UNIVERSITY OF ARKANSAS SYSTEM

Consolidated Financial Statements

FY2011-12

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UNIVERSITY OF ARKANSAS SYSTEM

December 14, 2012

Board of Trustees
President Donald R. Bobbitt

It is my pleasure to transmit to you the Consolidated Financial Report of the University of Arkansas System for the fiscal year ended June 30, 2012. The data presented, including the Management Discussion and Analysis, Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows, are exhibited on a consolidated basis and include all components of the UA System: the campuses at Fayetteville (whose statements include the Division of Agriculture, Arkansas Archeological Survey, Clinton School of Public Service and Criminal Justice Institute), Fort Smith, Little Rock, Monticello, Pine Bluff, DeQueen, Helena-West Helena, Batesville, Hope and Morrilton, the Medical Sciences campus, the Arkansas School for Mathematics, Sciences and the Arts, and System Administration.

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

Sincerely,

Barbara A. Goswick

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

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House Chair
Sen. David Wyatt
Senate Vice Chair
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Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE
DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Arkansas System
Legislative Joint Auditing Committee

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of Arkansas System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the University's 2011 financial statements and, in our report dated November 8, 2011, we expressed unqualified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units. We did not audit the financial statements, including the prior year partial comparative information of the University of Arkansas for Medical Sciences, a unit of the System, whose statements reflect total assets, net assets, and revenues constituting 36 percent, 38 percent, and 50 percent, respectively, of the related combined totals. Additionally, we did not audit the financial statements, including the prior year partial comparative information, of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., which represent 100% of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Arkansas for Medical Sciences, the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the University of Arkansas Foundation, Inc., and the University of Arkansas Fayetteville Campus Foundation, Inc., were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University of Arkansas System as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include partial prior year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2011, from which such partial information was derived.

As discussed in Note 21 to the financial statements, the University restated certain prior year (2011) amounts on the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows for presentation purposes. These restatements involved various reclassifications and the elimination of internal transactions between educational and general departments and auxiliary enterprises at the Fayetteville campus.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Statement of Net Assets by Campus, the Statement of Revenues, Expenses and Changes in Net Assets by Campus, and the Statement of Cash Flows - Direct Method - by Campus are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 Statement of Net Assets by Campus, the Statement of Revenues, Expenses and Changes in Net Assets by Campus, and the Statement of Cash Flows - Direct Method - by Campus have 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of other auditors, the Statement of Net Assets by Campus, the Statement of Revenues, Expenses and Changes in Net Assets by Campus, and the Statement of Cash Flows - Direct Method - by Campus are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DIVISION OF LEGISLATIVE AUDIT

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

Little Rock, Arkansas
November 15, 2012
EDHE14112

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The University of Arkansas ("the University") is pleased to present its financial statements for the fiscal year ended June 30, 2012, with the fiscal year 2011 prior year data presented for comparative purposes. The data presented includes the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

The University, which prior to 1969 consisted of the Fayetteville and Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College), and the Hope campus (formerly Red River Technical College), and in 1998 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts joined the University on January 1, 2004. In addition to these campuses, the University of Arkansas System includes the following units: Clinton School of Public Service, Division of Agriculture, Archeological Survey, Criminal Justice Institute, and the System Administration.

All programs and activities of the University of Arkansas are governed by its Board of Trustees, which has delegated to the President the administrative authority for all aspects of the University's operations. Administrative authority is further delegated to the Chancellors and Vice President for Agriculture, who have responsibility for the programs and activities of their respective campuses or state-wide operating division.

The University's financial statements were prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The financial statement presentation required by GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes following this section.

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

Statement of Net Assets

The statement of net assets presents the assets, liabilities and net assets of the University. The purpose of the statement is to present to the readers of the financial statements a fiscal snapshot of the University as of the end of the fiscal year. Current assets and liabilities are distinguished from non-current assets and liabilities. The statement provides a picture of net assets (assets minus liabilities) and their availability for expenditure by the University.

Net assets are divided into four major categories:

- *Invested in capital assets, net of debt*: capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- *Restricted net assets–non-expendable:* net assets subject to externally-imposed stipulations that they be maintained permanently by the University.
- *Restricted net assets–expendable:* net assets whose use by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- *Unrestricted net assets:* net assets that are not subject to externally imposed stipulations but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

Condensed Statement of Net Assets

	June 30, 2012	June 30, 2011
ASSETS		
Current assets	$ 785,402,869	$ 736,798,911
Capital assets, net	2,373,170,714	2,171,629,176
Other assets	360,107,475	484,160,294
Total Assets	$ 3,518,681,058	$ 3,392,588,381
LIABILITIES		
Current liabilities	$ 257,294,031	$ 238,869,266
Noncurrent liabilities	1,244,091,169	1,244,227,064
Total Liabilities	$ 1,501,385,200	$ 1,483,096,330
NET ASSETS		
Invested in capital assets, net of related debt	$ 1,297,213,610	$ 1,217,021,877
Restricted		
Non-Expendable	$ 60,292,554	$ 58,052,936
Expendable	206,898,934	186,430,078
Unrestricted	452,890,760	447,987,160
Total Net Assets	$ 2,017,295,858	$ 1,909,492,051

The University's total assets increased $126.1 million, including an increase of $48.1 million in cash and investments. An increase in patient accounts receivable of $2.9 million was due to increased activity in the UAMS Faculty

Group Practice. The increase of $4.3 million in other accounts receivable was due to the amounts due from grants and contracts, all of which is expected to be collected. The University's capital additions, net of depreciation expense, totaled $201.5 million (Note 10). The spending of bond proceeds for renovation and construction projects caused the deposits held in trust by others to decrease $128.2 million.

Total liabilities increased $18.3 million, including increases of $2.1 million in the liability for future insurance claims associated with the University's self-funded insurance plan, $9.3 million due to the decision by UAMS to provide non-classified employees the same compensation allowed for classified employees at retirement due to accumulated unused sick leave (Note 4), $5.3 million in other post-employment health benefits (Note 13), $8.4 million in deferred revenues, and $5.2 million in other liabilities. Offsetting decreases included $3.2 million in estimated third party payor settlements at UAMS and $8.7 million debt related to bonds, notes, capital leases and installment contracts (Note 7).

The increase in assets of $126.1 million netted with an increase of $18.3 million in liabilities resulted in an increase of $107.8 million in total net assets for the University, $80.2 million of which represents an increase in invested in plant, net of related debt.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets are the result of activity presented in the statement of revenues, expenses and changes in net assets. The statement presents operating and non-operating revenues received and expenses incurred by the University, along with any other revenues, expenses, gains and losses. The operating income (loss) of $617.6 million in FY12 is of little significance for the University since the GASB requires a significant portion of revenues (state appropriations, gifts, and some grants and contracts) to be reported as non-operating.

Condensed Statement of Revenues, Expenses & Changes in Net Assets

	Year Ended June 30, 2012	Year Ended June 30, 2011
Operating revenues	$ 1,802,289,247	$ 1,689,690,693
Operating expenses	2,419,847,193	2,302,870,669
Operating Loss	(617,557,946)	(613,179,976)
Non-operating revenues and expenses	665,439,871	682,313,743
Income before other revenues and expenses	47,881,925	69,133,767
Other revenues and expenses	59,921,882	37,618,369
Increase in Net Assets	107,803,807	106,752,136
Net Assets, beginning of year - as originally reported	1,909,492,051	1,802,256,786
Restatement of prior year	-	483,129
Net Assets, beginning of year - restated	1,909,492,051	1,802,739,915
Net Assets, end of year	$ 2,017,295,858	$ 1,909,492,051

Operating revenue increased $112.6 million, due to increases of $45.4 million in increased grants and contracts related to the American Recovery and Reinvestment Act (ARRA), $29.1 million in tuition due to enrollment growth and rate revision, $4.4 million in athletics attributable largely to growth in ticket revenue at the Fayetteville campus associated with increased attendance at men's football and basketball events and conference distributions for media revenue, $11.6 million in other auxiliary revenue reflecting enrollment growth, $7.9 million in net patient services primarily due to a growth in outpatient visits, and $14.2 million in various other revenues.

Increased compensation and benefit costs rose 5.3% over the previous year, and accounts for $70.0 million, or 59.8%, of the total increase in operating expenses of $117.0 million. Compensation and benefit expense at UAMS increased $43.4 million, $32.0 million of which is related to patient care and is primarily due to the staffing required to support the increase in emergency room and clinic visits along with the clinical complexity of patients in the hospital, and $10.6 million primarily due to internally funded research in the College of Medicine. Compensation and benefits costs also grew in part because of necessary increases in faculty to support enrollment growth, along with an increase of $5.3 million in the future liability for post-retirement health benefits (Note 13), which is not expected to require a cash outlay. The remaining increases in operating expenses include an increase in supplies and services expense of $35.1 million due to the ARRA stimulus funds for the Broadband Technology Opportunities Program at UAMS, an increase of $13.6 million in expenses related to the University's self-funded health and dental plans, and an increase of $5.9 million in depreciation offset by a decrease of $7.6 million in scholarships.

Net non-operating revenues decreased $16.9 million. This was in large part due to a decrease of $15.8 million in non-exchange grants and a decrease of $20.5 million in investment income netted against an increase of $16.6 million in gifts. The decrease in federal grants shows the receipt of federal stimulus (ARRA) funds in 2011 to support university operating expenses. The volatility of returns in the equity markets impacted the overall performance of investments and was the major contributor to the decrease in investment income. The increase in gifts shows the increased support from private sources to meet the challenges of record growth at the Fayetteville campus.

Other revenues netted against other expenses increased $22.3 million. This overall increase is primarily a reflection of the continued work in 2012 on an AREON (Arkansas Research and Education Optical Network) construction project funded with federal Broadband Opportunities Technology Program (BTOP) grant funds awarded in 2011. AREON is a communication network established and operated by a consortium of public four-year universities in Arkansas.

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

Statement of Cash Flows

The purpose of the statement of cash flows is to provide information about the cash receipts and disbursements of the University for the year. This statement may aid in the assessment of the University's ability to meet obligations as they become due, the need for external financing, and the ability to generate future cash flow. This statement is prepared using the "direct method" as required by the GASB.

Similar to operating income (loss) on the statement of revenues, expenses, and changes in net assets, net cash provided by operating activities is of little significance to the University because the GASB requires significant sources of cash to be reported as non-operating financing. The net cash provided by the combination of operating activities and non-capital financing activities is a much more meaningful number for the University. The positive amount of $255.2 million for fiscal year 2012 indicates that these activities contributed cash and liquidity for the year and was an improvement over the $235.2 million for fiscal year 2011.

Condensed Statement of Cash Flows

	Year Ended June 30, 2012	Year Ended June 30, 2011
Cash provided (used) by:		
Operating activities	$ (459,575,629)	$ (468,856,498)
Noncapital financing activities	714,798,573	704,019,516
Sub-Total	255,222,944	235,163,018
Capital and related financing activities	(251,086,163)	(130,653,160)
Investing activities	42,808,646	(74,116,564)
Net change in cash	46,945,427	30,393,294
Cash, beginning of year	326,151,386	295,758,092
Cash, end of year	$ 373,096,813	$ 326,151,386

Capital Assets and Long-Term Debt Activity

At June 30, 2012, the University had $2.4 billion of capitalized assets, net of accumulated depreciation of $1.7 billion. Net capital additions in fiscal year 2012 totaled $334.8 million which was offset by a net adjustment to accumulated depreciation of $133.3 million.

New debt issued for bonds, notes, capital leases and installment contracts offset by payments of principal caused a net decrease of $8.7 million in debt for fiscal year 2012. The University issued a total of $107.1 million in bonds, $92.2 million of which represents refunding issues. Refunding bonds issues include: $57.0 million to refund Series 2002 and Series 2004A for the Fayetteville campus, $17.5 million to refund Series 2003 and Series 2005 for the Fort Smith campus, $8.7 million to refund Series 2005 for the Monticello campus, and $9.0 million to refund Series 2004 for the Medical Sciences campus. Bonds in the amount of $14.9 million were issued for the Little Rock campus to finance the purchase of Coleman Place, a 420-bed apartment complex located adjacent to the sports and recreation complex. More detailed information about debt activity is presented in Note 7.

Economic Outlook

The University's financial position increased in fiscal year 2012 with an increase of $107.8 million in net assets. This compares to the increase of $107.2 million increase in net assets in fiscal year 2011. Moody's reaffirmed the University's rating of Aa2 on October 5, 2012. One of the University's greatest strengths is the diverse stream of revenue which funds its operations, including tuition, patient services revenue, state appropriations, investment income, grants and contracts, and support from individuals, foundations and corporations. Because the Fayetteville campus and the Medical Sciences campus account for 73.3% of total net assets and 86.0% of operating revenues, discussion below is centered on these two campuses.

UAMS

UAMS' hospital and clinics are experiencing the same challenges as the general healthcare sector in the current economic environment, including potential reimbursement pressures from third-party payers, reductions in federal grant funding, rising charity care, and softening volumes. To mitigate the unfavorable impact of the current economic environment, UAMS will continue to seek other revenue and growth opportunities, reduce costs, or some combination of both. With the larger emergency room capacity of the new hospital, UAMS has experienced more emergency room visits as noted by the average monthly visits increasing from 3,286 in fiscal year 2008 to 4,516 and 4,757 in fiscal years 2011 and 2012, respectively. In September 2010, UAMS was the first hospital in Arkansas to receive a Level I designation from the Arkansas Department of Health for providing the highest level of trauma care. The statewide trauma care system is funded by an increase in state tobacco taxes. However, UAMS was adversely impacted by a 15.2% increase in charity care and bad debt expense in fiscal year 2012.

UAMS, Northwest Arkansas campus

UAMS must continue significant investments in clinical and campus infrastructure in order to generate necessary productivity gains, more closely manage clinical practice and

outcomes, continue to increase patient safety, and to remain compliant with an ever-growing regulatory burden. With approval from the Board of Trustees of the University of Arkansas, but subsequent to year-end, a license and support agreement was executed with Epic Systems Corporation for an integrated clinical information system and a $60.0 million loan was executed with a financial institution with an interest rate of 1.66% per annum for a period of 7 years.

UAMS is actively involved in planning for the opportunities and challenges provided by the Patient Protection and Affordable Care Act (PPACA). Opportunities include having more patients insured and attempting to stop the eroding payor mix. Challenges include the possible reduction in federal payments to safety net providers, such as UAMS, who provide care to indigent patients and the infrastructure cost required to comply with PPACA and to participate in new opportunities, such as an Accountable Care Organization or clinically integrated network.

On the national scene, many of UAMS revenue streams are at risk. National Institute of Health (NIH) funding is being threatened with budget cuts. NIH provided $75.0 million in funds to UAMS during fiscal year 2012. Physician payments and annual updates are being reviewed with a goal of reducing payments. All Medicare patient care reimbursements are the subject of heightened audits by contractors incented to take back money from providers. Graduate Medical Education and, specifically, Indirect Medical Education, are targeted for 10% reductions. The drive for national deficit reduction is almost certain to impact federal reimbursement in the form of Medicaid, Medicare, NIH, and other agency funding.

On a more positive side, on May 24, 2012, the Board of Trustees approved a Memorandum of Understanding between the University and Central Arkansas Radiation Therapy Institute (CARTI) for UAMS to purchase substantially all of the assets owned by CARTI and used exclusively in the operation of the CARTI radiation oncology treatment facility located on the UAMS campus and the termination of the existing lease agreement. The purchase price was $9.5 million. The purchase transaction closed on June 29, 2012. On July 1, 2012, the radiation oncology treatment facility opened as the UAMS Radiation Oncology Center (ROC). The ROC is expected to generate approximately $10.0 million in new net patient service revenue in fiscal year 2013.

Fayetteville

The Fayetteville campus set a new enrollment record in 2012 with a 5.8% increase over the record 2011 enrollment. Preliminary numbers for fall 2012 indicate that enrollment is 24,537, representing an increase of 1,338 students. Total undergraduate enrollment is up 6.9% to 20,349 students, and marks the first time there have been more than 20,000 undergraduates on the campus. Graduate enrollment is up 0.5% to 3,778 students, while enrollment at the School of Law slightly decreased 0.7% to 410 students. A record-setting incoming freshman class of 4,571 students validates that the Fayetteville campus has become a school of first choice for Arkansans and students from around the nation. Equally exciting is the 10.8% increase in the number of continuing undergraduates. The academic quality of the Fayetteville students has steadily improved over the past several years and continues to improve with each freshman class. With an intentional effort to recruit students who will succeed, it is expected that continued growth through retention will be experienced for the next several years. The impact of the Arkansas Academic Challenge Scholarships, funded by the Arkansas State Lottery, appears to have stabilized with a total of 5,616 students receiving the “lottery scholarships” for the fall 2012 semester compared to 5,449 recipients for the fall 2011 semester. While it is encouraging to see record enrollment, further increases in undergraduate enrollment must occur to ensure continued increases in the revenue generated by tuition and to ensure continued support from state government.

Aerial view of Old Main on the University of Arkansas, Fayetteville campus

The Fayetteville campus is preparing for its next comprehensive fund-raising campaign, and positive momentum continues to build in private support. The campus recorded $108.1 million of private gift support in 2012, surpassing its goal of $103 million. Private gift support is critical to ensure success for students and faculty, and is a fundamental component in meeting budgetary needs. Support received from alumni, friends, organizations and faculty and staff have an impact on a wide variety of areas including academic and need-based scholarships; classroom technology enhancements; new and renovated facilities; undergraduate, graduate, and faculty research; and study abroad opportunities.

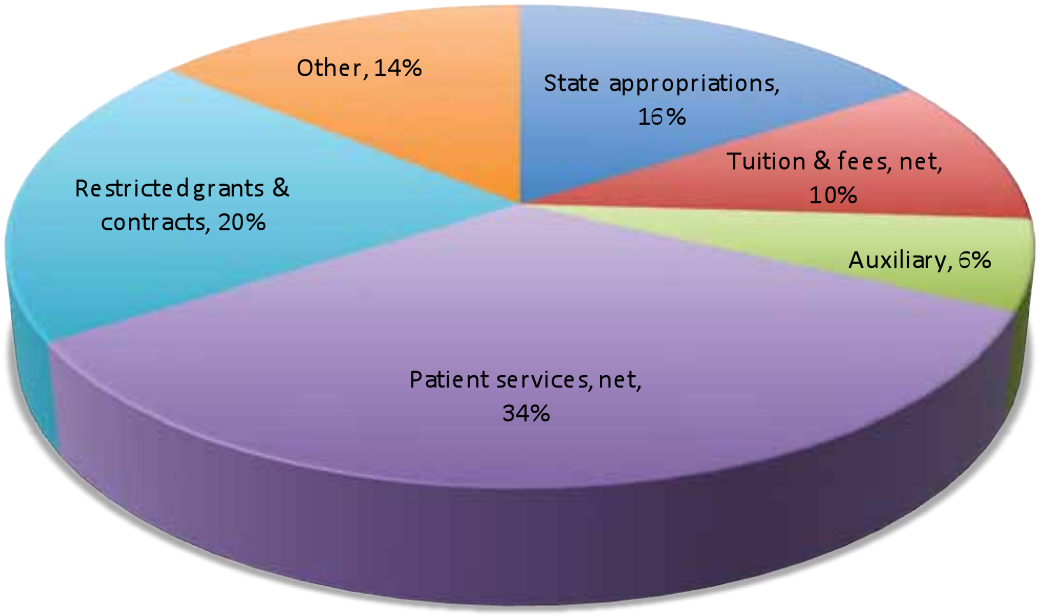
All Campuses

Financial support from state government for all campuses remains a critical element to the continued financial health of the University. Arkansas appears to have successfully weathered the effects of the national economic crisis, as general revenue forecasts are positive and the budget remains balanced. Fluctuations in general revenue distributions were minimal during 2012. Funding in fiscal year 2013 is expected to remain relatively flat. Management will continue to budget conservatively and to emphasize cost containment.

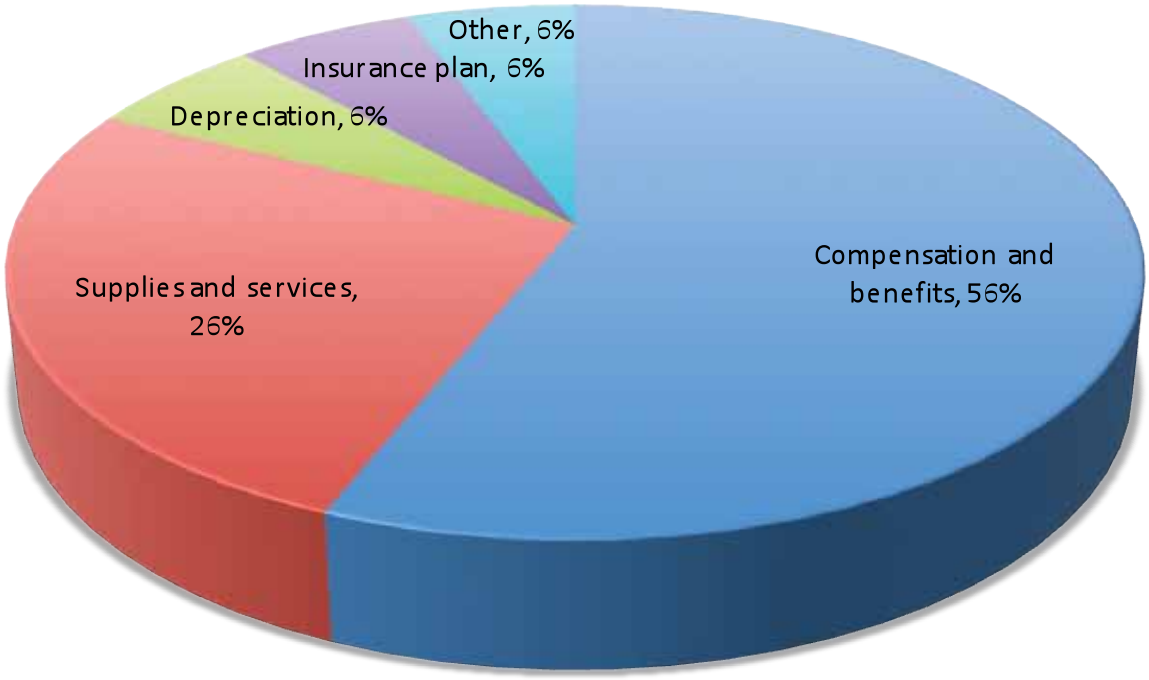
Enrollment remains strong at the University's campuses. The number of full-time equivalent students has increased in the last five academic years from 42,780 to 51,441 in the academic years 2006-07 to 2011-12.

Construction continues on the Arkansas Research and Education Optical Network (AREON), a high-speed, fiber-based optical communication network established and operated by a consortium of public four-year universities in Arkansas, with cooperation of the Arkansas Department of Higher Education. The multi-year project launched in 2006 is serving as a catalyst to develop and apply advanced communications technologies to support and enhance education, research, public service and economic development in Arkansas. Current infrastructure in place includes 90% of the four-year higher education institutions in Arkansas. A partnership, led by University of Arkansas for Medical Sciences and including the Arkansas Association of Two-Year Colleges and AREON, competed for, and received a $102 million federal Broadband Opportunities Technology Program (BTOP) grant in 2011 to construct and/or secure infrastructure to provide high speed connectivity to over 400 healthcare facilities, and to all 22 two-year campuses in Arkansas. AREON is managing the connectivity to the two-year campuses and was awarded $41.2 million as a sub recipient of the BTOP grant. When completed, the AREON network will enable true collaboration, resource sharing, and economies of scale in higher education. Leveraging investments in technical infrastructure as a shared asset will significantly impact the Governor's goal of creating more citizens with higher education credentials in Arkansas. Funding for the project comes from Arkansas Department of Higher Education bonds, state general improvement funds, mineral lease rights, federal stimulus funds and consortium members.

SELECTED HIGHLIGHTS



Total FY2012 Revenues: $2.571 Billion



Total FY2012 Expenses: $2.464 Billion

FIVE YEAR SUMMARY OF KEY FINANCIAL AND STUDENT DATA

	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
Operating Revenues					
Net tuition and fees	$ 250,856,349	$ 221,756,700	$ 214,828,525	208,176,798	$ 183,885,092
Net patient revenue	876,544,000	868,685,000	834,821,000	781,472,000	765,358,000
Federal and county appropriations	14,998,255	13,975,256	13,883,529	17,428,250	15,932,245
Grants and Contracts	365,262,370	319,888,263	298,494,991	272,092,440	259,257,598
Sales and services of educ depts	57,750,494	52,760,980	53,703,089	54,379,606	52,800,882
Insurance plan	41,906,125	41,061,956	41,134,170	37,620,140	35,384,004
Auxiliary enterprises	164,638,959	148,625,941	146,470,797	136,731,110	126,926,692
Other	30,332,695	22,936,597	20,599,300	17,445,074	30,127,552
Total operating revenues	$ 1,802,289,247	$ 1,689,690,693	$ 1,623,935,401	$ 1,525,345,418	$ 1,469,672,065
Operating Expenses					
Compensation and benefits	$ 1,382,287,125	$ 1,312,312,613	$ 1,275,026,612	$ 1,239,872,124	$ 1,176,462,926
Supplies and services	646,344,806	611,242,986	597,901,714	577,621,984	551,346,221
Scholarships and fellowships	95,485,181	103,128,338	73,905,394	58,008,264	51,331,763
Insurance plan	147,302,094	133,629,624	121,438,620	117,995,316	115,418,625
Depreciation	148,427,987	142,557,108	145,899,504	135,863,367	118,549,997
Total operating expenses	$ 2,419,847,193	$ 2,302,870,669	$ 2,214,171,844	$ 2,129,361,055	$ 2,013,109,532
Operating loss	$ (617,557,946)	$ (613,179,976)	$ (590,236,443)	$ (604,015,637)	$ (543,437,467)
Nonoperating Revenues and Expenses					
State appropriations	$ 425,672,916	$ 426,443,808	$ 431,109,864	$ 422,293,281	$ 423,376,315
Property and sales tax	12,194,886	11,648,766	10,842,771	11,548,994	11,023,826
Grants and contracts	162,026,457	177,848,289	122,756,795	83,227,580	74,369,362
Gifts	91,027,266	74,473,961	81,825,145	67,885,045	72,530,232
Investment income	14,843,356	35,355,451	36,634,335	(28,499,438)	19,141,273
Interest on capital-related debt	(41,530,288)	(43,686,367)	(40,602,707)	(35,578,638)	(27,537,889)
Other	1,205,278	229,835	670,613	2,517,575	2,007,178
Total nonoperating revenues & expenses	$ 665,439,871	$ 682,313,743	$ 643,236,816	$ 523,394,399	$ 574,910,297
Other Changes in Net Assets					
Capital appropriations	$ 4,315,381	$ 5,012,936	$ 6,634,818	$ 41,601,051	$ 67,818,889
Capital grants and gifts	55,709,101	31,590,946	22,917,521	23,148,013	28,813,032
Bond proceeds from Act 1282 of 2005	-	-	25,063,768	28,220,677	16,984,637
Other	(102,600)	1,014,487	1,449,860	7,417,483	(29,371,822)
Total Other Change in Net Assets	$ 59,921,882	$ 37,618,369	$ 56,065,967	$ 100,387,224	$ 84,244,736
Total Increase in Net Assets	$ 107,803,807	$ 106,752,136	$ 109,066,340	$ 19,765,986	$ 115,717,566
Net Assets					
Invested in capital assets, net of debt	$ 1,297,213,610	$ 1,217,021,877	$ 1,214,124,374	$ 1,168,855,674	$ 1,051,693,500
Restricted - Non-Expendable	60,292,554	58,052,936	52,337,549	53,094,876	78,569,934
Restricted - Expendable	206,898,934	186,430,078	178,247,610	178,563,741	201,247,280
Unrestricted	452,890,760	447,987,160	357,547,253	292,676,155	349,372,520
Total Net Assets	$ 2,017,295,858	$ 1,909,492,051	$ 1,802,256,786	$ 1,693,190,446	$ 1,680,883,234

Enrollment

Fall Semester	2012	2011	2010	2009	2008
Undergraduate Students (Headcount)	54,127	53,665	52,382	50,629	47,363
Graduate Students (Headcount)	8,955	9,011	9,187	9,032	8,554
Total	63,082	62,676	61,569	59,661	55,917
Undergraduate Students (FTE)	43,615	42,524	41,189	39,384	36,706
Graduate Students (FTE)	6,226	5,940	5,970	5,900	5,550
Total	49,841	48,464	47,159	45,284	42,256

Degrees Awarded

Fiscal Year Ended June 30,	2012	2011	2010	2009	2008
Certificates	2,027	2,362	2,113	1,806	1,324
Associate	1,907	1,957	1,831	1,789	1,483
Baccalaureate	6,165	5,682	5,140	4,930	4,736
Post-Baccalaureate	106	147	124	120	83
Master's	1,969	1,918	1,826	1,680	1,653
Post-Master's	28	21	16	20	28
Doctoral	235	215	208	220	190
First Professional	520	518	521	506	507
Total	12,957	12,820	11,779	11,071	10,004

BASIC FINANCIAL STATEMENTS

UNIVERSITY OF ARKANSAS
Statement of Net Assets
June 30, 2011
with comparative figures at June 30, 2011

	June 30, 2012	June 30, 2011
ASSETS		
Current		
Cash and cash equivalents	$ 341,636,297	$ 291,710,500
Investments	180,948,116	180,968,745
Accounts receivable, net of allowances of $20,328,406 & $19,714,330	99,647,049	95,359,453
Patient accounts receivable, net of allowances of $497,497,000 & $501,990,000	108,772,000	105,834,000
Inventories	25,922,510	27,243,681
Deposits and funds held in trust by others	12,473,489	19,158,467
Notes receivable, net of allowances of $884,665 & $854,276	6,213,495	6,608,142
Unamortized debt issuance costs	246,336	199,183
Other assets	9,543,577	9,716,740
Total current assets	785,402,869	736,798,911
Non-Current		
Cash and cash equivalents	31,460,516	34,440,886
Investments	185,911,083	184,773,577
Notes receivable, net of allowance of $4,278,823 & $4,477,248	38,789,172	39,297,143
Deposits and funds held in trust by others	96,545,064	218,014,402
Unamortized debt issuance costs	6,844,875	6,326,179
Other non-current assets	556,765	1,308,107
Capital assets, net of depreciation of $1,690,908,902 & $1,557,609,006	2,373,170,714	2,171,629,176
Total non-current assets	2,733,278,189	2,655,789,470
TOTAL ASSETS	$ 3,518,681,058	$ 3,392,588,381
LIABILITIES		
Current		
Accounts payable and other accrued liabilities	$ 130,602,470	$ 125,282,876
Deferred revenue	44,818,024	36,759,590
Funds held in trust for others	4,205,400	4,338,105
Liability for future insurance claims (Note 12)	14,919,000	12,840,000
Estimated third party payor settlements	4,043,000	7,245,000
Compensated absences payable - current portion (Note 7)	4,739,127	4,345,345
Bonds, notes, capital leases and installment contracts payable - current portion (Note 7)	53,967,010	48,058,350
Total current liabilities	257,294,031	238,869,266
Non-Current		
Deferred revenues, deposits and other	893,790	600,735
Refundable federal advance - Perkins loans	17,089,272	17,060,581
Compensated absences payable (Note 7)	78,064,766	69,167,226
Liability for other postemployment benefits (Note 13)	41,242,267	35,948,985
Bonds, notes, capital leases and installment contracts payable (Note 7)	1,106,801,074	1,121,449,537
Total non-current liabilities	1,244,091,169	1,244,227,064
TOTAL LIABILITIES	$ 1,501,385,200	$ 1,483,096,330
NET ASSETS		
Invested in capital assets, net of related debt	$ 1,297,213,610	$ 1,217,021,877
Restricted		
Non-Expendable	60,292,554	58,052,936
Expendable	206,898,934	186,430,078
Unrestricted	452,890,760	447,987,160
TOTAL NET ASSETS	$ 2,017,295,858	$ 1,909,492,051

See accompanying notes.

UNIVERSITY OF ARKANSAS
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2012
with comparative figures at June 30, 2011

	Year Ended June 30, 2012	Year Ended June 30, 2011
Operating Revenues		
Student tuition & fees, net of scholarship allowances of $129,490,722 & $121,073,387	$ 250,856,349	$ 221,756,700
Patient services, net of contractual allowances of $1,012,931,000 & $963,433,000	876,544,000	868,685,000
Federal and county appropriations	14,998,255	13,975,256
Federal grants and contracts	232,436,474	189,794,180
State and local grants and contracts	55,600,760	53,924,947
Non-governmental grants and contracts	77,225,136	76,169,136
Sales and services of educational departments	57,750,494	52,760,980
Insurance plan	41,906,125	41,061,956
Auxiliary enterprises		
Athletics, net of scholarship allowances of $2,332,334 & $2,817,830	77,046,513	72,653,793
Housing/food service, net of scholarship allowances of $13,241,658 & $12,134,542	51,916,449	43,811,650
Bookstore, net of scholarship allowances of $2,706,189 & $2,943,829	17,810,160	15,480,278
Other auxiliary enterprises, net of scholarship allowances of $297,625 & $272,708	17,865,837	16,680,220
Other operating revenues	30,332,695	22,936,597
Total operating revenues	1,802,289,247	1,689,690,693
Operating Expenses		
Compensation and benefits	1,382,287,125	1,312,312,613
Supplies and services	646,344,806	611,242,986
Scholarships and fellowships	95,485,181	103,128,338
Insurance plan	147,302,094	133,629,624
Depreciation	148,427,987	142,557,108
Total operating expenses	2,419,847,193	2,302,870,669
Operating loss	(617,557,946)	(613,179,976)
Non-Operating Revenues (Expenses)		
State appropriations, net of Medicaid match payments of $72,145,000 & $66,806,000	425,672,916	426,443,808
Property and sales tax	12,194,886	11,648,766
Federal grants	104,542,075	124,353,816
State and local grants	55,690,634	52,104,493
Non-governmental grants	1,793,748	1,389,980
Gifts	91,027,266	74,473,961
Investment income	14,843,356	35,355,451
Interest on capital asset-related debt	(41,530,288)	(43,686,367)
Loss on disposal of assets	(1,704,733)	(2,114,239)
Other	2,910,011	2,344,074
Net non-operating revenues	665,439,871	682,313,743
Income (loss) before other revenues and expenses	47,881,925	69,133,767
Other Changes in Net Assets		
Capital appropriations	4,315,381	5,012,936
Capital grants and gifts	55,709,101	31,590,946
Adjustments to prior year revenues and expenses	444,800	(27,035)
Return of capital appropriations to State of Arkansas	(75,000)	-
Other	(472,400)	1,041,522
Total other revenues and expenses	59,921,882	37,618,369
Increase in net assets	107,803,807	106,752,136
Net Assets, beginning of year as originally reported	1,909,492,051	1,802,256,786
Restatement of prior year balance (Note 21)	-	483,129
Net Assets, beginning of year restated	1,909,492,051	1,802,739,915
Net Assets, end of year	$ 2,017,295,858	$ 1,909,492,051

See accompanying notes.

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method
For The Year Ended June 30, 2012
with comparative figures for 2011

	Year Ended June 30, 2012	Year Ended June 30, 2011
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	$ 252,097,680	$ 225,385,992
Patient and insurance payments	865,055,000	862,751,000
Federal and county appropriations	16,379,618	12,636,207
Grants and contracts	368,655,155	316,788,880
Collection of loans and interest	4,791,053	4,307,522
Insurance plan receipts	41,878,307	41,074,569
Auxiliary enterprise revenues:		
Athletics	80,497,052	73,167,271
Housing and food service	52,466,062	43,230,749
Bookstore	17,653,441	15,066,936
Other auxiliary enterprises	17,803,840	16,371,461
Payments to employees	(1,175,654,446)	(1,117,297,518)
Payment of employee benefits	(193,081,604)	(187,461,352)
Payments to suppliers	(640,065,480)	(604,390,923)
Loans issued to students	(5,641,163)	(5,276,105)
Scholarships and fellowships	(95,284,309)	(103,248,286)
Payments of insurance plan expenses	(144,227,351)	(128,829,320)
Other	77,101,516	66,866,419
Net cash used by operating activities	(459,575,629)	(468,856,498)
Cash Flows from Noncapital Financing Activities		
State appropriations	426,679,915	427,687,974
Property and sales tax	12,356,126	11,069,467
Gifts and grants for other than capital purposes	276,523,076	266,839,194
Repayment of loans	(587,000)	-
Direct Lending, Plus and FFEL loan receipts	263,667,197	245,478,482
Direct Lending, Plus and FFEL loan payments	(264,467,167)	(245,258,384)
Other agency funds - net	676,745	(1,587,214)
Refunds to grantors	(50,319)	(210,003)
Net cash provided by noncapital financing activities	714,798,573	704,019,516
Cash Flows from Capital and Related Financing Activities		
Distributions from trustee of current year bond proceeds & interest earnings	8,341,000	55,801,858
Distributions from trustee of prior year bond proceeds & interest earnings	99,994,141	71,002,736
Distributions from debt holders of debt proceeds other than from bonds	18,707,358	20,604,007
Capital appropriations	4,520,447	4,754,870
Capital grants and gifts	29,701,730	12,757,063
Property taxes - capital allocation	3,034	8,226
Proceeds from sale of capital assets	715,445	85,228
Return of capital appropriations to State of Arkansas	(75,000)	-
Purchases of capital assets	(307,663,357)	(202,213,632)
Payments to trustee for bond principal	(40,936,100)	(29,170,000)
Payments to debt holders for principal other than for bonds	(16,507,226)	(20,348,745)
Payments to trustee for interest and fees	(43,293,161)	(39,178,410)
Payments to debt holders for interest and fees other than for bonds	(4,449,308)	(4,568,683)
Insurance proceeds	3,251	19,612
Payments to trustee for reserve	(148,417)	(207,290)
Net cash used by capital and related financing activities	(251,086,163)	(130,653,160)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	123,677,197	82,882,078
Investment income (net of fees)	3,496,452	2,720,372
Purchases of investments	(84,365,003)	(159,719,014)
Net cash provided (used) by investing activities	42,808,646	(74,116,564)
Net increase in cash	46,945,427	30,393,294
Cash, beginning of year	326,151,386	295,758,092
Cash, end of year	$ 373,096,813	$ 326,151,386

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2012
with comparative figures for 2011

	Year Ended June 30, 2012	Year Ended June 30, 2011
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	$ (617,557,946)	$ (613,179,976)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	148,427,987	142,557,108
Other miscellaneous operating receipts	3,191,017	1,946,177
Change in assets and liabilities:		
Receivables, net	(5,520,408)	(5,898,964)
Inventories	1,321,171	(2,846,431)
Prepaid expenses and other assets	505,569	(964,059)
Accounts payable	(7,531,143)	607,727
Deferred revenue	4,168,150	3,180,948
Liability for future insurance claims	2,079,000	2,186,000
Loans to students and employees	(43,717)	(87,714)
Refundable federal advance	28,691	(3,009)
Compensated absences	9,291,322	2,772,394
OPEB liability	5,293,282	4,691,453
Other liabilities	(3,228,604)	(3,818,152)
NET CASH USED BY OPERATING ACTIVITIES	$ (459,575,629)	$ (468,856,498)
Non-Cash Transactions		
Capital Gifts	22,578,361	17,907,055
Fixed assets acquired by incurring capital lease obligations	6,052,127	11,891,945
Fixed asset acquisition paid for by State of Arkansas	60,879	70,249
Refund of outstanding bond issues directly from bond proceeds	-	3,593,922
Payment of bond proceeds/premium/accrued interest directly into deposits with trustees/escrow	108,793,192	158,268,542
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	1,036,628	1,113,120
Payment of principal & interest on long-term debt from deposits with trustees	912,061	2,067,040
Interest earned on deposits with trustees	16,625	26,811
Payment on long-term debt directly from University of Arkansas Foundation, Inc.	53,394	1,649,491
Capital outlay paid directly from proceeds of long-term debt instruments	24,263,048	6,092,578
Loss on disposal of assets	782,575	1,102,567
Valuation adjustment to capital assets	59,852	365,166

See accompanying notes.

RELATED PRIVATE ENTITIES

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statement of Financial Position
June 30, 2012 and 2011

	2012	2011
ASSETS		
Contributions receivable, net	$ 51,874,709	$ 67,127,113
Interest receivable	1,853,869	2,881,560
Investments, at fair value	679,169,662	679,284,645
Cash value of life insurance	869,703	758,667
Land, buildings and equipment, net of accumulated depreciation of $255,834 in 2012 and 2011	1,106,752	385,752
TOTAL ASSETS	$ 734,874,695	$ 750,437,737
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 4,460,326	$ 6,188,369
Annuity obligations	14,803,420	15,966,475
TOTAL LIABILITIES	19,263,746	22,154,844
NET ASSETS		
Unrestricted	78,209,537	76,064,090
Temporarily restricted	142,134,510	159,825,370
Permanently restricted	495,266,902	492,393,433
TOTAL NET ASSETS	715,610,949	728,282,893
TOTAL LIABILITIES AND NET ASSETS	$ 734,874,695	$ 750,437,737

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Consolidated Statement of Activities
Years Ended June 30, 2012 and 2011

	Year Ended June 30, 2012				Year Ended June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenues, Gains and Other Support								
Contributions	$ 12,667,474	$ 34,352,655	$ 12,765,094	$ 59,785,223	$ 9,185,884	$ 38,951,573	$ 20,789,614	$ 68,927,071
Sponsored programs				-	485,618	45,296		530,914
Interest and dividends	3,297,371	3,999,200	298,158	7,594,729	3,165,583	4,878,108	330,759	8,374,450
Net realized and unrealized gains on investments	9,975,125	14,001,076	(16,536,815)	7,439,386	12,239,522	14,798,162	61,728,444	88,766,128
Other	107,908			107,908	161,172	29,671		190,843
Net assets released from restrictions	63,188,522	(70,065,719)	6,877,197	-	48,045,047	(48,045,047)		-
Total revenues, gains and other support	$ 89,236,400	$ (17,712,788)	$ 3,403,634	$ 74,927,246	$ 73,282,826	$ 10,657,763	$ 82,848,817	$ 166,789,406
Expenses and Losses:								
Program services:								
Construction	27,952,863			27,952,863	12,990,496			12,990,496
Research	14,270,671			14,270,671	12,822,638			12,822,638
Faculty/staff support	11,925,587			11,925,587	10,052,485			10,052,485
Scholarships and awards	8,607,496			8,607,496	8,075,659			8,075,659
Public/staff relations	2,918,349			2,918,349	2,830,998			2,830,998
Equipment	3,424,164			3,424,164	3,436,365			3,436,365
Sponsored programs	1,479,268			1,479,268	1,352,198			1,352,198
Other	14,008,979			14,008,979	12,540,494			12,540,494
Total program services	84,587,377	-	-	84,587,377	64,101,333	-	-	64,101,333
Supporting services:								
Management and general	423,644			423,644	820,773			820,773
Fund raising	1,701,044			1,701,044	1,877,351			1,877,351
Change in value of split-interest agreements			503,313	503,313			405,500	405,500
Provision for loss on uncollectible contributions	378,888	(21,928)	26,852	383,812	45,028	2,321,508	104,410	2,470,946
Total supporting services	2,503,576	(21,928)	530,165	3,011,813	2,743,152	2,321,508	509,910	5,574,570
Total expenses and losses	87,090,953	(21,928)	530,165	87,599,190	66,844,485	2,321,508	509,910	69,675,903
Change in Net Assets	2,145,447	(17,690,860)	2,873,469	(12,671,944)	6,438,341	8,336,255	82,338,907	97,113,503
Net Assets, beginning of year	76,064,090	159,825,370	492,393,433	728,282,893	69,625,749	151,489,115	410,054,526	631,169,390
Net Assets, end of year	$ 78,209,537	$ 142,134,510	$ 495,266,902	$715,610,949	$ 76,064,090	$ 159,825,370	$ 492,393,433	$ 728,282,893

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statement of Financial Position
June 30, 2012 and 2011

	2012	2011
ASSETS		
Investments	$ 435,890,065	$ 448,201,276
LIABILITIES AND NET ASSETS		
Accounts Payable	85,612	21,380
Net Assets:		
Temporarily restricted	24,653,951	23,045,505
Permanently restricted	411,150,502	425,134,391
Total Net Assets	435,804,453	448,179,896
TOTAL LIABILITIES & NET ASSETS	435,890,065	448,201,276

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Statement of Activities
June 30, 2012 and 2011

	Year Ended June 30, 2012				Year Ended June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenues, Gains and Other Support								
Contributions		$ 89,170	$ (89,170)	$ -	$ -	$ 180,421	$ (180,421)	$ -
Interest and dividends		3,190,757	179,645	3,370,402		3,204,275	187,414	3,391,689
Net realized and unrealized gains on investments		12,630,542	(14,074,364)	(1,443,822)		12,485,128	56,748,532	69,233,660
Net assets released from restrictions	14,302,023	(14,302,023)		-	14,225,026	(14,225,026)		-
Total revenues, gains and other support	14,302,023	1,608,446	(13,983,889)	1,926,580	14,225,026	1,644,798	56,755,525	72,625,349
				-				-
Expenses and Losses:				-				-
Program services:								
Research	1,271,247			1,271,247	1,132,750			1,132,750
Faculty/staff support	2,335,058			2,335,058	1,819,281			1,819,281
Scholarships and awards	9,236,339			9,236,339	8,844,244			8,844,244
Equipment and technology	1,247,897			1,247,897	2,023,264			2,023,264
Other	211,482			211,482	405,487			405,487
Total program services	14,302,023	-	-	14,302,023	14,225,026	-	-	14,225,026
Change in Net Assets	-	1,608,446	(13,983,889)	(12,375,443)	-	1,644,798	56,755,525	58,400,323
Net Assets, beginning of year	-	23,045,505	425,134,391	448,179,896	-	21,400,707	368,378,866	389,779,573
Net Assets, end of year	$ -	$ 24,653,951	$ 411,150,502	$ 435,804,453	$ -	$ 23,045,505	$ 425,134,391	$ 448,179,896

BASIC FINANCIAL STATEMENTS BY CAMPUS

UNIVERSITY OF ARKANSAS
Statement of Net Assets by Campus
At June 30, 2012

ASSETS	UAF	UAFS	UALR	UAM	UAMS	UAPB	SYSTEM
Current							
Cash and cash equivalents	144,987,700	10,131,578	36,852,591	4,593,763	94,714,000	21,892,245	8,981,717
Investments	71,847,085		16,308,676		66,968,000		21,740,666
Accounts receivable	40,740,950	3,711,860	8,205,383	3,685,779	31,408,000	6,338,407	12,618,313
Patient accounts receivable					108,772,000		
Inventories	5,344,354	67,549	203,937	862,433	18,703,000	40,470	
Deposits and funds held in trust by others	11,119,982	38,829	1,314,146				
Notes receivable	3,355,845	625		56,198	2,698,000	222,882	
Unamortized debt issuance costs	113,237	42,060	59,244	15,296			
Other assets	4,443,042	332,099	317,610	289,082	3,848,000	54,209	173,539
Total current assets	281,952,195	14,324,600	63,261,587	9,502,551	327,111,000	28,548,213	43,514,235
Non-Current							
Cash and cash equivalents	2,049,961	9,238,533	6,001	345,206		17,563,698	
Investments	66,332,596	3,189,260	7,871,117	4,158,054	102,415,000	1,369,978	
Notes receivable	12,064,275			611,296	15,914,000		
Deposits and funds held in trust by others	57,103,469	7,140,346	3,892,811		26,937,000	372,509	
Unamortized debt issuance costs	1,913,822	462,799	1,024,238	185,322	3,088,000		
Other non-current assets	556,765						1,200,000
Capital assets	978,606,995	137,289,564	249,738,610	42,512,567	791,808,000	85,290,532	3,235,911
Total non-current assets	1,118,627,883	157,320,502	262,532,777	47,812,445	940,162,000	104,596,717	4,435,911
TOTAL ASSETS	1,400,580,078	171,645,102	325,794,364	57,314,996	1,267,273,000	133,144,930	47,950,146
LIABILITIES							
Current							
Accounts payable and other accrued liabilities	53,018,640	3,768,058	5,342,977	1,970,581	66,987,000	2,424,964	7,170,719
Deferred revenue	30,519,336	333,062	89,918	124,744	13,067,000	125,305	
Funds held in trust for others	628,295	148,370	345,236	383,216	461,000	2,002,818	
Liability for future insurance claims							14,919,000
Estimated third party payor settlements					4,043,000		
Compensated absences payable - current portion	1,130,467	156,947	250,759	80,806	2,859,000	166,998	9,850
Bonds, notes, capital leases, installment contracts payable - current	23,154,547	3,763,683	4,763,723	727,005	18,718,000	986,990	
Total current liabilities	108,451,285	8,170,120	10,792,613	3,286,352	106,135,000	5,707,075	22,099,569
Non-Current							
Deferred revenues, deposits and other	4,800		116,672		180,000	107,369	
Refundable federal advance - Perkins loans	14,022,433	3,063		625,328	1,911,000	527,448	
Compensated absences payable	17,248,439	1,538,432	3,934,503	1,211,792	49,625,000	2,125,434	433,414
Liability for other post employment benefits	10,539,604	559,024	3,691,716	993,985	22,225,000	1,631,699	159,194
Bonds, notes, capital leases, installment contracts payable	537,621,004	79,717,659	108,225,581	10,661,880	321,865,000	20,243,002	
Total non-current liabilities	579,436,280	81,818,178	115,968,472	13,492,985	395,806,000	24,634,952	592,608
TOTAL LIABILITIES	687,887,565	89,988,298	126,761,085	16,779,337	501,941,000	30,342,027	22,692,177
NET ASSETS							
Invested in capital assets, net of related debt	459,488,312	58,031,859	140,548,599	30,797,164	477,589,000	63,878,893	3,235,911
Restricted							
Non-Expendable	23,663,271	247,240	6,022,300	448,217	28,150,000	1,684,776	
Expendable	69,530,747	6,599,946	9,300,473	2,992,082	112,146,000	3,893,046	
Unrestricted	160,010,183	16,777,759	43,161,907	6,298,196	147,447,000	33,346,188	22,022,058
TOTAL NET ASSETS	712,692,513	81,656,804	199,033,279	40,535,659	765,332,000	102,802,903	25,257,969

Key

UAF	*University of Arkansas, Fayetteville*	**UAMS**	*University of Arkansas for Medical Sciences*
UAFS	*University of Arkansas at Fort Smith*	**UAPB**	*University of Arkansas at Pine Bluff*
UALR	*University of Arkansas at Little Rock*	**System**	*University of Arkansas System*
UAM	*University of Arkansas at Monticello*		

UNIVERSITY OF ARKANSAS
Statement of Net Assets by Campus
At June 30, 2012

ASSETS	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (See Note 17)	TOTAL
Current								
Cash and cash equivalents	2,068,455	5,933,698	2,718,306	3,931,398	2,264,053	2,566,793		341,636,297
Investments	624,031	380,257	500,000	100,466	2,478,935			180,948,116
Accounts receivable	668,639	2,270,329	727,946	628,386	966,540	131,753	(12,455,236)	99,647,049
Patient accounts receivable								108,772,000
Inventories		60,670	377,004	26,927	236,166			25,922,510
Deposits and funds held in trust by others			532					12,473,489
Notes receivable							(120,055)	6,213,495
Unamortized debt issuance costs		2,268	5,664	8,567				246,336
Other assets	84,503	8,695	22,331	51,623	8,373	60,471	(150,000)	9,543,577
Total current assets	3,445,628	8,655,917	4,351,783	4,747,367	5,954,067	2,759,017	(12,725,291)	785,402,869
Non-Current								
Cash and cash equivalents	1,371,898				36,267	848,952		31,460,516
Investments	69,542		505,536					185,911,083
Notes receivable						10,972,265	(772,664)	38,789,172
Deposits and funds held in trust by others		397,635	147,936	230,986	322,372			96,545,064
Unamortized debt issuance costs		58,024	30,676	81,994				6,844,875
Other non-current assets							(1,200,000)	556,765
Capital assets	13,810,076	21,865,021	15,292,840	16,086,925	13,427,459	4,206,214		2,373,170,714
Total non-current assets	15,251,516	22,320,680	15,976,988	16,399,905	13,786,098	16,027,431	(1,972,664)	2,733,278,189
TOTAL ASSETS	18,697,144	30,976,597	20,328,771	21,147,272	19,740,165	18,786,448	(14,697,955)	3,518,681,058
LIABILITIES								
Current								
Accounts payable and other accrued liabilities	450,041	640,845	249,255	491,047	196,939	496,640	(12,605,236)	130,602,470
Deferred revenue	151,812	141,006	51,502		205,594	8,745		44,818,024
Funds held in trust for others	31,840	18,830	14,799	55,217	78,350	37,429		4,205,400
Liability for future insurance claims								14,919,000
Estimated third party payor settlements								4,043,000
Compensated absences payable - current portion	11,634	20,340	14,954	6,551	21,879	8,942		4,739,127
Bonds, notes, capital leases, installment contracts payable - current	246,375	233,104	522,714	580,979	389,945		(120,055)	53,967,010
Total current liabilities	891,702	1,054,125	853,224	1,133,794	892,707	551,756	(12,725,291)	257,294,031
Non-Current								
Deferred revenues, deposits and other		297,260			187,689	1,200,000	(1,200,000)	893,790
Refundable federal advance - Perkins loans								17,089,272
Compensated absences payable	221,050	466,507	493,613	348,906	328,628	89,048		78,064,766
Liability for other post employment benefits	53,254	651,434	290,616	78,411	123,450	244,880		41,242,267
Bonds, notes, capital leases, installment contracts payable	5,489,432	11,153,584	2,750,127	6,798,531	3,047,938		(772,664)	1,106,801,074
Total non-current liabilities	5,763,736	12,568,785	3,534,356	7,225,848	3,687,705	1,533,928	(1,972,664)	1,244,091,169
TOTAL LIABILITIES	6,655,438	13,622,910	4,387,580	8,359,642	4,580,412	2,085,684	(14,697,955)	1,501,385,200
NET ASSETS								
Invested in capital assets, net of related debt	8,074,269	10,538,625	12,204,275	8,650,138	10,348,086	13,828,479		1,297,213,610
Restricted								
Non-Expendable	76,750							60,292,554
Expendable	261,109	1,518,964	15,069		610,365	31,133		206,898,934
Unrestricted	3,629,578	5,296,098	3,721,847	4,137,492	4,201,302	2,841,152		452,890,760
TOTAL NET ASSETS	12,041,706	17,353,687	15,941,191	12,787,630	15,159,753	16,700,764	-	2,017,295,858

Key

CCCUA	*Cossatot Community College UA*	**UACCH**	*UA Community College at Hope*
PCCUA	*Phillips Community College UA*	**UACCM**	*UA Community College at Morrilton*
UACCB	*UA Community College at Batesville*	**ASMSA**	*Arkansas School for Mathematics, Sciences & Arts*

UNIVERSITY OF ARKANSAS
Statement of Revenues, Expenses and Changes in Net Assets by Campus
For the Year Ended June 30, 2012

	UAF	**UAFS**	UALR	UAM	UAMS	UAPB	SYSTEM
Operating Revenues							
Student tuition & fees (net of scholarship allowances)	130,571,742	14,061,293	59,905,759	8,611,835	25,754,000	5,338,817	
Net patient services					876,544,000		
Federal and county appropriations	14,998,255						
Federal grants and contracts	38,448,980	1,655,961	19,033,248	2,251,964	146,664,000	16,390,566	
State and local grants and contracts	17,502,653	2,187,935	4,017,281	1,059,911	20,119,000	5,143,702	
Non-governmental grants and contracts	18,256,503	1,890,250	1,963,674	761,340	53,128,000	43,125	
Sales and services of educational departments	22,394,961	179,393	2,463,172	116,059	31,279,000	107,048	2,993,802
Insurance plan							141,252,904
Auxiliary enterprises							
Athletics	69,793,575	83,329	4,869,064	564,670		1,735,875	
Housing and food service	24,915,952	2,330,583	5,080,087	1,760,377	8,443,000	9,122,166	
Bookstore	13,265,776	501,273	695,238	1,606,666	674,000	156,374	
Other auxiliary enterprises	11,147,109	173,662	2,853,433	478,894	2,623,000	310,476	
Other operating revenues	8,364,263	499,571	1,863,391	706,786	15,725,000	2,526,506	
Total operating revenues	369,659,769	23,563,250	102,744,347	17,918,502	1,180,953,000	40,874,655	144,246,706
Operating Expenses							
Compensation and benefits	392,496,355	46,088,265	118,152,860	25,812,879	801,330,000	40,668,372	5,538,039
Supplies and services	177,430,399	15,582,583	34,492,493	12,375,689	392,072,000	21,257,719	1,075,384
Scholarships and fellowships	27,071,128	7,840,544	31,680,724	10,029,076	342,000	5,295,591	
Insurance plan							147,302,094
Depreciation	62,757,646	6,383,937	14,320,802	2,669,534	50,542,000	5,415,443	244,690
Total operating expenses	659,755,528	75,895,329	198,646,879	50,887,178	1,244,286,000	72,637,125	154,160,207
Operating loss	(290,095,759)	(52,332,079)	(95,902,532)	(32,968,676)	(63,333,000)	(31,762,470)	(9,913,501)
Non-Operating Revenues (Expenses)							
State appropriations	201,724,363	23,526,926	68,262,847	18,238,314	42,632,000	27,105,843	3,677,162
Property and sales tax		5,658,795					
Federal grants	24,822,337	17,028,903	20,329,963	10,276,253		10,937,010	
State and local grants	33,249,890	8,780,527	9,440,425	3,318,618			
Non-governmental grants	831,557		962,191				
Gifts	66,051,112		3,519,817	4,547	20,608,000	666,406	
Investment income (net)	5,997,430	23,297	1,192,495	186,839	7,062,000	(19,784)	145,562
Interest on capital asset-related debt	(18,888,991)	(3,473,601)	(1,779,224)	(390,491)	(14,706,000)	(1,053,718)	
Gain (Loss) on disposal of assets	(572,447)	(924,435)	(67,564)	(1,157)	(253,000)	(44,279)	(1,625)
Other	2,980,378	11,831	(66,794)	(54,412)		3,251	100,628
Net non-operating revenues	316,195,629	50,632,243	101,794,156	31,578,511	55,343,000	37,594,729	3,921,727
Income (loss) before other revenues and expenses	26,099,870	(1,699,836)	5,891,624	(1,390,165)	(7,990,000)	5,832,259	(5,991,774)
Other Changes in Net Assets							
Capital appropriations	500,000	42,857	1,500,000	70,000		49,667	
Capital grants and gifts	33,158,761	3,140,024	456,562	47,157	43,130,000	1,548,013	
Adjustments to prior year revenues and expenses			(3,913)	448,713			
Return of capital appropriations to State of Arkansas							
Other	731,244	(123,088)		69,478	(1,221,000)		
Total other revenues and expenses	34,390,005	3,059,793	1,952,649	635,348	41,909,000	1,597,680	-
Increase (decrease) in net assets	60,489,875	1,359,957	7,844,273	(754,817)	33,919,000	7,429,939	(5,991,774)
Net Assets, beginning of year as originally reported	652,202,638	80,296,847	191,189,006	41,290,476	731,413,000	95,372,964	31,249,743
Restatement of prior year balance							
Net Assets, beginning of year restated	652,202,638	80,296,847	191,189,006	41,290,476	731,413,000	95,372,964	31,249,743
Net Assets, end of year	712,692,513	81,656,804	199,033,279	40,535,659	765,332,000	102,802,903	25,257,969

Key

UAF	*University of Arkansas, Fayetteville*	**UAMS**	*University of Arkansas for Medical Sciences*
UAFS	*University of Arkansas at Fort Smith*	**UAPB**	*University of Arkansas at Pine Bluff*
UALR	*University of Arkansas at Little Rock*	**System**	*University of Arkansas System*
UAM	*University of Arkansas at Monticello*		

UNIVERSITY OF ARKANSAS
Statement of Revenues, Expenses and Changes in Net Assets by Campus
For the Year Ended June 30, 2012

	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 17)	TOTAL
Operating Revenues								
Student tuition & fees (net of scholarship allowances)	930,574	484,774	959,921	1,028,499	3,209,135			250,856,349
Net patient services								876,544,000
Federal and county appropriations								14,998,255
Federal grants and contracts	993,428	2,582,968	1,759,983	1,678,221	840,051	315,680	(178,576)	232,436,474
State and local grants and contracts	650,002	1,472,954	182,160	637,609	1,171,053	1,456,500		55,600,760
Non-governmental grants and contracts	247,242	251,135			272,950	410,917		77,225,136
Sales and services of educational departments	25,334	22,954		10,314	64,441		(1,905,984)	57,750,494
Insurance plan							(99,346,779)	41,906,125
Auxiliary enterprises								
Athletics								77,046,513
Housing and food service		76,453			187,831			51,916,449
Bookstore		43,918	239,055		627,860			17,810,160
Other auxiliary enterprises		85,584	110,631	44,860	38,188			17,865,837
Other operating revenues	124,396	127,405	126,067	100,561	37,013	131,736		30,332,695
Total operating revenues	2,970,976	5,148,145	3,377,817	3,500,064	6,448,522	2,314,833	(101,431,339)	1,802,289,247
Operating Expenses								
Compensation and benefits	7,142,858	13,034,640	7,740,567	7,382,167	10,340,682	5,906,220	(99,346,779)	1,382,287,125
Supplies and services	2,703,844	4,929,896	3,355,695	2,108,229	4,608,812	3,357,632	(29,005,569)	646,344,806
Scholarships and fellowships	1,847,304	2,293,446	2,374,120	3,363,250	3,347,998			95,485,181
Insurance plan								147,302,094
Depreciation	713,017	1,953,501	932,416	835,941	877,233	781,827		148,427,987
Total operating expenses	12,407,023	22,211,483	14,402,798	13,689,587	19,174,725	10,045,679	(128,352,348)	2,419,847,193
Operating loss	(9,436,047)	(17,063,338)	(11,024,981)	(10,189,523)	(12,726,203)	(7,730,846)	26,921,009	(617,557,946)
Non-Operating Revenues (Expenses)								
State appropriations	4,652,702	10,507,370	4,915,422	6,340,228	6,102,354	7,987,385		425,672,916
Property and sales tax	1,219,654	2,023,942	1,271,172	1,147,689	873,634			12,194,886
Federal grants	3,053,246	3,921,592	4,499,547	3,781,651	5,891,573			104,542,075
State and local grants	333,992		567,182					55,690,634
Non-governmental grants								1,793,748
Gifts	87,674				20,680	69,030		91,027,266
Investment income (net)	17,328	21,625	19,097	4,548	142,659	50,260		14,843,356
Interest on capital asset-related debt	(272,758)	(536,850)	(80,925)	(239,228)	(108,502)			(41,530,288)
Gain (Loss) on disposal of assets	(18,976)	(300)			179,050			(1,704,733)
Other			(9,795)	(8,567)	(46,509)			2,910,011
Net non-operating revenues	9,072,862	15,937,379	11,181,700	11,026,321	13,054,939	8,106,675	-	665,439,871
Income (loss) before other revenues and expenses	(363,185)	(1,125,959)	156,719	836,798	328,736	375,829	26,921,009	47,881,925
Other Changes in Net Assets								
Capital appropriations	25,000			127,857		2,000,000		4,315,381
Capital grants and gifts	156,863	90,915		470,000	81,815	350,000	(26,921,009)	55,709,101
Adjustments to prior year revenues and expenses								444,800
Return of capital appropriations to State of Arkansas			(75,000)					(75,000)
Other	19,601	(8,487)	59,852					(472,400)
Total other revenues and expenses	201,464	82,428	(15,148)	597,857	81,815	2,350,000	(26,921,009)	59,921,882
Increase (decrease) in net assets	(161,721)	(1,043,531)	141,571	1,434,655	410,551	2,725,829	-	107,803,807
Net Assets, beginning of year as originally reported	12,203,427	18,397,218	15,799,620	11,352,975	14,749,202	13,974,935		1,909,492,051
Restatement of prior year balance								-
Net Assets, beginning of year restated	12,203,427	18,397,218	15,799,620	11,352,975	14,749,202	13,974,935	-	1,909,492,051
Net Assets, end of year	12,041,706	17,353,687	15,941,191	12,787,630	15,159,753	16,700,764	-	2,017,295,858

Key

CCCUA	*Cossatot Community College UA*	**UACCH**	*UA Community College at Hope*
PCCUA	*Phillips Community College UA*	**UACCM**	*UA Community College at Morrilton*
UACCB	*UA Community College at Batesville*	**ASMSA**	*Arkansas School for Mathematics, Sciences & Arts*

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2012

Cash Flows from Operating Activities	UAF	UAFS	UALR	UAM	UAMS	UAPB	SYSTEM
Student tuition and fees (net of scholarships)	130,723,176	14,015,963	61,041,002	8,114,160	26,585,000	5,109,730	
Patient and insurance payments					865,055,000		
Federal and county appropriations	16,379,618						
Grants and contracts	74,527,891	5,792,715	26,917,167	3,829,647	222,082,000	21,076,739	
Collection of loans and interest	2,489,073			89,968	2,217,000	(4,988)	
Insurance plan receipts							140,554,972
Auxiliary enterprise revenues:							
Athletics	73,191,812	83,329	4,715,811	626,715		1,879,385	
Housing and food service	25,370,514	2,344,322	5,053,830	1,864,950	8,446,000	9,122,162	
Bookstore	13,021,445	502,258	695,239	1,624,632	674,000	157,301	
Other auxiliary enterprises	11,374,357	176,688	2,317,487	530,503	2,810,000	310,476	
Payments to employees	(307,098,005)	(35,929,888)	(94,635,744)	(20,094,203)	(643,016,000)	(31,892,486)	(4,274,308)
Payment of employee benefits	(81,614,153)	(9,921,877)	(23,792,364)	(5,560,676)	(148,469,000)	(8,662,109)	(1,223,671)
Payments to suppliers	(181,532,353)	(15,687,669)	(38,087,334)	(12,037,597)	(379,360,000)	(20,596,646)	(1,080,786)
Loans issued to students	(2,523,538)	(625)			(3,117,000)		
Scholarships and fellowships	(26,947,157)	(7,840,544)	(31,680,725)	(10,029,076)	(342,000)	(5,295,591)	
Payments of insurance plan expenses							(144,227,351)
Other receipts	33,100,981	629,700	4,247,855	809,165	33,916,000	2,480,406	2,770,592
Net cash used by operating activities	(219,536,339)	(45,835,628)	(83,207,776)	(30,231,812)	(12,519,000)	(26,315,621)	(7,480,552)
Cash Flows from Noncapital Financing Activities							
State appropriations	201,724,362	23,526,926	68,262,847	18,238,314	43,639,000	27,105,843	3,677,162
Property and sales tax		6,061,979					
Gifts and grants for other than capital purposes	123,972,777	25,812,348	34,252,397	13,599,586	45,072,000	11,603,416	
Repayment of loans					(587,000)		
Direct Lending, Plus and FFEL loan receipts	96,205,456	21,708,279	65,373,862	15,139,757	40,128,520	17,802,573	
Direct Lending, Plus and FFEL loan payments	(96,975,441)	(21,573,590)	(65,373,862)	(15,572,022)	(40,128,520)	(17,543,364)	
Other agency funds - net	9,869	153,631	36,905	(43,573)	(89,000)	600,257	
Refunds to grantors		(1)		(50,000)			
Net cash provided (used) by noncapital financing activities	324,937,023	55,689,572	102,552,149	31,312,062	88,035,000	39,568,725	3,677,162
Cash Flows from Capital and Related Financing Activities							
Distributions from trustee of current year bond proceeds & interest earnings					8,341,000		
Distributions from trustee of prior year bond proceeds & interest earnings	63,278,859	3,977,299	32,737,983				
Distributions from debt holders of debt proceeds other than from bonds	6,971,219	115,307	950,832		9,570,000		
Capital appropriations	500,000	247,923	1,500,000	70,000		49,667	
Capital grants and gifts	28,007,493	3,118,024	409,278		22,496,000	1,488,166	
Property taxes - capital allocation		3,034					
Proceeds from sale of capital assets		8,914		3,675	75,000	7,100	
Return of capital appropriations to State of Arkansas							
Purchases of capital assets	(143,375,809)	(12,376,353)	(36,776,021)	(4,509,839)	(98,557,000)	(5,398,468)	(16,283)
Payments to trustee for bond principal	(13,941,100)	(4,135,000)	(3,405,000)	(520,000)	(16,940,000)	(745,000)	
Payments to debt holders for principal other than for bonds	(4,615,920)	(2,602)	(498,263)	(98,674)	(10,530,000)	(162,500)	150,000
Payments to trustee for interest and fees	(20,873,300)	(3,236,778)	(4,105,907)	(339,081)	(12,857,000)	(950,831)	
Payments to debt holders for interest and fees other than for bonds	(2,220,468)	(2,208)	(78,679)	(4,132)	(1,789,000)	(61,868)	
Insurance proceeds							
Payments to trustee for reserve		(148,417)				3,251	
Net cash provided (used) by capital & related financing act	(86,269,026)	(12,430,857)	(9,265,777)	(5,398,051)	(100,191,000)	(5,770,483)	133,717
Cash Flows from Investing Activities							
Proceeds from sales and maturities of investments	8,949,069	5,130,000	2,455,737	1,794,511	68,155,000	468,839	34,424,041
Investment income (net of fees)	761,742	19,106	950,233	354	1,011,000	13,982	633,440
Purchases of investments	(18,541)	(5,220,000)	(1,966,385)	(758,650)	(36,513,000)	(554,922)	(36,577,969)
Net cash provided (used) by investing activities	9,692,270	(70,894)	1,439,585	1,036,215	32,653,000	(72,101)	(1,520,488)
Net increase in cash	28,823,928	(2,647,807)	11,518,181	(3,281,586)	7,978,000	7,410,520	(5,190,161)
Cash, beginning of year	118,213,733	22,017,918	25,340,411	8,220,555	86,736,000	32,045,423	14,171,878
Cash, end of year	147,037,661	19,370,111	36,858,592	4,938,969	94,714,000	39,455,943	8,981,717

Key

UAF	*University of Arkansas, Fayetteville*	**UAMS**	*University of Arkansas for Medical Sciences*
UAFS	*University of Arkansas at Fort Smith*	**UAPB**	*University of Arkansas at Pine Bluff*
UALR	*University of Arkansas at Little Rock*	**System**	*University of Arkansas System*
UAM	*University of Arkansas at Monticello*		

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - By Campus
For the Year Ended June 30, 2012

Cash Flows from Operating Activities	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 17)	TOTAL
Student tuition and fees (net of scholarships)	833,712	484,267	1,027,901	1,098,328	3,064,441			252,097,680
Patient and insurance payments								865,055,000
Federal and county appropriations								16,379,618
Grants and contracts	1,858,306	3,899,472	1,947,645	2,396,466	2,337,675	2,168,008	(178,576)	368,655,155
Collection of loans and interest								4,791,053
Insurance plan receipts							(98,676,665)	41,878,307
Auxiliary enterprise revenues:								
Athletics								80,497,052
Housing and food service		76,453			187,831			52,466,062
Bookstore		43,918	241,366		693,282			17,653,441
Other auxiliary enterprises		85,584	110,469	50,088	38,188			17,803,840
Payments to employees	(5,418,179)	(9,740,391)	(6,009,798)	(5,334,154)	(7,706,958)	(4,504,332)		(1,175,654,446)
Payment of employee benefits	(1,696,954)	(3,167,321)	(1,726,352)	(2,010,923)	(2,535,737)	(1,377,132)	98,676,665	(193,081,604)
Payments to suppliers	(2,556,713)	(5,210,914)	(3,118,330)	(1,711,329)	(4,348,750)	(3,382,194)	28,645,135	(640,065,480)
Loans issued to students								(5,641,163)
Scholarships and fellowships	(1,847,304)	(2,293,446)	(2,399,083)	(3,261,385)	(3,347,998)			(95,284,309)
Payments of insurance plan expenses								(144,227,351)
Other receipts	107,155	167,419	134,525	104,767	101,455	77,046	(1,545,550)	77,101,516
Net cash used by operating activities	(8,719,977)	(15,654,959)	(9,791,657)	(8,668,142)	(11,516,571)	(7,018,604)	26,921,009	(459,575,629)
Cash Flows from Noncapital Financing Activities								
State appropriations	4,652,702	10,507,370	4,915,422	6,340,228	6,102,354	7,987,385		426,679,915
Property and sales tax	1,119,926	2,011,730	1,284,187	1,137,468	740,836			12,356,126
Gifts and grants for other than capital purposes	3,534,916	3,833,779	5,078,923	3,781,651	5,912,253	69,030		276,523,076
Repayment of loans								(587,000)
Direct Lending, Plus and FFEL loan receipts		287,062	2,865,528	229,565	3,926,595			263,667,197
Direct Lending, Plus and FFEL loan payments		(287,062)	(2,857,146)	(229,565)	(3,926,595)			(264,467,167)
Other agency funds - net	10,858	1,291	(8,837)	3,041	3,616	(1,313)		676,745
Refunds to grantors			(318)					(50,319)
Net cash provided (used) by noncapital financing activities	9,318,402	16,354,170	11,277,759	11,262,388	12,759,059	8,055,102	-	714,798,573
Cash Flows from Capital and Related Financing Activities								
Distributions from trustee of current year bond proceeds & interest earnings								8,341,000
Distributions from trustee of prior year bond proceeds & interest earnings								99,994,141
Distributions from debt holders of debt proceeds other than from bonds				1,100,000				18,707,358
Capital appropriations	25,000			127,857		2,000,000		4,520,447
Capital grants and gifts	156,863	90,915		470,000	36,000	350,000	(26,921,009)	29,701,730
Property taxes - capital allocation								3,034
Proceeds from sale of capital assets					620,756			715,445
Return of capital appropriations to State of Arkansas			(75,000)					(75,000)
Purchases of capital assets	(572,673)	(151,342)	(454,556)	(2,452,771)	(1,022,603)	(1,999,639)		(307,663,357)
Payments to trustee for bond principal		(235,000)	(240,000)	(465,000)	(310,000)			(40,936,100)
Payments to debt holders for principal other than for bonds	(250,319)		(270,159)		(78,789)	(150,000)		(16,507,226)
Payments to trustee for interest and fees		(538,937)	(48,022)	(243,750)	(99,555)			(43,293,161)
Payments to debt holders for interest and fees other than for bonds	(255,706)		(34,430)		(2,817)			(4,449,308)
Insurance proceeds								3,251
Payments to trustee for reserve								(148,417)
Net cash provided (used) by capital & related financing act	(896,835)	(834,364)	(1,122,167)	(1,463,664)	(857,008)	200,361	(26,921,009)	(251,086,163)
Cash Flows from Investing Activities								
Proceeds from sales and maturities of investments			500,000		1,800,000			123,677,197
Investment income (net of fees)	14,169	12,880	19,023	3,279	6,984	50,260		3,496,452
Purchases of investments			(1,005,536)		(1,750,000)			(84,365,003)
Net cash provided (used) by investing activities	14,169	12,880	(486,513)	3,279	56,984	50,260	-	42,808,646
Net increase in cash	(284,241)	(122,273)	(122,578)	1,133,861	442,464	1,287,119	-	46,945,427
Cash, beginning of year	3,724,594	6,055,971	2,840,884	2,797,537	1,857,856	2,128,626	-	326,151,386
Cash, end of year	3,440,353	5,933,698	2,718,306	3,931,398	2,300,320	3,415,745	-	373,096,813

Key

CCCUA	*Cossatot Community College UA*	**UACCH**	*UA Community College at Hope*
PCCUA	*Phillips Community College UA*	**UACCM**	*UA Community College at Morrilton*
UACCB	*UA Community College at Batesville*	**ASMSA**	*Arkansas School for Mathematics, Sciences & Arts*

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2012

Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:	UAF	UAFS	UALR	UAM	UAMS	UAPB	SYSTEM
Operating revenue (loss)	(290,095,759)	(52,332,079)	(95,902,532)	(32,968,676)	(63,333,000)	(31,762,470)	(9,913,501)
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:							
Depreciation expense	62,757,646	6,383,937	14,320,802	2,669,534	50,542,000	5,415,443	244,690
Other miscellaneous operating receipts	3,090,389						100,628
Change in assets and liabilities:							
Receivables, net	2,085,496	(3,550)	2,786,312	(380,089)	(8,732,000)	(512,683)	(1,044,431)
Inventories	(528,353)	14,061	(39,511)	2,140	1,872,000	(12,736)	
Prepaid expenses and other assets	(805,697)	(39,694)	(44,257)	44,844	1,363,000	(45,571)	234
Accounts payable and other accrued liabilities	(964,094)	(339,978)	(4,532,884)	216,701	(3,753,000)	637,855	1,012,768
Deferred revenue	3,212,663	181,459	44,131	91,825	762,000	(61,396)	
Liability for future insurance claims							2,079,000
Loans to students and employees	(48,295)	(625)				5,203	
Refundable federal advance	101,433	1		(69,478)		(3,265)	
Compensated Absences	431,542	157,699	(245,276)	36,080	8,850,000	(446)	20,495
OPEB Liability	1,226,690	143,141	405,439	125,307	2,952,000	199,743	19,565
Other liabilities					(3,042,000)	(175,298)	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(219,536,339)	(45,835,628)	(83,207,776)	(30,231,812)	(12,519,000)	(26,315,621)	(7,480,552)
Non-Cash Transactions							
Capital Gifts	1,824,383	22,000	47,284	5,879	20,633,000		
Fixed assets acquired by incurring capital lease obligations		650,000			5,377,000		
Fixed asset acquisition paid for by State of Arkansas				41,278			
Payment of bond proceeds/premium/accrued interest directly into deposits with trustees/escrow	65,724,152	18,633,893	15,732,065	8,703,082			
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	488,365	228,666	175,260	144,337			
Payment of principal & interest on long-term debt from deposits with trustees	911,440		621				
Interest earned on deposits with trustees		1,106	1,830	5,626			
Payment on long-term debt directly from University of Arkansas Foundation, Inc.	53,394						
Capital outlay paid directly from proceeds of long-term debt instruments			14,693,048		9,570,000		
Loss on disposal of assets	640,946	186,778	67,564	1,157		44,279	1,625
Valuation adjustment to capital assets							

Key

UAF	*University of Arkansas, Fayetteville*	**UAMS**	*University of Arkansas for Medical Sciences*
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UALR	*University of Arkansas at Little Rock*	**System**	*University of Arkansas System*
UAM	*University of Arkansas at Monticello*		

UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - Continued - By Campus
For the Year Ended June 30, 2012

Reconciliation of net operating revenue (loss) to net cash provided (used) by operating activities:	CCCUA	PCCUA	UACCB	UACCH	UACCM	ASMSA	Elimination (Note 17)	TOTAL
Operating revenue (loss)	(9,436,047)	(17,063,338)	(11,024,981)	(10,189,523)	(12,726,203)	(7,730,846)	26,921,009	(617,557,946)
Adjustments to reconcile net revenue (loss) to net cash provided (used) by operating activities:								
Depreciation expense	713,017	1,953,501	932,416	835,941	877,233	781,827		148,427,987
Other miscellaneous operating receipts							-	3,191,017
Change in assets and liabilities:								
Receivables, net	(99,978)	(235,479)	288,641	264,741	130,521	(67,909)		(5,520,408)
Inventories		(1,599)	(68,544)	(6,967)	90,680			1,321,171
Prepaid expenses and other assets	4,339	2,315	1,815	31,725	(2,196)	(5,288)		505,569
Accounts payable and other accrued liabilities	158,491	(367,903)	10,290	370,680	37,647	(17,716)		(7,531,143)
Deferred revenue	(62,813)	(1,534)	15,512		(11,827)	(1,870)		4,168,150
Liability for future insurance claims								2,079,000
Loans to students and employees								(43,717)
Refundable federal advance								28,691
Compensated Absences	(8,837)	(29,264)	8,120	26,394	56,967	(12,152)		9,291,322
OPEB Liability	11,851	88,342	45,074	10,173	30,607	35,350		5,293,282
Other liabilities				(11,306)				(3,228,604)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(8,719,977)	(15,654,959)	(9,791,657)	(8,668,142)	(11,516,571)	(7,018,604)	26,921,009	(459,575,629)
Non-Cash Transactions								
Capital Gifts					45,815			22,578,361
Fixed assets acquired by incurring capital lease obligations	25,127							6,052,127
Fixed asset acquisition paid for by State of Arkansas	19,601							60,879
Payment of bond proceeds/premium/accrued interest directly into deposits with trustees/escrow								108,793,192
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve								1,036,628
Payment of principal & interest on long-term debt from deposits with trustees								912,061
Interest earned on deposits with trustees		2,256	403	2,530	2,874			16,625
Payment on long-term debt directly from University of Arkansas Foundation, Inc.								53,394
Capital outlay paid directly from proceeds of long-term debt instruments								24,263,048
Loss on disposal of assets	18,976	300			(179,050)			782,575
Valuation adjustment to capital assets			59,852					59,852

Key

CCCUA	*Cossatot Community College UA*	**UACCH**	*UA Community College at Hope*
PCCUA	*Phillips Community College UA*	**UACCM**	*UA Community College at Morrilton*
UACCB	*UA Community College at Batesville*	**ASMSA**	*Arkansas School for Mathematics, Sciences & Arts*

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

The financial statements for the University of Arkansas ("the University") have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying notes to the financial statements are an integral part of the financial statements.

The following acronyms are used for the various campuses and divisions of the University as reported in the financial statements: UAF (University of Arkansas Fayetteville, including the Agricultural Experiment Station, the Cooperative Extension Service, the Arkansas Archeological Survey, the Criminal Justice Institute, and the Clinton School of Public Service), UAFS (University of Arkansas at Fort Smith), UALR (University of Arkansas at Little Rock), UAMS (University of Arkansas for Medical Sciences), UAM (University of Arkansas at Monticello), UAPB (University of Arkansas at Pine Bluff), CCCUA (Cossatot Community College of the University of Arkansas), PCCUA (Phillips Community College of the University of Arkansas), UACCB (University of Arkansas Community College at Batesville), UACCH (University of Arkansas Community College at Hope), UACCM (University of Arkansas Community College at Morrilton), ASMSA (Arkansas School for Mathematics, Sciences and the Arts), and SYSTEM (University of Arkansas System Administration).

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

The University has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations issued since November 30, 1989, unless they are adopted by the Governmental Accounting Standards Board (GASB).

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

Investments
Investments are stated at fair value. Changes in unrealized gain (loss) on the carrying value are reported as a component of investment income on the statement of revenues, expenses and changes in net assets.

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

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

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

Charity Care
UAMS provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because UAMS does not pursue collection of amounts determined to qualify as charity care, these amounts are accounted for as a reduction of patient services revenue at the time the services are rendered.

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

Capital Assets
Capital assets consisting of land, buildings, improvements, furniture, equipment, intangible assets, and construction in progress are stated at cost or fair market value at date of gift. Library holdings are generally valued using average prices for library acquisitions. Depreciation is computed using the straight-line method over the estimated useful lives of the assets -- generally 15-30 years for buildings, 15-20 years for infrastructure and land improvements, 3-10 years for equipment and 10 years for library holdings. The capitalization threshold for depreciation was increased from $2,500 to $5,000 beginning July 1, 2011, with the exception of the Fayetteville campus who will increase its capitalization threshold to $5,000 beginning July 1, 2012. Estimated useful lives for purposes of amortization and capitalization thresholds for intangible assets are as follows: purchased software (5-10 years; $500,000); internally developed software (10 years; $1,000,000); easements, land use rights, trademarks, and copyrights (15 years; $250,000); and patents (20 years; $250,000). Livestock is maintained primarily for research purposes with any other benefits derived from the operations considered as incidental to the primary mission of the University. The inventory value placed on the animals is determined by utilizing current market prices and breeding and research intangibles. UAMS bases its estimated useful lives on guidelines established by the American Hospital Association (AHA) which may differ slightly from those shown above for the other campuses.

Capitalization of Interest
The University capitalizes interest involving qualifying assets, if material. The amount of interest cost to be capitalized is interest cost on borrowings netted against any interest earned on temporary investments of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use.

Net Assets
The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. However, unexpended debt proceeds at year-end are reported as net assets restricted for capital projects.

Restricted net assets – non-expendable: This consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which either may be expended or added to principal.

Restricted net assets – expendable: This includes resources in which the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. There is no formal policy requiring restricted net assets to be used either before or after unrestricted net assets are used for the same purpose. Responsible officials determine at the time funds are expended to use any unrestricted net assets that may be available.

Unrestricted net assets: This represents resources not subject to externally imposed stipulations. These resources may be designated for specific purposes by management or the Board of Trustees or may be otherwise limited by contractual agreements with outside parties.

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

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), patient services (net of contractual agreements), most federal, state and local grants and contracts, revenues associated with auxiliary enterprises (net of scholarship discounts and allowances), interest on institutional student loans, and the University's self-funded insurance plans.

Non-Operating Revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 34, such as state appropriations and investment income.

State Appropriations
State appropriations are reported in the statement of revenues, expenses, and changes in net assets as non-operating revenue, net of the Medicaid match payments required under various contracts between UAMS and the Arkansas Department of Human Services. The match payments were $72,145,000 and $66,806,000 for the fiscal years 2012 and 2011, respectively.

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

Component Units
In May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amends GASB No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with a primary government. Under the standard, which became effective with the fiscal year ending June 30, 2004, the financial activities of qualifying foundations are to be included in the financial statements of the primary government, through discrete presentations. In fiscal year 2012, there were two qualifying foundations for the University of Arkansas: the University of Arkansas Foundation, Inc. and the University of Arkansas Fayetteville Campus Foundation, Inc. Although the University does not control the timing or amount of receipts from either of these foundations, the majority of resources, or income thereon, which the foundations hold and invest, is restricted to the activities of the University by the donors. Because these restricted resources held by the foundations can be used only by, or for the benefit of, the University, the foundations are considered component units of the University and are discretely presented in the University's financial statements.

The University of Arkansas Foundation, Inc. is a separate nonprofit organization, which operates for charitable educational purposes, including the administration and investment of gifts and other amounts received directly or indirectly for the benefit of the University of Arkansas. The Board of Directors has twenty-two members, four of which are current or previous members of the University of Arkansas Board of Trustees. During the year ended June 30, 2012, the Foundation distributed $84,843,235 to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at *535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701*.

The University of Arkansas Fayetteville Campus Foundation, Inc. is a nonprofit charitable organization which was established by the Walton Family Charitable Support Foundation, Inc., for the exclusive benefit of the University of Arkansas, Fayetteville campus. The Foundation was established on March 11, 2003, and exists primarily to support the Honors College, the Graduate School, and the University's library. The Board of Trustees of the Foundation is made up of seven members, including three members who are also employees of the University. During the year ended June 30, 2012, the Foundation distributed $14,302,023 to or on behalf of the University. Complete financial statements for the Foundation can be obtained from the administrative office at *535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701*.

New Accounting Pronouncements
Statement No. 57, *OPEB Measurements by Agent Employees and Agent Multiple-Employer Plans* and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, became effective with the fiscal year ending June 30, 2012. Management has determined that the requirements of these Statements had no effect on current reporting and disclosures.

GASB issued the following four statements which become effective with the fiscal year ending June 30, 2013: Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangement*, which addresses partnerships with private and other public entities; Statement No. 61, *The Financial Reporting Entity: Omnibus,*

an amendment of No. 14 and No. 34, which modifies certain requirements for inclusion of component units; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates pre-November 30, 1989 pronouncements into GASB's authoritative language from FASB, APB and AICPA; and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which redefines some assets and liabilities.

GASB issued the following three statements which become effective with the fiscal year ending June 30, 2014: Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections – 2012*, and Statement No. 67, *Financial Reporting for Pension Plans--an amendment of GASB Statement No. 25*. GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which becomes effective for the fiscal year ending June 30, 2015. Management has determined that Statement No. 66 will not have an effect on current reporting and disclosures, but has not yet determined the effects of the other three statements.

Note 2: Reporting Entity

The University of Arkansas System ("the University"), which prior to 1969 consisted of the Fayetteville and Medical Sciences campuses, was expanded in 1969 to include the Little Rock campus (formerly Little Rock University), in 1971 to include the Monticello campus (formerly Arkansas A&M College), in 1972 to include the Pine Bluff campus (formerly Arkansas AM&N College), in 1996 to include the Phillips campus (formerly Phillips County Community College), and the Hope campus (formerly Red River Technical College), and in 1997 to include the Batesville campus (formerly Gateway Technical College). On July 1, 2001, the University was expanded to include campuses in Morrilton (formerly Petit Jean College) and DeQueen (formerly Cossatot Community College). The Fort Smith campus (formerly Westark College) joined the University on January 1, 2002. Forest Echoes Technical Institute and Great Rivers Technical Institute merged with the Monticello campus on July 1, 2003. The Arkansas School for Mathematics, Sciences and the Arts joined the University on January 1, 2004. In addition to these campuses, the University includes the following units: Clinton School of Public Service, Division of Agriculture, Archeological Survey, Criminal Justice Institute, and the System Administration.

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

GASB No. 14 addresses the issue of the financial reporting entity. According to GASB No. 14, the financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Under the provisions of this statement, the University is a component unit of the State of Arkansas (primary government). GASB No. 14 defines a component unit as a legally separate organization for which the elected officials of the primary government are financially accountable. Although this statement is written from the perspective of the primary government, its requirements apply to the separately issued financial statements of a component unit, and therefore, the component unit should apply the provisions of GASB No. 14 as if it was a primary government.

Note 3: Hospital Revenue

The Hospital is a division of UAMS, and the Faculty Group Practice (FGP) is the collective body of the College of Medicine faculty involved in professional practice at UAMS. FGP is an integral component of UAMS, functioning as an unincorporated division of the College of Medicine. As such, it is subject to the policies and regulations of the College of Medicine, UAMS, and the Board of Trustees of the University of Arkansas System. Patient care operations are included in the accompanying financial statements under accounting principles generally followed by governmental colleges and universities. Patient accounts receivable at June 30, 2012 and 2011 are recorded net of an allowance for doubtful accounts of $497,497,000 and $501,990,000, respectively.

Net patient services revenue for the years ended June 30, 2012 and 2011 is as follows:

NET PATIENT SERVICES REVENUE	FY2012	FY2011
Gross patient revenue	$ 1,962,329,000	$ 1,898,508,000
Less patient services contractual allowances	1,012,931,000	963,433,000
Less provision for bad debt	72,854,000	66,390,000
TOTAL	**$ 876,544,000**	**$ 868,685,000**

UAMS provided approximately $129,258,000 and $109,050,000 in charity care, based on established rates, during the years ended June 30, 2012 and 2011, respectively. Because UAMS does not pursue collection of amounts determined to qualify as charity care, they are not included in gross patient revenue above. Net patient services revenue for the years ended June 30, 2012 and 2011, includes approximately $74,044,000 and $74,890,000, respectively, from the Medicaid program representing payments relating to Upper Payment Limit and Disproportionate Share reimbursements. These payments are available to state-operated teaching hospitals under Medicaid regulations. Net patient services revenue for the years ended June 30, 2012 and 2011, includes approximately $31,402,000 and $26,027,000, respectively, of net revenue from the Supplemental Medicaid program.

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

Hospital:
Medicare – Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Some transplantation services are paid based upon a cost reimbursement methodology. Outpatient services are paid based on a prospective payment system where services are classified into groups called Ambulatory Payment Classifications or APCs. Services in each APC are similar clinically and in terms of the resources they require. The Hospital is paid for cost-reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audit by the Medicare fiscal intermediary. As of June 30, 2012, the Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2008.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The Hospital is paid at a tentative rate with final settlement determined after submission of an annual cost report by the Hospital and audits by the Medicaid fiscal intermediary. The Hospital is required to pay the federal match for the difference in reimbursement between the Tax Equity and Fiscal Responsibility Act (TEFRA) inpatient rate and full cost. For outpatient services, the Hospital is required to pay the federal match for the difference reimbursed between the outpatient prospective rates and full cost. As of June 30, 2012, the Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2008.

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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net adjustments to estimated settlements resulted in an increase to net patient services revenue of $7,461,000 and $101,000 for the years ended June 30, 2012 and 2011, respectively. Management believes that UAMS is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital, FGP, and AHECs have agreements with certain commercial insurance

carriers and preferred provider organizations, which include prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

Note 4: Compensated Absences

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

Full-time, non-classified employees accrue annual leave at the rate of fifteen hours per month and full-time classified employees accrue at a variable rate (from eight to fifteen hours per month) depending upon the number of years of employment in state government. Employees who are less than full-time, but are at least 50% time, accrue annual leave at prorated amounts. Under the University's policy, an employee may carry accrued annual leave forward from one calendar year to another, up to a maximum of 240 hours (30 working days).

Classified employees who meet the conditions to be considered retirees at the time of termination of employment, are entitled to a partial payment of accumulated, unused sick leave in accordance with the provisions of Arkansas Code Annotated (A.C.A.) § 21-4-501. In accordance with A.C.A. § 21-4-505, which became effective in FY09, two-year institutions may, at their discretion, provide to non-classified employees the same compensation for accumulated unused sick leave provided to classified employees. The Code was amended in 2011 to allow the four-year institutions the same option. In fiscal year ending June 30, 2012, four campuses implemented the policy for non-classified employees: UAMS, CCCUA, UACCB and UACCM.

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

Note 5: Cash, Cash Equivalents and Investments

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

Cash at June 30, 2012:
Cash deposits are carried at cost. The following schedule reconciles the amount of deposits to the Statement of Net Assets:

Cash and Cash Equivalents	
+Cash deposits at year end	$247,275,586
+cash held on deposit in state treasury	4,898,351
+cash equivalents	120,824,304
+cash on hand	247,040
-cash/cash equiv shown as deposits held in trust on Smts	(148,468)
TOTAL	**$373,096,813**

Investments at June 30, 2012:
Investments are reported at fair value, which, for reporting purposes, is market value. The following is a summary of the University's investments held at June 30, 2012:

Investment Type	Fair Value
Mutual & Money Market Funds	$ 54,095,201
Corporate & Municipal Bonds	9,510,069
External Investment Pool	333,341,563
Certificate of Deposits	5,891,705
U.S. Treasury & Government Sponsored Agencies	70,898,111
Other	2,965,330
Sub-Total	**476,701,979**
-shown as cash/cash equiv on Statements	(972,695)
-shown as deposits held in trust on Statements	(108,870,085)
Investments as reported on Stmt of Net Assets	$ 366,859,199

The University is required under GASB Statement No. 40 to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The following tables show these risks for the University's funds outside the external investment pool.

		Interest Rate Risk			
		Investment Maturies (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**	**6 to 10**	
Bonds	$ 9,510,069	$ 3,840,511	$ 4,563,783	$ 1,105,775	
U.S. Treasury & Gov't Agencies	15,567,293	3,963,101	11,578,855	25,337	
Totals	**$ 25,077,362**	**$ 7,803,612**	**$ 16,142,638**	**$ 1,131,112**	

Investment		Credit Risk				
Type	**Fair Value**	**AAA**	**AA**	**A**	**B & below**	**Not Rated**
Mutual Funds	$ 1,277,837	$ 49,827	$ -	$ -	$ -	$ 1,228,010
Bonds	9,510,069	-	2,045,187	6,356,027	1,108,855	-
U.S. Treasury & Gov't Agencies	15,567,293	14,524,025	1,043,268	-	-	-
Totals	**$ 26,355,199**	**$ 14,573,852**	**$ 3,088,455**	**$ 6,356,027**	**$ 1,108,855**	**$ 1,228,010**

External Investment Pool
Effective June 30, 1997, the University of Arkansas adopted Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Pools*. GASB No. 31 requires that investments be carried at fair value and all changes in fair value be reported in revenue as a component of investment income. In 1997, the University of Arkansas and the University of Arkansas Foundation established an external investment pool. This arrangement commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. During 1998, the Walton Arts Foundation joined the pool, and, during 2003, the Fayetteville Campus Foundation joined the pool. During 2007, the University of Arkansas Community College at Hope Foundation joined the pool. The Razorback Foundation joined the pool during 2012.

The governmental external investment pool is exempt from registration with the SEC. The University of Arkansas Board of Trustees and the University of Arkansas Foundation Board of Trustees are the sponsors of this investment pool and are responsible for operation and oversight for the pool. All participation in this investment pool is voluntary.

In January 2010, the University of Arkansas Investment Committee approved an agreement which delegated authority to the UA Foundation to manage University funds held in the Pool. The agreement included delegation of all responsibility for all investment guidelines and performance objectives for accounts within the Pool. The agreement also delegated to the UA Foundation authority for further delegation of portfolio implementation decisions to one or more investment managers. In January 2010, the UA Foundation entered into such an agreement with Cambridge Associates, LLC.

At June 30, 2012, five campuses, Cooperative Extension Service, and five foundations participated in the Pool. As of June 30, 2012, the pool's net assets totaled $1,440,745,022. The pool was combined with 23.12% of the net assets owned by the University of Arkansas and external portions as follows: 45.41% by the University of Arkansas Foundation, 29.64% by the Fayetteville Campus Foundation, 0.73% by the Walton Arts Foundation, 0.06% by the University of Arkansas Community College at Hope Foundation, and 1.04% by the Razorback Foundation. The following tables contain information on the risk disclosure of the Pool.

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Statement of Invested Assets
June 30, 2012

Investment Type	Fair Value*
Equity	**$331,649,344**
Common Stock	49,762,773
Funds - Common Stock	281,825,964
Preferred Stock	58,373
Rights/Warrants	2,234
Fixed Income	**432,670,824**
Government Bonds	31,440,381
Corporate Bonds	73,025
Funds - Corporate Bond	24,671,498
Government Mortgage Back Securities	143
Non-Government Backed C.M.O.s	1
Funds - Other Fixed Income	376,485,776
Venture Capital and Partnerships	**565,297,542**
Partnerships	565,297,542
Hedge Fund	**74,460,336**
Hedge Equity	74,460,336
All Other	**72,873**
Recoverable Taxes	72,873
Cash/Cash Equivalents	**36,594,103**
Funds - Short Term Investment Funds	66,858,005
Cash	(30,288,792)
Invested Cash	24,890
TOTAL	**$1,440,745,022**

*Includes accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Credit Risk - S&P Quality Ratings
June 30, 2012

Investment Type & Fair Value*	A	BBB	NR	US GOVN. GUAR
Corporate Bonds	$ -	$ -	$ 73,025	$ -
Funds - Corporate Bond			24,548,330	
Funds - Other Fixed Income			376,190,996	
Funds - Short Term Investment			66,857,267	
Government Bonds		38,643		31,400,700
Govn Mortgage Backed Securities				142
Non-Govn Backed C.M.O.s	1			
TOTAL	**$ 1**	**$ 38,643**	**$ 467,669,618**	**$ 31,400,842**

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Years to Maturity
June 30, 2012

Investment Type	Fair Value*	1+ to 6	10+	Maturity not Determined
Corporate Bonds	$ 73,025	$ -	$ 73,025	$ -
Funds - Corporate Bond	24,548,330			24,548,330
Funds - Other Fixed Income	376,190,996			376,190,996
Funds - Short Term Investment	66,857,267			66,857,267
Government Bonds	31,439,343	31,400,700	38,643	
Govn Mortgage Backed Securities	142		142	
Non-Govn Backed C.M.O.s	1			1
TOTAL	**$ 499,109,104**	**$ 31,400,700**	**$ 111,810**	**$ 467,596,594**

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Interest Rate Sensitivity - Effective Duration
June 30, 2012

Investment Type	Fair Value*	Effective Duration
Corporate Bonds	$ 73,025	N/A
Funds - Corporate Bond	24,548,330	N/A
Funds - Other Fixed Income	376,190,996	N/A
Funds - Short Term Investment	66,857,267	N/A
Government Bonds	31,439,343	1.99
Govn Mortgage Backed Securities	142	3.32
Non-Govn Backed C.M.O.s	1	N/A
TOTAL	**$ 499,109,104**	

*Does not include accrued income

UNIVERSITY OF ARKANSAS EXTERNAL INVESTMENT POOL
Foreign Currency Risk By Investment Type
June 30, 2012

Currency by Investment and Fair Value	Cash	Equity	Other Assets
AUSTRALIAN DOLLAR	$ -	$ -	$ 2,651
SWISS FRANC			33,242
DANISH KRONE			3,729
EURO	10,212	22,335	26,673
BRITISH POUND STERLING	1,230	780	
HONG KONG DOLLAR		5,552	
JAPANESE YEN	7,053		
POLISH ZLOTY			6,578
SWEDISH KRONA	466		
TOTAL	**$ 18,961**	**$ 28,667**	**$ 72,873**

*Includes accrued income

Endowment Funds

A.C.A. § 28-69-804 states, "Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution."

The University does not have a uniform policy addressing the authorization and spending of investment income. Such policies have been established at the applicable campuses and include spending rates averaged over a specified period and compliance with donor restrictions. The computation of net appreciation on investments of donor-restricted endowments that are available for expenditure at June 30, 2012, is as follows:

Total Endowment		**$ 119,221,595**
Less:	Funds treated as endowment	(33,051,101)
	Non-expendable portion of endowment	(41,674,567)
Available for Expenditure		**$ 44,495,927**

Note 6: Income Taxes

The University is tax exempt under the Internal Revenue Code except for tax on unrelated business income. The University had no significant unrelated business income for the year ended June 30, 2012. It is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

Note 7: Compensated Absences, Bonds, Notes, Capital Leases and Installment Contracts Payable

The retirement of some bond issues is secured by a specific pledge of certain gross revenues, surplus revenues and specific fees. Separate accounting is not required for these facilities under the provisions of the debt instruments; accordingly, segment reporting is not required for financial reporting purposes. A summary of long-term debt by campus is shown below. Total debt shown in these schedules, which is related to bonds, notes, capital leases and installment contracts is $1,161,660,803, differs from the amount of $1,160,768,084 shown on the statement of net assets. This is due to an elimination entry of $892,719 to account for a loan between UAMS and UAF (see Note 17).

UNIVERSITY OF ARKANSAS FAYETTEVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/15/1997	11/1/2022	3.95%-5.25%	$ 21,445,000	$ 20,005,000	$ 1,440,000
11/1/2001	12/1/2021	2.90%-5.50%	42,985,000	42,985,000	-
12/1/2002	12/1/2032	1.80%-5.50%	110,980,000	110,980,000	-
10/1/2004	11/1/2024	2.00%-4.75%	30,550,000	25,345,000	5,205,000
3/1/2005	11/1/2025	3.00%-4.50%	81,020,000	6,990,000	74,030,000
7/1/2005	9/15/2011	3.00%-3.25%	9,645,000	9,645,000	-
6/1/2006	11/1/2036	4.00%-5.00%	67,420,000	3,710,000	63,710,000
6/1/2006	9/15/2022	4.00%-4.375%	8,205,000	2,015,000	6,190,000
10/1/2007	11/1/2037	4.00%-5.00%	45,010,000	3,050,000	41,960,000
8/1/2008	11/1/2038	4.00%-5.00%	36,750,000	140,000	36,610,000
8/1/2008	11/1/2028	4.10%-6.375%	15,210,000	390,000	14,820,000
12/15/2009	11/1/2039	3.00%-5.00%	52,430,000	995,000	51,435,000
6/30/2010	9/15/2020	1.00%-4.82%	23,965,000	3,505,000	20,460,000
6/29/2011	11/1/2040	2.00%-5.00%	101,225,000	670,000	100,555,000
6/29/2011	11/1/2022	3.00%-5.00%	8,895,000	-	8,895,000
6/29/2011	9/15/2021	2.00%-4.895%	23,575,000	-	23,575,000
4/17/2012	11/1/2032	1.00%-5.00%	56,965,000	-	56,965,000
11/30/1991	5/1/2022	5.50%	3,000,000	1,436,769	1,563,231
11/29/1995	12/1/2019	4.00%-5.00%	2,071,140	1,178,421	892,719
12/20/1999	12/31/2019	Variable	1,161,952	514,304	647,648
5/11/2007	3/31/2013	Variable	6,000,000	2,299,107	3,700,893
11/30/2007	7/1/2023	4.69%	6,950,000	847,826	6,102,174
10/15/2008	9/13/2013	5.00%	5,000,000	3,565,210	1,434,790
12/19/2008	8/19/2023	4.58%	23,842,000	2,532,477	21,309,523
4/8/2010	1/8/2023	4.80%	9,694,713	771,721	8,922,992
Various	Various	Various	3,044,230	1,843,424	1,200,806
		Deferral on debt defeasance	(9,080,890)	(2,285,447)	(6,795,443)
		Net unamortized premium/discount	16,483,472	537,254	15,946,218
		TOTALS	**$ 804,441,617**	**$ 243,666,066**	**$ 560,775,551**

UNIVERSITY OF ARKANSAS AT FORT SMITH

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/1/2003	12/1/2023	1.0% - 3.8%	$ 9,880,000	$ 9,880,000	$ -
9/1/2005	12/1/2030	3.0% - 4.375%	13,055,000	13,055,000	-
12/1/2006	12/1/2031	3.6% - 5.0%	6,160,000	650,000	5,510,000
5/1/2009	12/1/2034	2.0% - 5.0%	25,000,000	680,000	24,320,000
6/1/2010	12/1/2021	2.0% - 4.0%	29,895,000	3,310,000	26,585,000
12/1/2010	12/1/2035	2.0% - 4.75%	9,300,000	240,000	9,060,000
1/1/2012	12/1/2030	2.0% - 4.25%	17,540,000	-	17,540,000
2/29/2012	1/1/2022	0%	115,307	-	115,307
5/22/2012	5/4/2027	4.00%	650,000	2,602	647,398
		Deferral on debt defeasance	(2,751,156)	(327,988)	(2,423,168)
		Net unamortized premium/discount	2,347,003	220,198	2,126,805
		TOTALS	**$ 111,191,154**	**$ 27,709,812**	**$ 83,481,342**

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
9/15/2004	12/1/2024	3.483% - 5.0%	$ 24,285,000	$ 6,285,000	$ 18,000,000
10/1/2004	12/1/2029	2.0% - 5.0%	17,385,000	2,120,000	15,265,000
10/1/2009	10/1/2029	2.0% - 5.0%	32,245,000	2,200,000	30,045,000
11/1/2009	10/1/2034	3% - 5%	29,510,000	735,000	28,775,000
5/1/2012	6/30/2037	2.0% - 5.0%	14,880,000	-	14,880,000
5/7/2008	10/1/2015	4.22%	2,541,873	1,285,357	1,256,516
8/23/2011	12/1/2020	0.00%	950,832	-	950,832
Leases	5/18/2015	3.15%	1,083,269	604,026	479,243
	Net unamortized premium/discount		3,922,559	584,846	3,337,713
		TOTALS	**$ 126,803,533**	**$ 13,814,229**	**$ 112,989,304**

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/28/2004	11/1/2034	2.00% - 5.00%	$ 95,915,000	$ 1,885,000	$ 94,030,000
10/28/2004	11/1/2018	4.0% - 5.00%	54,085,000	23,765,000	30,320,000
11/18/2004	7/1/2034	2.25% - 5.00%	10,070,000	10,070,000	-
3/8/2006	3/1/2036	3.4% - 5.0%	107,500,000	11,515,000	95,985,000
6/1/2010	7/1/2019	2.0% - 4.5%	7,605,000	720,000	6,885,000
12/21/2010	12/1/2030	2.00% - 5.00%	42,680,000	385,000	42,295,000
12/21/2010	12/1/2013	1.20%-1.93%	3,680,000	1,205,000	2,475,000
11/15/2011	7/1/2034	2.0% - 4.25%	8,985,000		8,985,000
		Misc Notes	23,632,000	8,648,000	14,984,000
		Leases	48,173,000	14,740,000	33,433,000
	Deferral on debt defeasance		(573,000)	-	(573,000)
	Net unamortized premium/discount		16,801,000	5,037,000	11,764,000
		TOTALS	**$ 418,553,000**	**$ 77,970,000**	**$ 340,583,000**

UNIVERSITY OF ARKANSAS AT MONTICELLO

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
12/1/2005	12/1/2035	3.1% - 5.0%	$ 9,000,000	$ 9,000,000	$ -
10/1/2010	10/1/2018	2.0% - 2.35%	2,870,000	335,000	2,535,000
2/1/2012	12/1/2035	2.0% - 4.0%	8,745,000	-	8,745,000
1/27/2009	2/1/2019	0.53%	1,000,000	305,403	694,597
	Deferral on debt defeasance		(721,769)	(12,531)	(709,238)
	Net unamortized premium/discount		131,326	7,800	123,526
		TOTALS	**$ 21,024,557**	**$ 9,635,672**	**$ 11,388,885**

UNIVERSITY OF ARKANSAS AT PINE BLUFF

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/1/1963	10/1/2013	3.63%	$ 1,822,000	$ 1,641,000	$ 181,000
10/12/2005	12/1/2035	3.0% - 5.0%	19,565,000	2,095,000	17,470,000
10/12/2005	12/1/2017	2.8% - 3.8%	3,330,000	1,820,000	1,510,000
9/1/1999	12/1/2015	Variable	880,000	627,500	252,500
10/12/1999	11/19/2020	4.04%	3,300,000	2,450,000	850,000
	Net unamortized premium/discount		1,203,433	236,941	966,492
		TOTALS	**$ 30,100,433**	**$ 8,870,441**	**$ 21,229,992**

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
5/17/2005	5/1/2035	5.18%	$ 4,500,000	$ 544,148	$ 3,955,852
1/25/2008	3/30/2023	2.91%	2,000,000	554,548	1,445,452
11/16/2010	11/16/2030	5.25%	300,060	13,767	286,293
Various	Various	Various	119,043	70,833	48,210
		TOTALS	**$ 6,919,103**	**$ 1,183,296**	**$ 5,735,807**

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
2/1/2009	12/1/2038	3.0 - 5.2%	$ 12,030,000	$ 460,000	$ 11,570,000
	Net unamortized premium/discount		(206,872)	(23,560)	(183,312)
		TOTALS	**$ 11,823,128**	**$ 436,440**	**$ 11,386,688**

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
6/15/2010	12/1/2018	1.0% - 3.25%	$ 2,295,000	$ 450,000	$ 1,845,000
5/7/2008	11/1/2015	4.22%	816,432	407,426	409,006
5/7/2008	11/1/2015	4.22%	451,616	234,578	217,038
2/2/2010	2/1/2020	0.45%	1,000,000	196,425	803,575
	Net unamortized premium/discount		4,032	958	3,074
	Deferral on debt defeasance		(6,364)	(1,512)	(4,852)
		TOTALS	**$ 4,560,716**	**$ 1,287,875**	**$ 3,272,841**

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
10/1/2008	10/1/2038	2.25-5.00%	$ 2,685,000	$ 150,000	$ 2,535,000
6/1/2010	9/1/2020	1.00-4.00%	4,625,000	860,000	3,765,000
3/27/2012	4/1/2022	0.20%	1,100,000	-	1,100,000
	Net unamortized premium/discount		49,201	14,028	35,173
	Deferral on debt defeasance		(69,295)	(13,632)	(55,663)
		TOTALS	**$ 8,389,906**	**$ 1,010,396**	**$ 7,379,510**

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON

Issue Date	Maturity Date	Interest Rate	Amount Issued	Maturities to Year-End	Outstanding Year-End
05/18/2005	11/1/2017	4.00%-5.25%	$ 2,095,000	$ 1,005,000	$ 1,090,000
6/16/2010	5/1/2022	2.00%-3.50%	2,030,000	305,000	1,725,000
7/30/2010	8/1/2020	0.38%	800,000	118,072	681,928
	Deferral on debt defeasance		(113,333)	(54,288)	(59,045)
		TOTALS	**$ 4,811,667**	**$ 1,373,784**	**$ 3,437,883**

The capitalized value of capital assets held under capital leases totaled $44,344,356 at June 30, 2012. The present value of the net minimum lease payments is as follows:

	Cost	Accumulated Depreciation	Net
Land	$ 259,264	$ -	$ 259,264
Improvements/Infrastructure	3,851,892	2,417,870	1,434,022
Buildings	19,577,473	5,748,932	13,828,541
Equipment	49,196,482	20,373,953	28,822,529
		TOTAL	**$ 44,344,356**
Total Minimum Lease Payments			$ 47,880,470
Less: Amount representing interest			8,115,961
Total Present Value of Net Minimum Lease Payments			**$ 39,764,509**

Changes in long-term liabilities are as follows:

	BONDS				
Campus	**Balance 6-30-11**	**Additions**	**Reductions**	**Balance 6-30-12**	**Current Portion**
UAF	$ 525,370,000	$ 56,965,000	$ 76,485,000	$ 505,850,000	$ 17,895,000
Deferral on debt defeasance	(3,107,580)	(4,082,794)	(394,931)	(6,795,443)	(595,130)
Net unamortized prem/disc	7,207,645	9,247,517	508,944	15,946,218	865,339
UAFS	87,170,000	17,540,000	21,695,000	83,015,000	3,660,000
Deferral on debt defeasance	(1,565,776)	(1,035,064)	(177,672)	(2,423,168)	(205,032)
Net unamortized prem/disc	970,139	1,283,731	127,065	2,126,805	160,996
UALR	95,490,000	14,880,000	3,405,000	106,965,000	3,850,000
Net unamortized prem/disc	2,526,935	984,287	173,509	3,337,713	173,509
UAM	11,035,000	8,745,000	8,500,000	11,280,000	650,000
Deferral on debt defeasance	-	(721,769)	(12,531)	(709,238)	(30,074)
Net unamortized prem/disc	26,498	102,419	5,391	123,526	7,881
UAMS	288,930,000	8,985,000	16,940,000	280,975,000	9,300,000
Deferral on debt defeasance	-	(573,000)		(573,000)	-
Net unamortized prem/disc	12,774,000	(71,000)	939,000	11,764,000	-
UAPB	19,906,000		745,000	19,161,000	780,000
Net unamortized prem/disc	1,005,983		39,491	966,492	39,490
PCCUA	11,805,000		235,000	11,570,000	240,000
Net unamortized prem/disc	(190,207)		(6,895)	(183,312)	(6,896)
UACCB	2,085,000		240,000	1,845,000	245,000
Deferral on debt defeasance	(5,608)		(756)	(4,852)	(756)
Net unamortized prem/disc	3,553		479	3,074	479
UACCH	6,765,000		465,000	6,300,000	470,000
Deferral on debt defeasance	(62,479)		(6,816)	(55,663)	(6,816)
Net unamortized prem/disc	43,954		8,781	35,173	8,781
UACCM	3,125,000		310,000	2,815,000	320,000
Deferral on debt defeasance	(68,189)		(9,144)	(59,045)	(9,144)
TOTAL	**$ 1,071,239,868**	**$ 112,249,327**	**$ 130,213,915**	**$ 1,053,275,280**	**$ 37,812,627**

NOTES

Campus	Balance 6-30-11	Additions	Reductions	Balance 6-30-12	Current Portion
UAF	$ 10,140,976	$ -	$ 1,901,695	$ 8,239,281	$ 2,082,072
UAFS	-	115,307		115,307	115,307
UALR	1,600,332	950,832	343,816	2,207,348	580,831
UAM	793,271		98,674	694,597	99,198
UAMS	7,363,000	9,570,000	1,949,000	14,984,000	1,896,000
UAPB	1,265,000		162,500	1,102,500	167,500
CCCUA	1,862,643		130,898	1,731,745	133,753
UACCB	1,699,778		270,159	1,429,619	277,991
UACCH	-	1,100,000		1,100,000	109,014
UACCM	760,717		78,789	681,928	79,089
TOTAL	**$ 25,485,717**	**$ 11,736,139**	**$ 4,935,531**	**$ 32,286,325**	**$ 5,540,755**

CAPITAL LEASES

Campus	Balance 6-30-11	Additions	Reductions	Balance 6-30-12	Current Portion
UAF	$ 1,671,707	$ -	$ 470,901	$ 1,200,806	$ 473,109
UAFS	-	650,000	2,602	647,398	32,412
UALR	633,690		154,447	479,243	159,383
UAMS	35,698,000	5,377,000	7,642,000	33,433,000	7,522,000
CCCUA	4,098,356	25,127	119,421	4,004,062	112,622
TOTAL	**$ 42,101,753**	**$ 6,052,127**	**$ 8,389,371**	**$ 39,764,509**	**$ 8,299,526**

INSTALLMENT CONTRACTS

Campus	Balance 6-30-11	Additions	Reductions	Balance 6-30-12	Current Portion
UAF	$ 31,687,814	$ 6,971,219	$ 2,324,344	$ 36,334,689	$ 2,434,157
TOTAL	**$ 31,687,814**	**$ 6,971,219**	**$ 2,324,344**	**$ 36,334,689**	**$ 2,434,157**

The current portion shown above for bonds, notes, capital leases, and installment contracts differs from the statement of net assets by $120,055, which is the current portion of an elimination entry (see Note 17).

COMPENSATED ABSENCES

Campus	Balance 6-30-11	Additions	Reductions	Balance 6-30-12	Current Portion
UAF	$ 17,947,364	$ 615,607	$ 184,065	$ 18,378,906	$ 1,130,467
UAFS	1,537,680	343,173	185,474	1,695,379	156,947
UALR	4,430,538	173,141	418,417	4,185,262	250,759
UAM	1,256,518	608,090	572,010	1,292,598	80,806
UAMS	43,634,000	8,850,000		52,484,000	2,859,000
UAPB	2,292,878	2,121,168	2,121,614	2,292,432	166,998
CCCUA	241,521	197,784	206,621	232,684	11,634
PCCUA	516,111	464,558	493,822	486,847	20,340
UACCB	500,447	341,322	333,202	508,567	14,954
UACCH	329,063	268,431	242,037	355,457	6,551
UACCM	293,540	93,845	36,878	350,507	21,879
ASMSA	110,142	8,349	20,501	97,990	8,942
SYSTEM	422,769	363,450	342,955	443,264	9,850
TOTAL	**$ 73,512,571**	**$ 14,448,918**	**$ 5,157,596**	**$ 82,803,893**	**$ 4,739,127**

Total long-term debt principal and interest payments are shown below. As required by GASB No. 38, interest payments for variable rate debt have been calculated using the rate in effect at the financial statement date. Actual rates will vary. The total principal amount of $1,138,161,523 differs from the amount of $1,160,768,084 shown on the statement of net assets. This is due to $23,499,280 of amortization due to bond premiums/ discounts and deferrals on debt defeasance offset by an elimination entry of $892,719 (see Note 17).

BONDS & NOTES
FUTURE PRINCIPAL AND INTEREST PAYMENTS

Year Ended June 30,	Principal	Interest	Total
2013	$ 42,950,755	$ 46,469,547	$ 89,420,302
2014	44,476,225	44,888,590	89,364,815
2015	45,595,492	43,375,044	88,970,536
2016	46,788,690	41,681,910	88,470,600
2017	53,751,173	39,859,256	93,610,429
2018-2022	239,115,906	169,078,565	408,194,471
2023-2027	189,532,920	112,738,078	302,270,998
2028-2032	198,411,164	78,583,626	276,994,790
2033-2037	160,105,000	28,009,582	188,114,582
2038-2042	41,335,000	3,407,106	44,742,106
TOTALS	**$ 1,062,062,325**	**$ 608,091,304**	**$ 1,670,153,629**

CAPITAL LEASES
FUTURE PRINCIPAL AND INTEREST PAYMENTS

Year Ended June 30,	Principal	Interest	Total
2013	$ 8,299,526	$ 1,387,072	$ 9,686,598
2014	6,945,207	1,350,389	8,295,596
2015	5,882,704	1,063,458	6,946,162
2016	5,010,807	778,233	5,789,040
2017	3,125,421	527,636	3,653,057
2018-2022	7,467,837	1,636,388	9,104,225
2023-2027	1,119,116	640,539	1,759,655
2028-2032	1,116,325	359,761	1,476,086
2033-2037	797,566	63,485	861,051
TOTALS	**$ 39,764,509**	**$ 7,806,961**	**$ 47,571,470**

INSTALLMENT CONTRACTS
FUTURE PRINCIPAL AND INTEREST PAYMENTS

Year Ended June 30,	Principal	Interest	Total
2013	$ 2,434,157	$ 1,061,814	$ 3,495,971
2014	2,549,161	1,538,840	4,088,001
2015	2,669,602	1,418,400	4,088,002
2016	2,795,734	1,292,267	4,088,001
2017	2,927,828	1,160,173	4,088,001
2018-2022	16,849,727	3,590,244	20,439,971
2023-2027	6,108,480	289,753	6,398,233
TOTALS	**$ 36,334,689**	**$ 10,351,491**	**$ 46,686,180**

Pledged Revenues

For purposes of extinguishing the University's long-term debt issues, certain revenues have been pledged as security. The following is a summary of the gross revenues collected during the fiscal year ended June 30, 2012, that are pledged:

Bond Issue	Maturity Date	Purpose of Debt	Remaining Principal + Interest	FY 12 Principal + Interest	Revenue Source	FY 12 Revenue	% of Revenue Pledged
UAF/VARIOUS FACILITIES							
Series 1997 Various Facilities	11/1/2022	Construction of Parking Facility, Alumni Center, Union Renovation and other Capital Assets	$ 1,832,474	$ 196,913	Various Facility Pledge	$ 264,453,823	0.07%
Series 2001 Various Facilities	12/1/2021	Renovation of Science Engineering, University House, Construction of Chiller, Gymnastics Facility, Research Building and other Capital Assets		1,281,250	Various Facility Pledge	264,453,823	0.48%
Series 2002 Various Facilities	12/1/2032	Construction of Student Housing, Health Center, Parking Structure, Walker Graduate School of Business, Chemistry Building Renovation, HPER Renovation, Utility Infrastructure and other Capital Asset		4,478,175	Various Facility Pledge	264,453,823	1.69%
Series 2004 Various Facilities	11/1/2024	Law Library Addition, Chiller Rebuild, Old Main Renovation, Parking Structure, Band Building Addition, Land Purchases, Health Center, Vol Walker Renovation, and other Capital Assets. Refund portion of Series 1998 Var. Facilities Bonds	5,849,207	2,340,884	Various Facility Pledge	264,453,823	0.89%
Series 2005 Various Facilities	11/1/2025	Construction of Center for Academic Excellence, Walker Graduate School of Business, Law School Addition, and Refund Portion of Series 2001 Var. Facilities Bonds and Series 2002 Var. Facilities Bonds	93,490,704	4,444,738	Various Facility Pledge	264,453,823	1.68%
Series 2006 Various Facilities	11/1/2036	Construction of Student Housing, Law School Addition, Steam Plant Performance Contract, and Poultry Science Energy Management	112,875,367	3,953,985	Various Facility Pledge	264,453,823	1.50%
Series 2007 Various Facilities	11/1/2037	Construction of Student Housing	73,663,594	2,851,563	Various Facility Pledge	264,453,823	1.08%
Series 2008 Various Facilities	11/1/2038	Construction of Parking Garage, Bookstore, KUAF Radio, and other facilities, and purchase of parcels of land	92,578,957	3,015,683	Various Facility Pledge	264,453,823	1.14%
Series 2009 Various Facilities	11/1/2039	Construction of Nano Scale Building and Phi Delta Theta. Renovation of Davis Hall, Darby Hall, Wilson Sharp Hall, Old Health Center and Peabody Hall. Classroom and lab improvements and utility renewal.	90,530,324	3,233,058	Various Facility Pledge	264,453,823	1.22%
Series 2011 Various Facilities	11/1/2040	Renovation of and additions to Vol Walker and Ozark Halls, Hillside Auditorium, renovation to various classrooms and labs and Science Bldg, construction of Child Development Study Center, improvements to Arkansas Union, construction of hazardous waste fac	194,823,279	4,709,036	Various Facility Pledge	264,453,823	1.78%
Series 2012 Various Facilities	11/1/2032	Refunded $44,555,000 of Series 2002 Various Facility Bonds and $17,080,000 of Series 2004A Various Facility Revenue Bonds	90,889,169	0	Various Facility Pledge	264,453,823	0.00%
				Total Percentage of Pledged Revenues			**11.53%**

UAF/ATHLETIC FACILITIES							
Series 2005 Athletic Refunding	9/15/2011	Refund Series 1997 Athletic Facilities Bonds for Walton Arena		1,442,720	Athletics Pledge	58,071,501	2.48%
Series 2006 Athletic Facilities	9/15/2022	Construction of John McDonnell Outdoor Track Stadium	7,747,664	702,091	Athletics Pledge	58,071,501	1.21%
Series 2010 Athletic Refunding	9/15/2020	Refund Series 1999 and 2001 Athletic Facilities Bonds for football stadium	24,632,978	2,426,952	Athletics Pledge	58,071,501	4.18%
Series 2011 Athletic Facilities	9/15/2021	Construction of Football Center	28,355,850	607,218	Athletics Pledge	58,071,501	1.05%
Series 2008 Athletic Facilities Revenue Prom Note	9/13/2013	Improvements to various athletic facilities	1,489,851	1,191,881	Athletics Pledge	58,071,501	2.05%
				Total Percentage of Pledged Revenues			**10.97%**

UAFS							
Series 2003 Student Fee Revenue	12/1/2023	Construction of Health Sciences Building	0	572,028	Student Fee Revenue	35,555,851	1.61%
Series 2005 Student Fee Revenue	12/1/2030	Sebastian Commons Phase I	0	624,982	Student Fee Revenue	35,555,851	1.76%
Series 2006 Student Fee Revenue	12/1/2031	Sebastian Commons Phase II	8,325,356	418,645	Student Fee Revenue	35,555,851	1.18%
Series 2009 Student Fee Revenue	12/1/2034	Housing construction	38,842,645	1,704,236	Student Fee Revenue	35,555,851	4.79%
Series 2010 Student Fee Revenue	12/1/2021	Refund Series 2001 Student Fee Revenue Bonds	31,531,968	3,177,545	Student Fee Revenue	35,555,851	8.94%
Series 2010B Student Fee Revenue	12/1/2035	Library Construction	14,663,446	621,423	Student Fee Revenue	35,555,851	1.75%
Series 2012 Refunding	12/1/2030	Refund Series 2003 & 2005	23,747,627	252,919		35,555,851	0.71%
				Total Percentage of Pledged Revenues			**20.74%**

UALR							
Series 2004 Capital Improvements, Series B	12/1/2024	Capital improvements	23,802,513	1,862,757	Student Fee Revenue	73,272,098	2.54%
Series 2009 Capital Improvement Revenue	10/1/2029	Capital improvements	43,589,675	2,507,402	Student Fee Revenue	73,272,098	3.42%
				Total Percentage of Pledged Revenues			**5.96%**
Series 2004 Housing Revenue	12/1/2029	Housing construction	22,057,827	1,224,196	Housing Revenue	6,187,442	19.79%
Series 2009 Auxiliary Enterprises Revenue	12/1/2034	Housing and Athletics	46,577,153	2,045,274	Housing & Athletic Revenue	11,839,315	17.28%
Series 2012 Auxiliary Enterprises Capital Improvements	6/30/2037	Housing	24,854,646	37,857	Housing & Athletic Revenue	11,839,315	0.32%
				Total Percentage of Pledged Revenues			**17.60%**

UAMS							
Series 2004 - Various Facilities & Refunding	11/1/2034	Refund Series 1998 Various Facility Bonds; Patient Bed Tower, Psychiatry Building, Residence Hall & Power Plant	203,120,930	10,429,982	Clinical Programs Revenue	542,236,226	1.92%
Series 2006 Various Facilities	3/1/2036	Hospital Patient Bed Tower, Psychiatry Building, Residence Hall & Power Plant	166,912,660	7,045,005	Clinical Programs Revenue	542,236,226	1.30%
Series 2010 Various Facilities	12/1/2030	Hospital Patient Bed Tower, Psychiatry Building, Residence Hall & Power Plant	68,288,176	3,595,880	Clinical Programs Revenue	542,236,226	0.66%
				Total Percentage of Pledged Revenues			**3.88%**
Series 2010 Refunding Parking System	7/1/2019	Refund Series 1998 Parking System Revenue Bonds	8,141,726	1,005,900	Parking Fees	3,648,377	27.57%
Series 2011 Refunding Parking System	7/1/2034	Refund Series 2004 Parking System Revenue Bonds	12,919,261	0	Parking Fees	3,648,377	0.00%
				Total Percentage of Pledged Revenues			**27.57%**

UAM							
Series 2005 Various Facilities Refunding and Construction	12/1/2035	Refund Series 1998 Auxiliary Facilities Bonds	0	378,520	Student Fee Revenue & Auxiliary Revenues	22,961,108	1.65%
Series 2012 Various Facilities Refunding	12/1/2035	Refund Series 2005 Various Facilities Refunding and Construction	12,834,304	92,111	Student Fee Revenue & Auxiliary Revenues	22,961,108	0.40%
				Total Percentage of Pledged Revenues			**2.05%**
Series 2010 Various Facilities Refunding	10/1/2018	Refund Series 2005 Auxiliary Facilities Refunding	2,728,221	390,873	Auxiliary Revenues	7,339,708	5.33%
UAPB							
Series 2005A Various Facilities Revenue, Refunding and Construction	12/1/2035	Refund and capital improvements	29,940,150	1,258,000	All E & G funds (excluding state appropriations)	32,458,355	3.88%
Series 2005B Various Facilities Revenue, Refunding and Construction	12/1/2017	Refund and capital improvements	1,668,924	339,559	All E & G funds (excluding state appropriations)	32,458,355	1.05%
				Total Percentage of Pledged Revenues			**4.93%**
Series 1963B	10/1/2013	AM &N Building Bond	187,579	93,102	Student Fee Revenue	20,248,437	0.46%
PCCUA							
Series 2009 Student Fee Refunding and Construction	12/1/2038	Refund Series 1997 Bonds and Construction of Grand Prairie Center	20,830,640	771,850	Student Fee Revenue	3,075,183	25.10%
UACCB							
Series 2010 Student Fee Revenue Refunding	12/1/2018	Refund Series 1998	2,024,791	288,169	Student Fee Revenue	3,462,026	8.32%
UACCH							
Series 2008 Student Fee Revenue	10/1/2038	Construction of Science/Technology Building	4,522,460	169,884	Student Fee Revenue	2,250,185	7.55%
Series 2010 Student Fee Revenue	9/1/2020	Refund Series 1998 & 2004	4,289,300	532,666	Student Fee Revenue	2,250,185	23.67%
				Total Percentage of Pledged Revenues			**31.22%**
UACCM							
Series 2005 Student Fee Revenue Refunding	11/1/2017	Refund Series 1999	1,181,369	203,613	Student Fee Revenue	6,463,760	3.15%
Series 2010 Student Fee Revenue Refunding	5/1/2022	Refund Series 2002	2,016,478	202,943	Student Fee Revenue	6,463,760	3.14%
				Total Percentage of Pledged Revenues			**6.29%**

Refundings

Fayetteville Campus: On March 1, 2005, the University issued $21,020,000 in Various Facility Revenue Bonds, Series 2005A, and $60,000,000 in Various Facility Revenue Refunding Bonds, Series 2005B. Series 2005A bonds were issued to provide funds to finance the construction of the Willard Walker Graduate School of Business building, the Center for Academic Excellence building, and the Chemistry building. Series 2005B bonds were issued with an average coupon rate of 4.408% in order to advance refund $44,195,000 of Various Facility Revenue Bonds, Series 2002, and $12,135,000 of Various Facility Revenue Bonds, Series 2001. The

refunded bonds have an average interest rate of 5.472%. Proceeds in the amount of $62,255,099, plus an additional $779,632, were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded 2002 and 2001 Series bonds. Regularly scheduled interest and principal payments on the 2002 Series and 2001 Series issues were made on June 1, 2005, and will continue through December 1, 2012, for Series 2002 and through December 1, 2011 for Series 2001, from the escrow fund. All outstanding refunded Series 2002 bonds will be redeemed on December 1, 2012, at a price equal to 100% of the principal amount plus interest accrued thereon. All outstanding refunded Series 2001 bonds were redeemed on December 1, 2011, at a price equal to 100% of the principal amount plus interest accrued thereon. As a result, those portions of the 2002 Series and 2001 Series bonds are considered defeased. The liability for those bonds has been removed from the statement of net assets. The University advance refunded portions of the 2002 and 2001 Series bonds to reduce its total debt service payments over the next eighteen years by $4,116,788 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,263,717. The escrow balance at June 30, 2012, was $44,972,460.

On June 30, 2010, the University issued $23,965,000 in Athletic Facilities Revenue Refunding Bonds, Series 2010 (taxable), with interest rates of 1.00% to 4.82% to refund $19,145,000 of outstanding Athletic Facilities Revenue Bonds, Series 1999, with interest rates of 3.35% to 5.05%, and $4,000,000 of outstanding Athletic Facilities Revenue Bonds, Subordinate Series 2001, with an interest rate of 4.20%. Bond proceeds of $19,460,189 were deposited into the current refunding fund to retire the 1999 bonds. Bond proceeds of $4,229,298 were deposited into the advance refunding fund to retire the 2001 bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $544,487. This difference, reported in the accompanying financial statements as a deduction from bonds payable, will be amortized through the fiscal year 2021 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next eleven years by $1,319,864 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of $355,490. The bonds dated May 1, 1999, were refunded on July 16, 2010. The bonds dated November 1, 2001, were refunded on December 1, 2011. The escrow account has been closed as of June 30, 2012.

On June 29, 2011, the University issued $8,895,000 in Various Facility Revenue Bonds, Refunding Series 2011B, with interest rates of 3.0% to 5.0% to refund $3,580,000 of outstanding bonds dated October 15, 1997, with an interest rate of 5.0%, and $6,270,000 of outstanding bonds dated November 1, 2001, with interest rates of 4.10% to 4.75%. Bond proceeds of $3,593,922 were used to redeem the 1997 bonds. Bond proceeds of $6,414,688 were deposited into the advance refunding fund to retire the 2001 bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $158,610. This difference, reported in the accompanying financial statements as a deduction from bonds payable, will be amortized through the fiscal year 2023 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next eleven years by $1,496,871 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,130,158. The bonds dated October 15, 1997, were redeemed on July 29, 2011. The bonds dated November 1, 2001, were refunded on December 1, 2011. The escrow account has been closed as of June 30, 2012.

On April 17, 2012, the University issued $56,965,000 in Various Facility Revenue Refunding Bonds, Series 2012A. The bonds, with interest rates of 1.0% to 5.0% were issued to refund $44,555,000 of outstanding bonds dated December 1, 2002, with an interest rate of 4.75% to 5.50%, and $17,080,000 of outstanding bonds dated October 1, 2004, with interest rates of 3.25% to 4.75%. Net bond proceeds and premium of $65,717,794 were deposited into the advance refunding fund to retire the bonds. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4,082,794. This difference, reported in the accompanying financial statements as a deduction from bonds payable, will be amortized through the fiscal year 2033 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next twenty-one years by $9,331,777 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $7,016,631. The escrow balance as of June 30, 2012, was $64,248,522. The bonds dated December 1, 2002, will be refunded on December 1, 2012. The bonds dated October 1, 2004, will continue to have regularly scheduled principal and interest payments made from the escrow account until the bond call date of November 1, 2014, at which time the remaining balance will be refunded.

Ft. Smith Campus: On June 1, 2010, the University issued $29,895,000 in Student Fee Refunding Revenue Bonds, Series 2010, with interest rates of 2% to 4% to advance refund $28,900,000 of outstanding Student Fee Revenue Bonds, Series 2001, with interest rates of 2% to 5%. Bond and premium proceeds of $30,616,092 were deposited in the advance refunding fund to retire the 2001 bonds. Premium proceeds of $342,181 were utilized for the payment of issuance costs. Other proceeds and accrued interest of $83,009 were deposited in the debt service fund to be applied to subsequent interest payments. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,716,092. This difference, reported in the accompanying financial statements as a deduction from bonds payable, will be amortized through the fiscal year 2022 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next twelve years by $1,063,789 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,058,626. The 2001 bonds were refunded on December 1, 2011. The escrow account has been closed as of June 30, 2012.

On January 1, 2012, the University issued refunding bonds of $17,540,000 with interest rates of 2% to 4.25% to advance refund $6,525,000 of outstanding bonds dated June 1, 2003, with interest rates of 1% to 3.8% and advance refund $11,035,000 outstanding bonds dated September 1, 2005 with interest rates of 3% to 4.375%. Bond and premium proceeds of $18,595,064 were deposited in the advance refunding fund to retire the 2003 and 2005 bonds. Premium proceeds of $228,666 were utilized for the payment of issuance costs. Premium proceeds of $10,165 and accrued interest of $28,664 were deposited in the debt service fund to be applied to subsequent interest payments. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,035,064. This difference, reported in the accompanying financial statements as a deduction from bonds payable, will be amortized through the fiscal year 2031 using the straight-line method. The University completed the refunding to reduce its total debt service payments over the next nineteen years by $767,211 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $774,640. The escrow balance at June 30, 2012, was $18,244,308. The bonds will be refunded on June 1, 2013.

Medical Sciences campus: On November 15, 2011, the University issued $8,985,000 in Parking System Revenue Refunding Bonds, Series 2011. The bonds were issued to provide advance refunding of the Series 2004 Parking System Revenue Construction Bonds. The bonds will be fully paid on January 1, 2013. The escrow balance at June 30, 2012 was $8,589,637.

Monticello Campus: On February 1, 2012, the University issued $8,745,000 in Various Facilities Revenue Refunding Bonds, Series 2012, with interest rates of 2% to 4% to refund $7,980,000 of outstanding Various Facilities Revenue Refunding and Construction Bonds, Series 2005, with interest rates of 3.1% to 5%. Bond proceeds of $8,701,769 were deposited in the current escrow deposit fund to retire the 2005 bonds. Remaining bond proceeds of $43,231 and premium proceeds of $102,419 were earmarked for the payment of issuance costs. After the payment of actual issuance costs, the balance of $1,313 was utilized for an interest payment on the new Series 2012 bonds that was paid June 1, 2012. The University completed the refunding to reduce its total debt service payments over a period of twenty-four years by $814,388 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $556,541. The Series 2005 bonds will be refunded on December 1, 2013, and the escrow balance at June 30, 2012 was $8,517,344.

Note 8: Commitments

The University was contractually obligated under construction related contracts at June 30, 2012, for the amounts shown below.

Campus	Project Name	Estimated Completion Date	Contract Balance
UAF	ARKU Interior Fit-Out and Renovations	Substantially Complete	$ 207,718
	ARE-ON Fiber Optic	July 2013	4,613,760
	ARTP Hazmat Building	Substantially Complete	160,320
	Child Development Research Center	August 2012	1,543,266
	Chiller Replacement	August 2012	205,896
	Football Center	June 2013	23,514,843
	Founders Hall	December 2013	2,937,120
	Hillside Auditorium	October 2012	6,980,320
	Hotz Hall Renovation	August 2013	325,254
	Housing Administration Building	October 2013	304,888
	Nano Science & Technology Center	Substantially Complete	227,176
	Ozark Hall Renovation and Addition	July 2013	15,043,030
	Peabody Hall Renovation	Substantially Complete	72,429
	Phi Gamma Delta Fraternity House	Substantially Complete	17,959
	Pi Beta Phi Gate & Campus Walk Ext.	September 2012	1,142,639
	Pomfret Honors Quarters	December 2012	4,766,175
	Science D Building Lab Upgrades	December 2014	541,857
	Uptown Campus	August 2012	124,869
	Vol Walker Hall Renovation	August 2013	18,827,260
	Walton Hall South-Wilson Sharp	Substantially Complete	18,615
	WCOB Atrium Renovation	August 2012	805,298
	Yocum Hall Renovation	December 2012	3,804,042
	Other	Various	2,122,662
UAFS	Library Expansion/Central Energy Plant	March 2013	4,617,067
	District Cooling Piping	August 2012	400,388
	RLF Projects - Strategic Energy Plan	May 2013	64,693
	Stubblefield Floor Refinishing	August 2012	47,115
	Gym/Field House Roof Replacement	October 2012	135,648
UALR	AD South Renovation	August 2013	75,297
	Athletics Complex	September 2012	260,939
	Bio-Nano Tech Center	July 2012	10,831
	Fine Arts Dean's Office Renovation	August 2012	254,765
	Fire Alarm Monitoring System	April 2017	2,080
	Honors Housing Complex - Trojan Grill	July 2012	149,114
	Library 2nd Floor Renovation	September 2012	73,788
	One-Stop Student Services	September 2012	791,637
	Social Work Interior Renovation - RH	November 2012	7,336
	University District Cooling	December 2012	837,750
	University Plaza Boiler Replacement	July 2012	3,456
UAM	Forest Resources Building Renovation & Annex	August 2012	737,527
UAMS	Various projects	Various	12,640,000
UAPB	Corbin Hall Renovation	November 2012	953,395
	Caldwell Hall Auditorium	July 2012	29,916
	Greenhouse & Monumental Sign	August 2012	11,435
	Rust Tech HVAC Project	July 2012	69,983
UACCB	ASB Remodel	September 2012	127,368
UACCH	Power Mgmt System - Hempstead Hall	October 2012	6,994
	Texarkana Instructional Center	July 2012	25,940
	Anthony Pavilion	December 2012	1,313
UACCM	Timberwolf Crossing	March 2013	29,498
TOTAL			$ 110,672,669

The University has entered into various operating leases for buildings and equipment. It is expected that in the normal course of business such leases will continue to be required. Below are the scheduled payments for each of the five succeeding fiscal years and thereafter.

Operating Leases	
Year Ended June 30,	Amount
2013	$ 10,554,726
2014	5,342,442
2015	2,628,983
2016	1,344,229
2017	791,114
2018-2022	248,000
2023-2027	70,200

Note 9: Short-Term Borrowing

GASB Statement No. 38 issued June 1, 2001, states that governments should provide details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end. The University had no short-term debt activity during the fiscal year, nor is there any outstanding balance of short-term debt as of June 30, 2012.

Note 10: Capital Assets

Following are changes in capital assets for the year ended June 30, 2012:

CAPITAL ASSETS	June 30, 2011 Balance	Additions	Transfers	Deletions	June 30, 2012 Balance
Land	$ 72,885,911	$ 8,174,711	$ -	$ 16,490	$ 81,044,132
Library Holdings	124,404,343	9,407,387	-	2,306,302	131,505,428
Construction in progress	157,192,996	202,181,710	(118,458,301)	147,125	240,769,280
Improvements and infrastructure	188,144,028	6,220,136	8,336,938	353,813	202,347,289
Buildings	2,565,102,138	61,964,016	104,210,678	1,426,075	2,729,850,757
Equipment	491,075,235	50,515,818	3,017,705	13,846,105	530,762,653
Intangibles - Software	82,122,753	91,210	3,580,980	-	85,794,943
Intangibles - Software in develop	-	-	-	-	-
Intangibles - Leasehold Improve	1,129,819	-	-	-	1,129,819
Intangibles - Radio License	-	67,809	-	-	67,809
Other	47,180,959	14,509,547	(688,000)	195,000	60,807,506
Total Capital Assets	$ 3,729,238,182	$ 353,132,344	$ -	$ 18,290,910	$ 4,064,079,616
Less accumulated depreciation:					
Library Holdings	$ 102,380,293	$ 4,977,220	-	$ 1,460,739	$ 105,896,774
Improvements and infrastructure	83,332,279	8,409,167	-	(168,120)	91,909,566
Buildings	900,274,291	84,151,572	-	408,918	984,016,945
Equipment	367,260,309	42,575,238	-	13,255,554	396,579,993
Intangibles - Software	74,701,335	4,787,612	-	-	79,488,947
Intangibles - Leasehold Improve	121,595	60,797	-	-	182,392
Intangibles - Radio License			-		-
Other	29,538,904	3,466,381	-	171,000	32,834,285
Total Accum Depreciation	$ 1,557,609,006	$ 148,427,987	$ -	$ 15,128,091	$ 1,690,908,902
Capital Assets, Net	$ 2,171,629,176	$ 204,704,357	$ -	$ 3,162,819	$ 2,373,170,714

Library holdings valued at $1,366,000 and $1,620,000 at June 30, 2012, and June 30, 2011, respectively, held by the Medical Sciences Campus, are not included in the above chart or in the accompanying statements of net assets. The June 30, 2011, balances were restated to decrease buildings by $386,585 and to decrease accumulated depreciation by $3,222 as explained in Footnote 21.

Note 11: Risk Management

The University of Arkansas Risk Management Program provides insurance coverage for all campuses within the University of Arkansas System. The role of the System Office is to analyze and recommend insurance coverage but it is ultimately up to each campus to inform the System Office regarding their specific coverage requirements. The Medical Sciences campus (UAMS) maintains malpractice insurance for certain employees under a claims-made policy.

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All campuses are currently covered under the property and auto coverage provided through the System office with the exception of the Fort Smith campus which is only included for property insurance on the residence halls. The property coverage is insured through FM Global with a $100,000 deductible at the Fayetteville, Medical Sciences, and Little Rock campuses. All other campuses have a $50,000 deductible. It is the responsibility of each campus to confirm all building and content values to be covered. The FM Global policy also contains earthquake and flood insurance coverage. The System office has also secured domestic and foreign terrorism coverage. Campuses can also purchase interruption coverage through FM Global. Campuses with business interruption coverage are UAF, UAFS, UAMS, PCCUA, and UACCM.

Likewise with auto coverage, with the exception of UAFS which has its own policy, each campus is responsible for providing a list of vehicles to be covered under the auto coverage through Berkshire Hathaway. The auto coverage has a physical damage deductible of $1,000 and provides coverage against liability losses up to $1,000,000 per occurrence.

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

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

Additionally, the University participates in the State of Arkansas Fidelity Bond Program for claims of employee dishonesty. This program has a limit of $250,000 recovery per occurrence with a $2,500 deductible. Premiums are paid annually via a fund transfer from state appropriations to the Arkansas Department of Finance and Administration.

There have been no reductions in insurance coverage from the prior fiscal year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12: Employee Benefits

Insurance Plans

The Board of Trustees of the University of Arkansas System sponsors self-funded health (including prescription coverage) and dental benefit plans for University of Arkansas System (the University) employees and their eligible dependents. The System Administration manages and administers these plans. Participation in the health and dental plans includes employees of the Fayetteville, Batesville, Little Rock, Monticello, Pine Bluff, Medical Sciences campuses, the Cooperative Extension Service of the Division of Agriculture, the Arkansas School for

Mathematics, Sciences and the Arts, the Criminal Justice Institute, The University of Arkansas Foundation, Inc., the University of Arkansas Winthrop Rockefeller Institute, the state-wide operating units of Arkansas Archeological Survey and the University of Arkansas System Administration. Employees at PCCUA participate only in the health plan.

At June 30, 2012, a total of 16,429 active employees, former employees, and retirees were participants in the health plan. The University offers three different health plans: Classic (HMO), Point of Service (POS), and POS Alternate (for out-of-state employees and retirees only). Participating campuses pay anywhere from 74% to 82% of the Classic Plan premium and 67% to 74% of the Point of Service Plan premium. Each campus makes its contribution determination based on budget considerations. For the POS Alternate Plan premium, the campuses pay anywhere from 67% to 69% of the total premium. Retirees and former employees, through COBRA, participate on a fully contributory basis. A total of 15,871 active employees, former employees, and retirees were participants in the dental plan as of June 30, 2012. The University pays 50% to 51% of the total premium for full-time active employees, while retirees and former employees, through COBRA, participate on a fully contributory basis.

Both plans are accounted for on the accrual basis. No acquisition costs were capitalized at the onset of the plan. The System Administration estimates the medical and pharmacy claims liability to be $14,481,000 at June 30, 2012. This liability is established for incurred but not paid (IBNP) claims, and includes a related accrual for claim adjustment expenses, which are expenses incurred in the ultimate settlement of the claim. The claims and claims adjustment accrual for health and pharmacy is based on the calculation prepared by Aon Hewitt.

The System Administration estimates the dental claims liability to be $438,000 at June 30, 2012. This liability is established for incurred but not paid (IBNP) claims. The IBNP claims liability includes a related accrual for claim adjustment expenses, which are expenses incurred in the ultimate settlement of the claim. The claims and claims adjustment accrual for dental is based on the calculation prepared by Aon Hewitt.

The System Administration purchases specific reinsurance to reduce its exposure to large claims. Unimerica Insurance Company is the reinsurance carrier. Under specific arrangement, the reinsurance carrier pays claims for covered individuals that exceed a deductible of $850,000. In fiscal year 2013 the health plan expects to receive $40,915 for excessive claims incurred in the fiscal year ended June 30, 2012.

The plan has not purchased any annuity contracts on behalf of claimants. If needed, Unimerica Insurance Company, the University's reinsurance carrier, would make the arrangements.

The funding levels for the Plan were established based upon anticipated year-end loss ratios of 95%. As of June 30, 2012, the loss ratio for the health plan was 103% and the loss ratio for the dental plan was 90%.

The System Administration retains and accounts for all of the risk financing associated with the self-insurance plan's activities as defined by GASB Statement No. 10.

Reconciliation of Changes in the Liability for Future Insurance Claims

	FY12	FY11
Unpaid claims and claim adjustment expenses at beginning of year	$12,840,000	$10,654,000
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	134,043,059	120,221,232
Adjustment in provision for insured events of prior years	(960,435)	(15,085)
Total incurred claims and claim adjustment expenses	133,082,624	120,206,147
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	119,124,059	107,381,232
Claims and claim adjustment expenses attributable to insured events of prior years	11,879,565	10,638,915
Total Payments	131,003,624	118,020,147
Total unpaid claims and claim adjustment expenses at end of year	**$14,919,000**	**$12,840,000**

The liability for future insurance claims includes health, pharmacy and dental incurred but not paid (IBNP) claims/claim adjustment expenses only. Claims known but not paid as of the end of FY12 and FY11 totaling $6,119,345 and $5,284,702, respectively, were included in Accounts Payable.

Three of the University's campuses (Cossatot, Hope and Morrilton) participate in the Arkansas Higher Education Consortium Benefits Trust (the Consortium). The Consortium provides health and dental insurance to all employees, retirees, and eligible dependents for thirteen two-year colleges. The Consortium is managed by a Board of Trustees consisting of one member from each participating institution appointed by the president or chancellor from that institution. A bank trust, qualified pursuant to section 501(c)(9) of the Internal Revenue Code, was established by the Consortium to hold assets. The health plan is a self-funding arrangement that requires participating colleges to make monthly contributions per participant based on premium rates determined by underwriters. Each participating institution determines the contribution amounts paid by the individual participant and the institution. The dental plan is a fully insured plan. At June 30, 2012, there were a total of 1,812 active employees and retirees participating in the health plan, 353 of which are from the University's three campuses.

The University of Arkansas Fort Smith Employee Benefit Plan provides health, dental and vision benefits covering substantially all full-time employees of the Fort Smith campus. The Plan provides health, dental and wellness benefits to eligible employees and their eligible dependents. The Plan is funded by contributions made by the campus and participants. A total of 564 active employees and retirees were participants in the plan as of June 30, 2012.

Retirement Plans

Substantially all employees of the University participate in either the Optional Retirement Program (ORP), which includes Teachers Insurance Annuity Association – College Retirements Equities Fund (TIAA-CREF) and Fidelity Investments, or the Arkansas Public Employee Retirement System (APERS). The Arkansas Teacher Retirement System (ATRS) is available only to employees who come to work for the University that have a previous record with ATRS. APERS and ATRS are both defined benefit plans.

The ORP is a defined contribution plan. The plan includes both a 403(b) program and a 457(b) program as defined by the Internal Revenue Service Code of 1986 as amended. The authority under which the Plan's benefit provisions are established or amended is the President of the University or his designee. Contributions to

Fidelity Investments shall be applied either to individual annuities issued under a Metropolitan Life Guaranteed Account and/or one or more mutual fund custodian accounts managed by Fidelity Investments. Contributions to TIAA-CREF can be allocated among their various annuity accounts. Arkansas Code Annotated authorizes participation in the plan.

Participants in the University's plan can choose to be contributory or non-contributory. The University automatically contributes 5% of an employee's regular salary to TIAA-CREF and/or Fidelity Investments retirement account, allocated between the two companies according to the employee's choice. For any contributions an employee makes in excess of 5% regular salary, the University makes an equal contribution, with a maximum total University contribution of 10% of regular salary up to the IRS match limit, which at June 30, 2012, was $25,000. (The plan for the Ft. Smith campus is structured differently and allows the University to contribute 10% of the employee's salary even if the employee chooses not to contribute.) Employee contributions in excess of 10% are allowed by the plans in accordance with Internal Revenue Service regulations, but the University does not match these additional contributions. All benefits attributable to plan contributions made by both the University and the participant are immediately vested in the participant for all faculty members and non-classified employees and all classified employees whose initial employment occurred prior to January 1, 1985, and who made any plan contributions prior to that date. For all employees other than those described previously, vesting of benefits attributable to plan contributions made by the University shall occur on the earlier of completion of three years of service, or attainment of age 65, or the participant's having made plan contributions of at least five percent of regular salary for six consecutive months. The University's TIAA/CREF and Fidelity contributions for the fiscal years 2012, 2011, and 2010 were $81,473,876, $77,276,962, and $75,457,196, respectively. The participants' contributions for the fiscal years 2012, 2011, and 2010 were $84,827,129, $79,638,785, and $78,084,580, respectively.

APERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of Arkansas. The University's required contribution rate was 13.47% in 2012, 12.46% in 2011, and 11.00% in 2010. Those employees hired after July 1, 2005, must be contributory unless they had prior service as a state employee. Employees hired before that date may be contributory. The University's contributions for the fiscal years 2012, 2011, and 2010 were $2,542,509, $1,927,508, and $1,525,940, respectively. Participants' contributions for the fiscal years 2012, 2011, and 2010 were $550,003, $371,930, and $277,152, respectively. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. APERS issues a publicly available financial report, which may be obtained by writing: APERS, One Union National Plaza, 124 W. Capitol, 5th Floor, Little Rock, AR 72201.

ATRS is a cost-sharing multi-employer defined benefit pension plan. The University contributes 14% of all covered employees' salaries. Under certain conditions, covered employees may voluntarily contribute 6% of their salary. The University's contributions for the fiscal years 2012, 2011, and 2010 were $2,101,611, $2,208,984, and $2,070,383, respectively. Participants' contributions for the fiscal years 2012, 2011, and 2010 were $651,208, $690,191, and $650,849, respectively. The annual required contribution amounts and the percentage contributed are determined by the annual actuarial valuation as set forth in Arkansas Code. ATRS issues a publicly available financial report, which may be obtained by writing: ATRS, 1400 W. 3rd Street, Little Rock, AR 72201.

Cooperative Extension Service employees who hold accepted appointments with the U.S. Department of Agriculture are covered by one of the above plans depending on when employment began. Employees employed prior to January 1, 1984, are on the Civil Service Retirement System. This system requires an employee contribution of 7% and the University contributes 8.51%. Employees employed between January 1, 1984 and July 31, 1987, are on either the Civil Service Offset or the Federal Employees Retirement System, depending on their length of prior federal service. Both systems require an employee contribution of 0.80%. The Civil Service Offset requires matching of 8.51% and the Federal Employees Retirement system requires agency matching of 10.7%. Employees on Civil Service participate in TIAA-CREF and Fidelity. The Thrift Savings Plan is another retirement savings and investment plan for Federal employees at the UA Cooperative Extension Service. It is a defined contribution plan and its purpose is to provide retirement income for Federal employees similar to that provided employees covered under the Civil Service Retirement System but without employer matching. Employees covered under the Federal Employees Retirement System receive a mandatory 1% employer contribution. The University's contributions for the fiscal years 2012, 2011, and 2010 for both the Civil Service

Retirement System and the Thrift Savings Plan were $429,643, $458,678, and $452,997, respectively. The participants' contributions for the fiscal years 2012, 2011, and 2010 were $322,556, $349,169, and $349,682, respectively.

The University of Arkansas community colleges offer APERS, ATRS, and their own ORP which is a 403(b) plan. With the exception of PCCUA who follows the standard 5% up to 10% match, contributions by the institutions range from 10% to 14% of earnings and employees have a mandatory contribution of 6% and, within the IRS guidelines, may elect to contribute more. Contributions can be made to TIAA-CREF or VALIC. The University's VALIC contributions for the fiscal years 2012, 2011 and 2010 were $1,499,414, $1,468,440 and $1,477,069, respectively. The participants' contributions to VALIC for fiscal years 2012, 2011 and 2010 were $1,134,115, $1,138,764 and $1,175,453, respectively.

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The University offers postemployment health (including prescription drugs) and dental benefits, along with life insurance ($10,000 available coverage), to eligible retirees. Health and dental benefits are provided in the University's self-funded plan sponsored by the Board of Trustees of the University of Arkansas System for current and retired employees of the Fayetteville (UAF), Little Rock (UALR), Medical Sciences (UAMS), Monticello (UAM), Pine Bluff (UAPB), Phillips (PCCUA) and Batesville (UACCB) campuses, the Cooperative Extension Service of the Division of Agriculture (CES), the Arkansas School for Mathematics, Sciences and the Arts (ASMSA), and the University of Arkansas System Administration (SYSTEM). The plan is considered a single-employer, defined benefit plan. The System Administration manages and administers the plan. Although benefits are also provided under the University's plan for the University of Arkansas Foundation, Inc. and the University of Arkansas Winthrop Rockefeller Institute, no postemployment benefit is accrued by the University for these private entities. Financial activities of the plan are reported in the University of Arkansas consolidated financial report.

Health benefits are provided for current and retired employees of the Cossatot (CCCUA), Hope (UACCH), and Morrilton (UACCM) campuses through the Arkansas Higher Education Consortium Benefits Trust, which is considered an agent multiple-employer, defined benefit plan. Complete financial statements for the Trust can be obtained from Mr. Jerald Barber, P O Box 140, Hope, AR 71802.

The Fort Smith (UAFS) campus provides health and dental benefits for current and retired employees through the University of Arkansas at Fort Smith Benefit Plan, which is considered a single-employer, defined benefit plan. A summary of the Plan's audited financial statements is included in Note 14, *Other Organizations*.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which became effective for the fiscal year ending June 30, 2008. This statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The calculation reflects expected future medical costs. It includes an accrual for all active employees by valuing the benefits they are anticipated to receive in retirement based on the likelihood that they will stay employed until eligible for postretirement benefits. As a result of the implementation of this statement, the University accrued $41,242,267 in retiree healthcare liability as of June 30, 2012.

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

Participation: Employees who retire with a combination of age and years of service of at least 70 with at least 10 years of coverage under the plan are eligible to participate. Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death. Retirees can continue coverage past Medicare eligibility age (age 65 or disabled) with the University plan paying secondary to Medicare.

Benefit Provided: Retirees participate in the plan at the same premium rate as an active employee.

Required Contribution Ratio: Retirees pay 100% of premium. Employer costs are funded on a pay-as-you-go basis.

Retirees from UAFS qualify for postretirement benefits as follows:

Participation: Employees who retire at age 55 or above and have at least 10 years of service are eligible to participate.

Benefit Provided: Retirees participate in the plan at the same premium as an active employee. Coverage ends at age 65.

Required Contribution Ratio: Retirees pay 100% of premium. Employer costs are funded on a pay-as-you-go basis.

Retirees from CCCUA qualify for postretirement benefits as follows:

Participation: Employees who retire at age 60 or above and have at least 5 years of service are eligible to participate.

Benefit Provided: Retirees participate in the plan at the same premium as an active employee.

Required Contribution Ratio: Retirees pay 100% of premium. Employer costs are funded on a pay-as-you-go basis.

Retirees from UACCH qualify for postretirement benefits as follows:

Participation: Employees who retire with at least 10 years of service are eligible to participate.

Benefit Provided: Retirees participate in the plan at the same premium as an active employee.

Required Contribution Ratio: Retirees pay 100% of premium. Employer costs are funded on a pay-as-you-go basis.

Retirees from UACCM qualify for postretirement benefits as follows:

Participation: Employees who retire at age 60 or above and have at least 10 years of service are eligible to participate.

Benefit Provided: Retirees participate in the plan at the same premium as an active employee.

Required Contribution Ratio: Retirees pay 100% of the same premium as an active employee. However, if an employee retires on or after age 62, with at least 20 years of service, the campus will pay their coverage until age 65. Employer costs are funded on a pay-as-you-go basis.

Summary of Key Actuarial Methods and Assumptions

University Self-Funded Plan:

Valuation date	July 1, 2011
Valuation year	Census data was collected as of January 1, 2010. Liabilities were rolled forward six months to the July 1, 2011, valuation date.
Actuarial cost method	Projected unit credit
Amortization method	30 years open, level % of payroll
Asset valuation method	N/A
Discount rate	4.50%
Projected payroll growth rate	4.00%
Medical inflation rate	Immediate rate of 9.5%, with a 0.5% decrease each year to an ultimate rate of 5%

UAFS, CCCUA, UACCH, UACCM:

Valuation date	July 1, 2011
Valuation year	July 1, 2010 – July 1, 2011
Actuarial cost method	Projected unit credit
Amortization method	30 years open, level dollar amortization
Asset valuation method	N/A
Discount rate	5.25%
Medical inflation rate	Immediate rate of 10%, 9% the second year, 8% the third year, with a 0.5% decrease each year thereafter to an ultimate rate of 5%

General Overview of the Valuation Methodology

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

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

Changes in Actuarial Assumptions and Methods since the Prior Valuation: For the University Self-Funded Plan, the mortality rates were changed from the RP-2000 Combined Healthy Mortality Table projected to 2011 by scale AA to the RP-2000 Generational Combined Healthy Mortality Table projected by scale AA to better reflect anticipated future mortality improvements. This change decreased the Actuarial Accrued Liability by $674,678 as of July 1, 2011. For the University Self-Funded Plan, the immediate medical inflation rate was changed from 9.0% to 9.5% to better anticipate future experience. This change increased the Actuarial Accrued Liability by $1,984,625 as of July 1, 2011. For the other plans, the assumed discount rate was lowered from 6.0% to 5.25% which increased the Actuarial Accrued Liability by $103,034 as of July 1, 2011.

Medical Coverage – Retirees not Eligible for Medicare: Claim experience for the period May 1, 2010 through April 30, 2012 was used to develop the claims cost for non-Medicare-eligible retirees. The paid claims data was converted to an incurred basis using a completion factor approach. This experience includes 610 life years of exposure and was deemed to be 80% credible. The experience was combined with the active claims experience adjusted for demographic differences to produce the per capita claims costs used in the valuation. Adjustment factors were then applied to develop expected claims by age to be used in the valuation. Expected retiree premiums were developed to represent the expected cost sharing level anticipated by the University. Retiree premiums were also age-adjusted for use in the valuation.

Medical Coverage – Retirees Eligible for Medicare: Medical and prescription drug claims experience for the period May 1, 2010, through April 30, 2012, was used to develop per capita claims cost for Medicare-eligible retirees. This experience includes 2,900 life years of exposure and was deemed to be fully credible. Based on this analysis, it was concluded that the retiree contributions are sufficient to fully cover the expected claims costs as intended. As such, the cost for Medicare eligible retirees was excluded from this valuation.

Dental Coverage: Dental claims coverage for the period May 1, 2010, through April 30, 2012, was used to develop per capita claims cost for dental coverage. The claims experience includes over 30,000 life years of exposure and was deemed to be fully credible. Based on this analysis, it was concluded that the retiree contributions are sufficient to fully cover the expected dental claims costs as intended. As such, the cost for dental coverage is excluded from this valuation.

University Self-Funded Plan:

Healthy Mortality : RP-2000 Generational Combined Healthy Mortality Table projected by scale AA

Disability Rates : Various rates based on age. Selected rates are:

	Rate per 1,000	
Age	Male	Female
25	.0003	.0003
30	.0003	.0004
40	.0008	.0013
50	.0033	.0040
55	.0069	.0064
60	.0115	.0090

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

Year	UAF	UAMS	Other
0	25%	30%	20%
1	25%	20%	20%
2	20%	18%	20%
3	16%	18%	15%
4	16%	15%	15%

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

Retirement Rates:

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

Future Retiree Coverage: For medical insurance, retiring employees are assumed to elect medical and Rx coverage as follows:

	UAF	UALR	UAMS	Other
Pre-Medicare	55%	55%	55%	55%
Medicare eligible	60%	60%	50%	45%

Retirees were assumed to remain in their current plan indefinitely.

75% of retiring employees are assumed to continue life insurance at retirement.

Future Dependent Coverage: 50% of employees electing medical and Rx coverage at retirement are assumed to be married and elect spouse coverage. Males are assumed to be 4 years older than females.

UAFS, CCCUA, UACCH, UACCM:

Healthy Mortality: 1994 Uninsured Pensioners Mortality Table

Disability Rates: Various rates based on age. Selected rates are:

Age	Rate per 100
20	.10
25	.10
30	.08
35	.08
40	.14
45	.24
50	.53
55	.88
60	1.0

Voluntary terminations: Termination rates at some sample ages are:

Age	Rate per 100
20	4.60
25	4.84
30	4.40
35	3.10
40	2.20
45	2.00
50	2.00
55	5.00

For those with less than five years of service, the following multiples of the above rates were used:

1st year of service	4.0
2nd year of service	2.5
3rd year of service	2.0
4th year of service	1.5

Retirement Rates:

Age	Rate per 100
55-59	5.0
60	15.0
61	14.0
62	25.0
63-64	15.0
65	35.0
66-68	30.0
69	100.0

Future Retiree Coverage : The assumption is that 80% of eligible retirees at CCCUA, UACCH, and UACCM, and 100% of eligible retirees at UAFS would select the coverage when they initially retire and that 0% of them would continue it past age 65.

Determination of FY12 Accrual

Unfunded acturial accrued liability at 7-1-11	**$**	**64,638,969**
Annual Required Contribution (ARC)		
Normal cost	$	4,061,754
Amortization of the unfunded actuarial accrued liability over 30 years		2,345,377
Interest		290,005
Annual Required Contribution for FY12		6,697,136
Interest on Net OPEB Obligation		1,622,362
ARC Amortization Adjustment		(1,359,577)
Annual OPEB Cost for FY12	**$**	**6,959,921**
Net OPEB Obligation, 7-1-11	$	35,948,985
Annual OPEB Cost for FY12		6,959,921
Less: Expected Employer Contributions		(1,666,639)
Net OPEB Obligation, 6-30-12	**$**	**41,242,267**

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Expected Contribution	Percentage Contributed	Net Obligation at Year-End
6-30-09	$ 9,440,819	$ 2,075,012	21.98%	$ 25,984,585
6-30-10	7,273,621	2,000,674	27.51%	31,257,532
6-30-11	6,407,408	1,715,955	26.78%	35,948,985
6-30-12	6,959,921	1,666,639	23.95%	41,242,267

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

Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6-30-09	-	$ 82,955,662	$ 82,955,662	-%	$ 982,002,008	8.45%
6-30-10	-	67,830,737	67,830,737	-%	952,169,503	7.12%
6-30-11	-	59,649,743	59,649,743	-%	977,592,138	6.10%
6-30-12	-	64,638,969	64,638,969	-%	1,042,067,018	6.20%

Note 14: Other Organizations

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

The Razorback Foundation, Inc. was incorporated on October 17, 1980, for the sole purpose of supporting intercollegiate athletics at the University of Arkansas. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

THE RAZORBACK FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash and investments	$ 32,996,731
Other assets	19,075,489
Total Assets	$ 52,072,220
Liabilities and Net Assets	
Liabilities	$ 4,984,375
Net Assets	47,087,845
Total Liabilities and Net Assets	$ 52,072,220

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 39,410,116
Expenditures and Other Deductions	(17,940,893)
Total Increase (Decrease) in Net Assets	$ 21,469,223

Arkansas Alumni Association, Inc. was incorporated in 1960 for the purposes of promoting the welfare of the University and its graduates and former students. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

ARKANSAS ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash and investments	$ 1,684,811
Other assets	6,013,923
Total Assets	$ 7,698,734
Liabilities and Net Assets	
Liabilities	$ 71,902
Net Assets	7,626,832
Total Liabilities and Net Assets	$ 7,698,734

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 2,767,715
Expenditures and Other Deductions	(2,487,483)
Total Increase (Decrease) in Net Assets	$ 280,232

Arkansas 4-H Foundation, Inc. was incorporated in 1951. The purpose and objectives of the Foundation are educational. The Foundation was formed for educational purposes that will meet the needs and advance the interests of 4-H Club work throughout the State of Arkansas. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

ARKANSAS 4-H FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash and investments	$ 5,108,446
Other assets	5,589,741
Total Assets	$10,698,187
Liabilities and Net Assets	
Liabilities	$ 259,513
Net Assets	10,438,674
Total Liabilities and Net Assets	$10,698,187

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 1,706,154
Expenditures and Other Deductions	(2,419,816)
Total Increase (Decrease) in Net Assets	$ (713,662)

University of Arkansas Technology Development Foundation was incorporated in May 2003, and is considered a supporting organization of the Fayetteville campus. Their mission is to stimulate a knowledge-based economy through partnerships that lead to new opportunities for learning and discovery, that build and retain a knowledge-based workforce and that spawn the development of new technologies that enrich the economic base of Arkansas. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

UNIVERSITY OF ARKANSAS TECHNOLOGY DEVELOPMENT FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash	$ 953,121
Other assets	33,771
Total Assets	$ 986,892
Liabilities and Net Assets	
Liabilities	$ 86,702
Net Assets	900,190
Total Liabilities and Net Assets	$ 986,892

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 1,589,375
Expenditures and Other Deductions	(1,464,599)
Total Increase (Decrease) in Net Assets	$ 124,776

University of Arkansas Fort Smith Foundation, Inc. operates as a nonprofit corporation whose primary activity is providing support to the Fort Smith campus. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash and investments	$ 63,858,119
Other assets	36,564
Total Assets	$ 63,894,683
Liabilities and Net Assets	
Liabilities	$ 1,288,364
Net Assets	62,606,319
Total Liabilities and Net Assets	$ 63,894,683

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 2,575,462
Expenditures and Other Deductions	(1,988,558)
Total Increase (Decrease) in Net Assets	$ 586,904

University of Arkansas Fort Smith Benefit Plan was established on January 1, 1993, as an employee benefit plan which provides health, dental and vision benefits to eligible employees and eligible dependents for the Fort Smith campus. Audited financial statements for the year ended December 31, 2011, are presented below in summary form.

UNIVERSITY OF ARKANSAS FORT SMITH BENEFIT PLAN
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

Assets	
Cash	$ 1,420,858
Other Assets	286,934
Total Assets	$ 1,707,792
Liabilities and Net Assets	
Liabilities	$ 525,685
Net Assets	1,182,107
Total Liabilities and Net Assets	$ 1,707,792

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2011

Income and Other Additions	$ 3,973,401
Expenditures and Other Deductions	(4,534,530)
Total Increase (Decrease) in Net Assets	$ (561,129)

The University of Arkansas at Little Rock Alumni Association is utilized to receive and disburse funds obtained from gifts, activity fees and receipts from special projects. The Association operates as a nonprofit benevolent corporation for charitable educational purposes. The assets of the Foundation are held by the University of Arkansas Foundation, Inc.

Trojan Athletic Foundation, Inc. is a non-profit entity established to support the athletic department at the Little Rock campus. Contributions are received from the University of Arkansas Foundation and used for the benefit of the athletic foundation. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

TROJAN ATHLETIC FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash	$ 15,686
Other Assets	121,201
Total Assets	$ 136,887
Liabilities and Net Assets	
Liabilities	$ 3,746
Net Assets	133,141
Total Liabilities and Net Assets	$ 136,887

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 603,473
Expenditures and Other Deductions	(585,934)
Total Increase (Decrease) in Net Assets	$ 17,539

University of Arkansas at Pine Bluff/AM&N Alumni Association, Inc. was organized to foster and promote the general welfare and growth of the University of Arkansas at Pine Bluff. Unaudited financial statements for the year ended December 31, 2011, are presented below in summary form.

UAPB/AM&N ALUMNI ASSOCIATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

Assets	
Cash & investments	$ 80,215
Other assets	123,313
Total Assets	$ 203,528
Liabilities and Net Assets	
Liabilities	$ 1,277
Net Assets	202,251
Total Liabilities and Net Assets	$ 203,528

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2011

Income and Other Additions	$ 220,403
Expenditures and Prior Year Adjustment	(205,494)
Total Increase (Decrease) in Net Assets	$ 14,909

Cossatot Community College of the University of Arkansas Foundation, Inc. assists in developing and increasing the programs and facilities for the Cossatot Community College campus. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

COSSATOT COMMUNITY COLLEGE OF THE
UNIVERSITY OF ARKANSAS FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash and investments	$ 490,366
Other	890
Total Assets	$ 491,256
Liabilities and Net Assets	
Liabilities	$ -
Net Assets	491,256
Total Liabilities and Net Assets	$ 491,256

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 38,785
Expenditures and Other Deductions	(93,437)
Total Increase (Decrease) in Net Assets	$ (54,652)

Phillips Community College Foundation is dedicated to raising funds to support the Phillips Community College campus and to provide scholarships for its students. Audited financial statements for the year ended December 31, 2011, are presented below in summary form.

PHILLIPS COMMUNITY COLLEGE FOUNDATION
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

Assets	
Cash and investments	$ 2,686,608
Other Assets	389,568
Total Assets	$ 3,076,176
Liabilities and Net Assets	
Liabilities	$ 260,254
Net Assets	2,815,922
Total Liabilities and Net Assets	$ 3,076,176

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2011

Income and Other Additions	$ 1,237,912
Expenditures and Other Deductions	(1,024,119)
Total Increase (Decrease) in Net Assets	$ 213,793

University of Arkansas Community College at Hope Foundation, Inc. operates for the sole benefit of the Hope campus. Audited financial statements for the year ended June 30, 2011, are presented below in summary form.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2011

Assets	
Cash and investments	$ 1,003,771
Other Assets	972,616
Total Assets	$ 1,976,387
Liabilities and Net Assets	
Liabilities	$ 132,290
Net Assets	1,844,097
Total Liabilities and Net Assets	$ 1,976,387

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2011

Income and Other Additions	$ 550,716
Expenditures and Prior Year Adjustment	(803,060)
Total Increase (Decrease) in Net Assets	$ (252,344)

University of Arkansas Community College at Morrilton Foundation, Inc. was established to assist the students and programs of the Morrilton campus. Audited financial statements for the year ended December 31, 2010, are presented below in summary form.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON FOUNDATION, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of December 31, 2010

Assets	
Cash and investments	$ 78,680
Total Assets	$ 78,680
Liabilities and Net Assets	
Liabilities	$ -
Net Assets	78,680
Total Liabilities and Net Assets	$ 78,680

CONDENSED STATEMENT OF ACTIVITIES
FY Ended December 31, 2010

Income and Other Additions	$ 44,242
Expenditures and Other Deductions	(53,190)
Total Increase (Decrease) in Net Assets	$ (8,948)

University of Arkansas Winthrop Rockefeller Center (d/b/a Winthrop Rockefeller Institute) is a conference center incorporated in January 2005. The Center's mission is to provide extended learning for youth and adults, internship opportunities for students, professional development for faculty and staff of the University of Arkansas, as well as for the general public, and conferences focused on enriching and informing Arkansas leaders. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

UNIVERSITY OF ARKANSAS WINTHROP ROCKEFELLER CENTER, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash & Investments	$ 584,085
Grant Receivable	12,652,416
Other	237,616
Property and Equipment, Net	17,798,898
Total Assets	$ 31,273,015
Liabilities and Net Assets	
Liabilities	$ 414,048
Net Assets	30,858,967
Total Liabilities and Net Assets	$ 31,273,015

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 2,492,702
Expenditures and Prior Year Adjustment	(7,275,573)
Total Increase (Decrease) in Net Assets	$ (4,782,871)

Delta Student Housing, Inc. (Delta) is a nonprofit corporation organized and operated under the Arkansas Nonprofit Corporation Act of 1993. Delta was created for the purpose of facilitating the financing for construction of student housing facilities on the campuses of the University of Arkansas. In the fiscal year ended June 30, 2010, the School for Mathematics, Sciences and the Arts (ASMSA) received $6,000,000 in American Recovery & Reinvestment Act funds through the State of Arkansas and $1,000,000 from state general improvement funds to be used toward the construction of a new residence/student life facility. In addition, ASMSA had almost $4,000,000 of reserve funds to be used for the project. By leveraging these available funds, a financing structure was developed using federal New Market Tax Credits (NMTC) which made available almost $15,000,000 to construct the facility. Construction of the facility is expected to be complete by June 2012. The facility will be owned and managed by Delta until the completion of the NMTC compliance period of seven years, at which time the facility will be donated to ASMSA. A complete transcript of the NMTC transaction can be obtained in the office of the University's Vice President of Finance. Audited financial statements for the year ended June 30, 2012, are presented below in summary form.

DELTA STUDENT HOUSING, INC.
CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash and investments	$ 183,935
Other	$ 31,903
Construction in progress	14,894,970
Total Assets	$15,110,808
Liabilities and Net Assets	
Liabilities	$14,871,172
Net Assets	239,636
Total Liabilities and Net Assets	$15,110,808

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	$ 239,593
Expenditures and Other Deductions	(52)
Total Increase (Decrease) in Net Assets	$ 239,541

Note 15: Natural & Functional Classifications of Operating Expenses

Following is a reconciliation of the natural classifications as presented in the Statement of Revenues, Expenses and Changes in Net Assets to the functional classifications:

	Natural Classifications					
Functional Classifications	**Compensation & Benefits**	**Supplies & Services**	**Scholarships & Fellowships**	**Insurance**	**Depreciation**	**TOTAL**
Instruction	$ 346,464,131	$ 47,687,110	$ -	$ -	$ -	$ 394,151,241
Research	154,081,698	75,542,028	-	-	-	229,623,726
Public Service	83,054,041	95,083,760	-	-	-	178,137,801
Academic Support	69,631,731	31,731,496	-	-	-	101,363,227
Student Services	38,203,443	16,052,824	-	-	-	54,256,267
Institutional Support	177,202,445	25,895,853	-	-	-	203,098,298
Scholarships/Fellowships	90,145	136,044	94,938,786	-	-	95,164,975
Plant Operations	61,552,113	53,782,696	-	-	-	115,334,809
Auxiliary Enterprises	58,119,400	77,818,625	546,395	-	-	136,484,420
Depreciation	-	-	-	-	148,427,987	148,427,987
Patient Care	393,103,978	236,475,000	-	-	-	629,578,978
Other	784,000	(13,860,630)	-	-	-	(13,076,630)
Insurance expenses	-	-	-	147,302,094	-	147,302,094
TOTAL	$1,382,287,125	$ 646,344,806	$ 95,485,181	$147,302,094	$148,427,987	$ 2,419,847,193

Note 16: Contingencies

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

In fiscal year 2006, the Arkansas Development Finance Authority (the Authority) issued $36,775,000 in Tobacco Settlement Revenue Bonds. The Authority 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 4.77% to 5.10% and principal and accumulated interest are payable beginning in 2021 through 2031 for $22,158,000 of serial bonds and beginning in 2036 through 2046 for $14,617,000 of term bonds. Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a Loan Agreement dated June 1, 2006, between the UA Board and the Authority, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the Debt Service revenues will be sufficient to service the entire principal and interest due. The latest Global Insights USA, Inc. report, prepared in August 2006, on the Forecast of U.S. Cigarette Consumption (2004-2046) indicates that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60,067,457 from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27.6 million in 2046 with the first $5 million dedicated to pay the debt service on this bond issue. If debt service revenues had been considered insufficient at June 30, 2012, the University would have incurred a liability of $49,457,000 related to issue. This amount includes draw down of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue. The revenues pledged by UAMS to secure the Loan Agreement consist of inpatient service fees and fees collected from other ancillary, therapeutic, and diagnostic services provided within the walls of the hospital but exclude (a) physician-generated revenues, (b) state appropriations, and (c) revenues restricted for other purposes.

Note 17: Elimination of Inter-Company Transactions

The consolidated financial statements were prepared from the audited financial statements of each campus and the System Administration of the University. The inclusion of inter-company transactions in the consolidated financial statements is not considered materially significant to distort the amounts presented in the consolidated financial statements with the following exceptions, which were eliminated.

Statement of Net Assets

An elimination entry was made to the statement of net assets to reduce accounts receivable and accounts payable by $12,455,236 and 11,424,688 for fiscal years ended June 30, 2012, and June 30, 2011, respectively, which represent amounts owed by the campuses to the System Administration for insurance premiums and campus billings for services rendered.

Two loans between University entities were eliminated in the statement of net assets to reduce assets and liabilities as follows: (1) $1,350,000 (current portion is $150,000) and $1,500,000 (current portion is $150,000) for the years ended June 30, 2012, and June 30, 2011, respectively, to reflect a loan to ASMSA by the System Administration; and (2) $892,719 (current portion is $120,055) and $1,007,265 (current portion is $114,546) to reflect a loan from UAMS to UAF for the years ended June 30, 2012, and June 30, 2011, respectively.

Statement of Revenues, Expenses and Changes in Net Assets

As explained in Note 12, the System Administration administers the self-funded insurance programs for the University. Insurance premiums remitted to the System Administration by the campuses are shown as insurance revenues in the System Administration's financial statements. The insurance claims paid are shown as insurance expenditures on the System Administration's financial statements. The premiums expensed by the campuses are recorded as part of compensation benefits. An elimination adjustment was made to the statement of revenues, expenses and changes in net assets to reduce the insurance revenue amount and the compensation and benefits expenditure category in the amounts of $99,346,779 and $96,642,282 for fiscal years ended June 30, 2012, and June 30, 2011, respectively.

An elimination entry was made on the statement of revenues, expenses and changes in net assets for billings by System Administration to the campuses for services rendered to reduce sales and services revenue and supplies/services expense in the amounts of $1,905,984 and $1,524,452 for the fiscal years ended June 30, 2012, and June 30, 2011, respectively.

An elimination entry was made to the statement of revenues, expenses and changes in net assets for a federal grant received by UAMS and then sub-granted to UAF in the amount of $10,734 used for operating expenses and $850,097 capitalized for construction/equipment for the fiscal year ending June 30, 2011, and in the amount of $178,576 used for operating expenses and $26,921,009 capitalized for construction/equipment for the fiscal year ending June 30, 2012.

Statement of Cash Flows
The effects of the elimination entries to the statement of revenues, expenses and changes in net assets and the statement of net assets are also reflected in the statement of cash flows.

Note 18: Disaggregation of Accounts Receivable and Accounts Payable

Accounts Receivable balance of $99,647,049, as shown on the Statement of Net Assets, consists of the following at year-end:

ACCOUNTS RECEIVABLE	June 30, 2012
Student accounts	$14,529,120
Non-student accounts	36,841,302
Grants and contracts	43,780,725
Property and sales taxes	2,223,449
Insurance plan	130,011
Other	2,142,442
Total	**$99,647,049**

Accounts Payable balance of $130,602,470, as shown on the Statement of Net Assets, consists of the following at year-end:

ACCOUNTS PAYABLE	June 30, 2012
Trade related	$38,304,913
Payroll related	58,833,459
Interest	5,931,093
Insurance plan	7,076,284
Other	20,456,721
Total	**$130,602,470**

Note 19: Joint Endeavor

The University of Arkansas and the City of Fayetteville engaged in a joint endeavor to operate the Walton Arts Center. Funds were pooled from each entity to provide for the construction and operation of the center. To administer this project and its funds, the University and the City of Fayetteville established a nonprofit organization called the University of Arkansas/City of Fayetteville Arts Foundation, Inc., now called the Walton Arts Center Foundation, Inc., which was incorporated on January 19, 1987. There are nine directors, three are appointed by the University, three by the City of Fayetteville, and three are recommended by the Foundation that must be approved by the mayor and chancellor.

The Walton Arts Center Council, Inc. was formed to construct, operate, manage, and maintain the Arts Center in Fayetteville, Arkansas, in accordance with the Interlocal Cooperation Agreement between the City of Fayetteville and the University of Arkansas. The ownership of the Arts Center facilities, including land, is held equally

by the City and the University. The Arts Center Council must submit an annual budget to both the City and the University for approval. The Board of Trustees of The Arts Center Council is comprised of five members appointed by the University, five members appointed by the City, and ten members appointed at large, all of whom serve as volunteers.

On July 16, 2010, the Arts Center Council filed articles of incorporation for NWA Entertainment, LLC ("NWA") for the purpose of acquiring certain assets of the Arkansas Music Pavilion, Inc. and for the purpose of operating, managing and maintaining assets related to the promotion and presentation of the arts in Northwest Arkansas. NWA is a 100% wholly-owned subsidiary of the Council and has a fiscal year end of March 31, 2012. The results of the operations of NWA have been included in the combined financial statements of the Walton Arts Center.

The combined audited financial statements of the Walton Arts Center Council, Inc., the Walton Arts Center Foundation, Inc., and NWA Entertainment, LLC as of and for the year ended June 30, 2012, which have been audited by an independent certified public accountant, are presented below in summary form.

CONDENSED STATEMENT OF FINANCIAL POSITION
As of June 30, 2012

Assets	
Cash and cash equivalents	$ 2,326,192
Investments	12,658,269
Other assets	11,622,616
Total Assets	$ 26,607,077
Liabilities and Net Assets	
Liabilities	$ 2,091,231
Net Assets	24,515,846
Total Liabilities and Net Assets	$ 26,607,077

CONDENSED STATEMENT OF ACTIVITIES
FY Ended June 30, 2012

Income and Other Additions	
Ticket sales	$ 4,973,143
Contributions and sponsorships	2,241,422
Other revenues and additions	7,995,274
Total Income and Other Additions	15,209,839
Total Expenditures and Other Deductions	(11,713,614)
Total Increase (Decrease) in Net Assets	$ 3,496,225

Note 20: Pollution Remediation

In November 2006, GASB issued Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, which became effective with the fiscal year ending June 30, 2009. The Statement establishes standards for the accounting and financial reporting of pollution (including contamination) remediation obligations. On July 21, 2009, the Fayetteville campus was awarded a grant in the amount of $1,900,000 from the United States Department of Energy to conduct a study to determine what obligation, if any, the campus may have for potential remediation of the Southwest Experimental Fast Oxide Reactor site (SEFOR), including estimated remediation cost and development of a plan for necessary remediation. As of June 30, 2012, the

study has been completed and the grant closed. The University remains under no obligation to begin pollution remediation of the site. Also, there were no obligating events at any of the other campuses.

Note 21: Prior Year Restatement

Statement of Net Assets
PCCUA decreased both capital assets and the corresponding net assets, invested in capital assets, resulting in a reduction of total net assets at June 30, 2011, of $383,363.

Reclassifications increased net assets, unrestricted, $15,441,048 by UAPB and $1,281,307 by CCCUA with corresponding decreases to net assets, restricted expendable. A reclassification by UACCH increased net assets, invested in capital assets, $323,158 with corresponding decreases of $224,030 to net assets, restricted expendable, and $99,128 to net assets, unrestricted.

Statement of Revenues, Expenses and Changes in Net Assets
PCCUA reduced depreciation expense by $3,222, increased interest paid on capital asset-related debt by $159,230, and decreased the restatement of the FY10 balance by $227,355. This resulted in a reduction of total net assets at June 30, 2011, of $383,363.

UAM restated student tuition and fees, net of scholarship allowance, by $149,579 with offsetting increases to auxiliary enterprises.

UAF determined that the revenue and expenses arising from certain internal transactions between educational and general departments and auxiliary enterprises should have been eliminated. Revenues and expenses have each been reduced by a total of $14,648,099.

Statement of Cash Flows
Changes in the statement of cash flows reflect the above described changes to the statement of revenues, expenses and changes in net assets.

UAMS reclassified $1,479,000 in capital grants from noncapital financing activities to capital and related financing activities.

Non-cash transactions related to the valuation adjustments to capital assets were reduced $159,230.

Note 22: Subsequent Events

At its meeting on May 24, 2012, the Board of Trustees adopted a resolution to allow UAMS to enter into a contract with Epic Systems Corporation for the development and installation of an integrated clinical information system in an amount not to exceed $87.0 million funded with institutional reserves and a loan from a financial institution in the amount of $60.0 million for a period of 7 years and an interest rate not to exceed 2.2% per annum. On August 2, 2012, a loan was executed with Bank of America in the amount of $60.0 million with an interest rate of 1.66% per annum for a period of 7 years.

At its meeting on September 7, 2012, the Board of Trustees adopted a resolution to approve the issuance of up to $8,990,000 in auxiliary facilities revenue bonds for the purpose of renovating two residence halls on the Monticello campus. The bonds are expected to be issued by the end of December, 2012.

On September 13, 2012, the University issued $60,540,000 in Various Facility Revenue Bonds, Series 2012B. The purpose of the bonds is to finance all or a portion of certain capital improvements on the Fayetteville campus.

On October 19, 2012, the University issued $13,850,000 in Auxiliary Enterprises Refunding Revenue Bonds, Series 2012B. Proceeds were used to refund the Student Housing Revenue Bonds, Series 2004 for the Little Rock campus.

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits

General Overview of the Valuation Methodology

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

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

Changes in Actuarial Assumptions and Methods since the Prior Valuation: For the University Self-Funded Plan, the mortality rates were changed from the RP-2000 Combined Healthy Mortality Table projected to 2011 by scale AA to the RP-2000 Generational Combined Healthy Mortality Table projected by scale AA to better reflect anticipated future mortality improvements. This change decreased the Actuarial Accrued Liability by $674,678 as of July 1, 2011. For the University Self-Funded Plan, the immediate medical inflation rate was changed from 9.0% to 9.5% to better anticipate future experience. This change increased the Actuarial Accrued Liability by $1,984,625 as of July 1, 2011. For the other plans, the assumed discount rate was lowered from 6.0% to 5.25% which increased the Actuarial Accrued Liability by $103,034 as of July 1, 2011.

Medical Coverage – Retirees not Eligible for Medicare: Claim experience for the period May 1, 2010 through April 30, 2012 was used to develop the claims cost for non-Medicare-eligible retirees. The paid claims data was converted to an incurred basis using a completion factor approach. This experience includes 610 life years of exposure and was deemed to be 80% credible. The experience was combined with the active claims experience adjusted for demographic differences to produce the per capita claims costs used in the valuation. Adjustment factors were then applied to develop expected claims by age to be used in the valuation. Expected retiree premiums were developed to represent the expected cost sharing level anticipated by the University. Retiree premiums were also age-adjusted for use in the valuation.

Medical Coverage – Retirees Eligible for Medicare: Medical and prescription drug claims experience for the period May 1, 2010 through April 30, 2012 was used to develop per capita claims cost for Medicare-eligible retirees. This experience includes 2,900 life years of exposure and was deemed to be fully credible. Based on this analysis, it was concluded that the retiree contributions are sufficient to fully cover the expected claims costs as intended. As such, the cost for Medicare eligible retirees was excluded from this valuation.

Dental Coverage: Dental claims coverage for the period May 1, 2010 through April 30, 2012 was used to develop per capita claims cost for dental coverage. The claims experience includes over 30,000 life years of exposure and was deemed to be fully credible. Based on this analysis, it was concluded that the retiree contributions are sufficient to fully cover the expected dental claims costs as intended. As such, the cost for dental coverage is excluded from this valuation.

Determination of FY12 Accrual

Unfunded acturial accrued liability at 7-1-11		**$ 64,638,969**
Annual Required Contribution (ARC)		
Normal cost	$	4,061,754
Amortization of the unfunded actuarial accrued liability over 30 years		2,345,377
Interest		290,005
Annual Required Contribution for FY12		6,697,136
Interest on Net OPEB Obligation		1,622,362
ARC Amortization Adjustment		(1,359,577)
Annual OPEB Cost for FY12	**$**	**6,959,921**
Net OPEB Obligation, 7-1-11	$	35,948,985
Annual OPEB Cost for FY12		6,959,921
Less: Expected Employer Contributions		(1,666,639)
Net OPEB Obligation, 6-30-12	**$**	**41,242,267**

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Expected Contribution	Percentage Contributed	Net Obligation at Year-End
6-30-09	$ 9,440,819	$ 2,075,012	21.98%	$ 25,984,585
6-30-10	7,273,621	2,000,674	27.51%	31,257,532
6-30-11	6,407,408	1,715,955	26.78%	35,948,985
6-30-12	6,959,921	1,666,639	23.95%	41,242,267

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

Schedule of Funding Progress

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6-30-09	-	$ 82,955,662	$ 82,955,662	-%	$ 982,002,008	8.45%
6-30-10	-	67,830,737	67,830,737	-%	952,169,503	7.12%
6-30-11	-	59,649,743	59,649,743	-%	977,592,138	6.10%
6-30-12	-	64,638,969	64,638,969	-%	1,042,067,018	6.20%

SUPPLEMENTAL INFORMATION BY CAMPUS

UNIVERSITY OF ARKANSAS, FAYETTEVILLE
Established: 1871
Enrollment: 24,537
www.uark.edu

AT A GLANCE

Founded in 1871, the University of Arkansas, Fayetteville, is the flagship institution of the University of Arkansas System. Located in Fayetteville, the U of A is the state's foremost partner, resource and catalyst for education and economic development. The U of A is a flagship university for the integration of student engagement, scholarship, research and innovation that collectively transforms lives and inspires leadership for a global society.

As Arkansas's land-grant university, the U of A has a mandate to teach, conduct research and perform outreach. The university offers 220 baccalaureate, master's, doctoral, professional and specialist degree programs through its 10 schools and colleges. The Carnegie Foundation for the Advancement of Teaching places the U of A in its highest research category, making it the state's only doctoral-granting, research university with a very high level of research activity and one of only 108 schools in the country with that distinction. Research expenditures at the university now exceed $123 million per year, making research activity a significant academic element at the university and an economic engine for the state.

POINTS OF PRIDE

- ☐ Enrollment at the U of A continues its rapid growth. In fall 2012, enrollment increased by more than 5.8 percent over the previous year to more than 24,500 students. U of A students represent all 50 states and more than 100 countries.
- ☐ U.S. News and World Report included the U of A among "The 2013 Up-and-Comers," ranking it ninth among national public universities that have made "the most promising and innovative changes" to advance academics and the student learning experience.
- ☐ The U of A was classified among the "Great Colleges to Work For" by the Chronicle of Higher Education. The university was recognized for "Confidence in Senior Leadership."
- ☐ During the 2012 fiscal year ending June 30, the U of A recorded $108.1 million in private gift support, surpassing its goal of $103 million. This is the first time the university exceeded $100 million in fund raising totals for two consecutive years.
- ☐ In 2011-12, the university finished 20th in the Learfield Sports Directors Cup, a year-long competition based on program-wide athletic success. It was the fourth time in the past five years Arkansas has finished in the top 25 nationally and marked the best finish in the competition's current scoring format.

UNIVERSITY OF ARKANSAS AT FORT SMITH
Established: 1928
Joined System: 2002
Enrollment: 7,337
www.uafs.edu

AT A GLANCE:

The University of Arkansas at Fort Smith (UAFS) joined the UA System in 2002 and began transitioning from a two-year college to a four-year regional university. Originally established in 1928 as part of the local school system with college-parallel course offerings, UAFS now offers numerous bachelor's degrees in addition to a full range of certificates of proficiency, technical certificates and associate degrees, as well as a full program providing training and education to employees in area business and industry.

As a regional university with a mission and vision to connect education with careers, UAFS focuses on preparing students to succeed in an ever-changing global world while advancing economic development and quality of place. The institution embraces partnerships with multiple regional entities, signifying the importance of continued efforts to enhance the community's educational level and global awareness while keeping teaching and learning at the focus of all that is done.

POINTS OF PRIDE:

- ☐ UAFS conferred an all-time record 627 bachelor's degrees in 2011-12, for an 18 percent increase over the previous record year. Enrollment stats also revealed the highest ever upper-class enrollments, unduplicated headcount enrollment above 7,300 for the fourth successive fall semester, the second highest first-time entering class, the third highest FTE enrollment and a record 72 percent enrollment of students age 25 and under.
- ☐ An increase in the average ACT scores of first-time, full-time students was recorded for the 2011-12 year, up to 21.96, considerably higher than both national and state averages.
- ☐ Generous support from an expanding base of alumni and friends has helped UAFS build an endowment in excess of $53 million, with the announcement in spring 2013 of results of a recent $50 million giving campaign.
- ☐ An expansion to Boreham Library is underway on campus and will be dedicated in Spring 2013, increasing the size of the facility from 30,000 square-feet to more than 70,000 square-feet and providing expanded services for UAFS students.
- ☐ To continue to provide a unified campus look and guide for the next 20 years, UAFS is firming up a new master plan, which will focus on the iconic bell tower in the center of the grounds, the cutting-edge classrooms and laboratories and the award-winning landscaping.

UNIVERSITY OF ARKANSAS AT LITTLE ROCK
Established: 1927
Joined system: 1969
Enrollment: 13,000
www.ualr.edu

AT A GLANCE

The University of Arkansas at Little Rock, located in the state's capital city, offers a comprehensive academic experience at the baccalaureate, master's and doctoral levels; innovative research opportunities; a quality faculty educated from around the world; and a rich student life experience with athletics, housing, study abroad, Greek life and service learning.

Student success is the university's top priority and not just for our 18 to 25-year-olds. From high school students and traditional residential and graduate degree seekers, to mid-life adults and senior citizens, UALR fulfills one of the state's greatest needs by educating more college graduates. UALR's caring faculty and staff in programs such as the Academic Success Center and the Mentoring Network provide students with extra help to be successful.

UALR has been selected by the Carnegie Foundation for the Advancement of Teaching for the Community Engagement classification – the only institution in Arkansas in this category. The university is widely recognized for its involvement in community issues such as race and ethnicity, criminal justice and pre-kindergarten to 12th grade education. UALR students, faculty and staff are actively involved in service learning activities around the state through partnerships with the Clinton School of Public Service and the Shepherd Higher Education Consortium on Poverty.

POINTS OF PRIDE

- ☐ UALR is a public university with about 13,000 full- and part-time students enrolled in more than 140 programs of study in six colleges, the Graduate School and the William H. Bowen School of Law.
- ☐ Coleman Creek runs through the natural tree-lined campus that is undergoing facility growth: A new $35 million Engineering and Information Technology building opened in fall 2010, starting a wave of new construction that includes a new residence hall, nanotechnology sciences center, recreation and sports complex, and student services center.
- ☐ UALR's locale in the center of the state and at the seat of state government affords its students and employees the benefits of a bustling metropolitan environment, with unique access to corporate, government and non-profit opportunities for jobs, internships, research and professional mentoring, and

a range of cultural and recreational opportunities in art, theatre, dance and music.
- ☐ Most UALR classes are small with a 14-to-1 student-to-faculty ratio, with students who come from all over Arkansas, 43 other states and 62 foreign countries.

UNIVERSITY OF ARKANSAS for MEDICAL SCIENCES
Established: 1879
Enrollment: 2,809 students and 793 medical residents
www.uams.edu and www.uamshealth.com

AT A GLANCE

The University of Arkansas for Medical Sciences in Little Rock is the only academic health sciences university in the state of Arkansas. It is the state's largest public employer with more than 10,000 employees in 73 of the state's 75 counties. UAMS and its clinical affiliates, Arkansas Children's Hospital and the Central Arkansas Veterans Healthcare System, are an economic engine for the state with an annual economic impact of $3.92 billion.

UAMS offers 64 baccalaureate, master's, doctoral, professional and specialist degree programs through its Colleges of Medicine, Nursing, Pharmacy, Health Professions and Public Health and Graduate School. Students attend classes at the UAMS main campus in Little Rock and its regional campus in Fayetteville.

With its combination of education, research and clinical programs, UAMS has a unique capacity to lead health care improvement in the state. Its assets include a statewide network of area health education centers, a comprehensive rural hospital program, the Translational Research Institute, the Winthrop P. Rockefeller Cancer Institute, the Jackson T. Stephens Spine & Neurosciences Institute, the Donald W. Reynolds Institute on Aging, the Harvey & Bernice Jones Eye institute, the Psychiatric Research Institute and the Myeloma Institute for Research & Therapy.

POINTS OF PRIDE

- ☐ UAMS is home to the state's only adult Level One Trauma Center, only high-risk pregnancy program, and the only liver transplant program.
- ☐ UAMS treats more patients for multiple myeloma, a cancer of the plasma cells in bone marrow, than any other facility in the country and its five-year survival rate is 74 percent versus 43 percent in the National Cancer Institute's database.
- ☐ UAMS received the President's Institutional Award for the Advancement of Telemedicine from the American Telemedicine Association in recognition of its use of broadband technology to provide health care to rural Arkansans.
- ☐ UAMS ranks in the top 18 percent of all U.S. colleges and universities in research funding from the federal government with nearly $155 million in grants and contracts for FY2013.
- ☐ BioVentures, the UAMS business incubator, has helped create more than 46 companies in the last 12 years. Nineteen of those companies produce an annual payroll of more than $26.5 million.

UNIVERSITY OF ARKANSAS AT MONTICELLO
Established: 1909
Joined System: 1971
Enrollment: 3,945
www.uamont.edu

AT A GLANCE

Founded in 1909 as the Fourth District Agricultural School, the University of Arkansas at Monticello (UAM) is one of the region's few remaining open admissions universities. Serving southeast Arkansas, UAM offers 28 baccalaureate and four master's degree programs. Additionally, the university offers seven two-year associates degrees and 17 technical certificates through its Colleges of Technology in Crossett and McGehee.

UAM has established a reputation for academic excellence in areas such as forestry, nursing, teacher education, pre-medicine, health-related sciences, business and social science. The university is home to the Arkansas Forest Resources Center and one of the South's top exercise physiology laboratories. In recent years, UAM has added new opportunities to its curriculum, including a program in spatial information systems, popular programs in social work and criminal justice, a fast-track master's degree program to place more teachers in the classroom, and an online master's degree program in coaching.

POINTS OF PRIDE

- ☐ UAM has enrolled a record number of students in 10 of the last 11 years. This fall, the university welcomed 3,945 students, an increase over the previous record set in 2011.
- ☐ UAM awarded 1,058 academic degrees in 2011-12, representing an increase of more than 70 per cent in the number of degrees awarded over the past decade.
- ☐ UAM recently completed construction of the $6 million George H. Clippert Forest Resources Annex, a 15,000 square-foot facility housing classroom, laboratory and office space for the School of Forest Resources. Gov. Mike Beebe provided $2 million in General Improvement Funds for the facility and another $1 million was provided by a donation from the family of the late George H. Clippert.
- ☐ UAM's Phi Alpha Theta History honor society has been named national chapter of the year for the fifth consecutive year and the Alpha Chi academic honor society has achieved Star Chapter status the past six years.

UNIVERSITY OF ARKANSAS AT PINE BLUFF
Established: 1873
Joined System: 1972
Enrollment: 3,187
www.uapb.edu

AT A GLANCE

An 1890 land-grant institution, the University of Arkansas at Pine Bluff (UAPB) is the second-oldest public university and the only public historically black institution in Arkansas. The institution's historic mission is to teach in areas related to agriculture and the mechanical arts, as well as scientific and classical studies and help solve economic, agricultural and other problems in the community, state and region.

UAPB offers 33 undergraduate and 11 master's degree programs and a newly added PhD program (Aquaculture/Fisheries) and is home to one of the country's leading programs in aquaculture and fisheries, which supports Arkansas's $165 million aquaculture industry. The university's bachelor degree program in regulatory science is a designated Center of Excellence by the U.S. Department of Agriculture. Other areas of emphasis at UAPB include teacher education, mathematics and science, minority business development and student leadership development.

POINTS OF PRIDE

- ☐ UAPB offers Arkansas's only undergraduate regulatory science and aquaculture and fisheries degree programs. The regulatory science program prepares students for entry-level employment in four of the U.S. Department of Agriculture regulatory agencies.
- ☐ UAPB's aquaculture and fisheries program recently gained approval to offer the university's first doctoral degree program.
- ☐ Started in 2003, the UAPB STEM Academy is a federally funded program designed to increase the number of minorities and women choosing Science, Technology, Engineering and Mathematics careers. The program has a retention rate of 80 percent and offers students international internship opportunities, support for graduate students seeking degrees in STEM areas and partnerships with numerous other institutions and will break ground to build a STEM Academy and Conference center on its campus.
- ☐ UAPB has a diverse faculty with more than 60 percent having earned doctoral degrees. The university's 18-to-1 student-to-faculty ratio allows for a learning environment with close interaction between teachers and students.

COSSATOT COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS
Established: 1975
Joined System: 2001
Enrollment: 1,542
www.cccua.edu

AT A GLANCE

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

POINTS OF PRIDE

- ☐ CCCUA offers four associate's degrees completely online and has a roster of more than 60 online courses. The college won the "Excellence in Distance Education Programming Award" made by the Arkansas Distance Learning Association (ARDLA) in 2001 and 2002.
- ☐ This year's graduates from the CCCUA Registered Nurses program had a 100 percent pass rate on the National Council Licensure Examination-Registered Nurse (NCLEX RN) test.
- ☐ CCCUA just opened a community health center, one of the first of its kind in the state, with several community partnerships.

PHILLIPS COMMUNITY COLLEGE OF THE UNIVERSITY OF ARKANSAS
Established: 1964
Joined system: 1996
Enrollment: 2,199
www.pccua.edu

AT A GLANCE

The first community college established in Arkansas, Phillips Community College of the University of Arkansas (PCCUA) is a multi-campus, two-year college serving Eastern Arkansas. Since its inception in 1964, the college has grown from an original enrollment of fewer than 250 students in 14 program areas to over 2,300 students in academic, occupational/technical and continuing education programs and offers 25 associate degree programs. PCCUA has campuses in DeWitt, Helena-W. Helena and Stuttgart.

POINTS OF PRIDE

- ☐ Because of an effort to increase course success, persistence and graduations rates, PCCUA recently received recognition in the Leah Meyer Austin Institutional Student Success Leadership competition for its reinvented approach to teaching. The college increased its course success rates from 57 per cent for the 2004-06 cohorts to 78 percent for the 2010 cohort.
- ☐ One of two Arkansas colleges receiving Achieving the Dream Leader College status, PCCUA has effectively used this recognition to restructure its service to students and was commended for responding to this issue by engaging employees in group reading discussions concerning racism and poverty.
- ☐ The PCCUA-Stuttgart Grand Prairie Center (GPC) just began its second performance series, which will feature opportunities for some of the artists to reach out to younger audiences with free shows for school children and special workshops and opportunities for some of the artists to connect with the community.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT BATESVILLE
Established: 1975
Joined System: 1997
Enrollment: 1,445
www.uaccb.edu

AT A GLANCE

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

POINTS OF PRIDE

- ☐ UACCB opened its $5 million Nursing and Allied Health Building last year, which is utilized by more than 300 allied health students. The 40,000 square-foot facility includes seven classrooms, a 200-seat lecture hall, four clinical labs, conference meeting rooms and faculty offices.
- ☐ UACCB received a $2 million grant from the U.S. Department of Education's Strengthening Institutions Program. The Title III Grant funds efforts to increase student graduation and transfer rates over the next five years.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT HOPE
Year Established: 1965
Joined System: 1996
Enrollment: 1,393
www.uacch.edu

AT A GLANCE

Serving Southwest Arkansas, the University of Arkansas Community College at Hope (UACCH) offers the first two years of a traditional college education transferable to a four-year university, as well as an array of certificate programs to prepare students for an ever-changing workforce. UACCH is an accredited, open-access institution that connects students and community partners to quality education and supports a culture of academic, occupational, personal growth and enrichment programs throughout Southwest Arkansas. With the opening of UACCH-Texarkana Instructional facility in the Fall of 2012, UACCH is better prepared to be regional contributor to the educational needs of southwest Arkansas. Supported by a Hempstead County sales tax, UACCH offers over 46 degrees and certificates for students to select from.

POINTS OF PRIDE

- ☐ UACCH celebrated a 35 percent increase in enrollment from the fall of 2006 through the fall of 2012. This enrollment growth has been matched by increasing graduation rates, with the largest graduation to date being held in May of 2011 when 574 degrees and certificates were awarded, a 129 per cent increase from 2007-08.
- ☐ UACCH recently completed the construction of an additional instructional facility in Texarkana. UACCH-Texarkana opened for classes in the fall of 2012, thus expanding the impact of the college into a populated area within its existing service area.
- ☐ The construction of Hempstead Hall, a 63,000 square-foot auditorium and convention center opened in the fall of 2012. This facility, located near the front entrance to the UACCH Campus along Highway 29 South, is a great addition to the community and the UACCH Campus.

UNIVERSITY OF ARKANSAS COMMUNITY COLLEGE AT MORRILTON
Established: 1961
Joined system: 2001
Enrollment: 2,140
www.uaccm.edu

AT A GLANCE

The University of Arkansas Community College at Morrilton (UACCM) is a two-year institution offering university-transfer and career-specific training programs, adult education, workforce education and community outreach programs. UACCM offers associate of arts and associate of science degrees designed for university transfer, as well as associate of applied science degrees, technical certificates and certificates of proficiency designed for immediate entry into the job market. UACCM is supported by a Conway County sales tax.

POINTS OF PRIDE

- ☐ UACCM has seen an enrollment increase of more than 660 percent since becoming a two-year college in 1991 and a 107 percent increase since merging with the UA System in 2001.
- ☐ UACCM offers the state's only Associate of Applied Science degree in Petroleum Technology. To date, the state's natural gas industry has donated over $500,000 in scholarships to UACCM petroleum technology majors.
- ☐ The UACCM registered nursing students, along with students from the seven other community colleges enrolled in the 2011 Arkansas Rural Nursing Education Consortium (ARNEC) program, had the second highest pass rate of all RN programs in the state on the National Council Licensure Examination comprehensive predictor test.

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES AND THE ARTS
Established: 1993
Joined System: 2004
asmsa.org

AT A GLANCE

The Arkansas School for Mathematics, Sciences and the Arts (ASMSA) is the state's premier high school focusing on excellence in math, science and the arts. Located in Hot Springs, ASMSA is one of 15 residential high schools in the country specializing in the education of gifted and talented students who have an interest and aptitude for mathematics and science. All classes are taught at the college level, and the school offers nearly 40 concurrent courses. Each year, ASMSA turns out highly competitive graduates, many of whom start college at the sophomore level.

POINTS OF PRIDE

- ☐ The 93 members of the ASMSA Class of 2012 received more than $10 million in scholarship offers with acceptances to 85 colleges and universities. The school's 1,840 graduates have earned more than $149 million in scholarship offers.
- ☐ ASMSA completed the new Student Center Complex (residence halls, library, dining hall and student life offices) in May 2012. The students moved into the new building in August 2012.
- ☐ The ASMSA Office of Distance Education is a comprehensive K-12 distance-learning provider. ASMSA ODE currently serves more than 4,300 students in over 100 districts offering compressed interactive video course work in virtually all disciplines.

UNIVERSITY OF ARKANSAS CLINTON SCHOOL OF PUBLIC SERVICE
Established: 2004
www.clintonschool.uasys.edu

AT A GLANCE

Located on the grounds of the William J. Clinton Presidential Center and Park in Little Rock, the University of Arkansas Clinton School of Public Service is the first graduate school in the nation to offer a Master of Public Service (MPS) degree, helping students further their careers in the areas of government, non-profit, volunteer and private sector service. As part of the school's unique curriculum, students complete three hands-on public service projects, including local work in Arkansas communities and international projects on six continents. The school also hosts a renowned public lecture series, featuring leaders in government, politics, foreign policy, journalism and philanthropy.

POINTS OF PRIDE

- ☐ Through the Clinton School's unique Master of Public Service degree program, its students have completed over 130,000 hours of direct field service work, which translates to a community impact valued at $2 million.
- ☐ The school graduated its sixth class of 31 students in May. In six cohorts, more 160 students have now completed the program. The school boasts an 85 percent graduation rate and an 85 percent career-placement rate. Graduates have landed jobs with organizations including the Clinton Foundation, the World Bank, the Wal-mart Foundation, Habitat for Humanity International, City Year and more.
- ☐ Since the Clinton School Speaker Series began in 2006, the school has hosted more than 690 public programs featuring leaders in government, politics, business, foreign policy, journalism and philanthropy addressing issues in public service. These programs have drawn an attendance of more than 125,000 people, and they have been viewed online by over 115,000 people in 184 countries. The series has featured four Nobel Prize winners, 15 Pulitzer Prize winners, 35 ambassadors and eight former heads of state.

DIVISION OF AGRICULTURE
Established: 1959
www.division.uaex.edu

AT A GLANCE

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

The community of Arkansas agriculture impacts about 270,000 people whose jobs directly or indirectly depend on agriculture, including the forestry sector. The $9.6 billion they receive in wages is more than 15 percent of the state's total labor income. Agriculture accounts for more than $16 billion of value added to the state's economy and 12 percent of GDP, greater than any state in the region.

POINTS OF PRIDE

- ☐ The National Research Council of the National Academy of Sciences ranked the UA Department of Food Science Ph.D. program in the Top 5 nationally in 2010.
- ☐ In 2011, the Division of Agriculture initiated a groundbreaking new nitrogen soil test that can help improve profits for rice growers and reduce the risk of nitrogen runoff into surface water. The Nitrogen Soil Test for Rice, or NST*R, offers field-specific recommendations for nitrogen applications that, in many cases, reduces application rates by half or more.
- ☐ In Arkansas, the 4-H program operated by the Division of Agriculture annually reaches more than 131,000 youngsters aged 5-19. The experiential learning program also offers some $50,000 in scholarships a year to participants.

CRIMINAL JUSTICE INSTITUTE
Established: 1988
www.cji.edu

AT A GLANCE

The Criminal Justice Institute (CJI) provides educational programs and services designed to enhance the performance and professionalism of the Arkansas law enforcement community. CJI delivers advanced education and training in progressive areas of criminal justice, including law enforcement leadership and management, forensic sciences, computer applications, traffic safety, illicit drug investigations and school safety.

POINTS OF PRIDE

- ☐ Each year, CJI delivers more than 200 classes in at least 40 different locations statewide benefiting more than 5,000 law enforcement professionals.
- ☐ Twenty-two colleges and universities across the State are collaborating with CJI to provide Arkansas law enforcement with practitioner-oriented certificates and associate degree programs in two areas of study: Crime Scene Investigation and Law Enforcement Administration. Courses provided by CJI are free of charge, allowing officers to complete these programs at a fraction of the normal cost.
- ☐ CJI continues to expand the availability of online programs. The implementation of distance-learning strategies is eliminating many of the barriers officers face in obtaining advanced education and training by allowing officers to complete courses at their own pace and within their community.

ARKANSAS ARCHEOLOGICAL SURVEY
Established: 1967
Joined system: 1967
www.uark.edu/campus-resources/archinfo/

AT A GLANCE

The mission of the Arkansas Archeological Survey is to study and protect the 13,000-year archeological heritage of Arkansas, to preserve and manage information and collections from archeological sites and to communicate what is learned to the people of the state. The survey has 11 research stations across the state, each with a full-time Ph.D. archeologist associated with regional higher education institutions and state parks. The archeologists conduct research, assist other state and federal agencies and are available to local officials, amateur archeologists, landowners, educators and students in need of information about archeology or archeological sites.

POINTS OF PRIDE

- ☐ In June 2009, the Survey was awarded a $240,000 grant from the Collaborative Research Program of the National Endowment for the Humanities for a three-year study of American Indian art, ritual and social interaction in the Central Arkansas River Valley. The NEH-designated “We The People” project uses new archeological excavations, plus study of world-class artifact assemblages housed at the University of Arkansas Museum Collection, to investigate the critical period around AD 1600 after the de Soto expedition but before the arrival of the French.
- ☐ In cooperation with Arkansas Department of Parks and Tourism, the Survey conducted extensive geophysical, archeological and archival research at Prairie Grove Battlefield State Park. By using the latest geophysical remote sensing equipment, the Survey can map disturbances in the ground to discover the buried remains of houses and other features on this important Civil War landscape.
- ☐ At the Toltec Mounds Archeological State Park research station, the Survey established a dedicated paleoethnobotany lab and comparative collection for the identification and study of ancient plant remains. Foodways as represented by preserved nutshell, seeds or other plant parts, and artifact constructions based on plant fiber, such as twine and cordage, mats and basketry, can now be studied within the Survey organization.
- ☐ Funded by a grant from Arkansas Natural and Cultural Resources Council, the Survey worked with

the university's Center for Advanced Spatial Technologies to create 3D animation of early 19th century buildings based on 2004-09 archeological excavations at the town of Davidsonville, Ark. The recreations will be used for teaching and public interpretation at Davidsonville Historic State Park.

WINTHROP ROCKEFELLER INSTITUTE
Year Established: 2005
www.wrcenter.net

AT A GLANCE

The Winthrop Rockefeller Institute (WRI) of the University of Arkansas System was established in July 2005 with a grant from the Winthrop Rockefeller Charitable Trust. The educational institute and conference center is located on Petit Jean Mountain near Morrilton, Ark., on the grounds of former Gov. Winthrop Rockefeller's cattle farm. The institute is a separate tax-exempt corporation with facilities leased to the university. Its mission is to serve as a catalyst for furthering the mission of the University of Arkansas and carrying on the legacy of Gov. Rockefeller by bringing together people of diverse ideas and interests to address subjects of state, regional, national and international importance.

POINTS OF PRIDE

- ☐ In 2012, the Winthrop Rockefeller Institute will celebrate the Winthrop Rockefeller Centennial, a community collaborative in recognition of the 100th anniversary of the birth of former Governor Winthrop Rockefeller. This celebration will highlight the legacy of Winthrop Rockefeller in the state 40 years after he left office.
- ☐ In September 2011, the Winthrop Rockefeller Institute was accredited by the American Culinary Federation to provide continuing education courses for culinary professionals seeking ACF initial certification and renewal certification. Courses began in January 2012 and will cover a wide variety of topics, from molecular gastronomy to restaurant fiscal management.
- ☐ In 2009, the Institute was awarded "Best Place for a Company Retreat" by the readers of Arkansas Business.

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G. David Gearhart, *Chancellor*
Donald O. Pederson, *Vice Chancellor for Finance and Administration*

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Paul Beran, *Chancellor*
Darrell Morrison, *Vice Chancellor of Finance*

UNIVERSITY OF ARKANSAS AT LITTLE ROCK
Joel E. Anderson, *Chancellor*
Robert H. Adams, *Vice Chancellor of Finance and Administration*

UNIVERSITY OF ARKANSAS AT MONTICELLO
H. Jack Lassiter, *Chancellor*
Jay Jones, *Vice Chancellor for Finance and Administration*

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES
Daniel W. Rahn, *Chancellor*
Melony Goodhand, *Vice Chancellor for Finance & Chief Financial Officer*

UNIVERSITY OF ARKANSAS AT PINE BLUFF
Calvin Johnson, *Interim Chancellor*
Pauline Thomas, *Vice Chancellor for Finance and Administration*

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

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Lisa Gunderman, *Vice Chancellor for Finance*

ARKANSAS SCHOOL FOR MATHEMATICS, SCIENCES, & THE ARTS
Corey Alderdice, *Director*
JaNan Abernathy, *Director of Finance*

This report was prepared by the Office of the Vice President for Finance and is available on the University of Arkansas System's website at www.uasys.edu