74	24,607
University of Arkansas - System			
University of Arkansas – Fayetteville	2029	1.38-3.75	18,834
University of Arkansas for Medical Sciences	2033	0.50-9.17	43,449
University of Arkansas for Math/Science	2030	2.5	700
University of Arkansas System Office	2029	3.00	19,251
University of Arkansas Community College – Hope-Texarkana	2041	2.15	4,406
University of Arkansas Community College – Rich Mountain	2024	2.00-4.15	698
University of Arkansas – Fort Smith	2042	0.77	387
Other Institutions			
East Arkansas Community College	2040	2.43-3.10	2,451
National Park College	2027	0.00	220
North Arkansas College	2031	2-3	1,013
Northwest Arkansas Community College	2030	2.69	4,400
Ozarka College	2025	3.85	281
Southern Arkansas University – Magnolia	2029	0.00-4.25	694
University of Central Arkansas	2028	3.94	1,110
Total			$ 123,742

(1) Fiscal year
(2) Includes note payable to component unit.

The variable rates of interest are calculated at periodic intervals. Such calculations are primarily based on the lenders' changes in the index determined by the Prime Rate or a Secured Overnight Financing Rate. Other variable rates are calculated using the rate in effect at the financial statement date. Actual rates will vary.

Notes Payable from Direct Placement may contain provisions making them due on demand if the borrower is in default on other debt obligations.

Future amounts required to pay principal and interest on business-type activity notes payable as of June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 16,367	$ 3,846	$ 20,213
2025	18,780	3,094	21,874
2026	16,856	2,576	19,432
2027	15,006	2,083	17,089
2028	14,320	1,711	16,031
2029-2033	29,264	4,443	33,707
2034-2038	9,594	1,486	11,080
2039-2043	3,555	178	3,733
Total	$ 123,742	$ 19,417	$ 143,159

Installment Purchase agreements are issued to college institutions for various purposes. Principal and interest payments are made from specifically dedicated fees and other revenue sources.

Future amounts required to pay principal and interest on business-type activity installment purchase agreements payable as of June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 4,977	$ 1,459	$ 6,436
2025	3,658	1,336	4,994
2026	3,508	1,249	4,757
2027	3,637	1,164	4,801
2028	3,702	1,079	4,781
2029-2033	19,400	3,959	23,359
2034-2038	11,169	1,594	12,763
2039-2043	1,649	747	2,396
2044-2048	1,713	399	2,112
2049-2053	800	45	845
Total	$ 54,213	$ 13,031	$ 67,244

Lease Obligations

Future amounts required to pay principal and interest on business-type activity lease obligations as of June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 24,976	$ 4,565	$ 29,541
2025	20,216	3,939	24,155
2026	18,033	3,417	21,450
2027	10,259	3,017	13,276
2028	8,154	2,673	10,827
2029-2033	34,082	10,517	44,599
2034-2038	17,039	6,565	23,604
2039-2043	10,447	4,484	14,931
2044-2048	5,173	3,243	8,416
2049-2053	6,655	2,178	8,833
2054-2058	8,009	779	8,788
2059-2063	1,145	16	1,161
Total	$ 164,188	$ 45,393	$ 209,581

Significant lease obligations for business-type activities as of June 30, 2023, consists of University of Arkansas Buildings (92%).

SBITA Obligations

Future amounts required to pay principal and interest on business-type activity SBITA obligations as of June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 7,237	$ 419	$ 7,656
2025	5,059	283	5,342
2026	5,015	171	5,186
2027	4,542	63	4,605
2028	7		7
Total	$ 21,860	$ 936	$ 22,796

Significant SBITA obligations for business-type activities as of June 30, 2023, consists of University of Arkansas IT Software subscriptions (92%).

Component Units

Arkansas Development Finance Authority (ADFA) – Pursuant to Act 1062 of 1985, ADFA is authorized and empowered to issue bonds and various other debt instruments for the purpose of financing qualified agricultural business enterprises, capital improvement facilities, educational facilities, health care facilities, housing developments, and industrial enterprises.

Bonds and other debt instruments issued by ADFA are special obligations of ADFA, payable solely from and collateralized by a first lien on the proceeds, monies, revenues, rights, interests, and collections pledged therefore under the resolutions authorizing the particular issues. The State is not obligated to pay the bonds and other debt instruments, and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal, redemption price, or interest on the bonds and other debt instruments. ADFA has no taxing power.

Conduit debt issued by ADFA is recorded on ADFA's balance sheet if either (1) ADFA has a vested interest in the residual value of the bond issue after its retirement or (2) ADFA guarantees the debt through the Bond Guaranty fund. Additionally, ADFA reports conduit debt obligations of entities that are included in the State of Arkansas reporting entity on its statement of net position.

During the normal course of business, ADFA issues economic development revenue bonds and multi-family housing revenue bonds on behalf of private companies within the State of Arkansas. The bonds are payable solely from and secured by a pledge of revenues from the private companies to which the bond proceeds were remitted, and accordingly, are not obligations of ADFA or the State of Arkansas and are excluded from the ADFA combined financial statements. At June 30, 2023, the bonds outstanding issued under these programs aggregated $2.4 billion.

For the Student Loan Program bonds, principal distributions were allocated to the bonds on each quarterly or monthly distribution date in an amount equal to the funds available to pay principal based upon the indenture trust agreement. The normal quarterly or monthly waterfall of available funds is as follows (in this order): payment of trustee fees, payment of loan servicing fees, payment of loan administration fees, payment of interest on notes, and payment of principal on notes.

Notes Payable from Direct Placement may contain provisions making them due on demand if the borrower is in default on other debt obligations.

Bonds and notes payable at June 30, 2023, were as follows (expressed in thousands):

	Final Maturity Date	Interest Rates %	Balance
Single family bonds payable	2044	2.49-4.35	$ 17,959
Federal housing note payable	2046	1.00	3,242
Bond guaranty program	2040	2.25-6.00	31,611
State facilities bonds and note payable	2051	0.95-5.00	283,497
Tobacco bonds payable	2047	4.85-5.10	71,379
Total			$ 407,688

The principal amount shown below differs from the amount on the balance sheet due to accreted interest of $48.2 million. Future amounts required to pay principal and interest on ADFA's debt at June 30, 2023, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2024	$ 24,982	$ 10,869	$ 35,851
2025	23,535	10,238	33,773
2026	23,998	9,653	33,651
2027	23,310	9,048	32,358
2028	27,952	8,294	36,246
2029-2033	111,004	32,579	143,583
2034-2038	103,885	18,654	122,539
2039-2043	71,113	8,749	79,862
2044-2048	41,299	2,326	43,625
2049-2053	4,780	251	5,031
Total	$ 455,858	$ 110,661	$ 566,519

U of A Foundation – The U of A Foundation receives gifts in return for lifetime annuities from some of its contributors. The terms of these annuities vary depending upon the life expectancy of the recipients. The quarterly payments as of June 30, 2023, were $352,000, including interest ranging from 3.00% to 15.00%.

Aggregate annual maturities of annuity obligations at June 30, 2023, were as follows (expressed in thousands):

	Principal
Year ending June 30:	
2024	$ 1,126
2025	1,113
2026	971
2027	937
2028	1,136
2029-2033	3,543
2034-2038	2,611
2039-2043	1,297
2044-2048	1,314
2049-2053	3
Total	$ 14,051

The U of A Foundation is a private, nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards and is not required to report under Governmental Accounting Standards Board (GASB) standards. As such, the U of A Foundation is not required to report future amounts related to interest on long-term liabilities.

Prior Defeasances

Primary Government

Higher Education

On April 28, 2022, Arkansas State University issued $13.0 million in taxable refunding bonds for the Jonesboro campus to refund the outstanding bonds of the Series 2012A and Series 2013A. As of June 30, 2023, the Series 2013A bonds had an outstanding balance of $8.5 million, with $8.5 million in escrow. These bonds will be called on December 1, 2023.

Current Refundings

Primary Government

Governmental Activities

During fiscal year 2023, the State issued Division of Environmental Quality (ADEQ) Project Tax Exempt Series 2022 Facilities Revenue Refunding Bonds in the amount of $15.4 million to refund Series 2021 Facilities Revenue Refunding Bonds. The 2022 Series completed the forward commitment agreement that was part of the fiscal year 2022 refunding of the 2012 ADEQ Refunding Bonds. The refunding occurred on December 1, 2022, and retired the Series 2021 Facilities Revenue Refunding Bonds issue. The Series 2012 ADEQ Refunding Bonds were retired from the defeasance escrow. The combination refunding reduced debt service payments by $2.0 million and provided an economic incentive of $1.7 million.

(10) Pledged Revenues

Primary Government

Governmental Activities

The State has committed to appropriate each year, from various fee revenues, amounts sufficient to cover the principal and interest requirements on bonds issued by the Arkansas Development Finance Authority (ADFA). ADFA has pledged, as the sole security for the bonds, the annual appropriations from the State.

A summary of the remaining principal and interest due (approximate amount of pledge), the gross pledged revenue collected, and principal and interest paid during the year June 30, 2023, is as follows (expressed in thousands):

Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
License plate fees	Prison construction	2039	$ 25,759	37.86%	$ 4,252	$ 1,619
Court filing fees	Construction of building and refunding	2050	22,583	84.49%	990	824
Rental income	Purchase of building	2050	43,516	38.85%	4,148	2,615
State park revenue	Construction of state park facilities	2024	1,290	26.49%	4,869	2,581
Drivers license revenue	Construction of building	2035	31,952	70.52%	3,776	934

(1) Fiscal year

Business-Type Activities

Certain revenues have been pledged as security to extinguish long-term debt issues.

A summary of the remaining principal and interest due (approximate amount of pledge), the gross pledged revenue collected, and principal and interest paid during the year ended June 30, 2023, is as follows (expressed in thousands):

Entity	Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
University of Arkansas at Fayetteville	Various facility revenue	Construction and renovation of facilities, refunding of prior issues, and land purchases	2033	$ 929,787	18.25%	$ 509,392	$ 50,831
	Athletic fees	Construction of facilities and refunding of prior issues	2037	172,650	9.97%	123,675	15,212
University of Arkansas at Fort Smith	Student fees	Construction of facilities, refunding of prior issues, and general improvements	2039	48,705	8.48%	35,904	4,780
University of Arkansas at Little Rock	Student fees	Refunding of prior issues, general improvements,and capital improvements	2038	66,617	7.41%	59,954	8,173
	Auxiliary revenue	Construction of facilities and refunding of prior issues	2035	22,557	16.94%	11,095	2,675
University of Arkansas for Medical Sciences	Clinical programs revenue	Construction of facilities and refunding of prior issues	2052	871,535	2.79%	1,076,106	38,158
	Parking fees	Construction of facilities and refunding of prior issues	2052	50,657	83.70%	2,087	2,069
University of Arkansas at Monticello	Student fee & various facility revenue	Construction of facilities and refunding of prior issues	2042	32,506	7.15%	23,923	1,991
University of Arkansas at Pine Bluff	Student tuition & fee revenue	Refunding of prior issues and capital improvements	2036	48,831	10.06%	37,328	1,758
Cossatot Community College of the University of Arkansas	Student fees	Purchase of property	2035	3,174	7.06%	3,747	263
Phillips Community College of the University of Arkansas	Student fees	Construction of facilities and refunding of prior issues	2039	10,897	27.96%	2,436	682
University of Arkansas Community College at Hope-Texarkana	Student fees	Construction of facilities and refunding of prior issues	2039	2,412	5.47%	2,754	152
University of Arkansas Community College at Morrilton	Student fees	Construction of facilities and refunding of prior issues	2046	14,021	10.15%	6,005	609
University of Arkansas - Pulaski Technical College	Student tuition & fee revenue	Construction and renovation of facilities and refunding of prior issues	2041	95,340	24.83%	21,335	5,010
University of Arkansas Community College at Rich Mountain	Student tuition & fee revenue & auxiliary revenue	Capital improvements	2049	12,092	17.08%	2,723	485
	Millage revenue	Capital improvements and refunding of prior issue	2042	5,187	50.84%	537	275
Arkansas State University - Jonesboro	Student tuition & fee revenue	Construction of facilities, property purchase, and refunding of prior issues	2044	38,011	2.07%	87,589	2,387
	Housing fees	Construction of facilities and refunding of prior issues	2042	74,065	31.08%	12,544	6,096
	Student union/parking fees	Refunding of prior issues	2025	2,031	32.59%	3,116	1,608
	Recreation center fees	Construction of facilities	2037	13,277	69.27%	1,369	947
Arkansas State University - Beebe	Student tuition & fee revenue	Construction, renovation, and refunding of prior issues	2036	20,818	20.76%	7,712	1,858
	Housing fees	Construction of facilities and refunding of prior issues	2039	7,817	82.53%	592	490
Arkansas State University - Mid South	Millage revenue	Construction of facilities and refunding of prior issues	2042	24,825	36.14%	3,615	1,306
Arkansas State University - Mountain Home	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2033	4,259	10.39%	4,098	494
Arkansas State University - Newport	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2033	2,655	3.74%	7,104	435
Arkansas State University-Henderson	Auxiliary revenue	Refunding of prior issues and capital improvements	2040	45,501	27.53%	9,722	3,187
	Student tuition & fee revenue	Renovation and maintenance of other auxiliary services and refunding of existing auxiliary service bonds	2032	5,989	3.34%	19,910	814
Arkansas Tech University	Housing fees	Construction and renovation of facilities	2041	30,156	18.12%	9,248	2,268
	Student tuition & fee revenue	Construction and renovation of facilities and upgrade computer system and software	2042	32,412	3.00%	56,926	2,295
	Athletic/food service revenue	Construction of facilities	2043	11,322	4.83%	11,731	610
	Student union fees	Construction of facilities	2053	25,676	71.26%	1,201	633
Southern Arkansas University - Magnolia	Student fees	Construction of facilities, capital improvements, and refunding of prior issues	2048	48,183	4.04%	47,741	2,330
	Auxiliary revenue	Athletic improvements, capital improvements to facilities and refunding of prior issues	2048	41,369	12.08%	13,703	2,037
Southern Arkansas University - Tech Branch	Student tuition & fee revenue	Capital improvements and refunding of prior issue	2043	6,345	6.14%	5,170	314

(1) Fiscal year

Continued on the following page

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Entity	Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
University of Central Arkansas	Student fees	Construction of facilities, capital improvements, and refunding of prior issues	2050	$ 137,102	8.17%	$ 62,127	$ 7,069
	Housing fees	Construction of facilities and refunding of prior issues	2049	121,758	34.51%	13,569	6,134
	Auxiliary revenue	Construction of facilities and refunding of prior issues	2042	22,031	8.25%	14,062	2,201
East Arkansas Community College	Millage revenue	Construction and renovation of facilities, and refunding of prior issues	2040	3,579	54.97%	383	144
National Park College	Millage revenue	Capital improvements and refunding of prior issue	2048	30,377	68.46%	1,775	1,217
	Housing revenue	Acquisition, construction, furnishing, and equipping a new student housing facility	2049	12,097	4.02%	11,586	463
Arkansas Northeastern College	Millage revenue	Construction of facilities and refunding of prior issues	2047	9,956	59.95%	692	414
North Arkansas College	Millage revenue	Capital improvements and refunding of prior issue	2043	9,412	45.21%	1,041	507
South Arkansas Community College	Millage revenue	Construction of facilities and refunding of prior issues	2039	2,540	27.51%	577	213
Northwest Arkansas Community College	Millage revenue & support fees	Construction of facilities and refunding of prior issues	2035	25,932	15.62%	13,836	1,703
	Student fees	Workday loan	2030	4,886	9.20%	7,585	118
	Student tuition	Land purchase	2035	1,968	1.03%	15,999	165
Black River Technical College	Student tuition & fee revenue	Renovation and expansion of facilities and refunding of prior issues	2044	10,543	7.79%	6,448	654
Ozarka College	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2043	5,672	24.16%	1,174	356
Southeast Arkansas College	Student tuition & fee revenue	Performance energy contract	2044	9,081	25.97%	1,665	135

(1) Fiscal year

(11) Arbitrage Rebate and Excess Earnings Liability

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. State agencies, component units, and institutions of higher education responsible for investments from bond proceeds carefully monitor their investments to restrict earnings to a yield less than the bond issue and, therefore, limit any State arbitrage liability. The State estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

(12) Pollution Remediation

Primary Government

Governmental Activities

The State estimates and reports the potential costs of pollution remediation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation*. While GASB Statement No. 49 does not require the State to search for pollution, it does require the State to reasonably estimate and report a remediation liability when specified obligating events occur. Site investigation, planning and design, cleanup, and site monitoring are typical remediation activities currently underway. The standard requires the State to calculate pollution liabilities using the expected cash flow technique. The State has the knowledge and expertise to estimate the remediation obligations presented herein based upon prior experience in identifying and funding similar remediation activities. Estimations of the liability for current remediation projects are based on historical data, adjusted for current costs. Recoveries are not anticipated. The remediation obligation estimates that appear in this report are subject to change over time because of price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, recoveries, changes to statutes or regulations, and other factors.

Changes in the liability for pollution remediation obligations are as follows (expressed in thousands):

	2023	2022
Balance, beginning of year	$ 21,348	$ 21,406
Incurred claims	1,422	313
Payments	(508)	(371)
Balance, end of year	$ 22,262	$ 21,348
Current portion	$ 3,088	$ 3,098
Noncurrent portion	19,174	18,250
	$ 22,262	$ 21,348

The State's polluted sites are primarily from chemical and fuel spills, asbestos, and former landfills where pollution remediation has already commenced, with monitoring being completed as necessary.

Of the above-mentioned obligations, $9.2 million is covered by the Hazardous Substance Remedial Action Trust Fund (HSRATF), which was established by Ark. Code Ann. § 19-5-930 pursuant to the Arkansas Remedial Action Trust Fund Act (RATFA), and Ark. Code Ann. § 8-7-501, which provides the State with the funds and authority to investigate, control, prevent, abate, treat, or contain releases of hazardous substances for the protection of human health and the environment. Funding for RATFA is generated mostly by fees collected from companies that require disposal of large quantities of hazardous waste annually as well as other fees assessed by RATFA, if required. The HSRATF had a cash and cash equivalent balance of $8.5 million at June 30, 2023.

Of the above-mentioned obligations, $13.0 million is covered by the Landfill Post Closure Trust Fund (LPCTF), which was established by Ark. Code Ann. § 19-5-979. Funding for LPCTF is generated mostly by landfill disposal fees. The LPCTF had a cash and cash equivalent balance of $15.9 million at June 30, 2023. While the largest parts of the Nabors Landfill Cleanup Project are completed, there will be ongoing expenses related to testing and ground water monitoring. The budget projections for future investigations, design, and corrective action cost estimation for closed landfills for the upcoming fiscal year are $1.4 million.

(13) Fund Balance/Net Position

Governmental Fund Balances – Restricted, Committed, and Assigned

The State's fund balances represent (1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, and contributors; laws or regulations of other governments; and by law through constitutional provisions or enabling legislation; (2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; and (3) Assigned Purposes, which include balances that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

A summary of the nature and purpose of these fund balances by fund type at June 30, 2023, is as follows (expressed in thousands):

	Restricted Purposes	Committed Purposes	Assigned Purposes
Capital projects	$ 16,118	$ 42,516	$ 107,174
Debt service	227,398		
Program requirements	1,216,475	649,698	
Lottery funds	249,371		
Tobacco settlement	62,929	78,369	
Transportation programs	482,369	380,249	
Disaster assistance		5,954	
State employee insurance		111,739	
Long-term reserve		3,670,455	
Other		1,722,475	70,966
Total	$ 2,254,660	$ 6,661,455	$ 178,140

The State's fund balance includes (1) $1.2 billion in federal program revenue, coronavirus relief funds, private grants, and revenue restricted by enabling legislation for specific programs, of which 37.03% is held by the health and human services function of the State, 40.84% is held by the general government function of the State to be used for administrative costs that are federally funded, 8.43% is held by the recreation function of the State to be used primarily for parks and tourism and wildlife management, and 7.32% is held by the education function of the State; (2) $482.4 million in four-lane highway construction and improvement funds restricted by voter passage of Amendment 91; (3) $650.0 million in revenue committed by the Arkansas General Assembly through legislation for State programs (i.e., property tax relief trust, health and human services, education, operations of the Oil and Gas Commission, Arkansas natural and cultural resources, and sustainable building design) as specified in Arkansas Code; (4) $380.2 million in revenue provided to the Arkansas Department of Transportation committed for maintenance, operation, and improvement of State highways as specified in Arkansas Code; and (5) $1.7 billion committed for various reasons as specified in Arkansas Code, including education assistance, educator compensation reform, Medicaid reserve, economic development, and risk financing activities.

Net Position Restricted by Enabling Legislation

Enabling legislation is limited to legislation that the government itself approves. It establishes restrictions if it includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. "Legally enforceable" means that a government can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purpose specified by the legislation. At June 30, 2023, the government-wide statement of net position reported $7.0 billion in restricted net position for governmental activities, of which $1.2 billion was restricted by enabling legislation.

Donor-Restricted Endowments

The State has donor-restricted endowments with net appreciation of $75.2 million on investments that are available for expenditure by the respective governing boards. Such amounts are included in Restricted Net Position in accordance with the restriction of the gift instrument. Arkansas Code outlines the restrictions placed on the endowment fund and the net appreciation. Ark. Code Ann. § 28-69-804 states, "Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution."

Deficit Net Position

The Workers' Compensation Commission (WCC) had a $71.1 million deficit in net position as of June 30, 2023. The deficit is due to a change in actuarial assumptions during the fiscal year ended June 30, 1997. During 1987, the structure of the law changed by tying workers' compensation payments to the State's average weekly wage, beginning on January 1, 1989. However, the threshold at which the Agency's Permanent and Total Disability Trust Fund takes over indemnity payments was not changed and remained static at $75,000 from 1982 to 2008, although the State maximum total disability rate has increased over 300% since that time. This increased payout of claims, without a concomitant increase in the takeover threshold and without any increase in the premium tax that funds the Agency, is the primary contributor to the deficit. A major step toward reducing the deficit was taken during the 2007 legislative session with the passage of Act 1599, which set the threshold to 325 times the maximum total disability rate until it was removed as of June 30, 2019, with the passage of Act 5 below. The resulting reductions in claims paid have not been sufficient to cover the added liability caused by a change in the actuarial assumptions increasing the assumed life expectancy of claimants. Therefore, Act 5 of the Third Extraordinary Session of 2016 was passed. It provides that no claims shall be made to the Death and Permanent Total Disability Trust Fund after June 30, 2019. Upon the final payment of the liabilities of the Death and Permanent Total Disability Trust Fund under Ark. Code Ann. § 11-9-502, the tax rate under this section shall not exceed 1.5%.

(14) Pensions

Defined Benefit Plans

Plan descriptions

The State provides pension benefits through the following plans:

- **Arkansas Public Employees Retirement System (APERS)**, a cost-sharing multiple-employer defined benefit pension plan, provides pension benefits to all State employees not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees, and certain non-teaching school employees. Benefits are also provided for the Governor, General Assembly members, State and county constitutional officers, and quasi-judicial members. APERS is administered by the Arkansas Public Employees Retirement System Board of Trustees.
- **Arkansas Teacher Retirement System (ATRS)**, a cost-sharing multiple-employer defined benefit pension plan, provides pension benefits to employees of schools and education-related agencies. Education-related agencies include the Arkansas School for the Blind, Arkansas School for the Deaf, Arkansas Activities Association, State Board of Education, regional education service cooperatives, ATRS, Arkansas Educational Television Commission, area vocational-technical schools, Arkansas Rehabilitation Services, enterprises privatized by a public school district, and educational nonprofit organizations. ATRS is administered by the Arkansas Teacher Retirement System Board of Trustees.
- **Arkansas Judicial Retirement System (AJRS)**, a single-employer defined benefit pension plan administered by APERS, provides pension benefits to all Chancery, Circuit, and Court of Appeals Judges and Supreme Court Justices.

- **Arkansas State Police Retirement System (ASPRS)**, a single-employer defined benefit pension plan administered by APERS, provides pension benefits to all commissioned police officers of the Department of Arkansas State Police.
- **Arkansas State Highway Employees' Retirement System (ASHERS)**, a single-employer defined benefit pension plan administered by the Arkansas State Highway Employees' Retirement System Board of Trustees, provides pension benefits to all employees of the Arkansas Department of Transportation.

Benefit provisions of each plan are established and amended by Arkansas Code Title 24. Each plan issues a financial report, which may be obtained by contacting the appropriate plan.

System	Address	Phone	Website
ATRS	1400 West Third Street, Little Rock, AR 72201	(501) 682-1517	https://www.artrs.gov
APERS AJRS ASPRS	124 West Capitol, Suite 400, Little Rock, AR 72201-3704	(501) 682-7800	https://www.apers.org
ASHERS	10324 Interstate 30, Little Rock, AR 72209	(501) 569-2000	www.arklegaudit.gov

Benefits Provided

Each plan provides retirement, disability, and death benefits and annual adjustments to plan members and beneficiaries.

APERS

Members are eligible for full retirement benefits (1) at any age with 28 years of credited service, (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly, or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service or (2) at age 55 with five years of actual service. A member who is defined as a public safety member is eligible for a reduced benefit with five years of actual service if the member is within ten years of normal retirement age. The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service.

Under Arkansas Code, the following groups or individuals are allowed credit for years of service on a basis greater than 1:1:

Public safety members	1.5 per year for individuals employed prior to July 1, 1997
Governor	3 per year if first elected to public office prior to July 1, 1999
Elected State constitutional officers	2.5 per year if first elected to public office prior to July 1, 1999
Elected officials under the State division	2 per year if first elected to public office prior to July 1, 1999
Local elected officials	2 per year

Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%.

ATRS

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 0.83% 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 and (2) the number of years of service. Final average salary is based on the highest five years of salary.

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 death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with 10 or more years of actual service.

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 determined by multiplying the member's base retirement annuity by 3%.

AJRS

The AJRS plan determines benefits based on a member's classification as Tier One or Tier Two. Tier Two members are all judges or justices elected or appointed on or after July 30, 1999. Existing members prior to that date are in Tier One unless they elected coverage under Tier Two before the end of their current term.

Tier One members are eligible for full retirement benefits at any age with 20 years of credited service or at age 65 with 10 years of credited service. Individuals who became members after June 30, 1983, must also have at least eight years of actual service as a Supreme Court Justice or as a judge of the Circuit Courts or Court of Appeals. Tier One members are eligible for reduced benefits at any age if they became members before July 1, 1983, and have at least 18 (but less than 20) years of credited service or are between the ages of 62 and 65 with 14 years of credited service. The normal retirement benefit is paid monthly and is 60% of the annual salary payable to the last judicial office held. For any judge or justice who was a member before July 1, 1983, the retirement benefits are increased or decreased as the salary for the particular judicial office is increased or decreased. For all judges or justices first elected or appointed on or after July 1, 1983, the recalculated amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%.

Tier Two members are eligible for full retirement benefits at any age with 20 years of actual service or at age 65 with eight years of actual service. Members are eligible for reduced benefits if they are between the ages of 62 and 65 and have eight years of actual service. The normal retirement benefit is 3.2% of the salary of the last judicial office held multiplied by the number of years of actual service but cannot exceed 80% of the salary of the last judicial office held. The benefit is paid monthly. Retiree benefit increases are calculated each year on July 1 for the following 12 months.

The recalculated amount is the benefit payable as of the immediately preceding July 1, increased by 3%.

The AJRS also provides disability and survivor benefits under Tier One and Tier Two.

ASPRS

Contributory members are eligible for full retirement benefits at any age with 30 years of credited service or at age 50 with five years of credited service. Contributory members are eligible for reduced benefits at any age after 20 years of credited service.

Noncontributory members are eligible for full retirement benefits at any age with 28 years of actual service, at age 52 with five years of actual service (Tier One), or at age 65 with five years of actual service. For Tier One, the age requirement is reduced by one month for every two months of Public Safety service credit but not below age 52. The age requirement for Tier Two is reduced by 75% of a month for each credited month of service but not below age 55. Noncontributory members are eligible for a reduced benefit after five years of actual service once the covered employee is within 10 years of becoming eligible for full benefits. Public Safety service credit is granted at the rate of 1.5 months of credit for each actual month of Public Safety employment for Tier One noncontributory members.

The normal retirement benefit is paid monthly and is determined based on the member's final average compensation and the number of years and months of credited service. Final average compensation is (1) the average salary paid in the three years immediately preceding termination for the contributory plan, (2) the average of the highest 60 calendar months' salary for Tier One, or (3) the average of the highest 48 calendar months' salary for Tier Two and the number years and months of credited service.

Retiree benefit increases are calculated each year on July 1 for the following 12 months. The recalculated amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%.

The ASPRS also provides disability and survivor benefits.

ASHERS

Members are eligible for full retirement benefits as follows:

- Age 65 with five or more years of service.
- Age 62 with 15 or more years of service.
- Age 60 with 20 years of service.
- Any age with 28 or more years of service.

A member may retire with a reduced benefit at age 55 with five years of service.

The retirement benefit is paid monthly and is determined based on the member's average salary and the number of years and months of credited service. Average salary is the average of the highest 60 consecutive months' salary. Retiree benefits are calculated each year on July 1 for the following 12 months. The redetermined amount shall be the amount of the benefit payable as of June 30 each year, increased by a percentage calculated using the Consumer Price Index for Urban Wage Earners & Clerical Workers for the one-year period ending December of the previous calendar year. The increase is capped at 3% and calculated benefits for the next year will not be less than the previous year.

The ASHERS also provides disability and survivor benefits.

Employees Covered by Benefit Terms

At June 30 for the fiscal years indicated (as determined by actuarial valuation dates), the following employees were covered by each single-employer defined benefit pension plan.

	AJRS (2023)	ASPRS (2023)	ASHERS (2022)
Inactive employees or beneficiaries currently receiving benefits	178	775	3,586
Inactive employees entitled to but not yet receiving benefits	13	123	335
Active employees	142	482	3,562
Total	333	1,380	7,483

Contributions

Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution rates for the various plans are as follows:

APERS

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2022, the employer contribution rates, as a percentage of active member payroll, ranged from 4% to 38.99%. Contributions to APERS from the State were $204.9 million for the year ended June 30, 2023.

During a member's participation in the APERS deferred retirement option plan (DROP), the employer continues to make contributions, and the employee ceases to make contributions.

ATRS

The funding policy of ATRS provides for periodic employer contributions at statutorily-established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2022, the employer contribution rate was 14.75% of covered employee payroll. Contributions to ATRS from the State were $14.8 million for the year ended June 30, 2023.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the establishment of ATRS. Contributory members of ATRS contribute 6.75% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 2021, all new members under contract for 185 or more days are required to be contributory. Noncontributory members may make an irrevocable election to become contributory on July 1 of each fiscal year.

During a member's participation in the ATRS teacher deferred retirement option plan (T-DROP), the employer continues to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees.

AJRS

Employer contributions for Tier One and Tier Two are 12% of active member payroll. In addition, the State makes an annual transfer to the plan based on the dollar amount of actuarially determined employer contribution determined in the most recent actuarial valuation less the employer statutory contribution amount, reduced by court cost revenue received. The State's supplemental contribution for fiscal year 2023 was $4.9 million.

Employee contribution rates are 6% of the annual salary for Tier One contributory members and 5% of the annual salary for Tier Two contributory members. A Tier One member no longer has to contribute when a judge is certified eligible for retirement. A Tier Two member no longer has to contribute when the member has sufficient service to receive the maximum benefit permitted by plan provisions.

ASPRS

Employer contributions are 26% of active member payroll. In addition, the State makes an annual transfer to the plan based on the actuarially determined employer rate in the most recent annual actuarial valuation less the employer statutory contribution, reduced by the driver's license reinstatement fees. The State's supplemental contribution for fiscal year 2023 was $7.0 million. For any members still employed and covered by the Tier One contributory plan, the employee contribution rate is 9.25% of the member's salary.

ASHERS

The employer contribution rate is established under State statute and is not based on a funding policy. This provides for periodic employer contributions at statutorily established rates with a fundamental financial objective of having contribution rates that remain relatively level from generation to generation of Arkansas citizens. To test the adequacy of the statutory rates and assess the extent to which the fundamental financial objective is being achieved, ASHERS has actuarial valuations prepared annually.

Covered employees not in Tier I of DROP are required to contribute 7% of their compensation, and Tier II member of DROP contribute 6%. Anyone hired after June 30, 2021, upon enrollment in DROP, will continue employee contributions equal to active employee rates during participation in DROP. The employer contribution rate is 14.9% of the pay of each covered employee including active DROP.

Net Pension Liability

At June 30, 2023, the State reported the following liabilities and assets for the various plans (expressed in thousands):

Primary Government

	Measurement Date	Net Pension Liability
APERS	June 30, 2022	$ 1,689,372
ATRS	June 30, 2022	147,670
AJRS	June 30, 2023	41,913
ASPRS	June 30, 2023	149,062
ASHERS	June 30, 2022	360,750
Total		$ 2,388,767

Component Unit - APERS

	Measurement Date	Net Pension Liability
ADFA	June 30, 2022	$ 3,784

The net pension liability was measured as of the date stated, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For APERS and ATRS, the State's proportion of the net pension liability was based on actual contributions in the 2023 fiscal year of all participating employers. At June 30, 2023, the State's proportion was 62.65% for APERS and 2.80% for ATRS, decreases of 2.24% and 0.14%, respectively.

Actuarial assumptions

The total pension liability in the actuarial valuation (as of the date noted in the following table) was determined using the following actuarial assumptions, applied to all periods included in the measurement. If the actuarial valuation date is prior to the measurement date, the actuarial valuation was updated to the measurement date using roll forward procedures.

	APERS	ATRS	AJRS	ASPRS	ASHERS
Actuarial valuation date	June 30, 2022	June 30, 2022	June 30, 2023	June 30, 2023	June 30, 2022
Inflation rate	3.25% wages, 2.50% price	2.75% wages, 2.50% price	3.25% wages, 2.5% price	3.25% wages, 2.50% price	2.50%
Salary increases (1)	3.25%	2.75%	3.25%	3.25%	3.00%
Investment rate of return (1)	7.15%	7.25%	5.50%	7.15%	7.50%
Mortality rates	RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females.	Pub-2010 General Healthy Retired, General Disabled Retiree and General Employee Mortality amount weighted tables for males and females.	PubG-2010 Above-Median Income Retiree Mortality evaluating tables for healthy retirees.	RP-2006 Amount-Weighted Below-Median Income Safety Retiree Mortality for healthy retirees, multiplied by 114% for males and 108% for females.	Pub-2010 Public Retirement Plans for males and females, amount weighted Mortality Table for General employees with below median income, scaled at 105% with no setback. Generational mortality improvements are in accordance with MP-2020 from the table's base year of 2010 (both before and after the measurement date).
Actuarial experience study dates	July 1, 2012 - June 30, 2017	July 1, 2015 - June 30, 2020	July 1, 2016 - June 30, 2021	July 1, 2017 - June 30, 2022	N/A

(1) Includes assumed inflation

Investment Rate of Return

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

APERS

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 current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020-2029 were provided by the plan's investment consultants.

For each major asset class included in the pension plan's current asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37.00%	6.22%
International equity	24.00%	6.69%
Real assets	16.00%	4.81%
Absolute return	5.00%	3.05%
Domestic fixed	18.00%	0.57%
Total	100.00%	

ATRS

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

For each major asset class included in the pension plan's target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53.00%	5.30%
Fixed income	15.00%	1.30%
Alternatives	5.00%	4.80%
Real assets	15.00%	4.00%
Private equity	12.00%	7.60%
Cash equivalents		0.50%
Total	100.00%	

AJRS

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 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 current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023 to 2032 were based on capital market assumptions provided by the plan's investment consultants.

For each major asset class that is included in the pension plan's current asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37.00%	6.19%
International equity	15.00%	6.77%
Real estate	8.00%	4.08%
Domestic fixed	40.00%	1.79%
Cash equivalents		0.26%
Total	100.00%	

ASPRS

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 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 current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023-2032 were based on capital market assumptions provided by the plan's investment consultants.

For each major asset class included in the pension plan's current asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37.00%	6.19%
International equity	24.00%	6.77%
Real assets	16.00%	3.34%
Absolute return	5.00%	3.36%
Domestic fixed	18.00%	1.79%
Total	100.00%	

ASHERS

The plan operates with an asset allocation of no more than 75%, with a plus 5% tolerance, of the System's portfolio invested in equities, and no more than 75%, with a plus 5% tolerance, invested in fixed income. For the year ended June 30, 2023, the rate of return on pension plan investments, net of pension plan investment expenses, was (8.79%).

Discount rate

The discount rate for each plan was determined as follows:

APERS

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.

ATRS

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 6.75% and 14.75% of active member payroll, respectively. Although not all members contribute, the member and employer rates are scheduled to increase by 0.25% increments ending in fiscal year 2023. The ultimate member and employer rates will be 7% and 15%, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

AJRS

A single discount rate of 5.50% 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 5.50%. 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 made at rates equal to the difference between the actuarially determined contribution rate 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.

ASPRS

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ASHERS

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, based on the assumption made, found that the pension plan's net position was projected to make all projected future benefit payments of current plan members. Therefore, the single discount rate of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

The following tables provide the changes in net pension liability for each single-employer defined benefit pension plan.

ASPRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
	Increase (Decrease)		
Balances, June 30, 2022	$ 504,594,302	$ 381,940,750	$ 122,653,552
Changes for the year:			
Service cost	7,156,062		7,156,062
Interest	35,098,769		35,098,769
Changes in assumptions	14,369,541		14,369,541
Differences between expected and actual experience	24,739,809		24,739,809
Contributions – employer		23,989,270	(23,989,270)
Net investment income		31,210,504	(31,210,504)
Benefit payments, including refunds of employee contributions	(34,560,931)	(34,560,931)	
Administrative expense		(244,479)	244,479
Net changes	46,803,250	20,394,364	26,408,886
Balances, June 30, 2023	$ 551,397,552	$ 402,335,114	$ 149,062,438

AJRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances, June 30, 2022	$ 334,328,250	$ 296,855,183	$ 37,473,067
Changes for the year:			
Service cost	8,100,878		8,100,878
Interest	18,132,003		18,132,003
Differences between expected and actual experience	6,858,147		6,858,147
Contributions – employer		8,230,629	(8,230,629)
Contributions – employee		1,267,952	(1,267,952)
Net investment income		19,323,746	(19,323,746)
Benefit payments, including refunds of employee contributions	(17,411,833)	(17,411,833)	
Administrative expense		(170,984)	170,984
Other changes		112	(112)
Net changes	15,679,195	11,239,622	4,439,573
Balances, June 30, 2023	$ 350,007,445	$ 308,094,805	$ 41,912,640

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ASHERS	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances, June 30, 2022	$ 1,783,900,358	$ 1,715,093,810	$ 68,806,548
Changes for the year:			
Service cost	19,371,421		19,371,421
Interest	129,721,361		129,721,361
Benefit changes			
Changes in assumptions			
Contributions – employer		27,992,649	(27,992,649)
Contributions – employee		11,935,011	(11,935,011)
Differences between expected and actual experience	24,531,237		24,531,237
Net investment income		(158,125,788)	158,125,788
Benefit payments, including refunds of employee contributions	(127,935,851)	(127,935,851)	
Administrative expense		(121,760)	121,760
Net changes	45,688,168	(246,255,739)	291,943,907
Balances, June 30, 2023	$ 1,829,588,526	$ 1,468,838,071	$ 360,750,455

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's net pension liability for each plan (proportionate share for the cost-sharing plans) calculated using the discount rate stated, as well as what the State's net pension liability (proportionate share for the cost-sharing plans) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (expressed in thousands):

Primary Government

	1% Lower Than Current Discount Rate		Current Discount Rate		1% Higher Than Current Discount Rate	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Pension Liability (Asset)
APERS	6.15%	$ 2,685,792	7.15%	$ 1,689,372	8.15%	$ 866,737
ATRS	6.25%	234,747	7.25%	147,670	8.25%	75,427
AJRS	4.50%	84,139	5.50%	41,913	6.50%	6,096
ASPRS	6.00%	217,806	7.00%	149,062	8.00%	92,142
ASHER	6.50%	557,828	7.50%	360,750	8.50%	202,301

Component Unit - APERS

	1% Lower Than Current Discount Rate		Current Discount Rate		1% Higher Than Current Discount Rate	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Pension Liability (Asset)
ADFA	6.15%	$ 6,015	7.15%	$ 3,784	8.15%	$ 1,941

Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of each pension plan is available in the separately issued financial report of each plan.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the State recognized total pension expense of ($280.5 million), which consists of ($6.5 million), ($17.6 million), ($299.7 million), $14.8 million, and $28.5 million for the ATRS, APERS, ASHERS, AJRS, and ASPRS plans, respectively.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to pensions as follows (expressed in thousands):

Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
APERS		
Differences between expected and actual experience	$ 40,550	$ 20,396
Changes of assumptions		
Net differences between projected and actual earnings on pension plan investments	356,376	
Changes in proportion and differences between State contributions and proportionate share of contribution	60,701	100,530
State contributions subsequent to the measurement date	204,915	
Total	$ 662,542	$ 120,926
ATRS		
Differences between expected and actual experience	$ 2,846	$ 318
Changes of assumptions	15,322	
Net differences between projected and actual earnings on pension plan investments	21,614	
Changes in proportion and differences between State contributions and proportionate share of contribution	5,560	22,895
State contributions subsequent to the measurement date	14,763	
Total	$ 60,105	$ 23,213
AJRS		
Differences between expected and actual experience	$ 6,842	$ 22
Changes of assumptions	10,023	
Net differences between projected and actual earnings on pension plan investments	12,178	
Changes in proportion and differences between State contributions and proportionate share of contribution		
State contributions subsequent to the measurement date		
Total	$ 29,043	$ 22

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	Deferred Outflows of Resources	Deferred Inflows of Resources
ASPRS		
Differences between expected and actual experience	$ 19,725	$ 3,159
Changes of assumptions	10,964	
Net differences between projected and actual earnings on pension plan investments	15,314	
Changes in proportion and differences between State contributions and proportionate share of contribution		
State contributions subsequent to the measurement date		
Total	$ 46,003	$ 3,159
ASHERS		
Differences between expected and actual experience	$ 24,890	$ 23,482
Changes of assumptions		52,268
Net differences between projected and actual earnings on pension plan investments	69,702	
Changes in proportion and differences between State contributions and proportionate share of contribution		
State contributions subsequent to the measurement date	29,712	
Total	$ 124,304	$ 75,750
Total		
Differences between expected and actual experience	$ 94,853	$ 47,377
Changes of assumptions	36,309	52,268
Net differences between projected and actual earnings on pension plan investments	475,184	
Changes in proportion and differences between State contributions and proportionate share of contribution	66,261	123,425
State contributions subsequent to the measurement date	249,390	
Total	$ 921,997	$ 223,070

Component Unit - APERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
ADFA		
Differences between expected and actual experience	$ 91	$ 46
Changes of assumptions		
Net differences between projected and actual earnings on pension plan investments	798	
Changes in proportion and differences between State contributions and proportionate share of contribution		465
State contributions subsequent to the measurement date	482	
Total	$ 1,371	$ 511

$249.4 million reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Primary Government

Year ended June 30:	APERS	ATRS	AJRS	ASPRS	ASHERS	Total
2024	$ 56,567	$ 4,922	$ 6,267	$ 11,105	$ (25,740)	$ 53,121
2025	38,690	3,518	5,942	7,104	(9,714)	45,540
2026	(7,081)	(3,450)	16,752	23,457	(7,301)	22,377
2027	248,525	17,139	59	1,178	61,597	328,498

Component Unit - APERS

Year ended June 30:	ADFA
2024	$ (67)
2025	(63)
2026	(48)
2027	557

State Employee Deferred Compensation Plan

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer receiving a portion of their salary until they become eligible for benefits due to retirement, termination, death, or an unforeseeable emergency. Amounts deferred are invested in custodial accounts or annuity contracts, and deferrals and earnings on investments are not subject to State or federal income taxation until received by beneficiaries.

In 1991, the Attorney General opined (Opinion 91-088) that the annuity contracts purchased with the employees' deferred compensation were covered by the Arkansas Life and Disability Insurance Guaranty Association Act, as described in Ark. Code Ann. § 23-96-101-121, and liability for losses due to failure or nonperformance of contractual obligations due to impairment or insolvency of member insurers was insured under this act, to the extent of $100,000 per participating employee. Act 1604 of the Regular Session of 2001 increased the coverage amount to $300,000 per participating employee.

The assets of the plan are held in trust by the custodian, Voya Institutional Trust Company (VITC) of New York, NY, according to terms specified by contract, for the exclusive benefit of plan participants and their beneficiaries. The plan is also administered by VITC, acting under contract in an agency capacity for the Department of Transformation and Shared Services – Employee Benefits Division to provide investment direction, asset transfer or withdrawal instruction, or other instruction to the custodian. In accordance with GASB Statement No. 32, plan balances and activities are not reflected in the State's financial statements. According to the custodian, plan assets totaled $1.05 billion at June 30, 2023.

Higher Education

All active higher education employees who work 20 or more hours per week have the option of participating in APERS, ATRS, the Variable Annuity Life Insurance Company (VALIC), the Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA-CREF), the Fidelity Fund, or other approved plans.

The board of trustees of each respective college or university established a defined contribution plan as set forth under Section 403(b) of the Internal Revenue Code. Participation in the plan is authorized under Arkansas Code, and the plan is administered by the president of the college or university or his or her designee. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The funds available under the plan primarily include VALIC, TIAA-CREF, and the Fidelity Fund.

Each college or university contributes a percentage of an employee's salary ranging from 5% to 14% to a VALIC, TIAA-CREF, Fidelity Fund, or other retirement account. These amounts are allocated between the funds according to the employee's choice. In addition, employees may make voluntary contributions of any amount up to the individual maximum allowance. During 2023, total employer contributions to VALIC, TIAA-CREF, and Fidelity were $156.7 million, while contributions to other plans were $681,871. Employee contributions to VALIC, TIAA-CREF, and Fidelity were $172.1 million, while contributions to other plans were $158,093.

(15) Postemployment Benefits Other Than Pensions (OPEB)

Governmental Activities

(a) Plan Descriptions

The State contributes to the following single-employer defined benefit healthcare plans for eligible State employees:

- Arkansas State Police Medical and Rx Plan (ASP); Medical (administered by Health Advantage), Rx Plan (administered by MedImpact), and Dental and Vision (administered by Delta Dental).
- Arkansas State Employee Health Plan (ASE); Medical (administered by Transformation and Shared Services – Employee Benefits Division for active employees and retirees, Arkansas Public Employees Retirement System for deferred retirees), and Rx (administered by MedImpact).
    - The ASE Plan includes certain employees who are in agencies classified as Business Type, Fiduciary, and Component unit. The plan is allocated as 98.5% Governmental Activities. For disclosure purposes the plan, as presented under Governmental Activities, includes Business Type and Fiduciary Activities. The liabilities, expense, deferred inflows, and deferred outflows are properly allocated to the correct fund type. A reconciliation of OPEB liability and a summary of OPEB expense is provided at the end of the note.

State law grants the authority to establish and amend benefit terms and financing requirements for each plan as follows:

- Arkansas State Police Medical and Rx Plan (ASP)
    - Arkansas State Police Commission
    - Ark. Code Ann. § 12-8-210

- Arkansas State Employee Health Plan (ASE)
  - State Board of Finance
  - Ark. Code Ann. § 21-5-401

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 for either plan.

Benefits Provided

Each plan provides medical and prescription drug benefits to plan members and beneficiaries. The ASP plan also provides dental and vision benefits.

ASP

The plan offers postemployment benefits to the Director and State Police Officers who retire under the Arkansas State Police Retirement System, make the required contributions, and purchase Medicare Parts A and B. The retiree pays a premium based on eligibility for Medicare as well as dependents covered. Benefits are available when the retiree reaches 65 with five years of service, or at any age with 30 years of service. The plan has an open enrollment period for retirees who do not sign up when first eligible. The required plan contribution is based on the projected pay-as-you-go financing requirements.

ASE

The plan offers postemployment benefits to retirees who are covered under the plan on their last day of employment and are retirees of one of the following: the Arkansas Public Employees Retirement System, the Arkansas Teacher Retirement System, the Arkansas State Highway Employees Retirement System, the Arkansas Judicial Retirement System, or an alternate retirement plan of a qualifying institution. The retiree's eligibility is based upon the plan in which the retiree takes part and the corresponding age and years of service requirements associated with each plan. Retirees and their spouses are eligible to continue participation in ASE until the death of each covered individual. Retirees must contribute based upon the coverage plan they choose, the number of dependents covered, and whether they are enrolled in Medicare. The required plan contribution is based on the projected pay-as-you-go financing requirements.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by each plan:

	ASP	ASE
Inactive employees or beneficiaries currently receiving benefits	1,041	16,436
Inactive employees entitled to but not yet receiving benefits		9,423
Active employees	644	32,368
Total	1,685	58,227

(b) Total OPEB Liability

At June 30, 2023, the State reported the following liabilities as determined as of the date listed (expressed in thousands):

Governmental Activities

	Measurement Date		Total OPEB Liability
ASP	June 30, 2023	$	199,117
ASE	June 30, 2023		1,238,739
Total		$	1,437,856

Component Unit – ADFA

	Measurement Date		Total OPEB Liability
ASE	June 30, 2023	$	2,091

Actuarial Assumptions and Other Inputs

The total OPEB liabilities were determined based on an actuarial valuation dated on or before the measurement date. If the actuarial valuation is dated before the measurement date, update procedures were used to roll forward the actuarial valuation to the measurement date. The actuarial valuations used the following assumptions, applied to all periods included in the measurement:

	ASP		ASE (4)	
Actuarial valuation date	June 30, 2023		June 30, 2023	
Inflation rate	3.25%		2.30%	
Discount rate	4.13%	(1)	3.65%	(2)
Salary increase, including inflation	N/A		3.45%	
Healthcare cost trend rates	7.50% initial 4.25% ultimate		6.60% initial 3.70% ultimate	
Mortality rate	Pub-2010 Public Retirement Plans Mortality Table for Public Safety, using head counts (retired lives at ages 55 and over) projected generationally with Scale MP-2020 from 2010.		PubG-2010 Amount-Weighted Below-Median Income General Employee Mortality Tables for males and females. Mortality rates are multiplied by 75% for males and 75% for females and are adjusted for fully generational mortality improvements using Scale MP-2021.	
Retirees' share of benefit-related costs	100%		22% - 46%	
Actuarial experience study dates	N/A		July 1, 2017, through June 30, 2022	(3)

(1) The discount rate was determined by using a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average credit rating of AA as of the measurement date.

(2) The discount rate was determined by using the Bond Buyer General Obligation 20-Bond Municipal Index, a tax-exempt municipal bond rate based on an index of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

(3) Used actuarial experience study performed for APERS.

(4) ASE assumptions do not include National Park College (NPC). NPC has its own actuarial report for its employees on the State plan. The effect on the above assumptions is considered immaterial.

(c) Changes in the Total OPEB Liability

The following table provides the changes in the total OPEB liability for each plan (expressed in thousands):

Governmental Activities

	Total OPEB Liability	
	ASP	ASE
Balance, June 30, 2022	$ 181,699	$ 1,265,329
Changes for the current fiscal year:		
Service cost	5,938	53,325
Interest	7,467	45,715
Differences between expected and actual experience	2,256	23,256
Changes in assumptions or other inputs	5,940 (1)	(93,555) (2)
Change in proportion		(49)
Benefit payments	(4,183)	(55,282)
Net changes	17,418	(26,590)
Balance, June 30, 2023	$ 199,117	$ 1,238,739

Component Unit – ADFA

	Total OPEB Liability
	ASE
Balance, June 30, 2022	$ 2,087
Changes for the current fiscal year:	
Service cost	90
Interest	77
Differences between expected and actual experience	39
Changes in assumptions or other inputs	(158) (2)
Changes in proportion	49
Benefit payments	(93)
Net changes	4
Balance, June 30, 2023	$ 2,091

(1) The discount rate used was 4.09% at June 30, 2022, and 4.13% at June 30, 2023.
(2) The discount rate used was 3.54% at June 30, 2022, and 3.65% at June 30, 2023.

(d) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate for each plan (expressed in thousands):

Governmental Activities

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASP	3.13%	$ 240,733	4.13%	$ 199,117	5.13%	$ 170,763
ASE	2.65%	$ 1,423,379	3.65%	$ 1,237,229	4.65%	$ 1,085,329
NPC	3.13%	1,610	4.13%	1,510	5.13%	1,416
ASE total		$ 1,424,989		$ 1,238,739		$ 1,086,745

Component Unit – ADFA

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASE	2.65%	$ 2,406	3.65%	$ 2,091	4.65%	$ 1,834

(e) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates for each plan (expressed in thousands):

Governmental Activities

	Total OPEB Liability		
	1% Decrease	Current Health Care Cost Trend Rate (1)	1% Increase
ASP	$ 165,967	$ 199,117	$ 249,128
ASE	$ 1,055,412	$ 1,237,229	$ 1,467,239
NPC	1,350	1,510	1,701
ASE total	$ 1,056,762	$ 1,238,739	$ 1,468,940

Component Unit – ADFA

	Total OPEB Liability		
	1% Decrease	Current Health Care Cost Trend Rate (1)	1% Increase
ASE	$ 1,784	$ 2,091	$ 2,480

(1) The current healthcare cost trend rate is listed in the actuarial assumptions table.

(f) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the State recognized OPEB expense for each plan and in total as follows (expressed in thousands):

Governmental Activities

	Total OPEB Expense
ASP	$ 10,799
ASE	(14,039)
NPC	245
ASE Total	(13,794)
Total	$ (2,995)

Component Unit – ADFA

	Total OPEB Expense
ASE	$ (205)

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB for each plan from the following sources (expressed in thousands):

Governmental Activities

	ASE		NPC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 22,147	$ (141,802)	$ 196	$ (40)
Changes of assumptions and other inputs	125,540	(464,463)	627	(81)
Total	$ 147,687	$ (606,265)	$ 823	$ (121)

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	ASP		TOTAL	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 15,200	$ (6,362)	$ 37,543	$ (148,204)
Changes of assumptions and other inputs	15,620	(57,233)	141,787	(521,777)
Total	$ 30,820	$ (63,595)	$ 179,330	$ (669,981)

Component Unit – ADFA

	ASE	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 37	$ (240)
Changes of assumptions and other inputs	334	(804)
Total	$ 371	$ (1,044)

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

Governmental Activities

	Year ended June 30:						
	2024	2025	2026	2027	2028	Thereafter	Total
ASP	$ (2,606)	$ (2,606)	$ (2,606)	$ (8,089)	$ (8,829)	$ (8,039)	$ (32,775)
ASE	$ (76,702)	$ (189,035)	$ (169,304)	$ (11,783)	$ (11,755)	$	$ (458,579)
NPC	155	155	155	155	10	72	702
ASE total	$ (76,547)	$ (188,880)	$ (169,149)	$ (11,628)	$ (11,745)	$ 72	$ (457,877)

Component Unit – ADFA

	Year ended June 30:						
	2024	2025	2026	2027	2028	Thereafter	Total
ASE	$ (72)	$ (338)	$ (249)	$ 7	$ (21)		$ (673)

Business-Type Activities

Higher Education

(a) General Information

The State contributed to these single-employer defined benefit healthcare plans that provide postemployment healthcare benefits to eligible employees of the respective higher education institutions. Each plan is administered by the respective higher education institutions unless otherwise noted:

- Arkansas State University System BlueAdvantage Plan (ASU)
- Arkansas Tech University Retirement with Benefits Plan (ATU) (administered by Blue Cross and Blue Shield)
- Northwest Arkansas Community College Healthcare Plan (NWACC)

- Southern Arkansas University – Technical Campus Blue Choice Point of Service Health Plan (SAUT) (administered by Health Advantage)
- Southern Arkansas University Employee Health Plan (SAU)
- University of Arkansas System Medical Benefit Plan (U of A) (administered by UMR)
- University of Central Arkansas Retiree Benefits Plan (UCA) (administered by Blue Advantage and Ochs Securian Financial Group)

The OPEB plans do not issue stand-alone financial reports, and there are no assets accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

The State contributed to the following defined postemployment benefit plans that provide postemployment healthcare benefits to eligible employees of the respective higher education institutions. The plans are affiliated with and administered by the Arkansas Higher Education Consortium (AHEC), a multiple employer defined benefit healthcare plan:

- Arkansas Northeastern College Retirement Option (ANC).
- Black River Technical College Early Retirement Incentive Program (BRTC).
- East Arkansas Community College Postemployment Benefit Plan (EACC).
- National Park College Other Postemployment Benefits Policy (NPC).
- North Arkansas College Continued Health/Dental Insurance (NAC).
- Ozarka College Early Retirement Incentive Program (OC).
- South Arkansas Community College Postemployment Benefits (SACC).

Each institute of higher education has the authority to affiliate with AHEC and establish by policy the defined benefits and amount contributed by the employer to AHEC.

The OPEB plans do not issue stand-alone financial reports, and there are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided to retirees by the plans and eligibility requirements are established by policy by the Board of Trustees of each higher education institution.

Benefits Provided

Each plan includes individual medical insurance and may include prescription drug programs, dental insurance, life insurance, and dependent coverage.

Arkansas State University (ASU)

The plan offers postemployment medical and life insurance benefits to employees of ASU System who retire after attaining the earlier of age 55 with at least 70 points (age plus continuous full-time service) or age 60 with at least 10 years of continuous full-time service. Pre-Medicare benefits are available to retirees and their eligible dependents (if covered at the same time the employee retires). Certain employees who retire under a voluntary retirement window approved by the Board of Trustees of ASU are also eligible for benefits. The spouse of the retiree may continue coverage when the retiree dies or becomes eligible for Medicare but must pay 100% of the premium. Life insurance benefits are provided to the beneficiary of a retiree who dies prior to age 65 up to a maximum of $50,000. Employees hired on or after January 1, 2019, are not eligible to receive postretirement benefits.

Henderson State University (HSU) was moved into the ASU system in fiscal year 2021, and beginning in fiscal year 2023 was consolidated into the ASU system actuary report. Some differences remain between the previous ASU postemployment benefits and those offered by HSU, and those differences are noted below.

Henderson State University (HSU)

The plan offers postemployment health care benefits and basic life insurance benefits to all employees who were hired before July 1, 2015, and who officially retire from HSU and meet certain age- and service-related criteria. Active employees are eligible to receive medical coverage upon retirement at age 55 with at least 70 points. Medical coverage ceases when the retiree becomes eligible for Medicare. Life insurance benefits are provided to beneficiaries of retirees who die prior to age 65, up to a maximum of $20,000.

Arkansas Tech University (ATU)

The plan offers postemployment health benefits for retirees reaching age 60 and completing 10 years of service. For employees who retired prior to July 1, 1998, ATU pays the medical premium of the employee for the employee's lifetime. For employees who retire on or after July 1, 1998, ATU will pay the medical premium of the employee until the employee is eligible for Medicare. Surviving spouses of retirees or active employees are eligible for Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage upon the member's death. Spousal eligibility ends when the spouse becomes Medicare eligible. There is no explicit subsidy for spousal coverage. Life insurance benefits are available to retirees in the amount of $20,000. Dental benefit eligibility is the same as medical eligibility. For employees who retired on or after July 1, 2017, retirees pay the same percentage of dental premiums as they paid when active. The plan pays 100% of dental premiums for employees who retired prior to July 1, 2017.

Northwest Arkansas Community College (NWACC)

The plan offers postemployment medical, dental, and life insurance coverage upon retirement if the retiree meets the "Rule of 70" (age plus years of service total at least 70) and has at least 10 years of service. Coverage continues until the retiree becomes eligible for Medicare. The retiree must pay the same premium as an active employee.

Southern Arkansas University – Tech (SAUT) **and** ***Southern Arkansas University (SAU)***

The plan offers retirees from both campuses postemployment medical coverage if the retiree has at least 10 years of service and is at least age 55. Retirees are provided medical benefits through the same plan offered to active employees as follows:

- An employee who retires from age 55 to 61 can receive health insurance until he or she reaches age 65 but must pay 100% of the active employee premium.
- An employee who retires from age 62 to 65 can receive health insurance, and SAUT/SAU will pay the same percentage of the premium as it pays for active employees to age 65.
- An employee whose age and service total at least 75, with minimum service of 15 years, can receive health insurance, and SAUT/SAU will pay the same percentage of the premium as it pays for active employees to age 65.

University of Arkansas (U of A)

The plan offers postemployment classic medical plan coverage, as well as prescription drug, dental, and life insurance benefits. Employees are eligible for retirement benefits if their age plus service equals 70 points and if, immediately prior to retirement, they have completed 10 or more consecutive years of continuous coverage under the plan. Benefits are provided until the retiree becomes Medicare eligible.

A closed group of retirees within Pulaski Technical College (PTC) pays 0% of the active premium for single coverage but are responsible for the total cost of the insurance premium for spouse and any unmarried dependents. Retirees who retired after February 1, 2017, pay 100% of premiums for single coverage and spouse coverage.

Retirees who retired prior to January 1, 2019, from the University of Arkansas Community College at Rich Mountain (UACCRM) pay 17% of the active premium for single coverage but are responsible for the total cost of the insurance premium for spouse and unmarried dependents. Retirees who retired after January 1, 2019, pay 100% of premiums for single and spouse coverage.

University of Central Arkansas (UCA)

The plan offers active employees postemployment medical, dental, and life insurance benefits upon retirement at any age with at least 28 years of service or at age 59½ with at least 10 years of service. Medical and dental coverage ends when the retiree reaches age 65. Life insurance ends when the retiree reaches age 80, depending upon classification. Employer contributions towards the plan have been capped at various rates, depending upon the year that the employee retires.

Arkansas Northeastern College (ANC)

The plan offers postemployment medical, dental, and life insurance coverage to active employees who retiree with at least 15 years of service and are at least age 60. Coverage ends when the retiree becomes eligible for Medicare. Retirees must pay the same premium as an active employee and the entire cost of dental and life insurance coverage.

Black River Technical College (BRTC)

The plan offers postemployment health insurance coverage to employees who retire directly from active employment, are at least age 60, and have at least 10 years of service or are at least age 55 and meet the “Rule of 70” criteria. If an employee retires before age 65, the College will pay the individual health insurance premium until the retiree reaches age 65 or becomes eligible for Medicare.

East Arkansas Community College (EACC)

The plan offers postemployment medical benefits to active employees who retire with at least 15 years of full-time service and are at least age 55. Coverage ends when the retiree becomes eligible for Medicare. The College pays a percentage of the individual premium based upon the retiree’s age plus service when he or she retires.

National Park College (NPC)

The plan offers postemployment health and life insurance benefits to active employees who retire and are at least age 60 with 10 or more years of service or are at least age 55 and meet the "Rule of 70." Retirees can self-pay their health and life insurance until they reach age 65. At age 65, they can continue their coverage but must pay 100% of the premium.

North Arkansas College (NAC)

The plan offers postemployment health and dental insurance benefits to employees who retire directly from active employment and have at least 10 years of service and 70 points. Retirees can receive coverage until they are eligible for Medicare and must pay the same premium as an active employee. Retiree can also continue $20,000 of the basic life insurance and the group vision benefit at their own expense.

Ozarka College (OC)

The plan offers postemployment health insurance benefits to employees who retire directly from active employment, are at least age 55, and have 75 points. The College pays the retiree's premium in the same amount as for active employees until the retiree reaches age 65. At age 65, the retiree can continue coverage but must pay the premium.

South Arkansas Community College (SACC)

The plan offers postemployment medical, dental, and life insurance benefits to employees who retire directly from active employment, who have at least 15 years of full-time service, and are at least age 55. Coverage can continue until the retiree becomes eligible for Medicare. The College pays a percentage of the individual premium based upon the retiree's age plus service when he or she retires.

Employees Covered by Benefit Term

At June 30, 2023, the following employees were covered by benefit terms of each plan:

Plan	Inactive employees or beneficiaries currently receiving benefit payments (1)	Active Employees	Total
ASU	149	1,420	1,569
ATU	34	782	816
NWACC	7	395	402
SAUT	13	143	156
SAU	16	410	426
U of A	2,015	19,127	21,142
UCA	51	1,405	1,456
ANC	7	133	140
BRTC	73	132	205
EACC	5	114	119
NPC	1	66	67
NAC	9	174	183
OC	27	89	116
SACC	22	138	160
Total	2,429	24,528	26,957

(1) There are no inactive employees entitled to but not yet receiving benefit payments.

(b) Total OPEB Liability

At June 30, 2023, the State reported the following liabilities as determined as of the date listed (expressed in thousands):

	Measurement Date	Total OPEB Liability
ASU	June 30, 2023	$ 10,971
ATU	June 30, 2022	6,648
NWACC	June 30, 2023	1,211
SAUT	June 30, 2023	1,721
SAU	June 30, 2023	2,611
U of A	June 30, 2022	70,782
UCA	June 30, 2023	3,790
ANC	June 30, 2023	800
BRTC	June 30, 2023	1,717
EACC	June 30, 2023	753
NPC	June 30, 2023	489
NAC	June 30, 2023	1,221
OC	June 30, 2023	803
SACC	June 30, 2023	713
Total		$ 104,230

Actuarial Assumptions and Other Inputs

The total OPEB liabilities listed were determined based on an actuarial valuation dated on or before the measurement date. If the actuarial valuation is dated before the measurement date, update procedures were used to roll forward the actuarial valuation to the measurement date. The actuarial valuations used the following assumptions, applied to all periods included in the measurement:

	ASU	ATU	NWACC	SAUT	SAU
Actuarial valuation date	January 1, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023
Inflation rate	N/A	3.00%	3.00%	3.00%	3.00%
Salary increases	3.00%	3.25%	N/A	N/A	N/A
Discount rate	4.13% (2)	3.54% (3)	4.13% (4)	4.13% (4)	4.13% (2)
Healthcare cost trend rates	5.5% initial 4.70% ultimate	7.5% initial 4.44% ultimate	9% initial 4.5% ultimate	8% initial 4.75% ultimate	7% initial 4% ultimate
Retirees' share of benefit-related costs	50%	80% to 100%	95% to 100%	1% to 4%	21%
Mortality rates	Pub-2010 total dataset mortality for general employees, with generational projection according to Scale MP-2021	SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2017	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2019.	RP-2014 Mortality Table with Improvement Scale MP-2021
Actuarial experience study date	January 1, 2021	N/A	N/A	N/A	N/A

	U of A	UCA	ANC	BRTC	EACC
Actuarial valuation date	July 1, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2023
Inflation rate	2.20%	3.00%	3.00%	3.00%	2.50%
Salary increases	4.00%	N/A	N/A	N/A	N/A
Discount rate	3.54% (1)	4.13% (2)	4.13% (4)	4.13% (4)	4.13% (4)
Healthcare cost trend rates	7.0% initial 4.14% ultimate	7% initial 4% ultimate	8% initial 5% ultimate	8% initial 5% ultimate	8% initial 5% ultimate
Retirees' share of benefit-related costs	10% to 100%	9% to 100%	9% to 80%	0% to 57%	0% to 100%
Mortality rates	Pub-2010 Teachers Headcount weighted Mortality Tables using projection scale MP-2021 from base year 2010.	RP-2014 Mortality Table with Improvement Scale MP-2021	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019
Actuarial experience study date	N/A	N/A	N/A	N/A	N/A

	NPC	NAC	OC	SACC	
Actuarial valuation date	July 1, 2023	June 30, 2023	June 30, 2023	June 30, 2023	
Inflation rate	2.50%	3.00%	3.00%	3.00%	
Salary increases	N/A	N/A	N/A	N/A	
Discount rate	4.13% (4)	4.13% (4)	4.13% (4)	4.13% (4)	
Healthcare cost trend rates	7.5% initial 4.25% ultimate	8% initial 4.5% ultimate	9% initial 5% ultimate	8% initial 5% ultimate	
Retirees' share of benefit-related costs	25%	100%	0% to 15%	0% to 75%	
Mortality rates	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2019.	
Actuarial experience study date	N/A	N/A	N/A	N/A	N/A

(1) The discount rate determination was based upon high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond Go Index.
(2) The discount rate was based upon the S&P Muni Bond 20 Year High Grade Rate Index.
(3) The discount rate was based upon the Bond Buyer 20-Bond GO Index.
(4) The discount rate was based upon a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

(c) Changes in the Total OPEB Liability

The following table provides the changes in the total OPEB liability for each plan (expressed in thousands):

	ASU		ATU		NWACC	
Balance, June 30, 2022	$ 10,392		$ 7,756		$ 1,189	
Changes for the current fiscal year:						
Service cost	377		539		77	
Interest cost	428		173		50	
Differences between expected and actual experience	339		(389)		(200)	
Changes in assumptions or other inputs	37	(3)	(854)	(1)	95	(3)
Benefit payments	(602)		(577)			
Net changes	579		(1,108)		22	
Balance, June 30, 2023	$ 10,971		$ 6,648		$ 1,211	

	SAUT		SAU		U of A	
Balance, June 30, 2022	$ 1,604		$ 2,763		$ 80,318	
Changes for the current fiscal year:						
Service cost	126		273		5,244	
Interest cost	67		94		1,818	
Differences between expected and actual experience	-		620		(4,434)	
Changes in assumptions or other inputs	(4)	(3)	(138)	(1)	(9,569)	(3)
Benefit payments	(72)		(1,001)		(2,595)	
Net changes	117		(152)		(9,536)	
Balance, June 30, 2023	$ 1,721		$ 2,611		$ 70,782	

	UCA		ANC		BRTC	
Balance, June 30, 2022	$ 3,390		$ 766		$ 1,650	
Changes for the current fiscal year:						
Service cost	233		37		81	
Interest cost	115		31		67	
Differences between expected and actual experience	286		-		-	
Changes in assumptions or other inputs	(166)	(1)	(1)	(1)	(4)	(1)
Benefit payments	(68)		(33)		(77)	
Net changes	400		34		67	
Balance, June 30, 2023	$ 3,790		$ 800		$ 1,717	

	EACC		NPC		NAC	
Balance, June 30, 2022	$ 736		$ 651		$ 1,189	
Changes for the current fiscal year:						
Service cost	49		51		48	
Interest cost	30		27		50	
Differences between expected and actual experience	(17)		(244)		(61)	
Changes in assumptions or other inputs	(2)	(2)	8	(3)	(5)	(1)
Benefit payments	(43)		(4)			
Net changes	17		(162)		32	
Balance, June 30, 2023	$ 753		$ 489		$ 1,221	

	OC		SACC	
Balance, June 30, 2022	$ 781		$ 801	
Changes for the current fiscal year:				
Service cost	38		59	
Interest cost	33		34	
Differences between expected and actual experience	22		(110)	
Changes in assumptions or other inputs	(66)	(1)	(53)	(3)
Benefit payments	(5)		(18)	
Net changes	22		(88)	
Balance, June 30, 2023	$ 803		$ 713	

(1) Reflects a change in discount rate.
(2) Reflects a change in discount rate and inflation rates.
(3) Reflects a change in discount rate and healthcare trend rates.

(d) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the State by plan, as well as what the State's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate for each plan (expressed in thousands):

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASU	3.13%	$ 11,627	4.13%	$ 10,971	5.13%	$ 10,364
ATU	2.54%	7,246	3.54%	6,648	4.54%	6,140
NWACC	3.13%	1,299	4.13%	1,211	5.13%	1,128
SAUT	3.13%	1,830	4.13%	1,721	5.13%	1,618
SAU	3.13%	2,850	4.13%	2,611	5.13%	2,396
U of A	2.54%	77,524	3.54%	70,782	4.54%	64,755
UCA	3.13%	4,077	4.13%	3,790	5.13%	3,529
ANC	3.13%	832	4.13%	800	5.13%	746
BRTC	3.13%	1,821	4.13%	1,717	5.13%	1,619
EACC	3.13%	808	4.13%	753	5.13%	702
NPC	3.13%	529	4.13%	489	5.13%	453
NAC	3.13%	1,271	4.13%	1,221	5.13%	1,054
OC	3.13%	880	4.13%	803	5.13%	733
SACC	3.13%	768	4.13%	713	5.13%	654

(e) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the total OPEB liability of the State by plan, as well as what the State's total OPEB liability would be if it were calculated using healthcare costs trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates for each plan (expressed in thousands):

	Total OPEB Liability		
	1% Decrease	Current Healthcare Cost Trend Rate (1)	1% Increase
ASU	$ 10,245	$ 10,971	$ 11,789
ATU	6,198	6,648	7,170
NWACC	1,098	1,211	1,347
SAUT	1,547	1,721	1,930
SAU	2,339	2,611	2,933
U of A	64,282	70,782	78,372
UCA	3,476	3,790	4,153
ANC	733	800	878
BRTC	1,558	1,717	1,903
EACC	673	753	849
NPC	429	489	563
NAC	1,077	1,221	1,395
OC	705	803	920
SACC	625	713	823

(1) The current healthcare cost trend rate for each institution is listed in the actuarial assumptions table.

(f) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the State recognized OPEB expense for each plan and in total as follows (expressed in thousands):

	Total OPEB Expense
ASU	$ (2,072)
ATU	232
NWACC	91
SAUT	178
SAU	346
U of A	3,340
UCA	261
ANC	85
BRTC	114
EACC	82
NPC	34
NAC	119
OC	53
SACC	67
Total	$ 2,930

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB for each plan from the following sources (expressed in thousands):

	ASU		ATU		NWACC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 1,056	$ (4,939)	$	$ (1,356)	$	$ (444)
Changes of assumptions and other inputs	212	(3,217)	941	(2,987)	250	(132)
State benefit payments and administrative expenses subsequent to the measurement			536			
Total	$ 1,268	$ (8,156)	$ 1,477	$ (4,343)	$ 250	$ (576)

	SAUT		SAU		U of A	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 196	$ (134)	$ 933	$ (860)	$ 1,643	$ (8,095)
Changes of assumptions and other inputs	68	(241)	239	(509)	5,170	(8,129)
State benefit payments and administrative expenses subsequent to the measurement					2,189	
Total	$ 264	$ (375)	$ 1,172	$ (1,369)	$ 9,002	$ (16,224)

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	UCA		ANC		BRTC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 491	$ (702)	$ 140	$	$	$ (163)
Changes of assumptions and other inputs	270	(763)	49	(88)	84	(206)
State benefit payments and administrative expenses subsequent to the measurement						
Total	$ 761	$ (1,465)	$ 189	$ (88)	$ 84	$ (369)

	EACC		NPC		NAC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 83	$ (16)	$ 74	$ (224)	$ 225	$ (56)
Changes of assumptions and other inputs	38	(113)	30	(188)	127	(190)
State benefit payments and administrative expenses subsequent to the measurement						
Total	$ 121	$ (129)	$ 104	$ (412)	$ 352	$ (246)

	OC		SACC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 20	$ (60)	$	$ (112)
Changes of assumptions and other inputs	63	(185)	39	(153)
State benefit payments and administrative expenses subsequent to the measurement				
Total	$ 83	$ (245)	$ 39	$ (265)

	TOTAL	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 4,861	$ (17,161)
Changes of assumptions and other inputs	7,580	(17,101)
State benefit payments and administrative expenses subsequent to the measurement	2,725	
Total	$ 15,166	$ (34,262)

$2.7 million reported as deferred outflows of resources related to OPEB resulting from State benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

	Fiscal Year-ended June 30:						
	2024	2025	2026	2027	2028	Thereafter	Total
ASU	$ (2,893)	$ (2,818)	$ (1,200)	$ 23	$	$	$ (6,888)
ATU	(480)	(480)	(480)	(480)	(480)	(1,002)	(3,402)
NWACC	(35)	(36)	(36)	(36)	(36)	(148)	(327)
SAUT	(14)	(14)	(15)	(15)	(15)	(37)	(110)
SAU	(21)	(21)	(21)	(21)	(21)	(91)	(196)
U of A	(2,020)	(1,660)	(2,259)	(2,732)	(500)	(240)	(9,411)
UCA	(87)	(87)	(87)	(87)	(87)	(269)	(704)
ANC	16	16	16	16	16	20	100
BRTC	(34)	(34)	(34)	(34)	(35)	(113)	(284)
EACC	3	3	3	3	2	(22)	(8)
NPC	(44)	(44)	(44)	(45)	(18)	(112)	(307)
NAC	21	21	21	21	21	-	105
OC	17	17	17	17	18	76	162
SACC	(26)	(26)	(26)	(26)	(26)	(97)	(227)

Total OPEB Liability

Reconciliation of Total OPEB Liability to Financial Statements	
Governmental	$ 1,419,579
Business-type	116,382
Fiduciary	6,125
Component units	2,091
Total OPEB liability	$ 1,544,177

Total OPEB Expense

Summary of Total OPEB Expense	
Governmental	$ (59,775)
Business-type	1,815
Fiduciary	(205)
Component units	(389)
Total OPEB expense	$ (58,554)

(16) Additional Information – Enterprise Funds

The Construction Assistance Revolving Loan Program was created pursuant to the 1987 Amendments (Federal Law: 100-4) to the 1977 Clean Water Act (Federal Law: 92-500) to provide a perpetual fund for financing the construction of wastewater treatment facilities for municipalities and other public entities.

The Safe Drinking Water Revolving Loan Fund Program was created pursuant to the 1996 Amendments (Federal Law: 104-182) to the 1974 Safe Drinking Water Act (Federal Law: 93-523) to provide a perpetual fund for financing the construction of water treatment facilities for municipalities and other public entities.

Condensed Statement of Net Position (expressed in thousands):

		Construction Assistance Revolving Loan Fund		Safe Drinking Water Revolving Loan Fund
Current assets	$	58,491	$	110,846
Noncurrent assets				
Advances to other funds		334		
Other noncurrent assets		416,969		205,340
Total assets	$	475,794	$	316,186
Current liabilities				
Due to other funds	$		$	425
Other current liabilities		324		189
Total liabilities		324		614
Net position				
Restricted		475,470		315,572
Total liabilities and net position	$	475,794	$	316,186

Condensed Statement of Revenues, Expenses, and Changes in Net Position (expressed in thousands):

		Construction Assistance Revolving Loan Fund		Safe Drinking Water Revolving Loan Fund
Operating revenue/expenses:				
Licenses, permits, and fees	$	3,716	$	1,725
Operating expenses		(5,784)		(1,123)
Operating income (loss)		(2,068)		602
Nonoperating revenue/expenses:				
Investment earnings (pledged against bonds)		7,244		5,841
Grants and contributions		16,888		3,955
Nonoperating revenue		24,132		9,796
Transfers in (out), net		3,246		1,517
Change in net position		25,310		11,915
Total net position, beginning of year		450,160		303,657
Total net position, end of year	$	475,470	$	315,572

Condensed Statement of Cash Flows (expressed in thousands):

		Construction Assistance Revolving Loan Fund		Safe Drinking Water Revolving Loan Fund
Net cash provided by:				
Operating activities	$	2,191	$	1,030
Noncapital financing activities		20,183		5,504
Investing activities		(42,579)		17,723
Net increase (decrease)		(20,205)		24,257
Cash and cash equivalents, beginning		75,811		85,464
Cash and cash equivalents, ending	$	55,606	$	109,721

(17) Risk Management Programs

The following describes the risk management programs administered by the State.

Primary Government

Governmental Activities

(a) Health and Life Plans

State Employee Health and Life Benefit Plan

As required by Ark. Code Ann. § 21-5-405, the State Board of Finance (the Board) and the Director of Transformation and Shared Services – Employee Benefits Division (EBD) Administration take a risk management approach in designing the State employee benefit programs. In addition, the Board ensures that the State employee health benefit programs are maintained on an actuarially sound basis as determined by actuarial standards established by the Board. Most higher education, State Police, and some portion of the State's vocational and technical schools are not included in the State employee benefit programs.

The Board provides employee benefits to State employees that include a self-funded comprehensive major medical plan that includes prescription drug benefits, a health savings account, a fully funded mental health parity and employee assistance program, and a fully funded basic and supplemental group term life insurance. The State offers a cafeteria plan that includes a flexible medical spending account and a dependent daycare/elder care account. In addition, State employees are given the option to participate in a deferred compensation plan.

The State offers a basic group term life insurance and accidental death and dismemberment policy to all active State employees. The State pays for these policies from the FICA trust fund. Employees are offered expanded basic group life term insurance at the employee's cost. The costs are based on a set rate without regard to the age of the employee. Employees are also offered supplemental coverage for employee and dependent coverage. Supplemental life insurance premiums are based upon age and amount of coverage.

Health plan claim liabilities for claims submitted after the close of the plan year or after plan termination of the self-insured medical health insurance plan and the prescription drug plan for State employees are based on actuarial estimates of the ultimate cost of claims that have been incurred (both reported and unreported) and are recorded in the general fund. An analysis of changes in aggregate liabilities for claims and claims adjustment expenses for the current and prior fiscal years are as follows (expressed in thousands):

	2023	2022
Claim liability, beginning of year	$ 25,794	$ 28,001
Incurred claims:		
Provision for insured events of current year	288,942	313,290
Provision for insured events of prior years	568	(82)
Total incurred claims	289,510	313,208
Payments:		
Claims payments attributed to insured events of current year	267,119	287,268
Claims payments attributed to insured events of prior years	25,033	28,147
Total payments	292,152	315,415
Claim liability, end of year	$ 23,152	$ 25,794

Arkansas State Police Health Insurance Plan

Pursuant to Ark. Code Ann. § 12-8-210, the Arkansas State Police (ASP) offers healthcare benefits to active, uniformed members and retirees. The ASP Human Resource section serves as Plan Administrator. A contracted third-party administrator (TPA) is selected each plan year to serve as claims processor. The TPA also administers the COBRA Act of 1985 and provides certain actuarial estimates for the plan. Healthcare benefits are funded by employer and retired employee contributions and Ark. Code Ann. § 27-16-801. Ark. Code Ann. § 27-16-801 stipulates that for every Arkansas driver's license sold, either $6 or $12 of the license fee depending on whether it is a four-year or eight-year license is used to fund the ASP Health Plan. The plan is partially self-funded; reinsurance stop loss coverage for aggregate benefit utilization is contracted for each plan year. Plan years cover January 1 through December 31 of any given year. Employer contribution rates are set by the ASP with final approval by the ASP Commission. The ASP Commission is authorized by Ark. Code Ann. § 12-8-210 to direct the plan. The current monthly budgeted premium, set on July 1, 2022, is $928 per budgeted commissioned position.

The plan administrator offers the following employee benefits to ASP uniformed employees: a major medical plan that includes prescription drug benefits, a health savings account, and mental health benefits. ASP offers a cafeteria plan that includes a flexible medical spending account and a dependent daycare/elder care account. In addition, ASP uniformed employees are given the option to participate in a deferred compensation plan. A stand-alone vision and dental plan, as well as a comprehensive group term life plan, are available with the employee paying all premiums.

Liabilities for claims incurred but not reported are included in the ASP Insurance Plan. These liabilities exist because the span of time between the incurrence of obligations to pay claims and the liquidation of the obligations by the agency cross reporting periods.

The amounts of these liabilities, based on evaluation of claims data for those claims that were incurred before year-end and paid after year-end for June 30, 2023, are as follows (expressed in thousands):

	2023	2022
Claim liability, beginning of year	$ 767	$ 512
Incurred claims:		
Provision for insured events of current year	13,420	12,930
Increase in provision for insured events of prior years	496	271
Total incurred claims and claim adjustment expense	13,916	13,201
Payments:		
Claims payments attributed to insured events of current year	12,725	12,163
Claims payments attributed to insured evens of prior years	1,263	783
Total payments	13,988	12,946
Claim liability, end of year	$ 695	$ 767

(b) Public Employee Claims Division of the Arkansas Insurance Department

The State's Workers' Compensation Program (the Program) was created by State law to provide benefits to State employees injured on the job. All employees of the State and its component units are included in the Program. Prior to July 1, 1994, employees of state-sponsored school districts were also included in the plan, and the State continues to pay benefits to those employees injured prior to that date. Prior to July 1, 1986, employees of the counties and cities were included in the plan, and the State continues to pay benefits to those employees injured prior to that date. An injury is covered under workers' compensation if it is caused by an accident that arose out of and in the course of employment. Losses payable by the Program include medical claims, loss of wages, and disability and death benefits.

The Program is self-insured and is administered by the Public Employees Claims Division of the State Insurance Department. Each State agency is responsible for contributing to the Program each year an amount based on past claims experience. This amount is determined by the Department of Finance and Administration. Due to legislation ending new claims to the Death and Permanent Total Disability Trust Fund at June 30, 2019, it is anticipated that there will be increases in the claims liability for the State.

Changes in the balance of the State's workers' compensation claim liability during the current and prior fiscal years are as follows (expressed in thousands):

	2023	2022
Claim liability, beginning of year	$ 80,879	$ 83,658
Incurred claims:		
Provision for insured events of current year	15,002	14,721
Decrease in provision for insured events of prior years	(736)	(5,842)
Total incurred claims and claim adjustment expense	14,266	8,879
Payments:		
Claims payments attributed to insured events of current year	4,516	4,756
Claims payments attributed to insured events of prior years	7,884	6,902
Total payments	12,400	11,658
Claim liability, end of year	$ 82,745	$ 80,879

(c) Petroleum Storage Tank Trust Fund

The Petroleum Storage Tank Trust Fund (Storage Tank Fund) was established to provide owners and operators of petroleum storage tanks in the State protection from losses associated with accidental releases from qualified storage tanks. In order for a storage tank to qualify under the Storage Tank Fund, it must be registered with all fees paid and meet certain other requirements at the time of the release. The Storage Tank Fund reimburses tank owners up to $1.5 million per occurrence, with a $7,500 deductible, as well as third-party property claims or bodily injury claims for damages up to $1.0 million per occurrence, also with a $7,500 deductible. The Storage Tank Fund is funded by an environmental assurance fee, collected at the wholesale level, of three-tenths of a cent for each gallon of fuel. The first party claim liability is determined through the use of the responsible party's consulting estimates of the remaining corrective action for each site. The third-party claim liability for a release is estimated at one half the plan limits (less the $7,500 deductible) once a third-party claim is filed until actual damages are determined and the liability is recorded in Governmental Activities.

Changes in the claim liability for the Storage Tank Fund during the current and prior fiscal years are as follows (expressed in thousands):

	2023	2022
Claim liability, beginning of year	$ 23,444	$ 16,658
Incurred claims:		
Provision for insured events of current year	8,521	12,184
Payments:		
Claims payments attributed to insured events of current year	5,647	5,398
Claim liability, end of year	$ 26,318	$ 23,444

(d) Risk Management Division Office

The State established the Risk Management Division Office (RISK), Act 272 of 1981, in accordance with State law for the purpose of analyzing and making recommendations as to cost effective loss control and safety programs for the various State agencies. Accordingly, State agencies retain the ultimate decision authority over whether to purchase commercial insurance coverage for losses. However, Ark. Code Ann. § 25-35-104 does require mandatory participation for those State agencies that choose to procure property and casualty insurance offered through the Arkansas Multi-Agency Insurance Trust Fund (AMAIT).

For those State buildings covered by commercial insurance through the AMAIT Plan, the building and contents are generally insured for replacement cost, subject to a $5.5 million aggregate retention paid from the AMAIT, Act 1762 of 2003, with varying deductible amounts retained by the participating State agency entities from $2,500 up to $250,000 per occurrence. The total annual payout by AMAIT for the All-Other Perils coverage is capped at $5.5 million. Losses arising from earth movement are generally insured for the full amount of loss, subject to a deductible of 5% of the combined building and content total value at the location where the loss or damage occurs with a minimum $25,000 per occurrence deductible per location. Due to market conditions, limited availability, and excessive cost, total earth movement coverage is limited to $35 million aggregate limit in Insurance Services Office (ISO) earthquake Zones 2, 3, and Sharp County and $100 million for Zones 4 and 5. The State has secured domestic and foreign terrorism insurance coverage. Certain State agencies have chosen not to purchase commercial insurance on certain buildings, and as such, losses for these buildings are recorded as expenditures in the General Fund when incurred. Flood coverage is provided with varying limits and deductibles according to the various flood zones. Aggregate limits vary from $10 million in a Special Flood Hazard Zone A, with a $1 million deductible per occurrence, per location, per agency, up to $35 million in Zone B and X shaded, with a $100,000 deductible per occurrence, per agency, and up to $100 million in Zone X, with a $100,000 deductible per occurrence, per agency. Both earthquake and flood coverage limits are annual aggregate total maximum limits for the State.

The State does not purchase commercial general liability insurance coverage for claims arising from third party losses on State property as the State relies on sovereign immunity against such claims. Claims against the State for such losses are heard before the State Claims Commission. Act 1188 of 2015 amended the AMAIT to allow for cyber security insurance. Cyber data liability insurance including, but not limited to, first-party coverage and third-party coverage for all participating State agencies became effective on August 14, 2018.

RISK provides staff for the Arkansas Governmental Bonding Board in the administration of the State of Arkansas Self-Insured Fidelity Bond Program in accordance with Act 728 of 1987. The Bond Program provides fidelity bond coverage for actual losses through fraudulent and dishonest acts caused by employees or officials of all participating governments: State, county, municipal, and school district entities. The bond policy limit is $300,000 per occurrence, in accordance with Ark. Code Ann. § 21-2-704(b)(1).

For those State vehicles covered by commercial business auto insurance, each participating agency determines which, if any, vehicles to insure for physical damage and is subject to a per occurrence deductible of $500 comprehensive and $1,000 collision coverage. Also, such commercial business auto insurance generally provides coverage against liability losses up to $250,000 per occurrence in-state and $5 million per occurrence out-of-state. The participating State agency does not have a per occurrence deductible on third-party liability claims. Twenty-one State entities including public funded higher education institutions and State Agencies have elected to purchase $1.0 million per occurrence liability limit coverage in-state. Two State agencies (Arkansas Department of Transportation and Arkansas State Police) have elected not to purchase commercial business auto insurance, and losses on such vehicles are recorded as expenditures in the General Fund as incurred. Auto liability losses arising from uninsured vehicles are heard and adjudicated by the State Claims Commission.

Business-Type Activities

(a) Health and Life Plans

Higher Education Health Plans

The Board of Trustees of the University of Arkansas System (UA System) and Arkansas State University (ASU) sponsor self-funded health plans for employees and their eligible dependents. All UA System campuses participate in the health and dental plans. The plans are also offered to employees of the University of Arkansas Winthrop Rockefeller Institute; the University of Arkansas Foundation, Inc.; the Razorback Foundation, Inc.; the Walton Arts Center; and the University of Arkansas Technology Development Foundation. All ASU campuses participate in the health plan, which is administered by Arkansas Blue Advantage Administrators.

The universities pay a portion of the total premium for full-time active employees. Retirees and former employees participate on a fully contributory basis at the UA System, while ASU pays 50% of coverage for retirees who are not Medicare eligible.

Changes in the balance of the UA System and ASU claim liability during the current and prior fiscal years are as follows (expressed in thousands):

	2023	2022
Claim liability, beginning of year	$ 16,301	$ 18,254
Incurred Claims:		
Provision for insured events of current year	208,578	190,697
Increase (decrease) in provision for insured events of prior years	5	193
Total incurred claims and claim adjustment expense	208,583	190,890
Payments:		
Claims payments attributed to insured events of current year	188,054	174,396
Claims payments attributed to insured events of prior years	16,306	18,447
Total Payments	204,360	192,843
Claim liability, end of year	$ 20,524	$ 16,301

The universities purchase specific reinsurance to reduce their exposure on large claims. Under the specific arrangements, the reinsurance carrier pays for claims for covered individuals that exceed specified limits. Such limits are $1.4 million and $300,000 for the UA System and ASU, respectively.

The plans have not purchased any annuity contracts on behalf of claimants.

Public School Employee Health and Life Benefit Plan

The State sponsors an insurance plan for participating public school employees. Public school employees are offered a self-funded comprehensive major medical plan that includes prescription drug benefits, a health savings account, a fully funded mental health parity benefit and employee assistance program, and a fully funded basic and supplemental group term life insurance program. Each school district obtains its own cafeteria plan and any other benefits that are offered to public school employees by their school districts.

Through September 30, 2003, the health and life plans were fully insured. Subsequent to that date, the health plan became self-insured, and the life insurance component remained fully insured. The pharmacy plan has been self-insured since its inception. While the health plan was fully insured, most plan participants' premiums for health, life, and pharmacy coverage were collected from the school districts by the health insurance companies, and the life and pharmacy components of the premium were paid by the health insurance companies to the life insurance company and the Department of Transformation and Shared Services – Employee Benefits Division (EBD), respectively.

Premiums for certain retirees and COBRA participants were collected by EBD, and the health and life components were paid to the health and life insurance companies, respectively. Employee contributions and school district matching provide funding for the Public-School Employee Health and Life Benefit Plan. Premiums are set by the State Board of Finance and are based upon family composition and claims history. The combination of employee contributions and school district matching was determined individually by the school districts with school district match being $168.52 for July 2022 – December 2022 and $300 for Plan Year January 2023 - June 2023. Some school districts provide additional support for their employees through locally generated funding. Act 1745 of 2001 provides the State Legislature the authority to establish the minimum school district matching amount. Act 517 of 2013 amended Ark. Code Ann. §6-17-1117 so that the contribution rate increases annually by the same percentage that the legislature increases the salary and benefit component of the per-student foundation funding amount under Ark. Code Ann. § 6-20-2305. The plans have not purchased any annuity contracts on behalf of claimants. Effective July 1, 2017, Ark. Code Ann. § 6-17-1117 authorizes the Department of Education to pay an additional matching amount of $142 million per fiscal year to EBD.

Basic group term life insurance and accidental death and dismemberment coverage are offered to all public-school employees covered by the health plan. Supplemental coverage is offered to public school employees for employee and dependent coverage without regard to health plan enrollment. Supplemental life insurance premiums are based upon age and amount of coverage.

Health plan claims liabilities for claims submitted after the close of the plan year or after plan termination of the self-insured medical health plans and the prescription drug plan for public school employees are based on actuarial estimates of the ultimate cost of claims that have been incurred (both reported and unreported) and are recorded in the Public-School Employee Health and Life Benefit Plan Enterprise Fund.

An analysis of changes in aggregate liabilities for claims and claims adjustments expenses for the current and prior fiscal years are as follows (expressed in thousands):

	2023	2022
Claim liability, beginning of year	$ 37,821	$ 35,885
Incurred claims:		
Provision for insured events of current year	374,651	368,213
Provision for insured events of prior years	(614)	(2,219)
Total incurred claims	374,037	365,994
Payments:		
Claims payments attributed to insured events of current year	337,135	330,696
Claims payments attributed to insured events of prior years	36,935	33,362
Total payments	374,070	364,058
Claim liability, end of year	$ 37,788	$ 37,821

(b) Special Funds Division of the Arkansas Workers' Compensation Commission

The State provides for loss protection to employers and insurance companies operating in the State to minimize workers' compensation claims paid for wage losses. The first such plan was created by State law and is known as the Death and Permanent Total Disability Trust Fund (Disability Trust Fund).

Death and Permanent Total Disability Trust Fund

Initiated Act 4 of 1948, as amended, established the workers' compensation laws to provide for the timely payment of temporary and permanent disability payments to all legitimately injured workers who suffer injury or disease arising out of their employment. Employers are required to provide coverage for compensation with insurance carriers authorized to write workers' compensation insurance or to pay benefits directly as a self-insurer. Generally, employers are liable for medical services and supplies for injured employees. Ark. Code Ann. § 11-9-502 provides for the first $75,000 of weekly benefits (the indemnity threshold) for death or permanent total disability to be paid by the employer or its insurance carrier. Act 1599 of 2007 amended Ark. Code Ann. § 11-9-502 to move the indemnity threshold up to 325 times the maximum total disability rate. Accordingly, the Disability Trust Fund was established. The taxation rate is determined by the Workers' Compensation Commission in accordance with Ark. Code Ann. § 11-9-306 which limits the tax rate to 3% of written manual premiums of workers' compensation insurance written on all risks within the State. Similarly, self-insured employers and public employers are taxed based on what they would have to pay if they were covered by insurance. Act 5 of the Third Extraordinary Session of 2016, provides that no claims shall be made to the Death and Permanent Total Disability Trust Fund after June 30, 2019. Upon the final payment of the liabilities of the Death and Permanent Total Disability Trust Fund under Ark. Code Ann. § 11-9-502, the current maximum premium tax rate of 3% will change to 1.5%.

Claim liabilities are established based on the present value of future benefits for known cases currently receiving benefits, known cases to receive benefits in the future, and claims incurred but not closed.

The following represents the changes in claim liabilities for the fund during the last two fiscal years (expressed in thousands):

	2023	2022
Claim liability, beginning of year	$ 177,626	$ 196,598
Incurred claims:		
Provision for insured events of current year		
Decrease in provision for insured events of prior years	(6,931)	(15,111)
Increase due to decrease in discount period	8,557	9,496
Total incurred claims and claim adjustment expense	1,626	(5,615)
Payments:		
Claims payments attributed to insured events of prior years	12,967	13,357
Claim liability, end of year	$ 166,285	$ 177,626

(18) Commitments and Contingencies

Primary Government

Governmental Activities

(a) Litigation

The State, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, alleged inmate wrongs and other alleged torts, alleged breaches of contract, condemnation proceedings, challenges of State law, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the State but remained unpaid by the State as of the balance sheet date. The State has accrued liabilities in the approximate amount of $800,000 for the payment of such claims. As of June 30, 2023, there were no outstanding claims within the state-accrued liabilities that were approved by the General Assembly and waiting payment through an appropriations bill through the Arkansas State Claims Commission (the Commission). The Commission may authorize awards up to $15,000 without legislative approval. Claims awarding death and disability benefits for certain public employees do not require legislative approval. Awards are recorded in government financial statements. For other cases where it is reasonably possible that a loss will be incurred and the amount of the potential judgment can be reasonably estimated, the Attorney General and other counsel estimate the liability to be approximately $377,515.

Changes in the balance of litigation during the current and prior fiscal year are as follows (expressed in thousands):

	2023	2022
Litigation, beginning of year	$ 800	$ 18,773
Incurred litigation	105	843
Litigation payments/dismissals	(105)	(18,816)
Litigation, end of year	$ 800	$ 800

(b) Federal Grants

The State, including its institutions of higher education, receives significant financial assistance from the U.S. Government in the form of grants and federal revenue sharing entitlements. Entitlement to those resources is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal regulation, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits under either the Federal Single Audit Act or by grantor agencies of the federal government or their designees. At June 30, 2023, the amount of expenditures disallowed and returned to the grantor after fiscal year-end as a result of the financial and compliance audits was $3.1 million.

The State has participated in the Pandemic Unemployment Assistance, the Enhanced Unemployment Benefit, the Pandemic Emergency Unemployment, the Federal Pandemic Unemployment, and the Lost Wages programs. There have been nation-wide reviews of these claims and payments. Potential fraudulent and errant payments associated with these programs are currently being investigated.

(c) Construction and Other Commitments

At June 30, 2023, the State had commitments of approximately $1.5 billion for construction and other contracts, approximately $977.2 million for professional service contracts, and approximately $6.4 million for subscription based information technology arrangements (SBITAs). The Arkansas Natural Resources Commission has approved $56.2 million in loans for projects for water systems, waste water, and pollution abatement that had not been disbursed at June 30, 2023.

(d) Bond Guarantees

The Arkansas Development Finance Authority (ADFA) has authority to guarantee bonds issued by cities and counties for industrial development purposes, bonds and loans issued by ADFA, and obligations issued by a venture capital investor group. As of June 30, 2023, there was on deposit in ADFA's Guaranty Reserve Account approximately $17.0 million. As of June 30, 2023, ADFA had outstanding guarantees on obligations aggregating approximately $59.7 million in principal amount. Approximately $2.9 million in principal amount was in default and in a workout posture. In the event that it is necessary to meet its guarantee obligations, ADFA may issue its revenue bonds, which will be secured by a pledge of interest earnings derived from investment of the State's daily Treasury balances. No such bonds have yet been issued by ADFA.

The Arkansas Economic Development Commission (AEDC) has authority to guarantee repayment of indebtedness incurred by private borrowers, not to exceed $5 million in each instance, to promote industrial development within the State. In connection with such guarantees given in the past, AEDC has received fees that have been deposited into a guaranty fund. In the event AEDC's guarantee is called upon, monies in the guaranty fund are applied to satisfy the obligation. In the event monies in the guaranty fund are insufficient to repay any such obligation, AEDC is authorized to issue its revenue bonds secured by a pledge of interest earnings on the State's daily Treasury balances. As of June 30, 2023, there was approximately $13.3 million on deposit in AEDC's Bond Reserve Guaranty Fund. As of June 30, 2023, AEDC had outstanding guarantees on approximately $14.4 million in principal amount of debt in connection with the program described above. Approximately $293,094 in principal amount was in default.

(e) Tobacco Settlement

In November 1998, Arkansas joined 46 states and 5 territories in a settlement with the nation's largest tobacco manufacturers. The settlement includes base payments to states totaling $206.0 billion over 25 years and continues in perpetuity. For 2002 and thereafter, the first $5 million must be distributed to the Tobacco Settlement Debt Service Account, and the amounts remaining are distributed to the Tobacco Settlement Program Account.

The Arkansas Tobacco Settlement Commission, created by the Arkansas Tobacco Settlement Funds Act of 2000, is directed to monitor and evaluate programs established in the Tobacco Proceeds Act, to establish program goals for related programs, and to develop performance indicators to monitor programmatic functions to ensure optimal impact on improving the health of Arkansans. The programs include prevention and cessation programs; targeted needs programs; health issues, with specific emphasis on smoking and the use of tobacco products; and the Medicaid Expansion Program.

In fiscal year 2006, ADFA issued $36.8 million in Tobacco Settlement Revenue Bonds. ADFA has made the proceeds of the bonds available to the University of Arkansas Board of Trustees (UA Board) to fund an expansion to the Arkansas Cancer Research Center (ACRC) on the campus of the University of Arkansas for Medical Sciences (UAMS). The bonds have an approximate yield to maturity of 4.85% to 5.10%. Principal and accumulated interest are payable beginning in 2021 through 2031 for $22.2 million of serial bonds and beginning in 2036 through 2046 for $14.6 million of term bonds. Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a loan agreement dated June 1, 2006, between the UA Board and ADFA, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the debt service revenues will be sufficient to service the entire principal and interest due. The *Global Insights USA, Inc.*, report, prepared in August 2006 on the *Forecast of U.S. Cigarette Consumption (2004-2046)*, indicates that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60.1 million from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27.6 million in 2046, with the first $5.0 million dedicated to pay the debt service on the above bond issue. If debt service revenues had been considered insufficient at June 30, 2023, the University would have incurred a $71.4 million liability related to the issue. This would include draw down of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue.

While Arkansas's share of the base payments will not change over time, the amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), while other adjustments will likely cause decreases in payments (volume adjustments, for example). The net effect of these adjustments on future payments is unclear; therefore, the financial statements only reflect the amounts that were earned in fiscal year 2023. In fiscal year 2023, the State recorded a total of $55.6 million, with $5.0 million being transferred to ADFA for the Tobacco Settlement Debt Service Account.

Business-Type Activities

(a) Litigation

The State's business-type activities and employees may be defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, other alleged torts, alleged breaches of contract, condemnation proceedings, challenges to State law, and other alleged violations of state and federal laws. At June 30, 2023, there were no accrued liabilities involving litigation for business-type activities. For other cases where it is reasonably possible that a loss will be incurred and the amount of the potential judgment can be reasonably estimated, the Attorney General and other counsel estimate that there is no liability at June 30, 2023.

(b) Construction and Other Commitments

Higher Education

At June 30, 2023, the State had commitments in its business-type activities of approximately $254.0 million for construction and other contracts, and approximately $2.8 million for professional service contracts.

Office of the Arkansas Lottery

The Arkansas Department of Finance and Administration – Office of the Arkansas Lottery (OAL) contracts with two vendors for its online lottery game services, instant ticket lottery game services, and gaming system. These services are incurred as a percentage of sales, and as such, future obligations cannot be easily determined. OAL has multi-year contracts with both vendors that expire in fiscal year 2027. Total fees paid on these contracts for the fiscal year ended June 30, 2023, were $31.8 million.

Component Unit Activities

Construction and Other Commitments

Arkansas Development Finance Authority

ADFA has $50.4 million recorded as cash and investments in the statement of net position that may be disbursed under loan and lease agreements closed prior to June 30, 2023.

In 2003, ADFA initiated the funding for the Arkansas Institutional Fund (AIF), an institutional fund of venture capital investment program funds created by the Arkansas General Assembly in 2001. The Venture Capital Act of 2001 authorizes ADFA to assist in increasing the availability of equity and near-equity capital for emerging, expanding, relocating, and restructuring enterprises in the State through the creation of an institutional partnership fund. The Bond Guaranty Fund is subject to the first $10.0 million of losses incurred by the AIF. The funding is structured as a guaranteed line of credit with a financial institution, with draws occurring on an as-needed basis. The outstanding balance as of June 30, 2023, was $2.7 million.

Outstanding commitments to various funds/companies were $1.9 million for the year ending June 30, 2023.

At June 30, 2023, the Bond Guaranty Fund guaranteed a letter of credit with a financial institution for up to $3.8 million in the event of non-performance by the borrower.

(19) Business Incentives

(a) Create Rebate Program

The Create Rebate Program is authorized by the Consolidated Incentives Act of 2003 (Ark. Code Ann. §§ 15-4-2701 – 2712). Financial incentive agreements are offered to non-retail, for-profit businesses in highly competitive circumstances at the discretion of the director of the Arkansas Economic Development Commission. The agreements can be offered for a period of up to 10 years. Cash payments are based on a company's annual payroll for new, full-time, permanent employees. To be eligible, a company is required to maintain a minimum payroll of $1.25 million to $2.0 million annually for new, full-time, permanent employees, depending on the county tier, and file a claim with the Department of Finance and Administration (DFA). No claims may be filed until the minimum annual payroll is met. The threshold must be met within 24 months of inception of the agreement. The State has accrued liabilities of approximately $243.3 million for the Create Rebate business incentive.

Changes in the balance of Create Rebate business incentives during the current and prior fiscal years are as follows (expressed in thousands):

	2023	2022
Create Rebate business incentives, beginning of year	$ 262,466	$ 268,200
Incurred Create Rebate business incentives, net of allowance	19,935	10,940
Create Rebate business incentives payments/dismissals	(39,091)	(16,674)
Create Rebate business incentives, end of year	$ 243,310	$ 262,466
Current Create Rebate business incentives	$ 14,574	$ 14,966
Noncurrent Create Rebate business incentives	228,736	247,500

(b) Tax Back Program

The Tax Back Program is authorized under Ark. Code Ann. § 15-4-2706(d). The program provides sales and use tax refunds on the purchase of building materials, machinery, and equipment to qualifying businesses that create new jobs as a result of construction, expansion, or facility modernization projects in Arkansas. All claims for refunds must be filed with the Revenue Division of DFA within three years from the date of purchase. The State has accrued liabilities in the approximate amount of $2.2 million for the Tax Back business incentive. For more information on the Tax Back Program, refer to Note 20.

Changes in the balance of Tax Back business incentives during the current and prior fiscal years are as follows (expressed in thousands):

	2023	2022
Tax Back business incentives, beginning of year	$ 1,796	$ 2,655
Incurred Tax Back business incentives, net of allowance	1,857	2,244
Tax Back business incentives payments/dismissals	(1,480)	(3,103)
Tax Back business incentives, end of year	$ 2,173	$ 1,796
Current Tax Back business incentives	$ 2,173	$ 1,796
Noncurrent Tax Back business incentives		

(20) Tax Abatements

As of June 30, 2023, the State provides tax abatements through 11 programs. These programs provide incentives in the form of reduced taxes for the purposes of business development and job creation, housing development, tourism development, and other programs.

(a) Advantage Arkansas Program

Established under Ark. Code Ann. § 15-4-2705, the Advantage Arkansas Program provides income tax abatements to encourage economic development through job creation. The abatements are provided through an income tax credit equal to a percentage of the payroll of new, full-time, permanent employees of the business, which is based on the county in which the new employees are located. The income tax credits are obtained through application by the business to the Arkansas Economic Development Commission (AEDC) prior to commencement of activities that will lead to job creation. The proposed average hourly wage shall be equal to or greater than the lowest county average hourly wage as calculated by AEDC based on the most recent calendar year data published by the Division of Workforce Services. After receiving an approved financial incentive agreement from AEDC, the business shall certify the payroll at the end of each tax year during the agreement to the Revenue Division of the Department of Finance and Administration (Revenue Division). Upon verification of the reported payroll amounts, the Revenue Division shall authorize the appropriate income tax credit. The tax credits authorized may offset 50% of the business' tax liability in any one year. Any unused credits may be carried forward up to nine years after year first earned or until exhausted, whichever occurs first. If the business fails to meet the payroll threshold within two years after signing the financial incentive agreement, unless an extension is granted, the business must repay all benefits previously received under this program. No other commitments were made by the State as part of the agreements.

(b) ArkPlus Program

The ArkPlus Program, established under Ark. Code Ann. § 15-4-2706(b), provides income tax and sales and use tax abatements to encourage economic development through job creation and capital investments. The tax abatements are provided through income tax credits and sales and use tax credits. A business must apply for the tax credits through the AEDC prior to starting the project.

- A business other than a technology-based entity is eligible for a tax abatement through an income tax credit equal to 10% of the total investment in land, buildings, equipment, and costs related to licensing and protection of intellectual property. Eligibility for the income tax credit is based upon a minimum investment and minimum annual payroll. The investment thresholds must be reached within four years of the date the financial incentive agreement is signed, except for certain lease payments. The eligible business shall certify eligible project costs annually at the end of each tax year to the Revenue Division. Upon verification of eligible costs, the Revenue Division shall authorize the income tax credit. The amount of income tax credit taken each tax year cannot exceed 50% of the business's income tax liability resulting from the project or facility. Unused credits may be carried forward up to nine years after the year earned.

- A technology-based entity may receive a tax abatement by electing to receive either an income tax credit or a sales and use tax credit equal to a percentage of the investment based upon the amount to be invested. The entity must elect either the income tax credit or sales and use tax credit at time of application. To be eligible, the entity must create a new payroll that meets minimums in amount and average hourly wage. The tax credit is a percentage of the project cost, ranging from 2% to 8%, based upon the project cost estimate at the time the financial incentive agreement is signed. All investments must be made within four years of the date of the signed agreement. After receiving an approved financial incentive agreement from AEDC, the business shall certify eligible project costs at the end of each tax year during the agreement to the Revenue Division. The tax credits authorized may offset a percentage of the entity's tax liability based on the average hourly wage paid. Any unused credits may be carried forward up to nine years after the year first earned.

No other commitments were made by the State as part of these agreements. Because taxes are abated after eligible costs are incurred and verified, there are no recapture provisions.

(c) InvestArk Program

The InvestArk Program provides for abatement of sales and use taxes to encourage economic development through retention of current Arkansas businesses. The program is authorized under Ark. Code Ann. § 15-4-2706(c). To be eligible, a business must have been in continuous operation in the State for at least two years, hold a direct-pay sales and use tax permit from the Revenue Division prior to submitting an application, and propose an investment of at least $5.0 million. An eligible business must apply for this program prior to the start of eligible activities and file the endorsements with the application. Upon approval, the AEDC shall certify the project to the Revenue Division. At the end of each calendar year, the business shall certify the amount of project expenditures to the Revenue Division. The amount of the sales and use tax credit is five-tenths of one percent (0.5%) above the State sales and use tax rate at the time the financial incentive agreement is signed with the AEDC. Credits taken cannot exceed 50% of the direct pay sales and use tax liability for taxable purchases. Any unused credits can be carried forward up to five years after first earned. No other commitments are made by the State under this program. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided.

(d) Tax Back Program

The Tax Back Program provides for abatement of sales and use taxes to encourage economic development through job creation. The program is authorized under Ark. Code Ann. § 15-4-2706(d). To be eligible, a business must be endorsed by the governing authority of the municipality, county, or both in whose jurisdiction the business will be located; propose a minimum investment of $200,000; and sign a job creation financial incentive agreement under Ark. Code Ann. § 15-4-2705 or Ark. Code Ann. § 15-4-2707. An eligible business must apply for this program prior to the start of eligible activities. A refund of sales and use taxes paid on eligible purchases shall be authorized by the Revenue Division after verification. All claims for refunds must be filed with the Revenue Division within three years from the date of purchase. No refunds are made for sales and use taxes dedicated to the Educational Adequacy Fund and the Conservation Tax Fund. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program.

(e) In-House Research and Development Program

The In-House Research and Development Program provides for abatement of income taxes to encourage economic development through research activities. The program is authorized under Ark. Code Ann. § 15-4-2708(a). Eligible businesses must apply with the AEDC prior to the start of research activities. The income tax credit is equal to 20% of qualified expenditures and may be used to offset 100% of an eligible business' annual income tax liability. Unused credits may be carried forward up to nine years. A financial incentive agreement under this program may not exceed five years. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program.

(f) Targeted Research Program

The Targeted Research Program provides for abatement of taxes to encourage economic development through research activities of targeted businesses or in areas of strategic value. The program is authorized under Ark. Code Ann. § 15-4-2708(b) and (c). Targeted businesses must be in one of six business sectors as determined by the AEDC. Areas of strategic value are fields having long-term economic or commercial value to the State and identified in the research and development plan approved by the executive director of the AEDC. Eligible businesses must apply with the AEDC prior to the start of research activities. The income tax credit is equal to 33% of qualified expenditures and may be used to offset 100% of an eligible business's annual income tax liability. Targeted businesses may sell unused credits as authorized by Ark. Code Ann. § 15-4-2709. Unused credits provided for research in areas of strategic value may be carried forward up to nine years. The maximum amount of credits awarded to an eligible business for research in areas of strategic value is $50,000. A financial incentive agreement under this program may not exceed five years. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program.

(g) Targeted Business Payroll Program

The Targeted Business Payroll Program provides for abatement of income taxes to encourage the development of jobs that pay significantly more than the average hourly wage of the county in which the business is located or the State average hourly wage, if less. The program is authorized under Ark. Code Ann. § 15-4-2709. To be eligible, a business must be identified by the AEDC as being in a business sector targeted for growth under Ark. Code Ann. § 15-4-2703(39). An eligible business must apply for this program prior to the start of eligible activities. The eligible business must meet annual payroll requirements as well as average hourly wage requirements. The term of the financial incentive agreement cannot exceed five years. An income tax credit is earned equal to 10% of the targeted business' annual payroll but not to exceed $100,000 in any one year. Any unused credits may be carried forward up to nine years after the year the credit is earned. The targeted business may apply to the AEDC for permission to sell unused credits. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program. No income taxes were abated under this program for the fiscal year ended June 30, 2023.

(h) Tourism Development Program

The Tourism Development Program provides for abatement of income taxes and sales and use taxes to encourage the development of tourism attractions within the State. The program is authorized by Ark. Code Ann. §§ 15-11-501 – 15-11-511. To be eligible, the business must agree to make a minimum investment in a tourism attraction project and have a marketing plan that targets at least 25% of its visitors from out-of-state. The business must apply for the program with the AEDC prior to the start of eligible activities. The eligible project must be completed within two years, unless an extension is granted. The term of the financial incentive agreement shall not exceed 10 years. Tax abatements are made as follows:

- To receive a sales and use tax credit, the company must certify to the Secretary of the Department of Finance and Administration (DFA) that the minimum investment has been made in the project. The sales tax credit approved by DFA shall be 15% or 25% of the approved costs, depending on the location of the project. Additional sales and use tax credits may be awarded as additional approved costs are incurred. However, no credits shall be awarded for costs incurred more than two years after the financial incentive agreement is signed, unless an extension is granted. The credits may be used to offset 100% of the increased State sales tax liability in the first year approved. Unused credits may be carried forward up to nine years or the end of the financial incentive agreement, whichever occurs first.

- To receive an income tax credit, the tourism attraction project must meet the eligibility requirements in Ark. Code Ann. § 15-11-503(14)(A). The approved company shall certify its payroll to the Revenue Division. The Revenue Division can then authorize an income tax credit equal to 4% of the certified payroll of new, full-time, permanent employees of the approved tourism attraction.

Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program.

(i) Water Resource Conservation and Development Program

The Water Resource Conservation and Development Program provides for abatement of income taxes to encourage investment in projects that increase the use of surface water and reduce agricultural irrigation water use. The program is authorized under Ark. Code Ann. §§26-51-1001 – 26-51-1014. To be eligible, an entity must agree to undertake a project that meets standards established by the Arkansas Natural Resources Commission (ANRC). An eligible entity must apply for this program prior to the start of eligible activities. The project is required to be completed within five years and be maintained for 10 years after completion. Taxes are abated using an income tax credit equal to a percentage of the estimated cost of the project, up to a set maximum, based on the type of project. The percentage and maximum depend on the type of project proposed. The income tax credits can begin to be taken in the year the project is started. Credits taken are limited to the entity's income tax liability for the tax year or a maximum amount, depending on the type of project, whichever is less. Any unused credits may be carried forward up to a set number of years depending on the type of project. If the project is not completed within five years, all income tax credits used shall be repaid. If the project is not maintained for 10 years after completion, a pro rata share of the income tax credits used shall be recaptured based on the number of years since completion. The total amount of tax credits that can be taken by all awarded entities cannot cumulatively exceed $20 million. In the calendar year when the cumulative amount of credits taken reaches $20 million, any remaining unused credits shall expire as of December 31 of the following calendar year. No other commitments are made by the State under this program.

(j) Wetland and Riparian Zone Program

The Wetland and Riparian Zone Program provides for abatement of income taxes to encourage landowners to restore and enhance existing wetlands and riparian zones or create new wetlands and riparian zones. The program is authorized under Ark. Code Ann. §§ 26-51-1501 – 26-51-1510. To be eligible, the landowner must agree to undertake a project that meets standards established by the ANRC. An eligible entity must apply for this program prior to the start of eligible activities. The project is required to be completed within three years and be maintained for 10 years after completion. Taxes are abated using an income tax credit equal to project costs up to a maximum of $50,000. If the project is not completed within three years, all income tax credits used shall be repaid. If the project is not maintained for 10 years after completion, a pro rata share of the income tax credits used shall be recaptured, based on the number of years since completion. In the calendar year when the cumulative amount of credits taken by all landowners awarded credits under this program reaches $500,000, any remaining unused credits shall expire as of December 31 of the following calendar year. No other commitments are made by the State under this program.

(k) Low Income Housing Program

The Low Income Housing Program provides for abatement of income taxes to encourage the development of housing for individuals and families with low income. The program is authorized under Ark. Code Ann. §§ 26-51-1701 – 26-51-1705. To be eligible, the taxpayer must own an interest in a qualified project in Arkansas, be eligible for the federal low income housing tax credit, and be approved by the Arkansas Development Finance Authority. An eligible entity must apply for this program prior to the start of eligible activities. Taxes are abated using an income tax credit equal to 20% of the federal low income housing tax credit approved. The amount of credit taken in any one tax year cannot exceed the State income taxes due from the taxpayer. Any unused credits may be carried forward up to five years. If a portion of the federal income tax credit is required to be recaptured, the taxpayer must repay a portion of the related State income tax credit. The maximum amount of State income tax credits that can be awarded under this program each year cannot exceed $250,000. No other commitments are made by the State under this program.

A summary of the taxes abated by tax abatement program for fiscal year ended June 30, 2023, is as follows (expressed in thousands):

Tax Abatement Program		2023
Income Tax Abatements		
ArkPlus Program	$	5,237
In-House Research and Development Program		1,482
Advantage Arkansas Program		452
Water Resource Conservation and Development Program		512
Low Income Housing Program		520
Targeted Research Program		2,180
Wetland and Riparian Zone Program		211
Sales and Use Tax Abatements		
InvestArk Program		28,663
Tourism Development Program		972
Tax Back Program		1,857

(21) Joint Ventures

GASB Statement No. 14, The Financial Reporting Entity, as amended, defines a joint venture as a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain 1) an ongoing financial interest or 2) an ongoing financial responsibility. During the fiscal year ended June 30, 2023, the Office of Arkansas Lottery (OAL) was an active participant in several joint venture arrangements with the Multi-State Lottery Association (MUSL).

Multi-State Lottery Association

In July 2009, the OAL joined the Multi-State Lottery Association (MUSL), which is comprised of a group of U.S. lotteries that combine jointly to sell online Powerball® and Mega Millions® lottery tickets. On January 27, 2015, MUSL added the Lucky for Life® online game to be available to the member lotteries for the joint sales of that game, in which the OAL elected to participate. The chief executive officer of each member lottery serves on the MUSL board of directors. MUSL is audited annually by a separate, independent audit firm.

As a member of MUSL, the OAL is required to contribute to various prize reserve funds for Powerball® and Mega Millions® which are maintained by MUSL. The MUSL prize reserve funds serve as a contingency reserve to protect MUSL and its member state lotteries from unforeseen prize payment liabilities. MUSL periodically reallocates the prize reserve funds among the member state lotteries based on relative Powerball® and Mega Millions® sales levels. All remaining funds remitted, and the related interest earnings (net of administrative costs), less any portion of unanticipated prize claims that may have been paid from the fund, would be returned to the OAL if it were to ever leave MUSL. As of June 30, 2023, the OAL had reserve fund deposits with MUSL of $2.0 million. MUSL does not maintain prize reserves funds for Lucky for Life®.

A copy of the MUSL financial statements may be obtained by submitting a written request to MUSL, Attn: Bret Toyne, Executive Director or Shannon Underwood, Director of Finance, 8101 Birchwood Court, Suite R, Johnston, Iowa 50131.

The OAL's portion of the MUSL's games for the fiscal year ended June 30, 2023, is summarized in the table below (expressed in thousands):

	Operating Revenues	Prizes
Powerball®	$ 39,097	$ 18,605
Mega Millions®	32,332	15,619
Lucky for Life®	7,053	4,095

(22) Subsequent Events

Primary Government

Governmental Activities

In September 2023, following a special legislative session, the Governor signed legislation into law that will reduce income tax rates applicable to individuals, trusts, estates, and corporations; and to create an inflationary relief income tax credit for certain taxpayers. These tax reductions are expected to reduce State general revenues by a total of $248.5 million in fiscal year 2024, including $156.3 million for the inflationary relief income tax credit, and $184.5 million in fiscal 2025.

Business-Type Activities

Arkansas Department of Finance and Administration – Office of Arkansas Lottery (OAL)

On August 9, 2023, the Arkansas Division of Higher Education (ADHE), refunded $5.8 million to the OAL. This amount was due to a reduction in awards and payments from ADHE. On September 28, 2023, at the request of ADHE, a payment of $30.8 million was made from the Scholarship Trust Account to ADHE. $30.0 million was for the Academic Challenge Scholarship and $750,000 was for the Workforce Challenge Scholarship program.

University of Arkansas System

On August 3, 2023, the University of Arkansas (the University) issued $10.3 million in Athletic Facilities Revenue Bonds (Fayetteville Campus), Refunding Series 2023, with an interest rate of 5%. The proceeds of the bonds will be used to refund the Board's Athletic Facilities Revenue Bonds (Fayetteville Campus), Series 2013A (except for the September 15, 2023, maturity thereof), and to pay costs of issuance. Net bond proceeds and premiums of $10.6 million from Series 2023 was deposited into an escrow account to retire the bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1.0 million. This difference will be amortized through fiscal year 2028. The University completed the refunding to reduce its total debt service payments over the next five years by $406,265 and to obtain a net present value economic gain of $399,900.

On August 17, 2023, the University issued $62.3 million in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2023A, with interest rates between 4.751% and 5.467%. The bonds were issued to finance costs of certain capital improvements on or for the Fayetteville Campus including, without limitation, (a) the acquisition, construction, furnishing, and equipping of the Institute for Integrative and Innovative Research; (b) the acquisition, construction, furnishing, and equipping of the Multi-User Silicon Carbide Research and Fabrication Facility; and (c) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure, and the acquisition of various equipment and/or real property for University of Arkansas, Fayetteville.

On August 17, 2023, the University issued $60.1 million in Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2023B, with an interest rate of 5%. The proceeds of the Series 2023B Bonds were used to accomplish the current refunding of certain portions of the Invited Bonds that are validly tendered for purchase (the “Purchased Bonds”) and to pay costs of issuance of the Series 2023B Bonds and costs of accomplishing the refunding and purchase of the Purchased Bonds. A total of $68.7 million was deposited into the escrow account upon closing. The purchase price to retire the bonds was funded with net bond proceeds and premiums from the Series 2023B Bonds of $67.9 million and a contribution from the University of $775,629 representing the interest on the retired bonds accrued to the closing date of the Series 2023B Bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4.0 million. This difference will be amortized through the fiscal year 2045. The University completed the refunding to reduce its total debt service payments over the next twenty-two years by $7.0 million and to obtain an economic gain of $4.8 million.

On August 3, 2023, the Board of Trustees of the University of Arkansas issued the Series 2023 Revenue Bonds (the 2023 Bonds) on behalf of University of Arkansas for Medical Sciences (UAMS). The 2023 Bonds consist of Various Facilities Revenue Bonds in the original amount of $64.6 million, with a premium of $8.9 million, which bear interest at 5%. The 2023 Bonds are payable in annual installments through November 2034. Proceeds from the issuance of the bonds were used to refund Various Facilities Revenue Refunding Bonds, Series 2013.

On August 3, 2023, the Board of Trustees of the University of Arkansas issued the Series 2023 Revenue Bonds (the 2023 Bonds) on behalf of University of Arkansas at Little Rock. The 2023 Bonds consist of Various Facilities Revenue Bonds in the original amount of $13.8 million with a premium of $1.2 million, which bear interest at 5%. The 2023 Bonds are payable in annual installments through October 2030. Proceeds from the issuance of the bonds were used to refund the Student Fee Revenue Capital Improvement Bonds, Series 2013C.

On May 28, 2023, the Board approved the purchase of approximately three acres of land for $5.1 million. The property included four structures; two of which are slated for demolition and two that are rented through a third-party property management company. The land purchase was settled July 6, 2023

On September 15, 2023, the Board approved the sale of a university owned property in Washington County which includes the former Southwest Experimental Fast Oxide Reactor for $1.2 million. Additionally, a forest inventory and timber valuation conducted on the property values the timber at $406,983. In the event of sale of any timber on the property, the buyer would execute a sponsored research agreement with the University for not-less-than 50% of the gross proceeds generated.

On July 28, 2023, UAMS was approved for a loan of $30 million from the Budget Stabilization Trust Fund based upon the general revenue allocated to UAMS for fiscal year 2024. The loan funds were distributed to level the cash flow of UAMS and prevent the need to transfer funds from the intermediate-term investment fund pool, which had not regained market losses experienced over the last few years. The loan will be repaid in 10 monthly installments of $3.0 million beginning September 2023 and ending June 2024.

Arkansas State University System

In August 2023, the Arkansas State University - Midsouth campus entered a construction contract to replace and upgrade the chilled water system for the Reynolds Center and the University Center. Construction is scheduled to begin in late fall 2023 with a completion date of spring 2024. The cost of the project is estimated to be $1.5 million and will be funded with $1.0 million in private monies and $500,000 of institutional reserves.

Arkansas State University - Three Rivers will be receiving $8.0 million in federal grant funds for the construction of a new 20,000 square foot nursing building. The new building will accommodate an increase in Practical Nursing and Registered Nursing slots, as well as new programs for Certified Nursing Assistants and Emergency Medical Technicians. The project is expected to be completed by December 2024.

National Park College

On September 14, 2023, National Park College (the college) issued $6.5 million in Improvement Bonds, Series 2023, with interest rates between 3.50% and 4.50%. The bonds are being issued to finance a portion of the costs of capital improvements for the College, which include particularly, without limitation, a new student housing facility. The 2023 Bonds are payable in annual installments through March 1, 2051. The Bonds will be limited tax general obligations, secured by a pledge of revenues from a continuing annual tax of 0.8 mill on real property and personal property. The remaining costs of the project will be financed with other available funds of the College. The Project is expected to be completed by September 1, 2025.

Safe Drinking Water and Construction Assistance Revolving Loan Funds

On August 30, 2023, the State of Arkansas closed on the Arkansas Development Finance Authority Revolving Loan Fund Revenue Bonds Series 2023. The bonds, in the par amount of $109.2 million were issued to provide funding to the Construction Assistance Revolving Loan Fund and the Safe Drinking Water Revolving Loan Fund with funds to provide Clean Water Loans and Drinking Water Loans to local governments and utilities throughout the state. These programs are authorized by the Federal Clean Water Act and the Safe Drinking Water Act and further authorized by the State Amended Construction Assistance RLF Act (Act 718 of 1991 as amended by Act 459 of 2001), and the Drinking Water RLF Act (Act 772 of 1997).

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Arkansas Judicial Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$ 8,102	$ 8,053	$ 7,197	$ 7,096	$ 6,919	$ 6,927	$ 7,221	$ 7,230	$ 5,342
Interest	18,132	17,515	16,823	16,175	15,878	15,379	16,121	15,770	14,883
Differences between expected and actual experience	6,858	(37)	3,798	2,340	(4,482)	(744)	(3,463)	(5,184)	12,970
Changes of assumptions		16,745					2,369		24,290
Benefit payments	(17,412)	(17,060)	(15,310)	(13,441)	(12,980)	(12,769)	(12,310)	(12,007)	(10,763)
Refunds			(48)	(6)	(22)		(78)	(1)	(14)
Net changes in total pension liability	15,680	25,216	12,460	12,164	5,313	8,793	9,860	5,808	46,708
Total pension liability - beginning	334,328	309,112	296,652	284,488	279,175	270,382	260,522	254,714	208,006
Total pension liability - ending (a)	$ 350,008	$ 334,328	$ 309,112	$ 296,652	$ 284,488	$ 279,175	$ 270,382	$ 260,522	$ 254,714
Plan Fiduciary Net Position									
Employer contributions	$ 8,231	$ 8,964	$ 8,210	$ 8,573	$ 8,234	$ 8,421	$ 8,486	$ 5,561	$ 5,690
Employee contributions	1,268	1,301	1,117	1,138	988	1,016	1,063	1,011	946
Net investment income	19,324	(43,074)	72,229	17,434	14,656	19,162	28,044	(1,744)	9,972
Benefit payments	(17,412)	(17,060)	(15,310)	(13,441)	(12,980)	(12,769)	(12,310)	(12,007)	(10,763)
Refunds			(49)	(6)	(22)		(79)	(1)	(14)
Administrative expense	(171)	(164)	(145)	(142)	(147)	(142)	(169)	(159)	(138)
Other				1	42				
Net change in plan fiduciary net position	11,240	(50,033)	66,052	13,557	10,771	15,688	25,035	(7,339)	5,693
Plan fiduciary net position - beginning	296,855	346,888	280,836	267,279	256,508	240,820	215,785	223,124	217,431
Plan fiduciary net position - ending (b)	$ 308,095	$ 296,855	$ 346,888	$ 280,836	$ 267,279	$ 256,508	$ 240,820	$ 215,785	$ 223,124
State's net pension liability - ending (a-b)	$ 41,913	$ 37,473	$ (37,776)	$ 15,816	$ 17,209	$ 22,667	$ 29,562	$ 44,737	$ 31,590
Plan fiduciary net position as a percentage of total pension liability	88.03%	88.79%	112.22%	94.67%	93.95%	91.88%	89.07%	82.83%	87.60%
Covered payroll	$ 27,529	$ 26,259	$ 25,479	$ 24,586	$ 23,603	$ 23,435	$ 22,918	$ 22,308	$ 22,308
Net pension liability as percentage of covered payroll	152.25%	142.71%	(148.26%)	64.33%	72.91%	96.72%	128.99%	200.54%	141.61%

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas State Police Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$ 7,156	$ 7,194	$ 6,536	$ 5,861	$ 6,691	$ 6,577	$ 5,474	$ 5,488	$ 6,102
Interest	35,099	34,673	33,333	31,967	31,300	30,678	30,323	29,470	29,219
Benefit changes			9,590	998					
Differences between expected and actual experience	24,740	(4,037)	(2,821)	7,544	(1,805)	467	(3,053)	1,757	(3,107)
Changes of assumptions	14,369					(4,529)	15,875		8,703
Benefit payments	(34,561)	(29,150)	(27,294)	(27,934)	(24,930)	(24,185)	(24,632)	(26,035)	(23,359)
Net changes in total pension liability	46,803	8,680	19,344	18,436	11,256	9,008	23,987	10,680	17,558
Total pension liability - beginning	504,594	495,914	476,570	458,134	446,878	437,870	413,883	403,203	385,645
Total pension liability - ending (a)	$ 551,397	$ 504,594	$ 495,914	$ 476,570	$ 458,134	$ 446,878	$ 437,870	$ 413,883	$ 403,203
Plan Fiduciary Net Position									
Employer contributions	$ 23,989	$ 22,694	$ 22,784	$ 21,873	$ 21,254	$ 21,004	$ 19,961	$ 19,713	$ 19,784
Employee contributions									95
Net investment income	31,211	(46,248)	101,415	6,701	17,031	28,823	31,484	(210)	6,132
Benefit payments	(34,561)	(29,150)	(27,294)	(27,934)	(24,930)	(24,185)	(24,632)	(26,035)	(23,359)
Administrative expense	(244)	(230)	(215)	(195)	(554)	(229)	(208)	(206)	(196)
Net change in plan fiduciary net position	20,395	(52,934)	96,690	445	12,801	25,413	26,605	(6,738)	2,456
Plan fiduciary net position - beginning	381,940	434,874	338,184	337,739	324,938	299,525	272,920	279,658	277,202
Plan fiduciary net position - ending (b)	$ 402,335	$ 381,940	$ 434,874	$ 338,184	$ 337,739	$ 324,938	$ 299,525	$ 272,920	$ 279,658
State's net pension liability - ending (a-b)	$ 149,062	$ 122,654	$ 61,040	$ 138,386	$ 120,395	$ 121,940	$ 138,345	$ 140,963	$ 123,545
Plan fiduciary net position as a percentage of total pension liability	72.97%	75.69%	87.69%	70.96%	73.72%	72.71%	68.41%	65.94%	69.36%
Covered payroll (1)	$ 37,711	$ 32,757	$ 33,585	$ 33,311	$ 30,288	$ 29,593	$ 29,077	$ 29,449	$ 29,929
Net pension liability as a percentage of covered payroll	395.27%	374.44%	181.75%	415.44%	397.50%	412.06%	475.79%	478.67%	412.79%

(1) In 2017, actual Deferred Retirement Option Participant (DROP) pays were used. In 2015 and 2016, an estimate of average annual payroll for DROP participants of $75,000 and $67,000, respectively, was used.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas State Highway Employees Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$ 19,371	$ 20,916	$ 19,569	$ 19,699	$ 23,601	$ 42,816	$ 18,935	$ 18,413	$ 16,863
Interest	129,721	133,729	127,936	128,527	113,809	110,544	126,829	115,441	112,962
Benefit changes		(21,617)		(21,399)		(101,042)			
Differences between expected and actual experience	24,531	(33,301)	(8,753)	26,324	49,165	(31,507)	20,926	20,791	
Changes of assumptions		(15,094)		(216,056)	(331,140)	(137,435)	790,990	91,941	
Benefit payments, including refunds of employee contributions	(127,935)	(125,737)	(122,790)	(119,412)	(115,747)	(111,905)	(106,756)	(102,246)	(95,455)
Net changes in total pension liability	45,688	(41,104)	15,962	(182,317)	(260,312)	(228,529)	850,924	144,340	34,370
Total pension liability - beginning	1,783,900	1,825,004	1,809,042	1,991,359	2,251,671	2,480,200	1,629,276	1,484,936	1,450,566
Total pension liability - ending (a)	$ 1,829,588	$ 1,783,900	$ 1,825,004	$ 1,809,042	$ 1,991,359	$ 2,251,671	$ 2,480,200	$ 1,629,276	$ 1,484,936
Plan Fiduciary Net Position									
Employer contributions	$ 27,993	$ 24,092	$ 23,209	$ 19,282	$ 19,294	$ 19,175	$ 19,232	$ 19,059	$ 18,615
Employee contributions	11,935	11,428	10,265	9,250	9,164	9,144	9,379	9,138	8,884
Net investment income	(158,126)	398,243	110,542	4,559	205,498	133,168	(60,344)	25,384	234,209
Benefit payments, including refunds of employee contributions	(127,936)	(125,737)	(122,790)	(119,412)	(115,748)	(111,905)	(106,756)	(102,246)	(95,455)
Administrative expense	(121)	(106)	(129)	(75)	(56)	(130)	(118)	(91)	(43)
Net change in plan fiduciary net position	(246,255)	307,920	21,097	(86,396)	118,152	49,452	(138,607)	(48,756)	166,210
Plan fiduciary net position - beginning	1,715,094	1,407,174	1,386,077	1,472,473	1,354,321	1,304,869	1,443,476	1,492,232	1,326,022
Plan fiduciary net position - ending (b)	$ 1,468,839	$ 1,715,094	$ 1,407,174	$ 1,386,077	$ 1,472,473	$ 1,354,321	$ 1,304,869	$ 1,443,476	$ 1,492,232
State's net pension liability - ending (a-b)	$ 360,749	$ 68,806	$ 417,830	$ 422,965	$ 518,886	$ 897,350	$ 1,175,331	$ 185,800	$ (7,296)
Plan fiduciary net position as a percentage of total pension liability	80.28%	96.14%	77.11%	76.62%	73.94%	60.15%	52.61%	88.60%	100.49%
Covered payroll (2)	$ 187,870	$ 159,568	$ 149,977	$ 146,461	$ 148,528	$ 141,155	$ 141,906	$ 140,544	$ 137,262
Net pension liability as a percentage of covered payroll	192.02%	43.12%	278.60%	288.79%	349.35%	635.72%	828.24%	132.20%	(5.32)%

(1) Measurement date is as of the State's prior fiscal year-end date.
(2) Beginning in fiscal year 2019, the covered payroll is the payroll on which contributions to a pension plan are based. Prior to fiscal year 2019, the covered payroll is the reported salary for active members (who are not in the DROP) as of the measurement date. If the reported salary was for a period of less than 12 months, it has been annualized.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas Judicial Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 8,231	$ 8,963	$ 8,210	$ 8,573	$ 8,234	$ 8,421	$ 8,485	$ 5,561	$ 5,690	$ 6,117
Contributions in relation to the actuarially determined contribution	8,231	8,963	8,210	8,573	8,234	8,421	8,485	5,561	5,690	6,117
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 27,529	$ 26,259	$ 25,479	$ 24,586	$ 23,603	$ 23,435	$ 22,918	$ 22,308	$ 22,308	$ 19,782
Contributions as a percentage of covered payroll	29.90%	34.13%	32.22%	34.87%	34.89%	35.93%	37.02%	24.93%	25.51%	30.92%

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple periods of 11-20 years
Asset valuation method	4-year smoothed market, 25% corridor
Inflation	2.50% price inflation
Salary increases	3.25%
Investment rate of return	5.75%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 mortality tables, adjusted for mortality improvement back to the observation period base year of 2006, and using the MP-2016 improvement scale.

Required Supplementary Information
Arkansas State Police Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018		2017	2016	2015	2014
Actuarially determined contribution	$ 18,300	$ 15,900	$ 16,700	$ 16,900	$ 15,600	$ 15,200	(2)	$ 14,100	$ 14,300	$ 14,200	$ 14,000
Contributions in relation to the actuarially determined contribution	24,000	22,700	22,800	21,900	21,300	21,000		20,000	19,700	19,800	19,500
Contribution deficiency (excess)	$ (5,700)	$ (6,800)	$ (6,100)	$ (5,000)	$ (5,700)	$ (5,800)	(2)	$ (5,900)	$ (5,400)	$ (5,600)	$ (5,500)
Covered payroll (1)	$ 37,700	$ 32,800	$ 33,600	$ 33,300	$ 30,300	$ 30,000		$ 29,100	$ 29,400	$ 29,900	$ 29,100
Contributions as a percentage of covered payroll	63.66%	69.21%	67.86%	65.77%	70.30%	70.00%		68.73%	67.01%	66.22%	67.01%

(1) In 2016, $67,241 was used as an estimate of average annual pay for DROP participants. In 2015, $75,000 was used as an estimate of average annual pay for DROP participants.
(2) Restated to match actuary.

Valuation date:
Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 years
Asset valuation method	4-year smoothed market
Inflation	2.50% price inflation
Salary increases	3.55% to 7.75% including inflation
Investment rate of return	7.15%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Based on RP-2006 Healthy Annuitant benefit weighted generational morality table for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for future mortality improvements using Scale MP-2017.

Required Supplementary Information
Arkansas State Highway Employees Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018		2017	2016	2015	2014
Statutorily determined contribution	$ 27,957	$ 23,578	$ 24,092	$ 23,209	$ 19,282	$ 19,294		$ 19,175	$ 19,232	$ 19,059	$ 18,615
Contributions in relation to the actuarially determined contribution	29,712	27,993	24,092	23,209	19,282	19,294		19,175	19,232	19,059	18,615
Contribution deficiency (excess)	$ (1,755)	$ (4,415)	$ 0	$ 0	$ 0	$ 0		$ 0	$ 0	$ 0	$ 0
Covered payroll (1)	$ 199,408	$ 187,870	$ 159,568	$ 149,977	$ 146,461	$ 148,528	(2)	$ 141,155	$ 141,906	$ 140,544	$ 137,262
Contributions as a percentage of covered payroll	14.90%	14.90%	15.10%	15.47%	13.16%	12.99%	(2)	13.58%	13.55%	13.56%	13.56%

(1) Beginning with 2022, the covered payroll amount increased for the additional salaries for those on DROP that now have an employer contribution applied. During fiscal years 2019 through 2022, the covered payroll is the payroll on which contributions to a pension plan are based. Prior to fiscal year 2019, the covered payroll is the reported salary for active members (who are not in the DROP) as of the measurement date. If the reported salary was for a period of less than 12 months, then it has been annualized.

(2) Restated to match actuary.

Required Supplementary Information
Arkansas Public Employees Retirement System
Schedule of State's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset)	62.34%	64.89%	64.97%	65.48%	65.78%	65.68%	66.75%	67.27%	67.64%
State's proportionate share of the net pension liability (asset)	$ 1,689,372	$ 498,876	$ 1,860,489	$ 1,579,726	$ 1,451,086	$ 1,697,154	$ 1,596,332	$ 1,238,862	$ 959,763
State's covered payroll	$ 1,189,456	$ 1,138,768	$ 1,162,671	$ 1,196,492	$ 1,179,811	$ 1,101,174	$ 1,125,557	$ 1,112,250	$ 1,105,688
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	142.03%	43.81%	160.02%	132.03%	122.99%	154.12%	141.83%	111.38%	86.80%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

(1) The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas Teachers Retirement System
Schedule of State's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset)	2.80%	2.94%	3.24%	3.44%	3.60%	3.79%	3.96%	4.14%	4.29%
State's proportionate share of the net pension liability (asset)	$ 147,670	$ 81,442	$ 183,496	$ 143,543	$ 130,937	$ 159,385	$ 174,692	$ 134,997	$ 112,517
State's covered payroll	$ 95,180	$ 95,566	$ 99,701	$ 106,771	$ 109,372	$ 111,173	$ 115,753 (2)	$ 119,107	$ 121,357
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	155.15%	85.22%	184.05%	134.44%	119.72%	143.37%	150.92%	113.34%	92.72%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

(1) The amounts presented for each fiscal year were determined as of the prior fiscal year-end.
(2) Restated to match actuary.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas Public Employees Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	$ 204,709	$ 200,732	$ 199,257	$ 193,899	$ 191,079	$ 180,533	$ 170,844	$ 174,479	$ 175,750	$ 177,950
Contributions in relation to the statutorily determined contribution	204,709	200,732	199,257	193,899	191,079	180,533	170,844	174,479	175,750	177,950
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 1,254,501	$ 1,189,456 (1)	$ 1,138,768 (1)	$ 1,162,671 (1)	$ 1,196,492 (1)	$ 1,179,811 (1)	$ 1,101,174	$ 1,125,557 (1)	$ 1,112,250 (1)	$ 1,105,688
Contributions as a percentage of covered payroll	16.32%	16.88%	17.50%	16.68%	15.97%	15.30%	15.51%	15.50%	15.80%	16.09%

(1) Restated to match actuary.

Required Supplementary Information
Arkansas Teachers Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	$ 14,803	$ 14,113	$ 14,295	$ 14,448	$ 14,876	$ 15,213	$ 15,619	$ 16,337	$ 17,118	$ 17,352
Contributions in relation to the statutorily determined contribution	14,803	14,113	14,295	14,448	14,876	15,213	15,619	16,337	17,118	17,352
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 94,552	$ 95,180 (1)	$ 95,566 (1)	$ 99,701 (1)	$ 106,771 (1)	$ 109,372	$ 111,173	$ 115,753 (1)	$ 119,107 (1)	$ 121,357
Contributions as a percentage of covered payroll	15.66%	14.83%	14.96%	14.49%	13.93%	13.91%	14.05%	14.11%	14.37%	14.30%

(1) Restated to match actuary.

Required Supplementary Information
Schedule of Expenditures – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023
(Expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget – Positive
	Original	Final	Amounts	(Negative)
Expenditures (1)				
Current:				
Commerce	$ 611,824	$ 984,134	$ 437,794	$ 546,340
Education	5,449,981	6,492,122	4,649,966	1,842,156
General government	3,122,645	3,257,528	2,564,982	692,546
Health and human services	11,162,607	12,787,650	11,686,310	1,101,340
Law, justice, and public safety	1,163,994	1,268,513	1,077,620	190,893
Recreation and tourism	334,743	391,460	273,448	118,012
Regulation of business and professionals	34,594	36,794	30,267	6,527
Resource development	390,897	811,295	261,439	549,856
Transportation	760,248	1,369,875	632,235	737,640
Capital outlay	1,781,511	2,148,893	1,301,778	847,115
Debt service	298,053	304,353	263,784	40,569
Total expenditures	$ 25,111,097	$ 29,852,617	$ 23,179,623	$ 6,672,994

(1) Expenditures are appropriated; amounts blocked determine available budget. Blocking is revised quarterly to match the forecast revisions of available resources. Expenditures may not exceed the lesser of budget or resources available.

See Notes to Schedule of Expenditures – Budget and Actual on next page.

Required Supplementary Information
Notes to Schedule of Expenditures – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

(a) Budgetary Basis of Accounting

The State's budget is adopted in accordance with a statutory cash basis of accounting, which is not in accordance with GAAP. Revenues are recognized when cash is received and deposited in the State Treasury or reported to the Department of Finance and Administration (DFA). Expenditures are recorded when cash is disbursed. If goods or services are not received before year-end, all encumbrances lapse, except those appropriations for multi-year projects.

(b) Budgetary Basis Reporting – Budgetary Process

State finance law requires that a balanced line item expenditure budget be approved by the Governor and the General Assembly. The Governor presents an annual budget to the General Assembly. The General Assembly, which has full authority to amend the budget, adopts a line item expenditure budget by appropriating monies in annual appropriation acts. Before signing the appropriation act, the Governor may veto any specific item, subject to legislative override.

The original appropriation may be adjusted by several items subsequent to the appropriation act. The adjustment items may be supplemental appropriations or subsequent legislative acts, revisions to the forecast of available resources, restrictions on spending by Executive Order, and carryforward provisions.

The State does not adopt a revenue budget but does monitor the available resources and forecast of available resources and makes appropriate revisions to the line item expenditure budget based on such forecasts. These forecasts are adjusted quarterly to reflect actual receipts of resources.

The General Assembly also must enact legislation pursuant to the Revenue Stabilization Law (the Stabilization Law) to provide an allotment process of funding line item expenditure appropriations in order to comply with the State law prohibiting deficit spending. The Governor may restrict spending to a level below appropriation amounts. The State uses specific funds (i.e., general and special revenue allotment accounts) for receipt and distribution of revenues. Pursuant to the Stabilization Law, all general revenue receipts are deposited in the General Revenue Allotment Account. From the General Revenue Allotment Account, 3% of all revenues are distributed to the Constitutional Officers Fund and the Central Services Fund to provide support for the State's elected constitutional offices (legislators, executive department, and judges), their staffs, and DFA. The balance, net of income tax refunds, court settlement arrangements, etc., is then distributed to separate funds proportionately as established by the Stabilization Law. Special revenues are deposited into the Special Revenue Allotment Account from which 3% of revenues collected by DFA and 1.5% of all special revenues collected by other agencies are first distributed to support the State's elected officials, their staffs, and DFA. The balance is then distributed to the funds for which the special revenues were collected as provided by law. Special revenues, which are primarily user taxes, are generally earmarked for the program or agency providing the related service.

General revenues are transferred into funds established and maintained by the Treasurer for major programs and agencies of the State in accordance with the General Revenue Allotment Account funding priorities established by the General Assembly.

Pursuant to the Stabilization Law, the General Assembly established three levels of priority for general revenue spending levels: "A," "A1," and "B." Successive levels of appropriations are funded only in the event sufficient revenues have been generated to fully fund any prior level. Accordingly, appropriations made to programs and agencies are only maximum authorizations to spend. Actual expenditures are limited to the lesser of monies flowing into programs or agencies' funds maintained by the Treasurer or the maximum appropriation by the General Assembly.

The majority of the State's appropriations are noncontinuing accounts that lapse at the end of each fiscal year. Others are continuing accounts for which the General Assembly has authorized that an unspent balance from the prior year be carried forward and made available for current spending. In addition, the General Assembly may direct that certain revenues be retained and made available for spending within a specific appropriation account.

The rate of spending of appropriations is controlled by DFA, which utilizes quarterly allotments that restrict spending to a certain percentage of the annual appropriation. The percentage is established to coincide with the expected actual rate of revenue collections, thereby ensuring adequate cash flow throughout the year. The funded portion of the quarterly allotment is then made available for expenditure, and the remainder is blocked.

DFA has the responsibility to ensure that budgetary spending control is maintained on an individual appropriation classification basis. Appropriation classifications are subdivisions of appropriations, define the purposes for which the appropriation can be used, and restrict the amount of expenditures for the various classifications to amounts established in the appropriation acts. Appropriation classifications may include regular salaries, extra help, overtime, maintenance and general operation, personal services matching, conference and travel expenses, professional fees, capital outlay, data processing, grants assistance and special aid, construction and permanent improvements, and other special classifications. Budgetary control is maintained through the Arkansas Administrative Statewide Information System (AASIS). AASIS ensures that expenditures are not processed if they exceed the appropriation classification total available spending authorization, which is considered its budget. Generally, expenditures may not exceed the level of spending authorized. However, Arkansas law authorizes DFA to transfer specific holding appropriations when other sources of funding are received, such as a federal grant.

Budget is controlled at the appropriation line item (commitment item), which is the legal level of budgetary control. For financial reporting, the State groups these appropriation account categories by function to conform to its organizational structure. The separately issued Budget Compliance Report tracks budget compliance at the funds center and commitment item level and can be obtained by contacting:

The Department of Finance and Administration
Office of Accounting
1509 West Seventh Street
Little Rock, AR 72201

The following is a reconciliation of GAAP basis expenditures presented in the financial statements to the statutory cash basis expenditures of the General Fund (expressed in thousands):

Total GAAP basis expenditures General Fund	$ 22,856,228
Less non-cash expenditures	(821,763)
Less non-appropriated expenditures	(10,186,235)
Plus expenditures eliminated or reclassed as transfers for reporting purposes	10,271,527
Plus refunds treated as reduction of revenue for financial statements purposes	1,106,898
Less basis of accounting differences	(47,032)
Total statutory cash basis expenditures General Fund	$ 23,179,623

Required Supplementary Information
Ten-Year Claims Development Information (1)
Employee Benefits Division – Public School Employee Health and Life Benefit Plan

	2023	2022	2021	2020
Premium and investment revenues:				
Premium income	$ 435,475,198	$ 421,223,328	$ 353,861,571	$ 325,116,026
Investment interest income	6,508,936	197,671	236,842	2,169,178
Totals	$ 441,984,134	$ 421,420,999	$ 354,098,413	$ 327,285,204
Unallocated expenses:				
Operating costs	$ 4,684,985	$ 4,113,182	$ 3,064,078	$ 6,747,838
Estimated incurred claims and expenses, end of fiscal year	$ 374,037,000	$ 366,225,000 (3)	$ 360,175,000	$ 325,031,000 (3)
Paid (cumulative) claims and claims adjustment expenses:				
End of fiscal year	374,070,000	364,289,000 (3)	347,608,000 (3)	296,386,000
One year later		368,375,000	355,764,000 (3)	322,132,000
Two years later			355,921,000	321,802,000
Re-estimated incurred claims and expenses (2):				
End of fiscal year	374,037,000	365,994,000	360,212,000	325,031,000
One year later		365,994,000	360,212,000	325,031,000
Two years later			360,212,000	325,031,000
Increase (decrease) in estimated incurred claims and expense from end of policy year	0	0	0	0
Increase (decrease) in net incurred claims and claim adjustment expenses from original estimate	0	0	0	0
Number of plan participants	66,008	65,829	64,859	63,874

(1) Government Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Activities*, as amended, requires certain disclosures for public entity risk pools. This schedule provides 10-year claim development information for the program as described by GASB Statement No. 10, as amended.

(2) Because the Public School Employee Health and Life Benefit Plan is not restating Claims IBNR each year, the re-estimated incurred claims and expenses remain the original estimate.

(3) Restated.

2019	2018	2017	2016	2015	2014
$ 314,954,651	$ 309,752,545	$ 305,452,670	$ 301,501,278	$ 301,894,264	$ 274,117,377
3,380,809	2,525,713	1,167,240	292,270	181,804	95,121
$ 318,335,460	$ 312,278,258	$ 306,619,910	$ 301,793,548	$ 302,076,068	$ 274,212,498
$ 6,683,244	$ 8,668,569	$ 9,037,550	$ 10,579,867	$ 11,658,122	$ 8,533,361
$ 281,668,000	$ 271,486,000	$ 241,903,000	$ 253,985,000	$ 234,202,000	$ 256,961,000
282,668,000	269,586,000	245,903,000	252,285,000	234,202,000	256,961,000
290,217,000	271,399,761	241,802,196	253,882,147	234,066,260	256,700,395
300,166,000	271,401,376	241,874,673	253,952,179	234,171,258	256,930,541
281,668,000	271,486,000	241,903,000	253,985,000	234,202,000	256,961,000
281,668,000	271,486,000	241,903,000	253,985,000	234,202,000	256,961,000
281,668,000	271,486,000	241,903,000	253,985,000	234,202,000	256,961,000
0	0	0	0	0	0
0	0	0	0	0	0
62,416	60,929	59,388	58,181	57,879	58,253

Required Supplementary Information
Ten-Year Claims Development Information (1)
Workers' Compensation Commission – Death and Permanent Total Disability Trust Fund

	2023	2022	2021	2020
Premium and investment revenues:				
Premium income	$ 6,737,745	$ 6,351,840	$ 8,078,777	$ 8,094,866
Investment interest income	2,556,071	292,487	541,557	1,593,050
Totals	$ 9,293,816	$ 6,644,327	$ 8,620,334	$ 9,687,916
Unallocated expenses:				
Operating costs (2)	$ 597,890	$ 539,936	$ 533,765	$ 575,733
Estimated incurred claims and expenses, end of fiscal year	$ 0	$ 0	$ 0	$ 0
Paid (cumulative) claims and claims adjustment expenses:				
End of fund year	0	0	0	0
One year later		0	0	0
Two years later			0	0
Three years later				0
Four years later				
Five years later				
Six years later				
Seven years later				
Eight years later				
Nine years later				
Re-estimated incurred claims and expenses:				
End of fund year	0	0	0	0
One year later		0	0	0
Two years later			0	0
Three years later				0
Four years later				
Five years later				
Six years later				
Seven years later				
Eight years later				
Nine years later				
Increase (decrease) in estimated incurred claims and expense from end of policy year (3)	0	0	0	0
Number of fund participants receiving benefits at end of year	1,066	1,093	1,145	1,188

(1) Government Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Activities*, as amended, requires disclosures for public entity risk pools. This schedule provides 10-year claim development information for the program as described by GASB Statement No. 10, as amended.

(2) The amounts reflected as operating costs of the program for the respective years that were paid from the Workers' Compensation Trust Fund.

(3) Restated

2019	2018	2017	2016	2015	2014
$ 8,655,652	$ 9,753,376	$ 10,074,701	$ 9,519,983	$ 8,642,283	$ 5,588,765
3,710,195	1,333,563	1,395,741	718,453	515,618	573,589
$ 12,365,847	$ 11,086,939	$ 11,470,442	$ 10,238,436	$ 9,157,901	$ 6,162,354
$ 595,682	$ 270,595	$ 277,340	$ 220,142	$ 227,326	$ 247,135
$ 6,937,646	$ 7,334,183	$ 7,334,041	$ 6,864,888	$ 6,706,673	$ 7,593,766
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
	0	0	0	0	0
		45,312	35,336	46,870	14,706
			174,922	219,828	23,199
				436,656	112,065
					322,819
4,183,068	2,940,203	1,242,119	2,754,013	2,600,334	1,416,083
4,075,961	6,254,793	2,260,839	4,978,108	4,457,931	3,051,235
3,017,823	6,939,375	1,272,953	5,441,589	4,575,545	4,304,721
3,322,879	6,205,123	1,468,021	5,459,593	4,561,986	5,263,245
4,327,734	5,904,938	2,803,102	5,206,901	4,713,597	4,684,459
	5,344,323	3,329,015	4,593,743	4,539,697	3,139,690
		4,733,730	5,489,251	4,305,358	3,387,149
			5,121,901	5,554,371	2,874,971
				5,755,207	3,390,338
					5,759,176
(2,609,912)	(1,989,860)	(2,600,311)	(1,742,987)	(951,466)	(1,834,590)
1,235	1,265	1,333	1,369	1,403	1,442

Required Supplementary Information
Other Postemployment Benefits
Ten -Year Schedule of Changes in Total OPEB Liability and Related Ratios
(Expressed in thousands)

Plan		Fiscal Year	Service Cost	Interest Cost	Change of Benefit Terms	Difference Between Expected and Actual Experience
Governmental Activities						
Arkansas State Police		2023	$ 5,938	$ 7,467	$	$ 2,256
		2022	11,529	5,427		
		2021	10,155	6,440		(10,179)
		2020	9,701	6,234		
		2019	6,409	5,062		35,377
		2018	6,114	4,959		
Arkansas Employee Benefits Plan		2023	53,325	45,715		23,256
	(2)	2022	129,793	57,538	(660,043)	(214,256)
	(2)	2021	123,540	55,967		7,308
		2020	70,390	68,690		(66,272)
	(3)	2019	66,616	78,141		12,982
	(2)	2018	69,996	73,092		(13,267)
Component Unit						
Arkansas Employee Benefits Plan		2023	90	77		39
		2022	214	95	(1,089)	(354)
		2021	206	93		12
		2020	114	112		(108)
		2019	104	122		20
		2018	132	137		(55)
Higher Education						
Arkansas Northeastern College		2023	37	31		
		2022	42	16		117
		2021	39	18		
		2020	31	16		77
		2019	29	16		
		2018	29	17		
Arkansas State University		2023	377	428		339
	(4)	2022	910	385	(2,986)	(1,221)
	(4)	2021	1,400	560	37	(823)
	(4)	2020	1,632	987	999	(10,181)
	(4)	2019	1,931	886	(322)	2,540
	(4)	2018	1,858	818		(569)
Arkansas Tech University		2023	539	173		(389)
		2022	641	207		(200)
		2021	566	312		(757)
		2020	557	332	(217)	(144)
		2019	691	333	(446)	(177)
		2018	655	331		(274)
Black River Technical College		2023	81	67		
		2022	124	44		(197)
		2021	116	50		
		2020	102	50		(8)
		2019	100	50		
		2018	98	50		
East Arkansas Community College		2023	49	30		(17)
		2022	56	18		35
		2021	52	20		
		2020	42	17		91
		2019	41	17		
		2018	40	16		
		2017 to 2014 (1)				

(1) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 75 in fiscal year 2018. Information for the schedule was not available prior to this fiscal year.
(2) Restated to show reallocation of covered employee payroll between Arkansas Employee Benefit plan and National Park College plan.
(3) Restated to add National Park College.
(4) Restated to add Henderson State University.
Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for any of the plans above.

Changes in Assumptions and Other Inputs	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability Beginning	Total OPEB Liability Ending	Total OPEB Liability Proportionate Share	Covered Employee Payroll	Total OPEB Liability as a Percentage of Covered Employee Payroll
$ 5,940	$ (4,183)	$ 17,418	$ 181,699	$ 199,117		$ 47,315	420.83%
(76,310)	(4,290)	(63,644)	245,343	181,699		39,557	459.33%
3,857	(3,889)	6,384	238,959	245,343		38,931	630.20%
5,920	(3,011)	18,844	220,115	238,959		37,504	637.16%
8,488	(3,811)	51,525	168,590	220,115		35,433	621.21%
3,949	(3,614)	11,408	157,182	168,590		33,508	503.13%
(93,604)	(55,282)	(26,590)	1,265,329	1,238,739	99.83%	1,673,965	74.00%
(573,400)	(65,922)	(1,326,290)	2,591,619	1,265,329	99.84%	1,510,210	83.78%
(106,370)	(55,500)	24,945	2,566,674	2,591,619	99.83%	1,452,075	178.48%
628,240	(53,515)	647,533	1,919,141	2,566,674	99.84%	1,461,341	175.64%
(194,015)	(60,316)	(96,592)	2,015,733	1,919,141	99.84%	1,437,502	133.51%
(92,281)	(58,018)	(20,478)	2,036,211	2,015,733	99.81%	1,409,773	142.98%
(109)	(93)	4	2,087	2,091	0.17%	3,325	62.89%
(979)	(109)	(2,222)	4,309	2,087	0.16%	2,952	70.70%
(73)	(92)	146	4,163	4,309	0.17%	2,959	145.62%
1,140	(87)	1,171	2,992	4,163	0.16%	3,372	123.46%
(966)	(94)	(814)	3,806	2,992	0.16%	3,428	87.28%
(144)	(109)	(39)	3,845	3,806	0.19%	3,394	112.14%
(1)	(33)	34	766	800		8,051	9.94%
(109)	(35)	31	735	766		7,755	9.88%
20	(41)	36	699	735		7,841	9.37%
48	(31)	141	558	699		8,188	8.54%
7	(46)	6	552	558		7,859	7.10%
5	(65)	(14)	566	552		8,382	6.59%
37	(602)	579	10,392	10,971		98,300	11.16%
(2,518)	(474)	(5,904)	17,560	11,656		108,217	10.77%
(5,355)	(425)	(4,606)	22,166	17,560		139,336	12.60%
(636)	(304)	(7,503)	29,669	22,166		148,157	14.96%
459	(912)	4,582	25,087	29,669		139,541	21.26%
322	(1,097)	1,332	23,755	25,087		137,682	18.22%
(854)	(577)	(1,108)	7,756	6,648		43,722	15.21%
(1,306)	(636)	(1,294)	9,050	7,756		48,650	15.94%
937	(700)	358	8,692	9,050		44,466	20.35%
475	(641)	362	8,330	8,692		45,450	19.12%
(381)	(691)	(671)	9,001	8,330		46,943	17.74%
(1,990)	(788)	(2,066)	11,067	9,001		43,684	20.60%
(4)	(77)	67	1,650	1,717		5,606	30.63%
(253)	(82)	(364)	2,014	1,650		5,531	29.83%
58	(82)	142	1,872	2,014		6,862	29.35%
37	(76)	105	1,767	1,872		6,807	27.50%
19	(77)	92	1,675	1,767		6,832	25.86%
15	(66)	97	1,578	1,675		6,980	24.00%
(2)	(43)	17	736	753		6,361	11.84%
(139)	(43)	(73)	809	736		5,887	12.50%
24	(40)	56	753	809		5,966	13.56%
25	(25)	150	603	753		6,450	11.67%
8	(21)	45	558	603		5,016	12.02%
6	(21)	41	517	558		6,613	8.44%

Continued on the following page

Required Supplementary Information
Other Postemployment Benefits
Ten -Year Schedule of Changes in Total OPEB Liability and Related Ratios
(Expressed in thousands)

Continued from previous page

Plan		Fiscal Year	Service Cost	Interest Cost	Change of Benefit Terms	Difference Between Expected and Actual Experience
North Arkansas College		2023	$ 48	$ 50	$	$ (61)
		2022	65	29		
		2021	45	28		130
		2020	44	27		
		2019	22	18		219
		2018	21	18		
National Park College		2023	51	27		(244)
	(2)	2022	67	15		
	(2)	2021	27	14		106
		2020	34	13		
		2019	43	20		(4)
	(2)	2018	42	20		
Northwest Arkansas Community College		2023	77	50		(200)
		2022	100	28		
		2021	59	35		(247)
		2020	58	34		
		2019	53	33		(152)
		2018	52	32		
Ozarka College		2023	38	33		22
		2022	51	19		
		2021	40	22		(59)
		2020	39	21		
		2019	36	21		(30)
		2018	35	20		
South Arkansas Community College		2023	59	34		(110)
		2022	80	19		
		2021	72	20		(4)
		2020	70	19		
		2019	54	18		(21)
		2018	52	17		
Southern Arkansas University - Technical Branch		2023	126	67		
		2022	120	34		240
		2021	113	39		
		2020	111	42		(211)
		2019	108	42		
		2018	105	40		
Southern Arkansas University		2023	273	94		620
		2022	338	65		(515)
		2021	296	63		(82)
		2020	240	86		(202)
		2019	156	56		545
		2018	160	60		(360)
University of Arkansas System Self-Funded Plan		2023	5,244	1,818		(4,434)
		2022	4,891	1,776		(971)
		2021	4,510	2,736	(10,108)	(2,196)
		2020	4,026	2,831		(3,244)
		2019	3,953	2,569	832	(3,266)
		2018	4,589	2,321		
University of Central Arkansas		2023	233	115		286
		2022	313	83		(658)
		2021	326	81		(108)
		2020	255	106		(3)
		2019	204	86		407
		2018	198	85		(191)
		2017 to 2014 (1)				

(1) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 75 in fiscal year 2018. Information for the schedule was not available prior to this fiscal year.
(2) Restated to show reallocation of covered employee payroll between Arkansas Employee Benefit plan and National Park College plan.
Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for any of the plans above.

Changes in Assumptions and Other Inputs	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability Beginning	Total OPEB Liability Ending	Total OPEB Liability Proportionate Share	Covered Employee Payroll	Total OPEB Liability as a Percentage of Covered Employee Payroll
$ (5)	$	$ 32	$ 1,189	$ 1,221		$ 7,890	15.48%
(223)		(129)	1,318	1,189		7,234	16.44%
75		278	1,040	1,318		7,384	17.85%
12		83	957	1,040		7,188	14.47%
101		360	597	957		6,815	14.04%
8		47	550	597		6,955	8.58%
8	(4)	(162)	651	489		2,852	17.15%
(102)	(4)	(24)	675	651		3,879	16.78%
26	(4)	169	506	675		4,291	15.73%
3	(13)	37	469	506		4,667	10.84%
(239)	(10)	(190)	659	469		4,115	11.40%
7	(20)	49	610	659		3,999	16.48%
95		22	1,189	1,211		27,743	4.37%
(162)		(34)	1,223	1,189		26,495	4.49%
71		(82)	1,305	1,223		20,622	5.93%
15		107	1,198	1,305		17,481	7.47%
173		107	1,091	1,198		26,429	4.53%
15		99	992	1,091		20,606	5.29%
(66)	(5)	22	781	803		4,570	17.57%
(153)		(83)	864	781		4,385	17.81%
49		52	812	864		4,477	19.30%
10		70	742	812		4,225	19.22%
29	(5)	51	691	742		4,144	17.91%
10	(13)	52	639	691		3,854	17.93%
(53)	(18)	(88)	801	713		7,769	9.18%
(132)	(15)	(48)	849	801		6,885	11.63%
36	(9)	115	734	849		7,469	11.37%
8	(6)	91	643	734		7,956	9.23%
11	(12)	50	593	643		7,670	8.38%
7	(11)	65	528	593		7,786	7.62%
(4)	(72)	117	1,604	1,721		6,428	26.77%
(290)	(67)	37	1,567	1,604		6,559	24.45%
45	(57)	140	1,427	1,567		6,203	25.26%
30	(37)	(65)	1,492	1,427		6,064	23.53%
17	(43)	124	1,368	1,492		5,923	25.19%
13	(37)	121	1,247	1,368		6,071	22.53%
(138)	(1,001)	(152)	2,763	2,611		23,006	11.35%
(358)	(20)	(490)	3,253	2,763		24,239	11.40%
33	(2)	308	2,945	3,253		23,674	13.74%
302	(30)	396	2,549	2,945		23,902	12.32%
(113)	(30)	614	1,935	2,549		24,822	10.27%
(1)	(16)	(157)	2,092	1,935		23,815	8.13%
(9,569)	(2,595)	(9,536)	80,318	70,782		1,592,376	4.45%
398	(2,379)	3,715	76,603	80,318		1,455,294	5.52%
9,159	(2,245)	1,856	74,747	76,603		1,351,363	5.67%
3,131	(2,180)	4,564	70,183	74,747		1,328,526	5.63%
(691)	(2,019)	1,378	68,805	70,183		1,309,045	5.36%
(13,905)	(2,109)	(9,104)	77,909	68,805		1,320,436	5.21%
(166)	(68)	400	3,390	3,790		80,196	4.73%
(410)	(48)	(720)	4,110	3,390		77,894	4.35%
42	(65)	276	3,834	4,110		77,340	5.31%
369	(56)	671	3,163	3,834		78,963	4.86%
(491)	(50)	156	3,007	3,163		79,580	3.97%
	(61)	31	2,976	3,007		82,107	3.66%

ARKANSAS STATE GOVERNMENT

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COMBINING FINANCIAL STATEMENTS

NON-MAJOR ENTERPRISE FUNDS

The enterprise funds are used to account for operations of those State agencies and/or programs providing goods or services to the general public on a user-charge basis or where the State has decided that periodic determination of revenues earned, expenses incurred, and/or income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The non-major enterprise funds consist of the following:

Construction Assistance Revolving Loan Fund – This program is responsible for providing a perpetual fund for financing the construction of wastewater treatment facilities for municipalities and other public entities.

Public School Employee Health and Life Benefit Plan – This program is responsible for providing health and life insurance, along with a prescription drug benefit, to participating public school employees.

Other Revolving Loan Funds – These programs are responsible for providing a perpetual fund for financing the planning, design, acquisition, construction, expansion, equipping, and/or rehabilitation for water systems; financing capitalizable educational and general projects for community and technical colleges; financing energy efficiency and conservation projects for residential homes; providing funding for communities to address affordable housing needs in metropolitan and rural areas in Arkansas; and for no-cost assistance for energy performance contracting for State agencies, institutions of higher learning, municipalities, and counties.

Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2023
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Revolving Loan Funds and Other Enterprise Funds	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 55,606	$ 180,677	$ 124,129	$ 360,412
Investments	2,296	73,532	3	75,831
Receivables:				
Accounts	177	6,304	103	6,584
Interest	412	631	675	1,718
Advances to other funds			981	981
Due from other governments			425	425
Total current assets	58,491	261,144	126,316	445,951
Noncurrent assets:				
Advances to other funds	334		4,713	5,047
Loans receivable, restricted	416,969		205,340	622,309
Capital assets:				
Depreciable, net		307		307
Total noncurrent assets	417,303	307	210,053	627,663
Total assets	$ 475,794	$ 261,451	$ 336,369	$ 1,073,614
Liabilities				
Current liabilities:				
Accounts payable	$ 324	$ 10,688	$ 221	$ 11,233
Investment principal payable		3,890		3,890
Due to other funds			425	425
Claims, judgments, and compensated absences		37,790		37,790
Total current liabilities	324	52,368	646	53,338
Net Position:				
Net investment in capital assets		307		307
Restricted for:				
Program requirements	475,470		335,723	811,193
Unrestricted		208,776		208,776
Total net position	475,470	209,083	335,723	1,020,276
Total liabilities and net position	$ 475,794	$ 261,451	$ 336,369	$ 1,073,614

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2023
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Revolving Loan Funds and Other Enterprise Funds	Total
Operating revenues:				
Charges for sales and services	$	$ 450,655	$	$ 450,655
Licenses, permits, and fees	3,716		2,542	6,258
Total operating revenues	3,716	450,655	2,542	456,913
Operating expenses:				
Supplies and services		1,858		1,858
General and administrative expenses	1,694		875	2,569
Benefits and aid payments		415,249		415,249
Federal financial assistance	4,090		283	4,373
Depreciation and amortization		320		320
Total operating expenses	5,784	417,427	1,158	424,369
Operating income (loss)	(2,068)	33,228	1,384	32,544
Nonoperating revenues (expenses):				
Investment earnings	7,203	5,888	5,889	18,980
Grants and contributions	16,888		3,955	20,843
Net increase (decrease) in fair value of investments	41		105	146
Total nonoperating revenues (expenses)	24,132	5,888	9,949	39,969
Income (loss) before transfers and contributions	22,064	39,116	11,333	72,513
Transfers in	3,246	31,752	4,813	39,811
Transfers out			(3,296)	(3,296)
Change in net position	25,310	70,868	12,850	109,028
Total net position - beginning	450,160	138,215	322,873	911,248
Total net position - ending	$ 475,470	$ 209,083	$ 335,723	$ 1,020,276

Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2023
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Revolving Loan Funds and Other Enterprise Funds	Total
Cash flows from operating activities:				
Cash received from customers	$	$ 450,555	$	$ 450,555
Payments of benefits		(415,279)		(415,279)
Payments to suppliers		(2,018)		(2,018)
Loan administration received			1,449	1,449
Other operating receipts	2,191			2,191
Net cash provided by (used in) operating activities	2,191	33,258	1,449	36,898
Cash flows from noncapital financing activities:				
Grants and contributions	16,937		3,845	20,782
Transfers in	3,246	31,752	4,816	39,814
Transfers out			(3,157)	(3,157)
Net cash provided by (used in) noncapital financing activities	20,183	31,752	5,504	57,439
Cash flows from investing activities:				
Purchase of investments	(2,881)			(2,881)
Proceeds from sale and maturities of investments	2,683	(14,550)	105	(11,762)
Interest and dividends on investments	1,686	5,326	3,679	10,691
Loan disbursements	(70,774)		(13,477)	(84,251)
Principal repayments on loans	25,135		26,944	52,079
Interest received on loans	5,662		2,228	7,890
Federal grant funds expended	(4,090)		(283)	(4,373)
Net cash provided by investing activities	(42,579)	(9,224)	19,196	(32,607)
Net increase (decrease) in cash and cash equivalents	(20,205)	55,786	26,149	61,730
Cash and cash equivalents - beginning	75,811	124,891	97,980	298,682
Cash and cash equivalents - ending	$ 55,606	$ 180,677	$ 124,129	$ 360,412
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (2,068)	$ 33,228	$ 1,384	$ 32,544
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization		320		320
Interest on investments			(363)	(363)
Federal grants expended	4,090		283	4,373
Net changes in assets, liabilities, and deferred outflows/inflows:				
Accounts receivable	114	(99)	117	132
Accounts payable and other accrued liabilities	55	(191)	28	(108)
Net cash provided by (used in) operating activities	$ 2,191	$ 33,258	$ 1,449	$ 36,898

PENSION TRUST FUNDS

Pension trust funds are used to account for assets held by the State in a fiduciary capacity or as an agent for individuals. The pension trust funds are accounted for in essentially the same manner as proprietary funds and consist of the following:

Public Employee Retirement System (which also administers the State Police Retirement System and the Judicial Retirement System)

Teacher Retirement System

State Highway Employees Retirement System

Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2023
(Expressed in thousands)

	Public Employees Retirement System	State Police Retirement System	Judicial Retirement System	Teacher Retirement System	State Highway Employees Retirement System	Total
Assets						
Cash and cash equivalents	$ 391,225	$ 21,982	$ 3,947	$ 349,168	$ 127,288	$ 893,610
Receivables:						
Employee	921			11,725	516	13,162
Employer	8,161	2		28,876	1,186	38,225
Investment principal	17,567	676	972	14,834		34,049
Interest and dividends	26,614	1,027	1,080	24,966	2,999	56,686
Other	15			2,778	112	2,905
Due from other funds	12			4,188		4,200
Total receivables	53,290	1,705	2,052	87,367	4,813	149,227
Investments at fair value:						
U.S. government securities	423,659	16,299	35,750	114,300	218,051	808,059
Bonds, notes, mortgages, and preferred stock	59,865	2,303	613	942,702	207,374	1,212,857
Common stock	3,482,395	133,972	107,084	2,529,486	551,677	6,804,614
Real estate	1,418,424	54,569	29,682	175,694		1,678,369
International investments	1,968,078	75,714	20,708	1,118,448	10,799	3,193,747
Mutual funds					212,813	212,813
Pooled investment funds	1,644,942	63,283	45,576	5,603,404	115,260	7,472,465
Corporate obligations	623,884	24,001	38,118	618,474	58,206	1,362,683
Asset and mortgage-backed securities	269,131	10,354	25,791	30,145		335,421
State recycling tax credit				145,552		145,552
Other	(637)	(24)	(122)	9,005,490		9,004,707
Total investments	9,889,741	380,471	303,200	20,283,695	1,374,180	32,231,287
Other assets:						
Securities lending collateral	592,069	22,777		457,490	114,952	1,187,288
Capital assets	8,611			73		8,684
Other assets	387			139		526
Total other assets	601,067	22,777		457,702	114,952	1,196,498
Total assets	10,935,323	426,935	309,199	21,177,932	1,621,233	34,470,622
Deferred Outflows of Resources						
Deferred outflows related to other postemployment benefits	327			494		821
Total assets and deferred outflows of resources	$ 10,935,650	$ 426,935	$ 309,199	$ 21,178,426	$ 1,621,233	$ 34,471,443
Liabilities						
Accounts payable and other liabilities	$ 11,414	$ 580	$ 320	$ 16,938	$ 1,086	$ 30,338
Investment principal payable	32,284	1,242	784	24,077		58,387
Obligations under securities lending	592,094	22,778		457,449	115,545	1,187,866
Other postemployment benefits	2,875			3,250		6,125
Due to other funds	10					10
Total liabilities	638,677	24,600	1,104	501,714	116,631	1,282,726
Deferred Inflows of Resources						
Deferred inflows related to other postemployment benefits	1,329			1,660		2,989
Total liabilities and deferred inflows of resources	$ 640,006	$ 24,600	$ 1,104	$ 503,374	$ 116,631	$ 1,285,715
Net Position						
Net position restricted for pensions	$ 10,295,644	$ 402,335	$ 308,095	$ 20,675,052	$ 1,504,602	$ 33,185,728

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2023
(Expressed in thousands)

	Public Employees Retirement System	State Police Retirement System	Judicial Retirement System	Teacher Retirement System	State Highway Employees Retirement System	Total
Additions:						
Contributions:						
Members	$ 93,038	$ 54	$ 1,268	$ 200,611	$ 12,689	$ 307,660
Employers	340,152	10,198	3,140	536,619	29,712	919,821
Supplemental contributions		6,953	4,903			11,856
Title fees		4,838				4,838
Court fees		312	188			500
Reinstatement fees		1,630				1,630
Total contributions	433,190	23,985	9,499	737,230	42,401	1,246,305
Investment income:						
Net increase (decrease) in fair value of investments	684,338	26,361	12,370	1,551,241	104,239	2,378,549
Interest, dividends, and other	155,163	6,007	8,105	175,914	29,918	375,107
Other investment income	357	14		6,438		6,809
Securities lending income, net of expenses	4,089	157			454	4,700
Total investment income	843,947	32,539	20,475	1,733,593	134,611	2,765,165
Less investment expense	34,443	1,329	1,151	45,304	9,293	91,520
Net investment income	809,504	31,210	19,324	1,688,289	125,318	2,673,645
Miscellaneous	4,845	4		4,020	21	8,890
Total additions	1,247,539	55,199	28,823	2,429,539	167,740	3,928,840
Deductions:						
Benefits paid to participants or beneficiaries	659,133	34,561	17,412	1,413,478	129,350	2,253,934
Refunds of employee/employer contributions	16,474			12,584	2,459	31,517
Administrative expenses	11,659	244	171	7,893	167	20,134
Total deductions	687,266	34,805	17,583	1,433,955	131,976	2,305,585
Change in net position held in trust for employees' pension benefits	560,273	20,394	11,240	995,584	35,764	1,623,255
Net position - beginning	9,735,371	381,941	296,855	19,679,468	1,468,838	31,562,473
Net position - ending	$ 10,295,644	$ 402,335	$ 308,095	$ 20,675,052	$ 1,504,602	$ 33,185,728

ARKANSAS STATE GOVERNMENT

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STATISTICAL SECTION

ARKANSAS STATE GOVERNMENT

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Statistical Section – Table of Contents

This section contains statistical tables that reflect financial trend information, revenue capacity information, debt capacity information, demographic and economic information, operating information, and other information. These tables differ from the financial statements because they usually cover more than two fiscal years and may present non-accounting data. Prior-year data may include revisions based on the latest available official release.

The Statistical Section is divided into six sections as follows:

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Schedule 1
Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021
Primary government			
Governmental activities			
Net investment in capital assets	$ 14,281,541	$ 13,585,993	$ 12,881,572
Restricted	6,990,512	5,963,009	3,972,239
Unrestricted	(1,195,922)	(2,066,187)	(2,732,113)
Total governmental activities net position	20,076,131	17,482,815	14,121,698
Business-type activities			
Net investment in capital assets	2,203,200	2,123,732	2,061,401
Restricted	1,392,381	1,318,257	1,264,813
Unrestricted	2,489,436	2,392,461	2,215,955
Total business-type activities net position	6,085,017	5,834,450	5,542,169
Total primary government			
Net investment in capital assets	16,484,741	15,709,725	14,942,973
Restricted	8,382,893	7,281,266	5,237,052
Unrestricted	1,293,514	326,274	(516,158)
Total primary government activities net position	$ 26,161,148	$ 23,317,265	$ 19,663,867

(1) Fiscal year 2017 balances restated in fiscal year 2018.
(2) Fiscal year 2020 balances restated in fiscal year 2021.

2020 (2)	2019	2018	2017 (1)	2016	2015	2014
$ 12,244,621	$ 11,879,274	$ 11,602,289	$ 11,116,044	$ 10,573,154	$ 10,418,250	$ 9,441,544
3,284,221	2,899,173	2,426,386	2,318,037	2,142,787	1,627,433	2,098,642
(3,041,816)	(3,178,832)	(3,115,348)	(3,044,139)	(1,548,988)	(1,406,667)	(1,402,681)
12,487,026	11,599,615	10,913,327	10,389,942	11,166,953	10,639,016	10,137,505
2,082,158	2,062,077	2,015,796	1,992,873	1,997,666	1,995,542	1,966,036
1,195,709	1,135,777	1,193,250	1,132,263	1,046,934	1,049,397	1,008,203
1,930,875	1,868,254	1,568,292	1,398,280	1,233,085	1,019,309	829,571
5,208,742	5,066,108	4,777,338	4,523,416	4,277,685	4,064,248	3,803,810
14,326,779	13,941,351	13,618,085	13,108,917	12,570,820	12,413,792	11,407,580
4,479,930	4,034,950	3,619,636	3,450,300	3,189,721	2,676,830	3,106,845
(1,110,941)	(1,310,578)	(1,547,056)	(1,645,859)	(315,903)	(387,358)	(573,110)
$ 17,695,768	$ 16,665,723	$ 15,690,665	$ 14,913,358	$ 15,444,638	$ 14,703,264	$ 13,941,315

Schedule 2
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021
Governmental expenses			
General government	$ 1,519,309	$ 713,045	$ 1,901,668
Education	4,604,255	4,638,304	4,181,586
Health and human services	12,408,738	11,811,414	10,760,985
Transportation	1,205,270	987,510	1,287,824
Law, justice, and public safety	1,079,395	1,018,650	973,492
Recreation and tourism	252,151	221,103	204,219
Regulation of business and professionals	27,703	26,737	24,395
Resource development	238,758	214,473	177,001
Commerce	385,317	520,486	572,567
Interest expense	24,339	34,528	43,104
Total expenses	21,745,235	20,186,250	20,126,841
Program revenues			
Charges for services			
General government	443,479	418,048	397,282
Education	4,538	3,949	3,866
Health and human services	468,299	409,283	408,577
Transportation	142,204	139,799	131,987
Law, justice, and public safety	167,908	167,581	161,356
Recreation and tourism	71,995	69,243	65,618
Regulation of business and professionals	21,875	21,907	19,031
Resource development	81,857	80,939	79,862
Commerce	93,457	104,681	85,759
Operating grants	11,578,353	11,344,966	10,192,325
Capital grants and contributions	938,391	766,011	809,547
Total program revenues	14,012,356	13,526,407	12,355,210
Net (expense)	(7,732,879)	(6,659,843)	(7,771,631)
General revenues, special items, and transfers			
Taxes			
Personal and corporate income	3,935,189	4,489,965	3,926,344
Consumer sales and use	4,558,369	4,220,058	3,887,187
Gas and motor carrier	494,691	506,400	488,974
Other	1,651,859	1,570,923	1,397,747
Investment earnings	49,453	(472,773)	(25,725)
Miscellaneous income	599,355	582,862	572,546
Special items:			
Disposal of operations			(11,913)
Issuance of tax credits			
Transfers - internal activities	(962,721)	(876,475)	(829,755)
Restatement			
Total general revenues, special items, and transfers	10,326,195	10,020,960	9,405,405
Total governmental activities change in net position	$ 2,593,316	$ 3,361,117	$ 1,633,774

(1) Fiscal year 2017 balances restated in fiscal year 2018.
(2) Primary government functional areas changed in 2020 due to Act 910 of 2019. Did not restate prior years.
(3) Fiscal year 2020 balances restated in fiscal year 2021.

2020 (2) (3)	2019	2018	2017 (1)	2016	2015	2014
$ 1,682,289	$ 1,662,161	$ 1,695,822	$ 1,607,462	$ 1,553,087	$ 1,581,265	$ 1,676,440
3,736,183	3,765,007	3,755,721	3,751,603	3,718,585	3,677,244	3,595,660
9,561,794	9,284,039	8,872,832	8,949,631	8,461,524	8,119,737	7,195,051
1,169,812	1,013,447	1,070,420	1,290,944	954,670	909,171	867,095
925,432	899,186	847,513	820,043	829,280	789,477	797,423
204,395	280,067	289,991	277,979	275,987	283,446	284,506
25,195	126,535	122,444	126,905	134,567	132,211	148,008
141,779						
457,881						
49,039	52,584	56,192	60,318	61,920	61,106	52,805
17,953,799	17,083,026	16,710,935	16,884,885	15,989,620	15,553,657	14,616,988
367,952	446,659	433,410	433,652	415,138	431,891	392,937
3,772	5,157	5,011	5,632	5,092	2,111	3,413
378,902	384,045	408,368	414,670	413,515	471,443	453,436
123,422	126,967	123,462	122,438	120,004	121,225	114,417
133,388	89,698	95,302	67,948	95,585	88,904	73,989
57,642	95,372	98,008	101,985	97,925	119,160	85,792
20,757	131,594	100,122	116,413	116,206	106,167	100,084
81,161						
80,131						
8,735,224	7,719,932	7,477,492	7,691,132	7,333,883	7,043,670	6,010,077
549,292	566,097	780,600	781,522	572,654	520,477	590,791
10,531,643	9,565,521	9,521,775	9,735,392	9,170,002	8,905,048	7,824,936
(7,422,156)	(7,517,505)	(7,189,160)	(7,149,493)	(6,819,618)	(6,648,609)	(6,792,052)
3,652,717	3,526,596	3,237,048	3,163,104	3,222,351	3,209,528	3,000,440
3,422,311	3,284,531	3,216,406	3,114,497	3,028,285	2,932,562	2,877,342
477,659	476,675	475,227	468,822	463,126	443,413	431,725
1,199,047	1,058,412	1,043,766	1,023,700	989,901	1,006,692	995,644
110,418	187,790	61,087	60,201	84,100	40,471	70,578
456,927	439,952	457,515	346,077	335,198	380,547	304,621
			33,611			
			(187,598)			
(1,009,512)	(770,163)	(778,504)	(766,675)	(775,406)	(768,742)	(921,211)
898			(883,257)		(94,351)	(1,313,431)
8,310,465	8,203,793	7,712,545	6,372,482	7,347,555	7,150,120	5,445,708
$ 888,309	$ 686,288	$ 523,385	$ (777,011)	$ 527,937	$ 501,511	$ (1,346,344)

Continued on the next page

Schedule 2
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

Continued from the previous page

	2023	2022	2021
Business-type expenses			
Higher education	$ 4,931,856	$ 4,702,199	$ 4,394,289
Workers' Compensation Commission	7,439	4,575	9,315
Division of Workforce Services	72,062	114,733	1,671,273
Office of the Arkansas Lottery	500,166	479,947	529,723
War Memorial Stadium Commission (2)			
Public School Employee Health and Life Benefit Plan	417,427	398,664	399,831
Revolving loans	6,942	11,364	6,494
Total expenses	5,935,892	5,711,482	7,010,925
Program revenues			
Charges for services			
Higher education	2,425,566	2,356,821	2,292,585
Workers' Compensation Commission	15,438	21,297	16,906
Division of Workforce Services	88,961	102,956	118,577
Office of the Arkansas Lottery	608,223	580,234	632,579
War Memorial Stadium Commission (2)			
Public School Employee Health and Life Benefit Plan	450,655	440,567	368,297
Revolving loans	6,258	6,115	4,753
Operating grants	1,091,674	1,248,909	2,638,386
Capital grants and contributions	49,559	78,917	29,609
Total program revenues	4,736,334	4,835,816	6,101,692
Net (expense)	(1,199,558)	(875,666)	(909,233)
Business-type revenues, special items, and transfers			
Taxes			
Other	38,970	38,802	40,633
Investment earnings (loss)	110,544	(30,686)	106,384
Miscellaneous income	337,890	283,356	265,888
Special items:			
Assisted Living Incentive Fund (3)			
Disposal of operations			
Transfers - internal activities	962,721	876,475	829,755
Restatement			
Total business-type revenues, special items, and transfers	1,450,125	1,167,947	1,242,660
Total business-type activities change in net position	250,567	292,281	333,427
Total primary government change in net position	$ 2,843,883	$ 3,653,398	$ 1,967,201

(1) Fiscal year 2017 balance restated in fiscal year 2018.
(2) War Memorial Stadium Commission was merged with the Department of Parks, Heritage, and Tourism in 2018.
(3) In fiscal year 2019, the program and funds of the Assisted Living Incentive Fund were transferred to ADFA component unit.

2020	2019	2018	2017 (1)	2016	2015	2014
$ 4,274,112	$ 4,185,164	$ 4,125,923	$ 3,971,283	$ 3,806,452	$ 3,676,886	$ 3,607,528
12,892	19,629	18,410	12,115	19,905	17,922	19,806
1,757,900	100,296	130,895	147,061	216,398	256,048	360,753
444,164	421,017	409,282	366,200	368,085	337,072	331,471
			2,630	3,419	2,828	3,103
354,163	315,396	297,257	270,234	284,984	266,650	287,165
11,254	7,956	6,610	4,281	4,848	9,934	9,745
6,854,485	5,049,458	4,988,377	4,773,804	4,704,091	4,567,340	4,619,571
2,216,971	2,329,275	2,247,823	2,234,590	2,039,020	1,825,742	1,655,419
16,637	18,159	19,409	19,905	17,864	16,240	20,209
124,681	185,418	198,337	242,692	301,567	327,907	421,348
531,932	516,222	500,484	449,911	456,317	409,214	410,627
			1,639	2,279	2,056	1,785
332,455	318,482	310,412	306,087	302,445	303,474	275,969
4,484	4,209	2,611	2,589	4,024	4,269	4,241
2,313,876	811,887	796,739	784,516	826,300	856,669	975,632
85,962	72,299	112,104	46,482	31,627	71,050	31,609
5,626,998	4,255,951	4,187,919	4,088,411	3,981,443	3,816,621	3,796,839
(1,227,487)	(793,507)	(800,458)	(685,393)	(722,648)	(750,719)	(822,732)
38,023	36,829	34,966	32,397	31,935	31,148	30,650
74,149	85,734	66,185	68,636	21,217	30,869	62,242
248,437	193,550	174,725	96,293	107,527	180,398	180,502
	(3,999)					
			(664)			
1,009,512	770,163	778,504	766,675	775,406	768,742	921,211
			(32,213)			(173,701)
1,370,121	1,082,277	1,054,380	931,124	936,085	1,011,157	1,020,904
142,634	288,770	253,922	245,731	213,437	260,438	198,172
$ 1,030,045	$ 975,058	$ 777,307	$ (531,280)	$ 741,374	$ 761,949	$ (1,148,172)

Schedule 3
Fund Balances, Governmental Fund (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022 Restated	2021	2020 Restated	2019
General fund					
Nonspendable	$ 121,566	$ 153,144	$ 176,527	$ 117,748	$ 111,863
Restricted	2,254,660	1,843,368	1,684,008	2,211,805	1,984,048
Committed	6,661,455	5,213,593	3,795,155	2,253,863	2,025,202
Assigned	178,140	86,048	85,872	118,213	71,693
Unassigned	328,438	644,754	826,996	789,132	572,265
Total general fund	$ 9,544,259	$ 7,940,907	$ 6,568,558	$ 5,490,761	$ 4,765,071

2018	2017	2016	2015	2014
$ 108,481	$ 106,448	$ 100,632	$ 124,784	$ 322,476
1,594,604	1,488,099	1,507,742	1,409,242	1,189,822
1,981,386	1,837,219	1,489,615	1,449,480	1,223,617
72,964	152,890	337,504	267,283	387,191
414,529	547,275	788,136	811,336	581,395
$ 4,171,964	$ 4,131,931	$ 4,223,629	$ 4,062,125	$ 3,704,501

Schedule 4
Changes in Fund Balance, Governmental Fund (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2023	2022	2021 (3)	2020
Revenues:				
Taxes:				
Personal and corporate income	$ 3,932,123	$ 4,490,595	$ 3,921,586	$ 3,654,603
Consumer sales and use	4,559,747	4,199,145	3,860,050	3,410,118
Gas and motor carrier	494,805	506,521	488,737	477,660
Other	1,629,533	1,571,273	1,410,108	1,204,519
Intergovernmental	12,490,430	12,177,163	10,836,160	9,235,843
Licenses, permits, and fees	1,520,617	1,441,788	1,369,747	1,273,012
Investment earnings (loss)	49,453	(472,773)	(25,725)	110,418
Miscellaneous	603,654	550,515	531,176	395,298
Total revenues	25,280,362	24,464,227	22,391,839	19,761,471
Expenditures: (2)				
Current:				
General government	1,635,355	1,580,566	1,642,741	1,457,416
Education	4,604,347	4,638,723	4,177,850	3,732,911
Health and human services	12,389,117	11,968,473	10,740,086	9,530,819
Transportation	760,392	784,338	731,333	517,988
Law, justice, and public safety	1,036,743	988,209	935,489	873,435
Recreation and tourism development	229,063	198,020	181,550	182,273
Regulation of business and professionals	27,602	26,529	24,008	24,869
Resource development	232,005	204,352	165,593	141,455
Commerce	411,949	560,389	554,912	441,429
Debt service:				
Principal retirement	246,451	246,871	240,662	176,064
Interest expense	43,888	54,735	56,288	60,753
Bond issuance costs				93
Capital outlay	1,239,317	1,139,455	1,106,636	944,402
Total expenditures	22,856,229	22,390,660	20,557,148	18,083,907
Excess of revenues over expenditures	2,424,133	2,073,567	1,834,691	1,677,564
Other financing sources (uses):				
Issuance of debt	60,903	82,819	26,187	30,755
Issuance of refunding debt	15,356	16,108	317,110	
Bond discounts/premiums	242	209	38,881	847
Payment to refunding escrow agent	(15,356)	(16,378)	(351,662)	
Lease proceeds	26,690	87,834	38,018	21,773
Sale of capital assets	2,906	4,665	4,327	3,297
SBITA proceeds	51,199			
Transfers in	211,763	221,312	201,716	175,438
Transfers out	(1,174,484)	(1,097,787)	(1,031,471)	(1,184,882)
Restatement				898
Total other financing uses	(820,781)	(701,218)	(756,894)	(951,874)
Special Items:				
Disposal of operations				
Net change in fund balances	1,603,352	1,372,349	1,077,797	725,690
Fund balances-beginning as restated	7,940,907	6,568,558	5,490,761	4,765,071
Fund balances-ending	$ 9,544,259	$ 7,940,907	$ 6,568,558	$ 5,490,761
Debt service as a percentage of noncapital expenditures:	1.34%	1.42%	1.53%	1.38%

(1) Final installment of the fiscal year 2017 disposal of the Arkansas Department of Health In-Home Services.
(2) Primary government functional areas changed in 2020 due to Act 910 of 2019. Did not restate prior years.
(3) Fiscal year 2020 balance restated in fiscal year 2021.

2019	2018	2017	2016	2015	2014
$ 3,532,123	$ 3,232,455	$ 3,165,911	$ 3,219,066	$ 3,207,038	$ 3,002,722
3,280,703	3,218,765	3,113,922	3,031,524	2,929,426	2,880,146
476,683	475,225	469,542	462,761	443,058	433,108
1,057,303	1,044,078	1,023,060	989,962	1,005,951	997,563
8,242,021	8,231,911	8,443,611	7,888,337	7,564,360	6,584,513
1,304,469	1,293,003	1,291,699	1,327,225	1,368,678	1,253,365
187,790	61,087	60,201	84,100	40,471	70,578
446,587	410,043	347,449	330,258	334,145	308,919
18,527,679	17,966,567	17,915,395	17,333,233	16,893,127	15,530,914
1,539,201	1,536,902	1,446,481	1,468,346	1,535,963	1,537,466
3,762,150	3,752,555	3,748,403	3,715,057	3,676,561	3,588,822
9,239,216	8,834,154	8,930,024	8,458,304	8,162,633	7,195,414
457,534	493,272	680,353	521,237	508,716	455,070
852,412	814,586	789,376	796,987	768,521	766,498
259,939	265,003	257,494	255,074	264,169	265,133
124,385	119,428	125,232	131,865	128,769	145,026
116,756	155,947	102,397	99,689	165,416	124,425
63,846	67,455	77,568	76,631	71,526	63,393
		63	63	1,062	33
823,005	1,136,524	1,133,099	875,513	899,502	817,693
17,238,444	17,175,826	17,290,490	16,398,766	16,182,838	14,958,973
1,289,235	790,741	624,905	934,467	710,289	571,941
43,041	13,428	22,199	892	374,709	717,036
		131,840	28,495	135,155	
1,342		9,846	1,665	51,338	55,260
		(140,877)	(43,636)	(150,513)	(46,908)
26,225	9,047	2,807	11,323	1,478	4,757
3,427	4,420	4,922	3,707	3,880	3,617
208,501	203,878	180,819	174,908	179,278	183,161
(978,664)	(983,431)	(959,820)	(950,317)	(947,990)	(1,104,372)
(696,128)	(752,658)	(748,264)	(772,963)	(352,665)	(187,449)
(1)	1,950	31,661			
593,107	40,033	(91,698)	161,504	357,624	384,492
4,171,964	4,131,931	4,223,629	4,062,125	3,704,501	3,320,009
$ 4,765,071	$ 4,171,964	$ 4,131,931	$ 4,223,629	$ 4,062,125	$ 3,704,501
1.10%	1.39%	1.11%	1.14%	1.56%	1.33%

Schedule 5
Revenue Base-Sales and Use Tax Collections by Industry (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2023		2022		2021		2020	
Industry	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total
Agriculture, forestry, fishing, and hunting	$ 127,080	0.17%	$ 137,244	0.20%	$ 108,259	0.18%	$ 114,384	0.21%
Mining	192,529	0.26%	216,198	0.32%	166,584	0.27%	161,907	0.30%
Utilities	7,229,355	9.76%	5,995,932	8.79%	5,377,619	8.76%	4,935,097	9.14%
Construction	1,523,309	2.06%	1,282,963	1.88%	1,038,563	1.69%	930,484	1.72%
Manufacturing	5,734,531	7.74%	5,079,603	7.44%	4,441,710	7.24%	4,435,943	8.21%
Wholesale trade	6,678,860	9.02%	5,959,050	8.73%	5,145,638	8.38%	4,561,076	8.45%
Retail trade	35,200,633	47.52%	33,491,428	49.09%	31,030,255	50.55%	26,085,606	48.30%
Transportation and warehousing	670,045	0.91%	517,296	0.76%	336,543	0.55%	303,591	0.56%
Information	2,666,634	3.60%	2,739,522	4.02%	2,535,771	4.13%	2,406,815	4.46%
Finance and insurance	142,411	0.19%	154,198	0.23%	146,938	0.24%	127,926	0.24%
Real estate, rental, and leasing	1,739,513	2.35%	1,631,089	2.39%	1,623,554	2.64%	1,385,852	2.57%
Professional, scientific, and technical services	515,915	0.70%	476,758	0.70%	407,206	0.66%	283,406	0.52%
Management of companies and enterprises	26,177	0.04%	5,249	0.01%	2,791	0.00%	5,050	0.01%
Administrative, support, waste management, and remediation services	1,553,166	2.10%	1,352,857	1.98%	1,174,717	1.91%	1,108,804	2.05%
Educational services	77,522	0.10%	71,516	0.10%	59,386	0.10%	73,623	0.14%
Health care and social services	83,898	0.11%	64,460	0.09%	80,938	0.13%	57,766	0.11%
Arts, entertainment and recreation	462,658	0.62%	434,664	0.64%	330,797	0.54%	298,737	0.55%
Accommodation and food services	6,676,791	9.01%	6,121,915	8.97%	5,187,079	8.45%	4,770,199	8.83%
Other services (except public administration)	2,628,304	3.55%	2,359,631	3.46%	2,014,992	3.28%	1,845,453	3.42%
Public administration	141,451	0.19%	137,396	0.20%	178,188	0.29%	117,368	0.21%
Total (1)	$ 74,070,782	100.0%	$ 68,228,969	100.0%	$ 61,387,528	100.0%	$ 54,009,087	100.0%
Direct sales tax rate	6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 0.625% (Mfg Repair Appr. Project)		6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 1.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)		6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 2.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)		6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 3.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)	

(1) Amounts do not include tax collected on automobile transactions.

Source: Department of Finance and Administration Revenue Division – Sales and Use Tax Section

2019		2018		2017		2016		2015		2014	
Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total
$ 112,348	0.22%	$ 94,688	0.19%	$ 92,103	0.19%	$ 97,579	0.21%	$ 96,945	0.21%	$ 91,716	0.21%
164,244	0.31%	170,316	0.34%	127,753	0.26%	174,093	0.37%	213,038	0.45%	250,153	0.56%
4,981,909	9.49%	5,150,000	10.19%	4,761,393	9.82%	4,690,082	10.02%	4,459,479	9.51%	4,759,648	10.59%
918,210	1.75%	848,747	1.68%	868,432	1.79%	811,057	1.73%	703,596	1.50%	660,847	1.47%
4,146,807	7.90%	3,800,632	7.52%	3,960,281	8.17%	4,038,757	8.63%	3,966,593	8.46%	3,663,359	8.15%
4,403,208	8.39%	4,262,562	8.43%	3,882,947	8.01%	3,835,197	8.19%	4,465,509	9.53%	4,249,892	9.46%
24,691,217	47.03%	23,338,973	46.16%	22,165,564	45.71%	21,332,067	45.58%	21,183,817	45.18%	20,915,302	46.54%
269,546	0.51%	272,277	0.54%	286,595	0.59%	252,137	0.54%	287,545	0.61%	299,491	0.67%
2,617,057	4.99%	2,886,407	5.71%	2,930,387	6.04%	2,632,096	5.62%	3,006,826	6.41%	2,200,618	4.90%
113,528	0.22%	102,196	0.20%	108,919	0.22%	94,030	0.20%	83,532	0.18%	69,464	0.16%
1,365,668	2.60%	1,288,153	2.55%	1,218,863	2.51%	1,123,616	2.40%	989,814	2.11%	882,398	1.96%
231,362	0.44%	216,562	0.43%	211,277	0.44%	213,535	0.46%	194,865	0.42%	158,906	0.35%
1,626	0.00%	1,133	0.00%	715	0.00%	2,156	0.00%	4,691	0.01%	675	0.00%
1,051,761	2.00%	1,023,010	2.02%	960,065	1.98%	884,244	1.89%	852,431	1.82%	799,814	1.78%
75,830	0.14%	69,919	0.14%	71,001	0.15%	64,333	0.14%	57,180	0.12%	40,810	0.09%
69,703	0.13%	54,836	0.11%	71,528	0.15%	52,051	0.11%	85,280	0.18%	22,360	0.05%
307,170	0.59%	279,755	0.55%	251,958	0.52%	289,079	0.62%	271,720	0.58%	264,002	0.59%
5,014,457	9.55%	4,789,282	9.47%	4,629,764	9.55%	4,457,348	9.52%	4,293,021	9.16%	4,008,663	8.92%
1,841,655	3.51%	1,792,064	3.54%	1,762,280	3.64%	1,711,584	3.66%	1,631,985	3.48%	1,556,550	3.46%
119,368	0.23%	114,991	0.23%	124,613	0.26%	50,447	0.11%	35,182	0.08%	42,316	0.09%
$ 52,496,674	100.0%	$ 50,556,503	100.0%	$ 48,486,438	100.0%	$ 46,805,488	100.0%	$ 46,883,049	100.0%	$ 44,936,984	100.0%

2019	2018	2017	2016	2015	2014
6.50% (General)	6.50% (General)	6.50% (General)	6.50% (General)	6.50% (General)	6.50% (General)
0.125% (Food)	1.50% (Food)	1.50% (Food)	1.50% (Food)	1.50% (Food)	1.50% (Food)
0.625 (Mfg util tax)	0.625% (Mfg util tax)	0.625% (Mfg util tax)	0.625% (Mfg util tax)	1.625% (Mfg util tax)	3.25% (Mfg util tax)
1.625% (Elec.)	1.625% (Elec.)	1.625% (Elec.)	1.625% (Elec.)	3.25% (Elec.) 1/1-12/31/14	3.25% (Electricity)
4.50% (Mfg Repair)	5.50% (Mfg Repair)	5.50% (Mfg Repair)	5.50% (Mfg Repair)	1.625% (Elec.) 1/1/15	
0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project) 7/1/14	

Schedule 6
Revenue Payers (Unaudited)
Current Fiscal Year as Compared to 2014
(Expressed in thousands, except number of taxpayers)

	2023				2014			
Industry	Sales tax collected	Percent of total	Number of taxpayers	Percent of total	Sales tax collected	Percent of total	Number of taxpayers	Percent of total
Agriculture, forestry, fishing, and hunting	$ 7,812	0.19%	527	0.73%	$ 5,914	0.22%	768	1.11%
Mining	12,340	0.29%	194	0.27%	16,109	0.61%	221	0.32%
Utilities	410,742	9.75%	721	1.00%	301,405	11.40%	723	1.05%
Construction	98,995	2.35%	3,075	4.27%	42,925	1.62%	2,628	3.82%
Manufacturing	329,349	7.82%	6,951	9.66%	223,643	8.46%	4,906	7.13%
Wholesale	406,944	9.66%	6,587	9.15%	269,149	10.18%	5,835	8.48%
Retail trade	1,828,823	43.42%	26,078	36.23%	1,114,203	42.15%	26,073	37.89%
Transportation and warehousing	43,442	1.03%	769	1.07%	19,449	0.74%	1,112	1.61%
Information	173,321	4.12%	1,354	1.88%	143,032	5.41%	1,019	1.48%
Finance and insurance	9,257	0.22%	356	0.49%	4,515	0.17%	400	0.58%
Real estate, rental, and leasing	104,589	2.48%	1,550	2.15%	57,311	2.17%	1,690	2.46%
Professional, scientific, and technical services	33,476	0.80%	2,497	3.47%	10,316	0.39%	2,091	3.04%
Management of companies and enterprises	1,701	0.04%	28	0.04%	43	0.00%	19	0.03%
Administrative, support, waste management, and remediation services	100,935	2.40%	3,842	5.34%	51,972	1.97%	3,722	5.41%
Educational services	5,035	0.12%	400	0.56%	2,650	0.10%	327	0.47%
Health care and social services	5,427	0.13%	1,028	1.43%	1,420	0.05%	1,291	1.88%
Arts, entertainment, and recreation	29,895	0.71%	1,460	2.03%	16,640	0.63%	1,438	2.09%
Accommodation and food services	430,877	10.23%	7,407	10.29%	259,241	9.81%	6,924	10.06%
Other services (except public administration)	170,246	4.04%	7,087	9.85%	101,065	3.82%	7,556	10.98%
Public administration	8,327	0.20%	68	0.09%	2,749	0.10%	75	0.11%
Total	$ 4,211,533	100.00%	71,979	100.00%	$ 2,643,751	100.00%	68,818	100.00%

Source: Department of Finance and Administration Revenue Division – Sales and Use Tax Section

Schedule 7
Ratios of Outstanding Debt by Type (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands, except per capita amount)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental										
General obligation bonds	$ 514,130	$ 702,090	$ 881,565	$ 1,125,440	$ 1,250,480	$ 1,310,345	$ 1,447,370	$ 1,518,148	$ 1,602,810	$ 1,373,554
Revenue bond guaranty fund									300	590
Add (deduct):										
Issuance premiums	46,852	67,047	88,281	70,541	82,687	94,654	108,042	112,405	123,199	84,980
Loan payable to component unit						4,200				
Notes payable to component unit	109,571	106,844	79,892	61,039	59,399	59,567	60,514	68,915	79,163	85,694
Capital leases (6)			51	551	1,039	1,499	1,891	2,202	2,581	2,947
Installment purchases with component unit (6)	138,944	139,259	149,909	127,740	127,387	110,185	109,493	114,926	123,076	129,017
Lease obligations (6)	65,972	65,382								
SBITA obligations (6)	24,262									
Installment sale with component unit										10,340
Total governmental activities debt	899,731	1,080,622	1,199,698	1,385,311	1,520,992	1,580,450	1,727,310	1,816,596	1,931,129	1,687,122
Business-Type										
Special obligation:										
War Memorial Stadium Commission								500	1,000	1,500
Construction Assistance Revolving Loan Fund				17,475	20,220	23,140	25,485	27,890	35,295	40,220
Safe Drinking Water Revolving Loan Fund				13,150	15,215	17,420	19,185	20,995	22,800	24,065
College & university revenue bonds	2,227,555	2,202,650	2,147,000	2,095,095	1,951,875	1,973,331	1,898,326	1,836,895	1,879,827	1,859,395
Revenue bonds from direct placement	7,316	7,880	8,443	12,547	10,957					
Add: issuance premiums	148,405	153,429	164,055	145,447	129,848	134,062	119,742	115,742	97,062	77,148
Notes payable from direct placement	116,755	113,325	95,642	95,223	66,038	69,155	66,945	83,988	92,045	98,305
Notes payable with component unit	6,987	7,512	8,021	8,517	8,998	9,466	9,921	10,137	134	561
Capital leases (6)			70,975	79,135	67,219	66,288	60,808	46,802	39,327	38,308
Installment purchases with component unit (6)	54,213	58,410								
Lease obligations (6)	164,188	105,942								
SBITA obligations (6)	21,860									
Total business-type activities debt	2,747,279	2,649,148	2,494,136	2,466,589	2,270,370	2,292,862	2,200,412	2,142,949	2,167,490	2,139,502
Total Primary Government Debt	3,647,010	3,729,770	3,693,834	3,851,900	3,791,362	3,873,312	3,927,722	3,959,545	4,098,619	3,826,624
Debt Ratios: Primary Government										
Ratio of primary government debt to personal income (1)	2.21%	2.44%	2.49%	2.78%	2.88%	3.04%	3.18%	3.29%	3.50%	3.45%
Per capita (2)	1,193	1,229	1,224	1,280	1,263	1,294	1,315	1,330	1,382	1,294
Net General Obligation Bonded Debt										
Gross bonded debt (3)	514,130	702,090	881,565	1,125,440	1,250,480	1,310,345	1,447,370	1,518,148	1,602,810	1,373,554
Less: debt service funds (4)	(221,757)	(221,540)	(187,416)	(182,986)	(168,094)	(197,637)	(245,864)	(58,985)	(235,713)	(287,305)
Net bonded debt	292,373	480,550	694,149	942,454	1,082,386	1,112,708	1,201,506	1,459,163	1,367,097	1,086,249
Per capita (2)	96	158	230	313	361	372	402	490	461	367
Supplementary Information										
Component Unit Debt										
Arkansas Development Finance Authority (5):										
Bonds payable	404,447	494,513	553,336	476,485	556,282	593,955	625,743	714,085	809,992	1,064,883
Notes payable from direct placement	3,241	8,003	9,442	20,141	11,640	29,441	82,656	66,906	70,421	24,582
Add: issuance premiums		(544)	(645)	(745)	109	152		104	315	642
Less: unamortized bond issuance cost							(1,046)	(1,146)	(1,247)	(1,347)
U of A Foundation annuity obligations	14,051	15,402	18,677	14,670	15,492	15,458	14,069	14,065	15,068	16,259
Total Component Unit Debt	421,739	517,374	580,810	510,551	583,523	639,006	721,422	794,014	894,549	1,105,019
Total Debt	$ 4,068,749	$ 4,247,144	$ 4,274,644	$ 4,362,451	$ 4,374,885	$ 4,512,318	$ 4,649,144	$ 4,753,559	$ 4,993,168	$ 4,931,643
Debt Ratios										
Ratio of total debt to personal income (1)	2.46%	2.77%	2.88%	3.15%	3.32%	3.54%	3.77%	3.95%	4.27%	4.45%
Per capita (2)	$ 1,331	$ 1,399	$ 1,416	$ 1,450	$ 1,458	$ 1,507	$ 1,557	$ 1,597	$ 1,683	$ 1,667

(1) Personal income data can be found in Schedule 9.
(2) Population can be found in Schedule 9.
(3) Bond detail can be found in Note 9 to the financial statements.
(4) As restated to reflect full accrual rather than modified accrual balances.
(5) As restated to reflect the merger of Student Loan Authority and Development Finance Authority in fiscal year 2018.
(6) Due to changes as a result of GASB 87: Leases and GASB 96: SBITAs.

Schedule 8
Pledged Revenue Bond Coverage (Unaudited)
Last Ten Years
(Expressed in thousands)

Colleges and Universities	Revenue Available for Debt Service (1)	Principal	Interest	Total Debt Service	Coverage
Refunding Bonds					
2023	$ 1,411,054	$ 52,878	$ 28,081	$ 80,959	17.43
2022	1,392,570	41,878	30,951	72,829	19.12
2021	1,353,957	39,237	29,923	69,160	19.58
2020	1,280,786	34,084	29,383	63,467	20.18
2019	1,298,006	25,741	23,747	49,488	26.23
2018	1,219,331	22,950	23,469	46,419	26.27
2017	1,154,332	21,709	22,991	44,700	25.82
2016	1,109,845	22,100	23,213	45,313	24.49
2015	482,896	18,055	14,683	32,738	14.75
2014	438,138	15,866	13,867	29,733	14.74
Housing Bonds					
2023	$ 102,253	$ 10,517	$ 7,405	$ 17,922	5.71
2022	100,644	10,522	7,912	18,434	5.46
2021	101,528	8,560	7,922	16,482	6.16
2020	105,077	10,295	10,072	20,367	5.16
2019	87,094	8,795	9,354	18,149	4.80
2018	87,884	8,360	9,070	17,430	5.04
2017	72,549	9,264	9,816	19,080	3.80
2016	95,859	8,492	10,894	19,386	4.94
2015	49,479	6,840	9,149	15,989	3.09
2014	55,863	7,269	10,332	17,601	3.17
Facilities Bonds					
2023	$ 850,489	$ 57,323	$ 26,850	$ 84,173	10.10
2022	769,015	31,048	36,770	67,818	11.34
2021	711,031	33,553	39,591	73,144	9.72
2020	739,535	39,000	40,962	79,962	9.25
2019	793,099	43,395	46,314	89,709	8.84
2018	779,721	38,572	46,107	84,679	9.21
2017	757,397	38,645	41,486	80,131	9.45
2016	686,937	35,693	37,739	73,432	9.35
2015	1,196,485	38,710	50,003	88,713	13.49
2014	1,099,298	36,326	50,194	86,520	12.71
General Revenue and Other Bonds					
2023	$ 10,815	$ 883	$ 788	$ 1,671	6.47
2022	18,033	2,462	2,109	4,571	3.95
2021	12,906	5,505	2,096	7,601	1.70
2020	19,311	2,275	2,575	4,850	3.98
2019	11,116	2,300	2,860	5,160	2.15
2018	10,398	2,135	2,809	4,944	2.10
2017	17,005	3,035	3,075	6,110	2.78
2016	21,106	6,105	3,214	9,319	2.26
2015	19,377	3,585	4,040	7,625	2.54
2014	20,785	2,665	3,624	6,289	3.31

(1) Revenue Available for Debt Service includes student tuition and fees, housing fees, rent, athletic fees, millage revenue, and other auxiliary revenues.

Schedule 9
Demographic and Economic Indicators (Unaudited)
Last Ten Years

Calendar Year		Total Population (in thousands)		Total Personal Income (in millions)		Per Capita Personal Income	Unemployment Rate
2023	(1)	3,058	$	165,326	$	54,071	3.0%
2022		3,037		155,564		51,228	3.4%
2021		3,021		150,195		49,714	5.2%
2020		3,010		137,293		45,617	4.9%
2019		3,001		130,464		43,471	3.6%
2018		2,994		126,189		42,141	3.7%
2017		2,986		121,719		40,761	3.8%
2016		2,976		118,349		39,770	4.3%
2015		2,966		115,112		38,806	5.5%
2014		2,958		109,558		37,033	6.5%

(1) Projected numbers

Note: Prior-year data may include revisions based on the latest available official release.

Source: Arkansas Department of Finance and Administration Economic Analysis and Tax Research

Schedule 10
Principal Employers (Unaudited)
Fiscal Year 2023 as Compared to 2014

2023	Employer	Total Employees	Percentage of Total Arkansas Employment
1	Wal-Mart Stores, Inc.	55,074	4.3%
2	Arkansas State Government	26,666	2.1%
3	U.S. Federal Government	21,273	1.7%
4	Tyson Foods, Inc.	15,253	1.2%
5	University of Arkansas for Medical Sciences (UAMS)	12,712	1.0%
6	University of Arkansas	7,457	0.6%
7	Baptist Health	6,793	0.5%
8	J.B. Hunt Transport Services, Inc.	6,113	0.5%
9	Mercy	5,696	0.4%
10	Amazon Services, Inc.	4,454	0.3%
		161,491	12.6%

2014	Employer	Total Employees	Percentage of Total Arkansas Employment
1	Arkansas State Government	56,944	4.8%
2	Wal-Mart Stores, Inc.	48,901	4.1%
3	Tyson Foods, Inc.	23,000	1.9%
4	U.S. Federal Government	20,200	1.7%
5	Baptist Health	7,723	0.6%
6	Sisters of Mercy Health System	6,225	0.5%
7	Community Health Systems, Inc.	5,399	0.5%
8	St Vincent Health System	4,500	0.4%
9	Arkansas Children's Hospital	4,400	0.4%
10	Kroger Company	3,987	0.3%
		181,279	15.2%

Source: Arkansas Division of Workforce Services

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Schedule 11
State Employees by Function (Unaudited)
Last Ten Fiscal Years

Full-Time Employees

	2023	2022	2021	2020
Resource Development				
Agriculture Department	568	594	521	562
All other	587	601	567	582
Commerce				
Division of Workforce Services	662	769	919	963
All other	745	754	730	700
Law, Justice, and Public Safety				
Division of Correction	3,022	3,049	3,191	3,770
Department of the Military	538	442	457	1,401
Arkansas State Police	933	918	956	946
All other	2,788	2,770	2,767	2,754
Education				
Division of Elementary and Secondary Education	316	327	342	339
All other	618	657	595	635
General Government				
Department of Finance and Administration - Revenue	1,271	1,332	1,319	1,255
All other	2,093	2,140	2,087	2,111
Health and Human Services				
Department of Human Services	6,815	6,894	6,938	7,375
Department of Health	1,992	2,014	1,989	2,027
All other	916	865	840	836
Regulation of Business and Professionals				
Arkansas Public Service Commission	93	93	99	100
All other	303	306	227	297
Recreation and Tourism				
Department of Parks, Heritage, and Tourism	1,158	1,102	1,066	1,083
Arkansas Game and Fish Commission	695	680	658	642
All other	271	274	227	275
Transportation				
Department of Transportation	3,648	3,647	3,695	3,695
Proprietary Funds				
Colleges and Universities (1)	N/A	26,952	28,066	28,004
Workers' Compensation Commission	80	78	80	86
Office of the Arkansas Lottery	64	63	63	65
State Total	30,176	57,321	58,399	60,503

(1) Commencing in 2016, the educational institutions included part-time faculty and graduate assistants in their employee counts.
N/A indicates information was not received prior to ACFR submission deadline.

Source: Department of Transformation and Shared Services, Arkansas Department of Transportation, Department of Higher Education, and the Arkansas Democrat-Gazette

2019	2018	2017	2016	2015	2014
583	572	561	558	566	563
563	600	584	582	608	620
928	914	878	893	941	1,023
853	848	876	888	932	873
4,121	4,098	4,072	4,143	4,102	4,011
725	512	725	1,046	978	987
986	968	958	997	995	971
2,591	2,617	2,536	2,478	2,224	2,191
366	369	383	374	401	394
628	716	779	777	793	727
1,293	1,297	1,354	1,338	1,385	1,389
2,169	2,175	2,245	2,277	2,321	2,291
7,710	7,882	8,039	7,772	7,852	7,878
2,054	2,028	2,117	2,362	2,633	2,657
827	845	830	826	829	778
101	103	106	105	104	103
314	293	288	293	291	299
1,343	1,365	1,385	1,384	1,403	1,357
686	689	677	694	671	711
228	234	251	260	267	298
3,692	3,701	3,671	3,715	3,634	3,531
28,472	28,577	27,050	26,893	22,861	23,107
88	90	89	96	101	104
64	66	66	65	64	81
61,385	61,559	60,520	60,816	56,956	56,944

Schedule 12
Operating Indicators by Function (Unaudited)
Last Ten Fiscal Years

	2023	2022	2021
General Government			
Department of Finance & Administration-Revenue			
Office of Driver Services			
Licenses and ID cards issued	648,197	554,738	495,969
Registered vehicles	4,884,662	4,803,804	4,728,319
Income Tax Administration			
Total electronic tax filers	1,452,741	1,451,121	1,521,123
EFT estimate payments by corporations	12,317	12,028	10,714
EFT withholding payments	914,986	827,151	755,330
Education			
Division of Elementary and Secondary Education			
All school districts			
Average daily membership	448,849	447,375	446,065
Number of certified personnel	35,445	35,615	35,385
Average salary of K-12 classroom full-time employees	$ 55,156	$ 53,416	$ 52,552
Per pupil expenditures	$ 12,751	$ 12,203	$ 11,232
Foundation aid per student	$ 7,413	$ 7,182	$ 7,018
Assessed valuation (in millions)	$ 61,308	$ 56,735	$ 53,837
Higher Education			
Public institutions			
Net enrollment	130,977	130,461	132,346
Undergraduate degrees awarded	39,139	39,565 (2)	37,388 (2)
Graduate degrees awarded	7,109	6,794 (2)	7,048
Private institutions			
Fall net enrollment	15,313	15,525	15,242
Undergraduate degrees awarded	2,391	2,468 (2)	2,635 (2)
Graduate degrees awarded	905	803 (2)	751
Health and Human Services			
Department of Human Services			
Foster care recipients	6,815	7,439	7,614
Percent of population	0.22%	0.24%	0.25%
SNAP recipients	402,521	462,877	510,941
Percent of population	13.17%	15.22%	16.83%
Medicaid recipients (1)	1,204,773	1,215,189	1,217,331
Percent of population	39.43%	39.97%	40.10%
Department of Health			
Women, Infants, and Children Nutrition Program (WIC)			
Recipients	109,942	104,153	104,211
Percent of population	3.60%	3.43%	3.43%
Doses of vaccine administered	347,825	377,834	335,515

(1) In fiscal year 2016, the number of people who purchased health care through the Health Care Independence Act, commonly known as the Private Option, increased. As a result, the number of Medicaid recipients also increased as more people became eligible for Medicaid.

(2) Prior year data includes revisions based on the latest available information.

Sources: Arkansas State Police; Arkansas Game and Fish Commission; Department of Finance and Administration - Revenue Division; Department of Education; Department of Higher Education; Department of Health; Department of Human Services; Department of Transportation; Department of Correction; Department of Parks, Heritage, and Tourism; and Department of Commerce

2020	2019	2018	2017	2016	2015	2014
780,643	903,612	863,312	932,555	912,820	893,069	930,474
4,950,287	4,306,610	4,377,091	4,334,774	4,252,854	4,149,491	4,082,014
1,263,203	1,302,435	1,218,689	1,152,797	1,137,497	1,106,280	1,059,101
7,786	8,030	7,211	6,619	6,123	5,616	5,200
722,082	685,368	647,558	613,249	577,097	539,549	435,403
455,763	456,479	459,275	459,774	459,858	460,693	461,597
36,460	36,610	36,581	36,238	36,028	36,260	36,380
$ 51,336	$ 50,295	$ 49,840	$ 49,104	$ 48,976	$ 48,575	$ 48,060
$ 10,155	$ 10,229	$ 10,039	$ 9,807	$ 9,701	$ 9,365	$ 9,457
$ 6,899	$ 6,781	$ 6,713	$ 6,646	$ 6,584	$ 6,521	$ 6,393
$ 51,718	$ 50,347	$ 48,797	$ 47,624	$ 46,135	$ 45,163	$ 44,335
141,178	143,474	145,973	148,604	149,477	150,758	153,256
37,854	37,348	33,938	33,324	33,343	33,183	32,251
6,796	6,832	7,012	6,991	6,081	5,598	5,423
15,657	15,988	16,024	16,528	16,611	16,494	16,102
2,559	2,725	2,637	2,757	2,781	2,845	2,709
609	626	603	637	600	582	605
7,568	7,673	8,358	9,032	8,555	7,686	7,513
0.23%	0.24%	0.26%	0.28%	0.27%	0.25%	0.25%
496,712	429,378	508,171	537,536	642,571	659,887	685,812
15.11%	13.22%	15.82%	16.92%	20.46%	21.24%	22.54%
1,085,938	1,086,485	824,868	1,164,197	1,085,787	933,033	902,378
33.04%	33.44%	25.68%	36.65%	34.57%	30.03%	29.66%
117,548	128,946	136,003	141,694	148,441	149,536	152,902
4.02%	3.97%	4.23%	4.46%	4.73%	4.81%	5.03%
470,962	498,515	504,859	554,079	663,689	665,550	630,304

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Schedule 12
Operating Indicators by Function (Unaudited)
Last Ten Fiscal Years

Continued from previous page

	2023	2022	2021
Transportation			
Department of Transportation			
Miles of state highway maintained	16,436	16,451	16,451
Law, Justice, and Public Safety			
Division of Correction			
Custody population count	15,311	14,775	14,110
Inmate cost per day	$ 70	$ 66	$ 71
Operating capacity	15,440	14,886	14,886
Inmate care/custody operating expenses (in thousands)	$ 363,217	$ 357,967	$ 365,777
Arkansas State Police			
Commissioned officers	519	515	533
Number of homicides investigated (3)	56	52	118
Total citations issued	157,687	133,263	135,092
Total motorist assists	31,380	21,471	24,989
Total number of traffic accidents	18,563	12,146	19,114
Total criminal investigations	1,000	1,200	1,653
Recreation and Tourism			
Department of Parks, Heritage, and Tourism			
Acres of state parks maintained	55,145	55,007	54,770
Game and Fish Commission			
Fishing licenses sold	622,106	601,821	653,134
Hunting licenses sold	604,336	590,584	614,320
Lifetime licenses sold	23,897	22,351	27,060
Other licenses sold (4)	15,214	17,975	16,980
Commerce			
Department of Insurance			
Number of active licensed insurance agents	217,042	207,259	169,373
Total consumer complaints received	1,914	1,818	1,745
Total consumer complaints closed	1,888	1,752	1,782
Total dollars recovered for consumers (in thousands)	$ 7,862	$ 5,557	$ 4,203

(3) In fiscal year 2017, State Police started using a new reporting system that identifies cause of death by type (e.g., homicide, suicide, accidental death, and natural death) as determined by the State Medical Examiner's Office.

(4) In fiscal year 2016 and prior years, the quantity of reprinted license sales was reported as other licenses. In fiscal year 2017, a new process was implemented, and there is no longer a charge for reprinted licenses. As a result, the quantity of other licenses sold decreased.

Sources: Arkansas State Police; Arkansas Game and Fish Commission; Department of Finance and Administration - Revenue Division; Department of Education; Department of Higher Education; Department of Health; Department of Human Services; Department of Transportation; Department of Correction; Department of Parks, Heritage, and Tourism; and Department of Commerce

	2020	2019	2018	2017	2016	2015	2014
	16,465	16,465	16,466	16,449	16,431	16,424	16,418
	15,762	15,594	15,637	15,885	16,050	15,410	14,558
	$ 64	$ 62	$ 61	$ 60	$ 60	$ 63	$ 64
	15,095	14,710	14,540	14,900	14,821	14,397	13,794
	$ 369,247	$ 354,108	$ 351,613	$ 346,549	$ 338,441	$ 336,640	$ 324,189
	544	535	532	526	559	553	528
	72	80	63	73	200	246	198
	186,734	195,127	179,863	162,928	222,922	230,655	227,756
	21,876	26,039	27,522	27,064	26,872	26,552	30,374
	16,881	18,201	18,778	19,862	18,962	17,853	20,983
	1,670	1,712	1,682	1,712	1,820	1,870	2,614
	54,770	54,769	54,680	54,643	54,602	54,466	54,372
	641,987	593,556	648,985	647,888	681,493	653,598	689,698
	589,237	580,096	615,322	506,497	505,058	515,307	502,568
	23,786	22,955	21,404	30,826	28,997	28,643	28,922
	16,692	15,773	15,954	21,349	36,873	36,347	36,291
	156,501	138,665	130,144	123,313	119,066	110,192	101,089
	2,163	2,267	2,270	2,409	2,437	2,417	2,376
	2,195	2,381	2,301	2,386	2,218	2,310	2,209
	$ 3,885	$ 6,128	$ 4,822	$ 3,200	$ 3,557	$ 3,173	$ 3,578

Schedule 13
Capital Asset Statistics by Function (Unaudited)
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
Department of Finance and Administration - Revenue										
Vehicles	154	156	151	152	176	177	183	170	191	179
Education										
Division of Elementary and Secondary Education										
Vehicles	8	8	9	9	8	7	7	7	5	5
Higher Education										
Campuses (public institutions)	33	33	33	33	33	33	33	33	33	33
Health and Human Services										
Department of Human Services										
Buildings	412	424	436	458	451	450	448	448	444	442
Vehicles (1)	478	588	603	571	565	618	635	617	606	572
Department of Health										
Buildings	8	9	9	8	8	8	7	7	7	7
Vehicles	133	133	130	124	129	134	136	140	139	137
Transportation										
Department of Transportation										
Passenger vehicles	2068	2109	1861	1775	1820	1728	1841	1845	1761	1738
Law, Justice, and Public Safety										
Division of Correction										
Correctional units	21	21	21	21	21	20	21	21	21	19
Vehicles (1)	497	412	427	441	457	414	414	421	422	429
Arkansas State Police										
Police stations	12	12	12	12	12	12	12	12	12	12
Vehicles (1)	999	932	957	899	880	868	875	868	921	943
Recreation and Tourism										
Department of Parks, Heritage, and Tourism										
State parks and museums	52	52	52	52	52	52	52	52	52	52
Vehicles	436	397	389	409	415	430	406	393	400	385
Game and Fish Commission										
Hatcheries	6	6	5	5	5	5	5	5	5	5
Vehicles (1)	784	865	863	857	893	892	962	948	961	945
Boats	565	583	556	543	554	585	569	581	569	569
Regulation of Business and Professionals										
Vehicles	103	100	122	116	109	115	115	118	120	121

(1) Current year count updated based on more accurate information.

Source: Arkansas State Police; Arkansas Game and Fish Commission; Arkansas Department of Transportation; Department of Finance and Administration - Office of Accounting; Department of Education; Department of Correction; Department of Parks, Heritage, and Tourism

ARKANSAS

Schedule 14
Miscellaneous Statistics (Unaudited)

State Capital	Little Rock
Statehood	June 15, 1836
Nickname	The Natural State
State Motto	Regnat populus (The people rule)
Land Area	34,034,560 Acres
Counties	75
Largest Cities	Little Rock, Fayetteville, Fort Smith, Springdale, and Jonesboro

Arkansas lies in the southeastern region of the United States. Its name was derived from the Osage Sioux language from the local Quapaw tribe which means "People of the South Wind". Arkansas offers beautiful rivers, hot springs, mountains, caves, and lakes. More than half of the State of Arkansas is covered by forestland which includes the Ozark National Forest and Ouachita National Forest. Each forest covers more than one million acres, with the Ouachita National Forest being the oldest national forest in the South. Arkansas has over 600,000 acres of lakes, 9,700 miles of streams, and 82,366 miles of rivers. Visitors can mine for diamonds at the only producing diamond mine in the United States.

Agriculture continues to play an important part in Arkansas's economy:

- Arkansas's rice farmers are first in the nation in producing over 50% (179 million bushels) of rice.
- Arkansas is third in the nation for total pound of broiler meat produced yielding 7.4 billion pounds.
- Arkansas, at $5.4 billion, is consistently ranked in the top 10 in total wood fiber produced.

Arkansas is the birthplace of President Clinton, Johnny Cash, Paul "Bear" Bryant, Billy Bob Thornton, Jerry Van Dyke, and Milton Crenshaw.

Source: Arkansas Secretary of State, Arkansas General Assembly, USDA, Encyclopedia of Arkansas

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