ARKANSAS

Annual Comprehensive Financial Report
Fiscal Year Ended
June 30, 2022

ARKANSAS

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

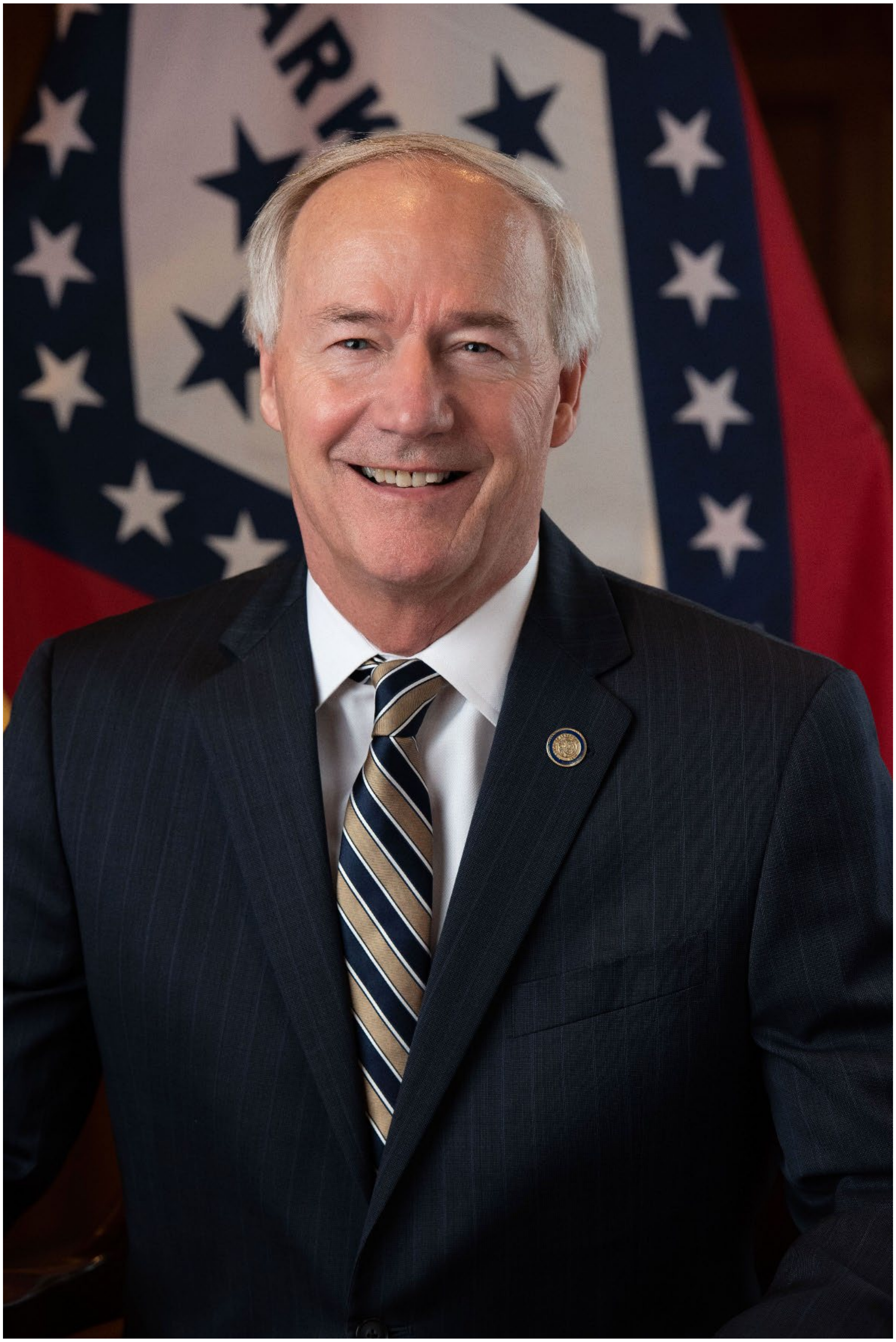
Asa Hutchinson
Governor

Larry W. Walther
Secretary
Department of Finance and Administration

Prepared By
The Department of Finance and Administration
Office of Accounting

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

The photograph of Governor Asa Hutchinson is courtesy of the Governor's Office.



Governor Asa Hutchinson

STATE OF ARKANSAS
ASA HUTCHINSON
GOVERNOR

January 9, 2023

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

I am pleased to submit the Fiscal Year 2022 Arkansas Annual Comprehensive Financial Report (ACFR). This annual publication demonstrates my commitment to accurate and timely financial reporting. The financial statements and accompanying disclosures provide detailed information of the State of Arkansas's financial status, accounting methods and economic data to the public.

The Fiscal Year 2022 ACFR goes beyond generally accepted accounting principles to highlight important statistical information of the State. For these efforts, I am pleased to report that the 2021 Comprehensive Annual Financial Report received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. Arkansas has received this prestigious award twenty-four times for its transparency in reporting.

I appreciate the work performed by all State employees who have maintained financial records. Using this information, the Department of Finance and Administration team has worked over the last several months to complete this fiscal year 2022 report for your review.

Sincerely,

Asa Hutchinson

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Acknowledgments

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

ARKANSAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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ARKANSAS STATE GOVERNMENT

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STATE OF ARKANSAS
Department of Finance and Administration

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January 25, 2023

The Honorable Governor
The Honorable Members of the Arkansas General Assembly
The Citizens of Arkansas

In accordance with the requirements set forth in Arkansas Code of 1987 (Ark. Code Ann.) § 19-4-517, it is my pleasure to transmit to you the Annual Comprehensive Financial Report (ACFR) of the State of Arkansas (the State) for the fiscal year ended June 30, 2022.

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

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

Arkansas Legislative Audit performed the audit for the fiscal year ended June 30, 2022. Auditing standards generally accepted in the United States of America were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements is included in the financial section of this report.

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

PROFILE OF THE GOVERNMENT

Originally part of the Louisiana Purchase of 1803, Arkansas was organized into a territory in 1819 with the same northern, eastern, and southern borders it shares today. In 1836, Arkansas became the 25th state of the United States of America with a new border on the west. It currently stands as the 29th state in size with an area of 53,179 square miles. Arkansas has grown from a vast wilderness to a thriving state with a population of 3.0 million, propagating industries ranging from agriculture to technology to commerce.

Nicknamed "The Natural State," Arkansas is known throughout the country for its natural beauty, clear waters, and abundance of natural wildlife. The Constitution of the State provides for three distinct branches of government: executive, legislative, and judicial. The executive branch is comprised of the Governor, Lieutenant Governor, Attorney General, Secretary of State, Treasurer of State, Auditor of State, and State Land Commissioner, all of whom are elected by state-wide vote to serve four-year terms. The legislative branch is comprised of 35 state senators and 100 state representatives. Known collectively as the General Assembly, the senators and representatives begin the Regular Legislative Session in every odd-numbered year and the Fiscal Legislative Session in every even-numbered year. The judicial branch is comprised of three levels of courts: District Courts, the Circuit Courts, and the Appellate Courts, which are the Court of Appeals and the Supreme Court.

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

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

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

Local Economy

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

Arkansas is very proud of the five Fortune 500 companies that got their start and are headquartered here: Wal-Mart (ranked #1), Tyson Foods, J.B. Hunt Transport Services, Murphy USA, and Dillard's and they are the industry leaders and are making a global impact in Arkansas.

The State has continued to attract new businesses and grow current businesses. Tractor Supply Company, the largest rural lifestyle retailer in the United States, announced it intends to build a new distribution center in Maumelle, Arkansas. The approximately 900,000 square foot distribution center represents an initial investment of about $100 million. The facility is anticipated to create more than 450 new full-time jobs by the end of 2023 and service about 250 Tractor Supply stores at full capacity. Construction is currently scheduled to begin in the middle of 2022, with an anticipated completion in late 2023.

During 2022, Lockheed Martin and Airbus leaders announced the aerial refueling boom system for the LMXT strategic tanker aircraft will be manufactured by Airbus in western Arkansas. Introduced in September 2021, the LMXT is Lockheed Martin's offering for the U.S. Air Force's KC-Y strategic tanker program.

The 17 expanding companies and 7 new companies will invest $526.1 million creating 2,151 new jobs which include Wipro Limited, Arning Companies, U.S. Steel, Tractor Supply, Hostess Bakery, W&W AFCO Steel, and Synthesia Technology.

ECONOMIC CONDITION AND OUTLOOK

Arkansas's economy showed a mixed trend in fiscal year 2022. Personal income and wage disbursements increased while total employment decreased in fiscal year 2022 as compared to fiscal year 2021.

State Personal Income: Personal income consists of wages and salaries, dividends, interest, rent, and transfer payments, such as social security and other retirement incomes. Personal income does not include realized capital gains from the sale of assets. Total personal income, measured in current dollars, reached a total of $154.3 billion in fiscal year 2022. This represented an increase of $5.2 billion, or 3.4%, over fiscal year 2021. Fiscal year 2023 is estimated at $164.1 billion (current dollars), an increase of $9.7 billion, or 6.3%, over fiscal year 2022.

Arkansas Wage and Salary Disbursements: Measured in current dollars, wage and salary income rose to $70.5 billion in fiscal year 2022, an increase of 6.3 billion, or 9.9%, from fiscal year 2021. Fiscal year 2023 is estimated at $75.2 billion, an increase of $4.6 billion, or 6.6%, from fiscal year 2022.

Employment: In fiscal year 2022, revised payroll employment in Arkansas averaged 1.3 million jobs. This represented a decrease of approximately 41,200 jobs, or (3.3%), compared to fiscal year 2021. In fiscal year 2023, payroll employment is expected to average 1.3 million jobs. This represents a projected increase of approximately 24,500 jobs, or 1.9%, from fiscal year 2022.

Fiscal Year 2022 Net Available General Revenues: Actual net available general revenues collected totaled $7.5 billion, $1.6 billion above forecast. The net available collected was $632.1 million, or 9.2%, above the net available in fiscal year 2021. Fiscal year 2023 net available general revenue collections are estimated at $6.6 billion, a decrease of $855.1 million, or (11.4%), below fiscal year 2022 with a year-end surplus indicated at $598.0 million.

Selected Special Revenues: Act 87 of 2007 designated a portion of the 6-cent per gallon dyed diesel tax to the Educational Adequacy Fund to partially offset the exemption of dyed diesel from sales tax. Starting in fiscal year 2013, a portion of motor fuel taxes is also deposited to the Educational Adequacy Fund to offset the revenue loss from exempting truck tractors and semitrailers from sales tax. These revenues are deposited to the Educational Adequacy Fund to provide an adequate educational system. In fiscal year 2022, $662.0 million in net tax collections was deposited to the Educational Adequacy Fund, with the fiscal year 2023 net tax collections estimated to be $681.3 million.

RELEVANT FINANCIAL POLICIES

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

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

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

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

Tax Abatements: The State provides tax abatements through 12 programs. These programs provide incentives in the form of reduced taxes for the purposes of business development and job creation, housing development, tourism development, and other programs. The **Advantage Arkansas** program provides income tax abatements to encourage economic development through job creation. The **ArkPlu**s program provides income tax and sales and use tax abatements to encourage economic development through job creation and capital investments. The **InvestArk** program provides for abatement of sales and use taxes to encourage economic development through retention of current Arkansas businesses. The **Tax Back** program provides for abatement of sales and use taxes to encourage economic development through job creation. The **In-House Research and Development** program provides for abatement of income taxes to encourage economic development through research activities. The **Targeted Research** program provides for abatement of taxes to encourage economic development through research activities of targeted businesses or in areas of strategic value. The **Targeted Business Payroll** program provides for abatement of income taxes to encourage the development of jobs that pay significantly more than the average hourly wage of the county in which the business is located or the State average hourly wage, if less. The **Tourism Development** program provides for abatement of income taxes and sales and use taxes to encourage the development of tourism attractions within the State. The **Water Resource Conservation and Development** program provides for abatement of income taxes to encourage investment in projects that increase the use of surface water and reduce agricultural irrigation water use. The **Wetland and Riparian Zone** program provides for abatement of income taxes to encourage landowners to restore and enhance existing wetlands and riparian zones or create new wetlands and riparian zones. The **Low-Income Housing** program provides for abatement of income taxes to encourage the development of housing for individuals and families with low income. The **Major Maintenance and Improvement** program provides for abatement of sales and use taxes to assist manufacturing and processing facilities in remaining competitive and preserving jobs.

MAJOR INITIATIVES

Education: The Arkansas Department of Education's (ADE) divisions continue to provide support to school districts, higher education institutions, and other stakeholders as they recover from the impact of the COVID-19 pandemic. Support includes the implementation of statewide educational programs designed to recoup learning loss, as well as assisting districts with local efforts to accelerate learning. Since the beginning of transformation, which has streamlined services and support for stakeholders, ADE has saved more than $7.3 million via digital transformation, information systems development, and human resources savings.

Highway and Transportation: The Arkansas Department of Transportation completed several construction projects across the state in 2022.

Construction crews completed:

- On Interstate 49, also known as the Bella Vista Bypass, completed six projects totaling more than $220 million and 19 miles of new four-lane roadway.
- Widening from two to four lanes on Highway 167 between Interstate 530, near Little Rock, and the Louisiana state line has now been completed.
- A project through the Big Lake National Wildlife Refuge in Manila widened nearly two miles of Highway 18 from two to five lanes in northeast Arkansas.
- A new 502-foot-long bridge over Osage Creek in Siloam Springs opened to traffic in June. Crossland Heavy Contractors, Inc. completed the $2.3 million contract.

Arkansas Department of Transportation's major road improvement program - the Connecting Arkansas Program – completed or has underway, all 31 projects promised to the people of Arkansas.

State Parks: There are 52 State parks encompassing 55,006 acres of wetlands, forests, fish and wildlife habitats, recreational facilities, and unique historic and cultural resources. Within the parks are 1,263 buildings, including 190 historic structures and 130 exhibit buildings, 1,751 campsites, 1,085 picnic sites, four lodges with 214 lodge rooms, 204 fully equipped cabins, 3 group lodging facilities, 48 gift shops and/or park stores, 41 playgrounds, 38 boat launches, 23 fishing piers, 15 swimming beaches, 10 marinas, 8 swimming pools, 7 restaurants, 18 and 27 hole golf courses, 4 tennis courts, one music auditorium, one public airport, one public firing range, one 54,000 seat stadium, more than 200 miles of roads, hundreds of miles of utilities, 19 wastewater treatment plants, and an assortment of 212 hiking, mountain bike, backpack, equestrian, and multi-use trails covering 471 miles. Approximately 9.3 million visitors came to the State parks in FY2022. A return to resource-focused programming, following the COVID-19 disruption, included over 10,000 Educational Programs, Tours, and Ranger-led Activities for 85,000 guests.

Over $258 million in capital improvements and major maintenance projects have been completed through the Arkansas State Park system funded by Amendment 75, the 1/8 Cent Conservation Tax, since its passage in 1996. In FY2022, Arkansas State Parks completed 15 capital improvement construction contracts totaling $9.4 million. In addition, 213 major maintenance projects were completed, totaling $2.7 million, with an additional $426,969 committed for 37 ongoing projects in various stages of completion.

Tourism: Arkansas's statewide tourism tax collections saw an increase as travel restrictions began to lift. The State hosted over 41 million visitors in 2022 who spent $8.0 billion in total travel expenditures, amounting to $629 million in state and local taxes, according to data released this year. In addition, 64,144 Arkansas jobs were directly related to the travel industry.

Arkansas's 2% tourism trust fund tax collections showed a strong trend of recovery from pandemic declines, ending FY2022 up over 30% from COVID-impacted years. Arkansas Tourism promoted the State's outdoor products through traditional and digital channels and assisted its industry partners in their promotions with enhanced digital marketing co-ops. Staff developed the Economic Development Administration grant administration plan as part of the ARPA Grant funding, which outlined recovery initiatives in the following areas of focus: transformational development planning, brand development, marketing, paid media, outdoor recreation, visitor engagement, and workforce development. Arkansas participates with Travel South, the official regional Destination Marketing Organization promoting the southern U.S. to the international market via advertising, public relations, and sales missions. Arkansas also collaborates with Brand USA, the official Destination Marketing Organization for the United States through cooperative advertising in key markets.

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

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

DAH's agencies include the Arkansas Arts Council, Arkansas Historic Preservation Program (AHPP), the Arkansas Natural Heritage Commission, and the Capitol Zoning District Commission. Since 2019, Capitol Zoning has been managed by AHPP. We are currently contracting with a professional organization to update the rules and master plan for this program. Our museums are the Delta Cultural Center, Historic Arkansas Museum, Mosaic Templars Cultural Center, and the Old State House Museum. We also maintain two historic sites, Trapnall Hall in Little Rock and the Jacob Wolf House in Norfork, Arkansas. The Arkansas State Archives is our one archive with two branches - Southwest Arkansas Regional Archives (SARA) in Historic Washington State Park at Washington, Arkansas, and the Northeast Arkansas Regional Archives (NEARA) in Powhatan State Park at Powhatan, Arkansas. Three of DAH's four museums are accredited by the American Alliance of Museums.

DAH currently maintains 37 properties (24 are historic structures that require special maintenance) and approximately 125,000 artifacts in four museums, archives collections, and the Collection Management Facility. They also maintain a state-of-the-art herbarium at Division headquarters in the Arkansas Natural Heritage Commission (ANHC). The ANHC herbarium stores and catalogues 19,875 accessioned specimens representing 3,803 species as of FY2022. The ANHC also manages approximately 73,983 acres of Arkansas's natural landscape, located in 79 natural areas. Stewardship of these lands requires proven techniques to preserve and sometimes restore unique and diverse ecosystems.

AHPP, an agency of DAH, received the results of a commissioned economic study, conducted by PlaceEconomics, that validated the financial impact made by programs within AHPP. The programs, Main Street Arkansas, the Arkansas Rehabilitation Tax Credit Program, County Courthouse Grant Program, and Historic Preservation Restoration Grants have been instrumental in attracting nearly $224 million in private investment over the last ten years.

Human Services: The Arkansas Department of Human Services (DHS) has a large team who served more than a million Arkansans every year. DHS has strived to work together to become a more effective and more efficient agency in everything we do with a focus on being good stewards of the taxpayer dollar. That commitment is recognized in our motto: "We care. We act. We change lives." DHS has continued to implement plans and procedures to deal with the COVID-19 pandemic and its effects. The agency worked to administer $150 million in combined State and federal funds to support workforce stabilization for Medicaid providers serving clients in their homes and communities. Efforts have centered on preparing for the end of the federally-declared COVID-19 Public Health Emergency, at which time DHS will have to redetermine Medicaid eligibility for more than 380,000 clients whose coverage has been extended due to the emergency.

The Division of County Operations (DCO) expanded its new online eligibility system, Access Arkansas, to include Medicaid, Supplemental Nutrition Assistance Program (SNAP), and Transition Employment Assistance (TEA) for clients in all counties, and shifted to a universal caseload setup where staff can work cases from any county in the State rather than only their own. The Division of Children and Family Services (DCFS) began development of ARfocus, a new state-of-the-art case management system that will include mobile features to aid child welfare workers in the field, and advanced plans to increase payments for foster families and to provide monthly payments to provisional foster parents. The Division of Medical Services implemented its Electronic Visit Verification system to validate delivery of quality in-home services to seniors and adults with physical disabilities. The Arkansas State Hospital implemented an electronic medical record system and the Division of Aging, Adult, and Behavioral Health Services moved from a manual, paper-based system for in-home cases to an electronic database, greatly improving the process for making changes and updates to cases. The Division of Aging, Adult, and Behavioral Health Services has worked closely with the Arkansas Legislative Study on Mental and Behavioral Health. The Division of Provider Services and Quality Assurance implemented programs to increase awareness and access to respite services for caregivers. The Division of Child Care and Early Childhood Education distributed funding through the American Rescue Plan Act to support operations and improve quality for childcare providers around the State and the division launched a new program, 10 Minutes Matter, aimed at encouraging parents or guardians to read to children beginning when they are infants.

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

A priority for DIS is to use the State's buying power to generate cost savings and efficiencies and to strengthen security. It is home to the State Cybersecurity Office that safeguards citizen and government data flowing across the network by ensuring the data are kept secure, private, and confidential and are inaccessible to hackers. The initiatives led by DIS include optimizing the State's data center assets to establish a shared information technology infrastructure foundation that eliminates disparate data centers and mitigate security risks; implementing Microsoft Office 365 to all executive branch departments; ensuring that sensitive State and private citizen data is handled responsibly and in compliance with federal and State laws governing protected data; and a unified communications platform anchored by voice over internet protocol (VoIP) to phase out antiquated and expensive telephone systems.

Arkansas Scholarship Lottery: The voters passed an amendment to the Arkansas Constitution in November 2008 authorizing the Legislature to establish a lottery. The net proceeds of the lottery are used to fund scholarships for Arkansas students to in-state two-year and four-year higher education institutions. The Office of the Arkansas Lottery (OAL) oversees the operation and regulates the State lotteries.
For the year ended June 30, 2022, the OAL had operating revenues of $580.2 million, had gaming prizes expenses of $402.4 million, paid selling and cashing commissions to Arkansas retailers of $32.8 million, had gaming contract costs of $29.7 million, had other operating expenses of $15.0 million, and provided $99.4 million in scholarship funds to the Lottery Scholarship Trust Account.

Health: The Department of Health (ADH) continues to co-chair the Arkansas Governor's Challenge alongside the Arkansas Department of Veterans Affairs. The Governor's Challenge is a statewide, public-private collaboration aimed at reducing suicide among service members, veterans, and their families (SMVF). With guidance from federal partners, the team is partnering with stakeholders to address three priority areas: identifying SMVF in our communities and screening for suicide risk, promoting connectedness and improving care, and increasing lethal means safety and safety planning. As an example, the team is working with the nonprofit Camp Alliance to place Camp Connect resource kiosks in appropriate locations around the state where SMVF can locate services related to health, career, education, workforce, housing, and more.

Be Well Arkansas, the ADH program for Arkansans who need assistance quitting tobacco and nicotine, continues to innovate ways to decrease smoking and vaping in Arkansas. Be Well has a new "Coral's Reef" program that includes age-appropriate videos and materials to discourage vaping in young Arkansans down to age 5. Developed by ADH staff, this is the only known program in the nation that seeks to stop vaping before it starts in these younger age groups.

In a continuing effort to improve ADH services to the public, additional electronic portals have been set up to streamline submission programs and speed-up turnaround times. The ADH collaborates with a wide variety of partners in the public and private sectors to address the health problems facing Arkansans. The ADH will maintain efforts every day to improve the health of individual Arkansans, protect the public from epidemics, and provide preventive health services in Arkansas communities.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its ACFR for the fiscal year ended June 30, 2021. This was the twenty-fourth consecutive year that the State has achieved this prestigious award. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for a period of one year.

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

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

Sincerely,

Larry W. Walther

Larry W. Walther
Secretary

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Arkansas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

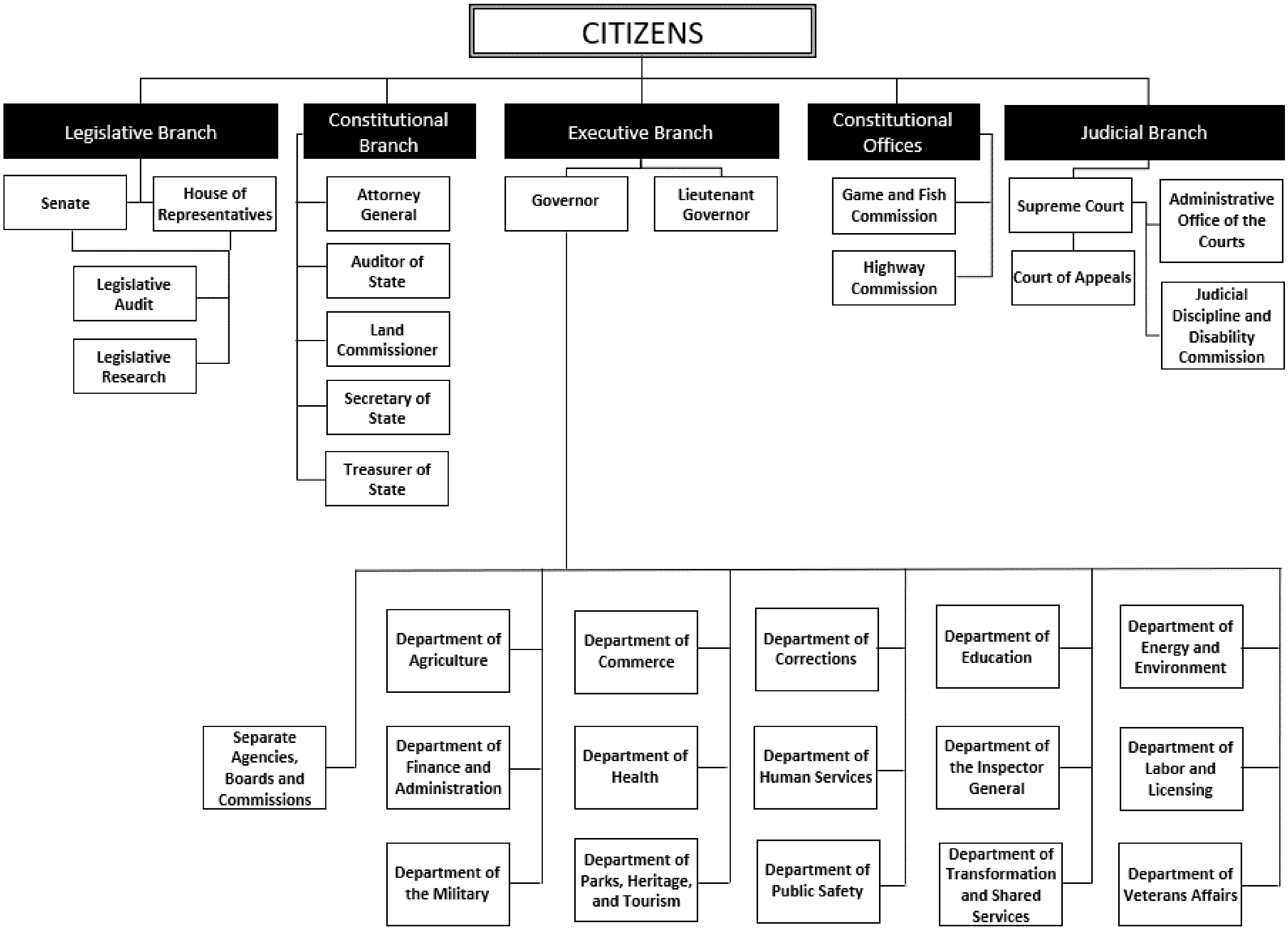
June 30, 2021

Christopher P. Morrill

Executive Director/CEO

ARKANSAS

Organizational Chart



Principal Officials

Elected Officials

Governor

Asa Hutchinson

Lieutenant Governor

Tim Griffin

Attorney General

Leslie Rutledge

Auditor of State

Andrea Lea

Land Commissioner

Tommy Land

Secretary of State

John Thurston

Treasurer of State

Dennis Milligan

General Assembly

President Pro Tempore

Senator Jimmy Hickey, Jr.

Speaker of the House

Representative Matthew Shepherd

Supreme Court

Chief Justice

John Dan Kemp

Associate Justice

Robin F. Wynne

Associate Justice

Courtney Rae Hudson

Associate Justice

Barbara Webb

Associate Justice

Shawn A. Womack

Associate Justice

Karen R. Baker

Associate Justice

Rhonda K. Wood

ARKANSAS STATE GOVERNMENT

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FINANCIAL SECTION

ARKANSAS STATE GOVERNMENT

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

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

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Arkansas (the State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Arkansas as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of:

- The discretely presented component units, which represent 100% of the assets and revenues of the aggregate discretely presented component units opinion unit.

- The University of Arkansas for Medical Sciences, a portion of the Higher Education Fund, which represents 20% of the assets and 32% of the revenues of the business-type activities opinion unit and 25% of the assets and 52% of the revenues of the Higher Education major enterprise fund opinion unit.

- The Construction Assistance Revolving Loan Fund or the Other Revolving Loan Funds (non-major enterprise funds), which, on a combined basis, represent 8% of the assets and 1% of the revenues of the business-type activities opinion unit and 2% of the assets and 2% of the revenues of the aggregate remaining fund information opinion unit.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023, on our consideration of the State of Arkansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the *State of Arkansas Single Audit Report*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Arkansas's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

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

Little Rock, Arkansas
January 25, 2023
ACFR00122

MANAGEMENT'S DISCUSSION AND ANALYSIS

ARKANSAS STATE GOVERNMENT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Arkansas (the State) provides this narrative, overview, and analysis of the financial activities of the State's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022. The State's June 30, 2022, financial statements received an unmodified opinion (see Independent Auditor's Report for more information). We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal that can be found preceding this narrative and with the State's financial statements which follow. The first section of the Management's Discussion and Analysis (MD&A) is intended to familiarize readers with the accounting terminology and methods relevant to reporting financial information for the State. The second section of the MD&A is a summary of financial and statistical information that should be more meaningful because the readers have been exposed to the accounting terminology and methods used by the State.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources for the year ended June 30, 2022, by $23.3 billion (presented as total net position).
- The net position of the State increased by $3.7 billion during the fiscal year.
- The governmental activities net position increased by $3.4 billion.
- The business-type activities net position increased by $292.3 million.
- Of the total net position, $15.7 billion (67.37%) reflects its investment in capital assets such as land, buildings, equipment, intangibles, and infrastructure (roads, bridges, and other immovable assets), less any related outstanding debt used to acquire these assets.
- The State's restricted net position of $7.3 billion (31.23%) represents resources that are subject to restrictions on how they may be used.
- The State's unrestricted net position of $326.2 million represents the amount available to meet the State's ongoing obligations to citizens and creditors.

Fund Highlights

As of the close of business on June 30, 2022, the State's General Fund reported a fund balance of $7.9 billion.

- The nonspendable fund balance was $153.1 million (1.93%).
- The restricted fund balance was $1.9 billion (24.54%).
- The committed fund balance was $5.6 billion (70.00%).
- The assigned fund balance was $91.7 million (1.15%).
- The unassigned fund balance was $188.6 million (2.38%).

The fund balance in the State's General Fund increased $1.4 billion during the fiscal year.

Long-Term Debt

Long-term debt payable for bonds, notes, installment purchase agreements, and leases as of June 30, 2022, was $3.7 billion. Additional debt totaling $622.2 million was entered into during the year: $123.8 million was attributable to the increase in bond, notes payable, installment purchase agreements, and leases payable for governmental activities; $344.2 million was attributable to increases in college and university revenue bonds; and $154.2 million was attributable to the increase in business-type notes payable, installment purchase agreements, and leases.

Due to GASB Statement 87, Leases (effective July 1, 2022), State governments are required to recognize a lease liability and an intangible right-to-use asset for leases previously classified as operating leases and some capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at June 30, 2022. These financial statements are prepared using the full accrual basis of accounting, which recognizes all revenues when earned and expenditures at the time the related liabilities are incurred. These statements include the *Statement of Net Position* and the *Statement of Activities*.

- ***Statement of Net Position –*** This statement presents all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the difference between these items is reported as net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the overall financial position of the State is improving.
- ***Statement of Activities –*** This statement presents information showing how the State's net position changed during the year ended June 30, 2022, and a comparison between program revenues and direct expenditures for each function of the State.

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Combining Financial Statements

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

GOVERNMENT-WIDE HIGHLIGHTS AND ANALYSIS

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current assets	$ 11,378,240	$ 9,916,021	$ 3,458,353	$ 3,614,756	$ 14,836,593	$ 13,530,777
Noncurrent assets	196,153	223,981	1,694,002	1,451,689	1,890,155	1,675,670
Capital assets	14,267,064	13,691,499	4,509,206	4,298,899	18,776,270	17,990,398
Total assets	25,841,457	23,831,501	9,661,561	9,365,344	35,503,018	33,196,845
Deferred outflows of resources	720,335	1,028,154	90,571	125,786	810,906	1,153,940
Current liabilities	3,155,298	3,265,986	723,852	782,644	3,879,150	4,048,630
Long-term liabilities	3,705,523	6,754,282	3,004,643	3,090,752	6,710,166	9,845,034
Total liabilities	6,860,821	10,020,268	3,728,495	3,873,396	10,589,316	13,893,664
Deferred inflows of resources	2,218,156	717,689	189,187	75,565	2,407,343	793,254
Net investment in capital assets	13,585,993	12,881,572	2,123,732	2,061,401	15,709,725	14,942,973
Restricted	5,963,009	3,972,239	1,318,257	1,264,813	7,281,266	5,237,052
Unrestricted	(2,066,187)	(2,732,113)	2,392,461	2,215,955	326,274	(516,158)
Total net position	$ 17,482,815	$ 14,121,698	$ 5,834,450	$ 5,542,169	$ 23,317,265	$ 19,663,867

The net position of the governmental activities increased $3.4 billion, due to an increase in intergovernmental revenue due to the American Rescue Plan Act (ARPA) for COVID-19, a decrease on Other Postemployment Benefits due to a change in the discount rate and the offering of a new program for retirees, and a decrease in Pension because of changes in fair value.

The net position of the business-type activities increased $292.3 million. This change was primarily due to decrease in revenue and decrease in expenditures for benefits and aid payments in pandemic relief funding in response to COVID-19.

The book value of capital assets as of June 30, 2022, was $14.3 billion for governmental activities and $4.5 billion for business-type activities. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated to fund these liabilities.

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 1,415,430	$ 1,353,338	$ 3,507,990	$ 3,433,697	$ 4,923,420	$ 4,787,035
Operating grants	11,344,966	10,192,325	1,248,909	2,638,386	12,593,875	12,830,711
Capital grants and contributions	766,011	809,547	78,917	29,609	844,928	839,156
General revenues:						
Personal and corporate taxes	4,489,965	3,926,344			4,489,965	3,926,344
Sales and use taxes	4,220,058	3,887,187			4,220,058	3,887,187
Gas and motor carrier	506,400	488,974			506,400	488,974
Other taxes	1,570,923	1,397,747	38,802	40,633	1,609,725	1,438,380
Other revenues:						
Investment earnings (loss)	(472,773)	(25,725)	(30,686)	106,384	(503,459)	80,659
Miscellaneous income	582,862	572,546	283,356	265,888	866,218	838,434
Total revenues	24,423,842	22,602,283	5,127,288	6,514,597	29,551,130	29,116,880
Expenses:						
Governmental expenses:						
General government	713,045	1,901,668			713,045	1,901,668
Education	4,638,304	4,181,586			4,638,304	4,181,586
Health and human services	11,811,414	10,760,985			11,811,414	10,760,985
Transportation	987,510	1,287,824			987,510	1,287,824
Law, justice and public safety	1,018,650	973,492			1,018,650	973,492
Recreation and tourism	221,103	204,219			221,103	204,219
Regulation of business and professionals	26,737	24,395			26,737	24,395
Resource development	214,473	177,001			214,473	177,001
Commerce	520,486	572,567			520,486	572,567
Interest expense	34,528	43,104			34,528	43,104
Business-type expenses:						
Higher education			4,702,199	4,394,289	4,702,199	4,394,289
Workers' Compensation Commission			4,575	9,315	4,575	9,315
Division of Workforce Services			114,733	1,671,273	114,733	1,671,273
Office of the Arkansas Lottery			479,947	529,723	479,947	529,723
Public School Employee Health and Life Benefit Plan			398,664	399,831	398,664	399,831
Revolving loans			11,364	6,494	11,364	6,494
Total expenses	20,186,250	20,126,841	5,711,482	7,010,925	25,897,732	27,137,766
Increase (decrease) in net position before special items and transfers	4,237,592	2,475,442	(584,194)	(496,328)	3,653,398	1,979,114
Special items:						
Disposal of operations		(11,913)				(11,913)
Transfers - internal activities	(876,475)	(829,755)	876,475	829,755		
Total special items and transfers	(876,475)	(841,668)	876,475	829,755		(11,913)
Increase in net position	3,361,117	1,633,774	292,281	333,427	3,653,398	1,967,201
Net position - beginning	14,121,698	12,487,924	5,542,169	5,208,742	19,663,867	17,696,666
Net position - ending	$ 17,482,815	$ 14,121,698	$ 5,834,450	$ 5,542,169	$ 23,317,265	$ 19,663,867

As is typical for governmental activities, program expenditures exceeded program revenues. The excess program expenditures of $6.7 billion were funded by normal state taxing activities.

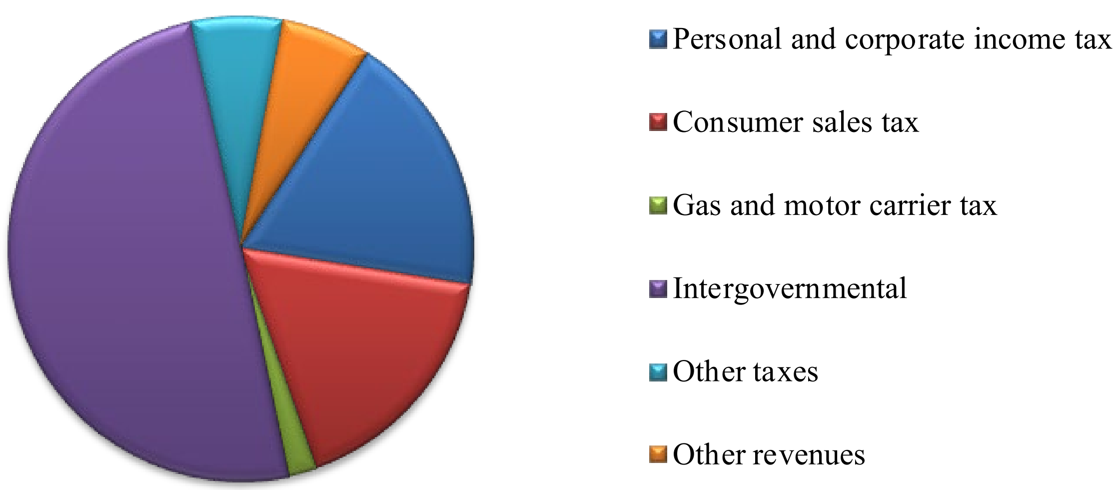
FUND HIGHLIGHTS AND ANALYSIS

General Government Functions

Most State functions are financed through the General Fund. The State's most significant sources of revenue in the General Fund are taxes and intergovernmental (i.e., federal grants). The State's most significant areas of expenditure from the General Fund are education and health and human services. The following charts present actual General Fund revenues and expenditures for the years ended June 30, 2022, and 2021 (expressed in thousands). The information presented includes revenues by source for the General Fund, expenditures by function for the General Fund, and changes in fund balance for the General Fund. The fund financial statements provide greater detail than is presented in this overview.

Revenues by Source - General Fund (expressed in thousands)

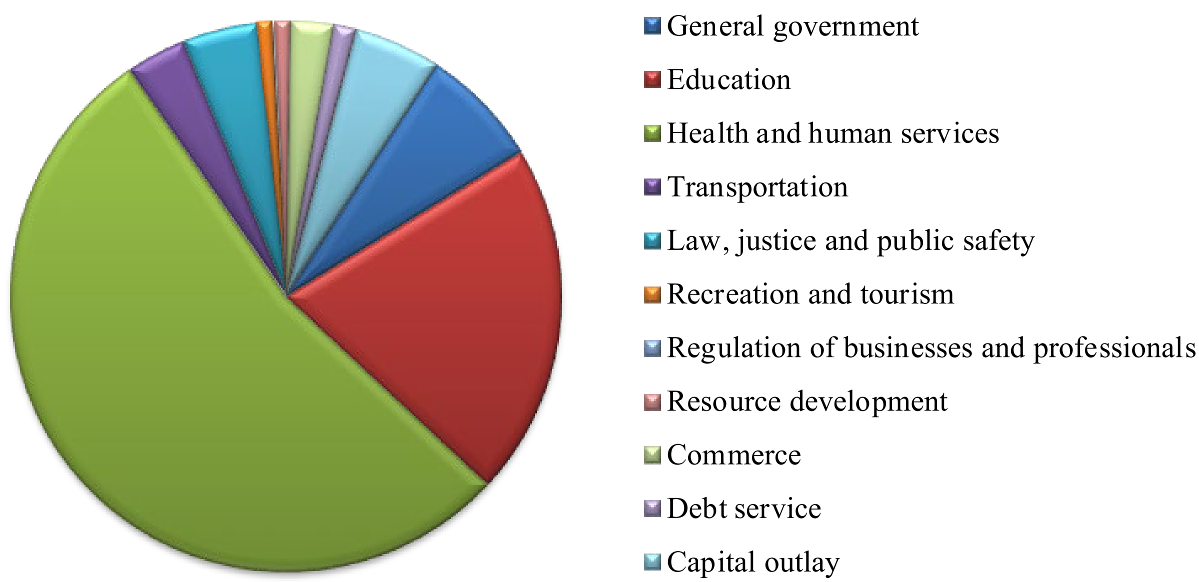
Revenues		2022		2021	Increase (Decrease) Percent
Personal and corporate income tax	$	4,490,595	$	3,921,586	14.51%
Consumer sales tax		4,199,145		3,860,050	8.78%
Gas and motor carrier tax		506,521		488,737	3.64%
Intergovernmental		12,177,163		10,836,160	12.38%
Other taxes		1,571,273		1,410,108	11.43%
Other revenues		1,519,530		1,875,198	(18.97%)
Total	$	24,464,227	$	22,391,839	9.26%



Governmental revenues increased by 9.26%. Intergovernmental increased $1.3 billion due to the CARES Act and ARPA revenue for COVID-19. Personal and corporate income tax increased by $569.0 million, and consumer sales tax revenue increased $339.1 million due to economic growth as the effects of COVID-19 were mitigated and stronger than expected growth in the State's economy. Other taxes increased by $161.2 million, due to an increase in insurance premium tax revenues, an increase in gambling activity because of casinos reopening and a new casino in Pine Bluff, and increases in severance tax and real estate tax revenues.

Expenditures by Function – General Fund (expressed in thousands)

Expenditures	2022	2021	Increase (Decrease) Percent
General government	$ 1,580,566	$ 1,642,741	(3.78%)
Education	4,638,723	4,177,850	11.03%
Health and human services	11,968,473	10,740,086	11.44%
Transportation	784,338	731,333	7.25%
Law, justice and public safety	988,209	935,489	5.64%
Recreation and tourism	198,020	181,550	9.07%
Regulation of businesses and professionals	26,529	24,008	10.50%
Resource development	204,352	165,593	23.41%
Commerce	560,389	554,912	0.99%
Debt service	301,606	296,950	1.57%
Capital outlay	1,139,455	1,106,636	2.97%
Total	$ 22,390,660	$ 20,557,148	8.92%



The State's expenditures increased for the year ended June 30, 2022, by 8.92%. Health and Human Services expenditures increased by $1.2 billion, primarily due to American Rescue Plan Act of 2021, Medicaid enrollment, Electronic Benefits Transfer System, and Supplemental Nutrition Assistance Program. Education expenditures increased $460.9 million due to the Public School Fund and Child Nutrition programs with CARES Act and ARPA funds. Transportation expenditures increased $53.0 million due to continued significant highway projects.

Changes in Fund Balance – General Fund

The focus of the State's General Fund is to provide information on short-term inflows, outflows, and balances of resources that can be spent. Such information is useful in assessing the State's financing requirements. For instance, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at June 30, 2022.

On June 30, 2022, the State's General Fund reported an ending fund balance of $7.9 billion, which is an increase of $1.4 billion in comparison to June 30, 2021. The increase is predominantly related to CARES ARPA revenue and to continued economic growth due to the recovery from COVID 19 during the fiscal year.

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

Fund balance consisted of the following:

- Nonspendable: $153.1 million or 1.93%
- Restricted: $1.9 billion or 24.54%
- Committed: $5.6 billion or 70.00%
- Assigned: $91.7 million or 1.15%
- Unassigned: $188.6 million or 2.38%

Capital Assets and Debt Administration

Capital Assets

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

The investment in capital assets for the governmental and business-type activities was $35.3 billion, and the accumulated depreciation was $16.5 billion at June 30, 2022. The net book value was $18.8 billion. Depreciation expense was $678.2 million for governmental activities and $302.9 million for business-type activities.

Major capital asset events during the current year ended June 30, 2022, included the following:

- Arkansas Department of Transportation (ARDOT) constructed roads, bridges, and interchanges for $782.9 million and purchased rights-of-way for $34.3 million. ARDOT also spent $27.6 million on various types of equipment.
- Arkansas Department of Information Systems expended $12.8 million for software and various computer equipment.
- Arkansas Division of Emergency Management expended $23.7 million for communication system upgrades.
- With the implementation of GASB Statement 87, Leases, $87.9 million was recorded as right to use assets.

Major commitments concerning capital assets at June 30, 2022, included the following:

- ARDOT has $1.2 billion committed to the construction of highways and other infrastructure.

Additional information on the State's capital assets can be found in Note 7 of the notes to the financial statements of this report.

Debt Administration

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

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

Governmental Activities

The State's governmental activities had $1.1 billion in bonds, loans payable, notes payable, installment purchase agreements, and leases outstanding at June 30, 2022, compared to $1.2 billion at June 30, 2021. The net decrease is approximately $119.0 million.

For the year ended June 30, 2022, bonds payable had a net decrease of $200.7 million. Principal payments on these bonds totaled $220.0 million. Notes payable and installment purchase agreements to component units had a net increase of $16.3 million during the year ended June 30, 2022. Lease obligations had a net increase of $65.4 million.

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

- The Arkansas Natural Resource Commission issued $40.5 million in Water, Waste, and Pollution Bonds.
- The Arkansas Division of Emergency Management received an additional $22.9 million on their note payable with a component unit for additions, upgrades, and enhancements to the Arkansas Wireless Information Network.
- Leases, per GASB 87, increased by $65.4 million

The State's governmental activities had approximately $131.7 million in claims and judgments outstanding on June 30, 2022, compared to $147.6 million at June 30, 2021. Other obligations include $163.8 million for accrued sick leave and vacation pay, $21.3 million for pollution remediation, and $123.1 million for recycling tax obligations on June 30, 2022. The State's governmental activities also had $1.4 billion recorded for other postemployment benefits liability and $737.5 million recorded for net pension liability at June 30, 2022.

Business-type Activities

The State's business-type activities had $2.6 billion in bonds, notes payable, installment purchase agreements and leases outstanding at June 30, 2022, and $2.5 billion at June 30, 2021. The net increase was approximately $180.3 million.

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

- University of Arkansas – Fayetteville issued $175.6 million in various facility revenue bonds, Taxable Refunding Series 2021, for the purpose of refunding several older issues.
- University of Arkansas – UAMS issued $27.6 million in parking revenue bonds, Tax Exempt Series 2022A, to finance a new parking deck and capital improvements related to other parking decks.
- University of Arkansas – UAMS issued $93.7 million in various facility revenue bonds, Taxable Series 2022B, to finance construction of Northwest Arkansas UAMS Orthopaedics and Sports Medicine facility and other capital improvements.
- Lease, per GASB 87, increased by $15.9 million.

The colleges and universities also entered into installment purchase agreements totaling $11.1 million and notes payable totaling $37.0 million. The State's business-type activities made reductions, through principal payments and refinancing, to bonds, notes payable, and installment purchase agreements of $318.1 million during the fiscal year.

The State's business-type activities had approximately $260.8 million in claims and judgments outstanding on June 30, 2022, compared to $339.4 million at June 30, 2021. Other obligations included accrued sick leave and vacation pay of $138.9 million on June 30, 2022. The State's business-type activities also had $127.3 million recorded for other postemployment benefits liability and $71.7 million recorded for net pension liability on June 30, 2022.

More detailed information about the State's liabilities is presented in Note 8 of the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Functions	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts
Commerce	$ 5,591,502	$ 1,009,948	$ 566,970
Education	5,032,090	5,928,585	4,647,595
General government	3,111,823	3,179,056	2,033,938
Health and human services	10,344,783	12,733,270	11,199,402
Law, justice and public safety	1,115,358	1,240,931	1,023,322
Recreation and tourism	314,587	349,075	220,961
Regulation of business and professionals	35,832	36,725	27,959
Resource development	392,939	447,468	210,645
Transportation	759,078	739,448	568,644
Capital outlay	1,853,945	2,098,975	1,133,290
Debt service	298,053	341,658	280,119
Total	$ 28,849,990	$ 28,105,139	$ 21,912,845

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

The original budget exceeded the final budget by $744.9 million. The decrease in Commerce services is mainly due to the CARES Act and ARPA federal grants authorized but not fully received by the State after the original budget was established.

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2022
(Expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
Assets				
Current assets:				
Cash and cash equivalents	$ 1,960,432	$ 2,165,778	$ 4,126,210	$ 276,610
Cash and cash equivalents-restricted		177,766	177,766	
Investments	7,053,353	635,475	7,688,828	7,001
Receivables, net:				
Accounts	156,528	425,832	582,360	4,545
Taxes	631,272	1,024	632,296	
Medicaid	601,542		601,542	
Loans	8,078	4,101	12,179	1,835
Leases	488	1,991	2,479	
Interest	13,892	2,201	16,093	7,972
Other	36,416	27,304	63,720	
Internal balances	174,485	(174,485)		
Due from other governments	578,874	95,523	674,397	
Prepaid items	51,738	26,361	78,099	
Inventories	100,212	43,947	144,159	
Deposits with trustee	10,930	8,856	19,786	
Other current assets		16,679	16,679	
Total current assets	11,378,240	3,458,353	14,836,593	297,963
Noncurrent assets:				
Cash and cash equivalents, restricted		287,618	287,618	
Deposits with component unit	52,781		52,781	
Deposits with bond trustee		244,344	244,344	
Deposits with Multi-State Lottery Association		2,035	2,035	
Investments		488,540	488,540	197,021
Receivables, net	671	38,873	39,544	
Loans and mortgages receivable	131,188	589,140	720,328	328,908
Loans and capital leases receivable from primary government				253,615
Lease receivable	865		865	832
Due from other governments		2,012	2,012	
Irrevocable split-interest agreements		2,165	2,165	
Financial assurance instruments		8,350	8,350	
Other noncurrent assets	10,648	30,925	41,573	2,394
Capital assets:				
Non-Depreciable	4,045,122	544,904	4,590,026	670
Depreciable, Net	10,221,942	3,964,302	14,186,244	1,594
Total noncurrent assets	14,463,217	6,203,208	20,666,425	785,034
Total assets	25,841,457	9,661,561	35,503,018	1,082,997
Deferred Outflows of Resources				
Related to pensions	405,554	37,585	443,139	476
Related to other postemployment benefits	294,958	22,294	317,252	535
Related to debt refundings	19,823	30,692	50,515	2,281
Total deferred outflows of resources	720,335	90,571	810,906	3,292
Total assets and deferred outflows of resources	$ 26,561,792	$ 9,752,132	$ 36,313,924	$ 1,086,289

Statement of Net Position
June 30, 2022
(Expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
Liabilities				
Current liabilities:				
Accounts payable	$ 115,891	$ 149,671	$ 265,562	$ 10,532
Prizes payable		22,983	22,983	
Accrued interest	3,960	19,147	23,107	2,095
Accrued and other current liabilities	333,856	125,844	459,700	
Medicaid payable	368,601		368,601	
Income tax refunds payable	349,988		349,988	
Due to other governments	1,242,258	24,534	1,266,792	
Workers' compensation benefits payable		13,122	13,122	
Funds held in trust for others		20,010	20,010	
Bonds, notes, and installment agreements payable	266,999	141,346	408,345	23,606
Claims, judgments, arbitrage, and compensated absences	136,767	98,294	235,061	
Lease obligation	21,902	17,009	38,911	
Pollution remediation obligations	3,098		3,098	
Unearned gain on refinancing sale of asset				10
Rebate/refund incentives payable	16,763		16,763	
Recycling tax obligation payable	11,998		11,998	
Other postemployment benefits liability	59,143	5,213	64,356	92
Unearned revenue	224,074	86,679	310,753	211
Total current liabilities	3,155,298	723,852	3,879,150	36,546
Long-term liabilities:				
Workers' compensation benefits payable		164,503	164,503	
Bonds, notes, and installment agreements payable	748,241	2,401,861	3,150,102	478,366
Claims, judgments, arbitrage, and compensated absences	158,696	123,731	282,427	
Lease obligation	43,480	88,933	132,413	
Pollution remediation obligations	18,250		18,250	
Other postemployment benefits liability	1,369,623	122,040	1,491,663	1,995
Net pension liability	737,512	71,739	809,251	1,172
Deposits held on behalf of primary government				52,781
Other noncurrent liabilities	271,081	29,007	300,088	861
Unearned gain on refinancing sale of asset				97
Rebate/refund incentives payable	247,500		247,500	
Recycling tax obligation payable	111,140		111,140	
Unearned revenue		2,829	2,829	885
Total long-term liabilities	3,705,523	3,004,643	6,710,166	536,157
Total liabilities	6,860,821	3,728,495	10,589,316	572,703
Deferred Inflows of Resources				
Related to pensions	1,387,262	120,001	1,507,263	2,590
Related to other postemployment benefits	829,146	38,897	868,043	1,417
Related to debt refundings	379	1,049	1,428	
Related to irrevocable split-interest agreements		8,033	8,033	
Related to leases	1,369	21,207	22,576	817
Total deferred inflows of resources	2,218,156	189,187	2,407,343	4,824
Total liabilities and deferred inflows of resources	9,078,977	3,917,682	12,996,659	577,527
Net Position				
Net position:				
Net investment in capital assets	13,585,993	2,123,732	15,709,725	2,264
Restricted for:				
Expendable:				
Debt service	221,537	21,043	242,580	
Other capital projects	71,274	97,002	168,276	
Bond resolution and programs				356,194
Program requirements	4,780,024		4,780,024	
Lottery	193,843		193,843	
Tobacco settlement	158,311		158,311	
Transportation	538,020		538,020	
Scholarships and fellowships		60,828	60,828	
Research		79,967	79,967	
Public service		830,956	830,956	
Other		86,766	86,766	
Non-expendable - other		141,695	141,695	
Non-expendable - minority interest				533
Unrestricted	(2,066,187)	2,392,461	326,274	149,771
Total net position	17,482,815	5,834,450	23,317,265	508,762
Total liabilities, deferred inflows of resources, and net position	$ 26,561,792	$ 9,752,132	$ 36,313,924	$ 1,086,289

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

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Financial Position
June 30, 2022
(Expressed in thousands)

Assets		
Contributions receivable, net	$	157,629
Interest receivable		2,019
Cash value of life insurance		1,527
Land		30
Investments		1,732,937
Total assets	$	1,894,142
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	17,676
Annuity obligations		15,402
Total liabilities		33,078
Net assets:		
Without donor restrictions		139,129
With donor restrictions		1,721,935
Total net assets		1,861,064
Total liabilities and net assets	$	1,894,142

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

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Financial Position
June 30, 2022
(Expressed in thousands)

Assets	
Investments	$ 643,526
Total assets	$ 643,526
Liabilities and Net Assets	
Liabilities:	
Accounts payable	$ 576
Total liabilities	576
Net assets:	
With donor restrictions	642,950
Total net assets	642,950
Total liabilities and net assets	$ 643,526

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

Statement of Activities
For the Year Ended June 30, 2022
(Expressed in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 713,045	$ 418,048	$ 746,106	$
Education	4,638,304	3,949	1,331,898	181
Health and human services	11,811,414	409,283	8,835,592	4,521
Transportation	987,510	139,799	27	754,991
Law, justice, and public safety	1,018,650	167,581	183,929	1,183
Recreation and tourism	221,103	69,243	24,785	4,469
Regulation of business and professionals	26,737	21,907	2,416	
Resource development	214,473	80,939	89,052	
Commerce	520,486	104,681	131,161	666
Interest expense	34,528			
Total governmental activities	20,186,250	1,415,430	11,344,966	766,011
Business-type activities:				
Higher education	4,702,199	2,356,821	1,203,913	78,917
Workers' Compensation Commission	4,575	21,297		
Division of Workforce Services	114,733	102,956	18,222	
Office of the Arkansas Lottery	479,947	580,234		
Public School Employee Health and Life Benefit Plan	398,664	440,567		
Revolving loans	11,364	6,115	26,774	
Total business-type activities	5,711,482	3,507,990	1,248,909	78,917
Total primary government	$ 25,897,732	$ 4,923,420	$ 12,593,875	$ 844,928
Component unit:				
Arkansas Development Finance Authority	$ 45,099	$ 50,755	$ 61,003	

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

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

Net Revenue (Expense)			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
$ 451,109	$	$ 451,109	
(3,302,276)		(3,302,276)	
(2,562,018)		(2,562,018)	
(92,693)		(92,693)	
(665,957)		(665,957)	
(122,606)		(122,606)	
(2,414)		(2,414)	
(44,482)		(44,482)	
(283,978)		(283,978)	
(34,528)		(34,528)	
(6,659,843)		(6,659,843)	
	(1,062,548)	(1,062,548)	
	16,722	16,722	
	6,445	6,445	
	100,287	100,287	
	41,903	41,903	
	21,525	21,525	
	(875,666)	(875,666)	
(6,659,843)	(875,666)	(7,535,509)	
			$ 66,659
4,489,965		4,489,965	
4,220,058		4,220,058	
506,400		506,400	
1,570,923	38,802	1,609,725	
10,787,346	38,802	10,826,148	
(472,773)	(30,686)	(503,459)	(15,987)
582,862	283,356	866,218	
(876,475)	876,475		
10,020,960	1,167,947	11,188,907	(15,987)
3,361,117	292,281	3,653,398	50,672
14,121,698	5,542,169	19,663,867	458,090
$ 17,482,815	$ 5,834,450	$ 23,317,265	$ 508,762

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

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Activities
For the Year Ended June 30, 2022
(Expressed in thousands)

	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support:			
Contributions	$ 11,611	$ 59,016	$ 70,627
Interest and dividends	886	4,317	5,203
Net realized and unrealized gains on investments	8,520	(186,981)	(178,461)
Net asset reclassifications, including release from restrictions - satisfaction of restrictions	72,165	(72,165)	
Total revenues, gains and other support	93,182	(195,813)	(102,631)
Expenses and losses:			
Program services:			
University system support	87,330		87,330
Total program services	87,330		87,330
Supporting services:			
Management and general	1,602		1,602
Fundraising	7,715		7,715
Change in value of split-interest agreements	2	(63)	(61)
Provision for loss on uncollectible pledges	42	1,609	1,651
Total supporting services	9,361	1,546	10,907
Total expenses and losses	96,691	1,546	98,237
Change in net assets	(3,509)	(197,359)	(200,868)
Net assets - beginning	142,638	1,919,294	2,061,932
Net assets - ending	$ 139,129	$ 1,721,935	$ 1,861,064

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

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Activities
For the Year Ended June 30, 2022
(Expressed in thousands)

	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support:			
Interest and dividends	$	$ 1,990	$ 1,990
Net realized and unrealized gains on investments		(83,217)	(83,217)
Net asset reclassifications, including release from restrictions - satisfaction of restrictions and change in donor restriction	22,418	(22,418)	
Total revenues, gains and other support	22,418	(103,645)	(81,227)
Expenses and losses:			
Program services:			
Fayetteville campus support	22,418		22,418
Total program services	22,418		22,418
Change in net assets		(103,645)	(103,645)
Net assets - beginning		746,595	746,595
Net assets - ending	$	$ 642,950	$ 642,950

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

Balance Sheet
Governmental Fund
June 30, 2022
(Expressed in thousands)

		General Fund
Assets		
Cash and cash equivalents	$	1,960,432
Deposit with trustee		10,930
Investments		7,053,353
Receivable, net:		
Accounts		156,518
Taxes		631,272
Medicaid		601,542
Loans		139,266
Leases		1,353
Interest		13,892
Other		37,088
Due from other funds		200,112
Due from other governments		578,874
Advances to other funds		9,007
Prepaid items		51,644
Inventories		100,212
Deposits with component unit		52,781
Other assets		10,648
Total assets	$	11,608,924
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	$	111,838
Accrued and other current liabilities		348,822
Unearned income		224,074
Income tax refunds payable		349,988
Due to other governments		1,242,258
Due to other funds		38,218
Advances from other funds		458
Medicaid claims payable		368,601
Total liabilities		2,684,257
Deferred Inflows of Resources		
Related to revenues		983,760
Total liabilities and deferred inflows of resources		3,668,017
Fund balance:		
Nonspendable:		
Prepaid items		51,644
Inventories		100,212
Long-term loans		423
Long-term leases		865
Restricted		1,948,573
Committed		5,558,895
Assigned		91,691
Unassigned		188,604
Total fund balance		7,940,907
Total liabilities, deferred inflows of resources, and fund balance	$	11,608,924

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2022
(Expressed in thousands)

Total fund balances:		
Governmental fund		$ 7,940,907
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Non-depreciable assets	$ 4,045,122	
Depreciable assets	10,221,942	
Total capital assets		14,267,064
Bonds issued by the State have associated insurance costs that are paid from current "available" financial resources of governmental funds. However, these costs are amortized on the Statement of Activities.		91
Some of the State's revenues will be collected after year-end but are not "available" soon enough to pay for the current period's expenditures and therefore are deferred inflows of resources in the funds.		982,391
Deferred inflows and outflows of resources related to the State's pension liabilities are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total inflows	$ (1,387,262)	
Total outflows	405,554	(981,708)
Deferred inflows and outflows of resources related to the State's OPEB liabilities are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total inflows	$ (829,146)	
Total outflows	294,958	(534,188)
Deferred inflows and outflows resulting from loss or gain on debt refunding are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total inflows	$ (379)	
Total outflows	19,823	19,444
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds, notes, and installment purchases payable	$ (948,193)	
Claims, judgments, arbitrage, and compensated absences	(280,496)	
Lease obligations	(65,382)	
Other non-current liabilities	(271,082)	
Refund/Rebate incentives payable	(264,263)	
Recycling tax obligation	(123,138)	
Total OPEB liability	(1,428,766)	
Pollution remediation obligation	(21,348)	
Unamortized bond issue premiums	(67,087)	
Accrued interest on bonds, notes, installment purchases, and lease obligations	(3,960)	
Unamortized bond issue discounts	41	
Net pension liabilities	(737,512)	
Total long-term liabilities		(4,211,186)
Net position of governmental activities		$ 17,482,815

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

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2022
(Expressed in thousands)

	General Fund
Revenues:	
Taxes:	
Personal and corporate income	$ 4,490,595
Consumers sales and use	4,199,145
Gas and motor carrier	506,521
Other	1,571,273
Intergovernmental	12,177,163
Licenses, permits and fees	1,441,788
Investment earnings (loss)	(472,773)
Miscellaneous	550,515
Total revenues	24,464,227
Expenditures:	
Current:	
General government	1,580,566
Education	4,638,723
Health and human services	11,968,473
Transportation	784,338
Law, justice and public safety	988,209
Recreation and tourism	198,020
Regulation of business and professionals	26,529
Resource development	204,352
Commerce	560,389
Debt service:	
Principal retirement	246,871
Interest	54,735
Capital outlay	1,139,455
Total expenditures	22,390,660
Excess of revenues over expenditures	2,073,567
Other financing sources (uses):	
Issuance of debt	82,819
Issuance of refunding bonds	16,108
Bond discounts/premiums	209
Issuance of leases	87,834
Sale of capital assets	4,665
Payment to refunding escrow agent	(16,378)
Transfers in	221,312
Transfers out	(1,097,787)
Total other financing sources and uses	(701,218)
Net change in fund balance	1,372,349
Fund balance - beginning	6,568,558
Fund balance - ending	$ 7,940,907

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Fund to the Statement of Activities For the Year Ended June 30, 2022

(Expressed in thousands)

Net change in fund balance-governmental fund		$ 1,372,349
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 1,139,455	
Depreciation expense	(678,170)	
Excess of capital outlay over depreciation expense		461,285
The net effect of various miscellaneous transactions involving capital assets (for example: sales, trade-ins, and donations) is to increase net position.		122,415
Bond and note proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		(98,927)
Bonds issued at a premium provide current financial resources to government funds, but increase the long-term liabilities in the Statement of Net Position.		(209)
Payment to refunding escrow agents use current financial resources to governmental funds but increase the long-term liabilities in the Statement of Net Position.		16,378
Some capital additions were financed through leases. In governmental funds, a lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.		(87,834)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of: bond, loan, and lease principal retirement.		246,871
Because some revenues will not be collected for several months after the State's fiscal year-end, they are not considered "available" revenues and are deferred inflows of resources in the governmental funds.		163,303
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Claims, judgments, arbitrage, and compensated absences	$ 35,360	
Amortization of bond premiums and discounts	21,522	
Amortization of bond insurance costs	(9)	
Amortization of deferred outflows of resources related to debt refunding	(2,465)	
Leases	22,414	
Pollution remediation obligations	58	
Loss on sale of capital assets	(7,272)	
Net change in pension related accounts	456,657	
Adoption subsidy	(3,176)	
Accrued interest	1,159	
Other postemployment benefits obligations	641,238	
Total additional expenditures		1,165,486
Change in net position of governmental activities		$ 3,361,117

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

Statement of Fund Net Position
Proprietary Funds
June 30, 2022
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Assets						
Current assets:						
Cash and cash equivalents	$ 865,648	$ 83,867	$ 910,290	$ 7,291	$ 298,682	$ 2,165,778
Cash and cash equivalents-restricted				177,766		177,766
Investments	562,213	16,114			57,148	635,475
Receivables:						
Accounts receivable, net	343,885	7,534	53,340	14,357	6,716	425,832
Taxes	1,024					1,024
Loans and notes receivables, net	4,101					4,101
Leases receivable	1,991					1,991
Interest	1,211	23	8		959	2,201
Other current receivables	27,304					27,304
Due from other funds	16,961	503	1,069	15,928		34,461
Due from other governments	94,000		1,159		364	95,523
Advances to other funds	124				998	1,122
Inventories	43,947					43,947
Prepaid items	26,165	37		159		26,361
Deposits with bond trustee	8,856					8,856
Other current assets	16,679					16,679
Total current assets	2,014,109	108,078	965,866	215,501	364,867	3,668,421
Noncurrent assets:						
Cash and cash equivalents-restricted	267,118			20,500		287,618
Deposits with Multi-State Lottery Association				2,035		2,035
Investments:						
Restricted endowments	159,115					159,115
Unrestricted endowments	63,834					63,834
Restricted investments	10,834					10,834
Unrestricted investments	254,757					254,757
Receivables:						
Loans and notes receivable, net	17,073					17,073
Leases receivable	20,013					20,013
Other noncurrent receivables	1,787					1,787
Due from other governments	2,012					2,012
Advances to other funds					6,028	6,028
Loans receivables-restricted					589,140	589,140
Deposits with bond trustee	244,344					244,344
Irrevocable split interest agreements	2,165					2,165
Financial assurance instruments		8,350				8,350
Other noncurrent assets	30,925					30,925
Capital assets:						
Non-depreciable	544,324	580				544,904
Depreciable, net	3,959,537	181	1,861	2,097	626	3,964,302
Total noncurrent assets	5,577,838	9,111	1,861	24,632	595,794	6,209,236
Total assets	7,591,947	117,189	967,727	240,133	960,661	9,877,657
Deferred Outflows of Resources						
Deferred outflows related to pensions	35,996	844		745		37,585
Deferred outflows related to OPEB	20,983	807		504		22,294
Deferred outflows related to debt refunding	30,692					30,692
Total deferred outflows of resources	87,671	1,651		1,249		90,571
Total assets and deferred outflows of resources	$ 7,679,618	$ 118,840	$ 967,727	$ 241,382	$ 960,661	$ 9,968,228

Statement of Fund Net Position
Proprietary Funds
June 30, 2022
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Liabilities						
Current liabilities:						
Accounts payable	$ 115,674	$ 3	$ 22,664	$ 20	$ 11,310	$ 149,671
Prizes payable				22,983		22,983
Accrued interest	19,147					19,147
Accrued and other current liabilities	121,155	402		4,287		125,844
Advances from other funds	1,618	53				1,671
Due to other funds	5,597	13	25	194,479	283	200,397
Due to other governments	615		23,919			24,534
Funds held in trust for others	20,010					20,010
Worker's compensation benefits payable		13,122				13,122
Bonds, notes, and installment agreements payable	141,346					141,346
Leases payable	16,714	35		260		17,009
Claims, judgments, and compensated liability	60,309	100		65	37,820	98,294
Total other postemployment benefits liability	4,941	174		98		5,213
Unearned revenue	85,991	379		309		86,679
Total current liabilities	593,117	14,281	46,608	222,501	49,413	925,920
Noncurrent liabilities:						
Worker's compensation benefits payable		164,503				164,503
Advances from other funds	13,963	65				14,028
Bonds, notes, and installment agreements payable	2,401,861					2,401,861
Leases payable	88,026	23		884		88,933
Total other postemployment benefits liability	116,127	3,776		2,137		122,040
Net pension liability	68,158	2,104		1,477		71,739
Claims, judgments, and compensated absences	122,764	588		379		123,731
Unearned revenue	2,829					2,829
Other noncurrent liabilities	20,657	8,350				29,007
Total noncurrent liabilities	2,834,385	179,409		4,877		3,018,671
Total liabilities	3,427,502	193,690	46,608	227,378	49,413	3,944,591
Deferred Inflows of Resources						
Deferred inflows related to pensions	113,194	4,012		2,795		120,001
Deferred inflows related to OPEB	34,846	2,677		1,374		38,897
Deferred inflows related to debt refundings	1,049					1,049
Deferred inflows related to irrevocable split interest agreement	8,033					8,033
Deferred inflows related to leases	21,207					21,207
Total deferred inflows of resources	178,329	6,689		4,169		189,187
Total liabilities and deferred inflows of resources	3,605,831	200,379	46,608	231,547	49,413	4,133,778
Net Position						
Net investment in capital assets	2,119,578	703	1,861	964	626	2,123,732
Restricted for:						
Expendable						
Scholarships and fellowships	60,828					60,828
Debt service	21,043					21,043
Capital projects	97,002					97,002
Research	79,967					79,967
Public service	36,923			21,000	773,033	830,956
Other	84,232			2,534		86,766
Nonexpendable - other	141,695					141,695
Unrestricted (deficit)	1,432,519	(82,242)	919,258	(14,663)	137,589	2,392,461
Total net position	4,073,787	(81,539)	921,119	9,835	911,248	5,834,450
Total liabilities, deferred inflows of resources and net position	$ 7,679,618	$ 118,840	$ 967,727	$ 241,382	$ 960,661	$ 9,968,228

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Operating revenues:						
Charges for sales and services	$ 2,356,821	$	$	$	$ 440,567	$ 2,797,388
Lottery collections				579,565		579,565
Licenses, permits, and fees				669	6,115	6,784
Grants and contributions	465,919					465,919
Insurance taxes		15,681				15,681
Unemployment taxes			102,956			102,956
Other operating revenues	264,537	69	33,958	1		298,565
Total operating revenues	3,087,277	15,750	136,914	580,235	446,682	4,266,858
Operating expenses:						
Cost of sales and services				62,546		62,546
Lottery prize payments				402,406		402,406
Compensation and benefits	2,473,772	3,728		3,276		2,480,776
Supplies and services	1,375,800	533		8,431	1,133	1,385,897
General and administrative expenses	195,455	214		2,613	1,470	199,752
Federal financial assistance					9,894	9,894
Scholarships and fellowships	274,837					274,837
Benefit and aid payments		(5,626)	114,600		397,189	506,163
Depreciation and amortization	301,648	100	133	657	322	302,860
Total operating expenses	4,621,512	(1,051)	114,733	479,929	410,008	5,625,131
Operating income (loss)	(1,534,235)	16,801	22,181	100,306	36,674	(1,358,273)
Nonoperating revenues (expenses):						
Investment earnings (loss)	(52,317)	(1,439)	13,254	726	9,191	(30,585)
Net increase (decrease) fair value investments					(101)	(101)
Taxes	38,802					38,802
Grants and contributions	737,994	(10)	18,222		26,774	782,980
Interest and amortization expense	(80,375)			(17)		(80,392)
Gain/(loss) on sale of capital assets	(312)				(20)	(332)
Other nonoperating revenue	(15,210)					(15,210)
Total nonoperating revenues	628,582	(1,449)	31,476	709	35,844	695,162
Income (loss) before transfers and contributions	(905,653)	15,352	53,657	101,015	72,518	(663,111)
Transfers in	1,073,832	28	8,000	15,927	9,653	1,107,440
Transfers out	(76,528)	(336)	(25,382)	(115,314)	(13,405)	(230,965)
Capital grants and contributions	61,074					61,074
Other	17,843					17,843
Change in net position	170,568	15,044	36,275	1,628	68,766	292,281
Total net position - beginning	3,903,219	(96,583)	884,844	8,207	842,482	5,542,169
Total net position - ending	$ 4,073,787	$ (81,539)	$ 921,119	$ 9,835	$ 911,248	$ 5,834,450

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Cash flows from operating activities:						
Cash received from customers	$ 1,842,894	$	$	$ 584,515	$ 435,645	$ 2,863,054
Cash received from other government agencies	479,090					479,090
Auxiliary enterprise charges	348,249					348,249
Compensation and benefits	(2,519,436)	(20,349)	(139,392)	(5,104)	(395,258)	(3,079,539)
Payments to suppliers	(1,371,455)	(744)		(71,252)	1,392	(1,442,059)
Insurance taxes		15,869				15,869
Unemployment taxes			146,314			146,314
Payments for lottery prizes				(404,312)		(404,312)
Principal and interest on loans received	4,365					4,365
Loan administration received					1,761	1,761
Loans issued to students	(3,448)					(3,448)
Federal grant funds expended					(1)	(1)
Scholarships and fellowships	(269,205)					(269,205)
Other operating receipts (payments)	122,813	15	33,958	(4,470)	2,562	154,878
Net cash provided by (used in) operating activities	(1,366,133)	(5,209)	40,880	99,377	46,101	(1,184,984)
Cash flows from noncapital financing activities:						
Direct lending receipts	418,661					418,661
Direct lending payments	(430,791)					(430,791)
Taxes	35,515					35,515
Grants and contributions	748,694	(10)	34,645		26,749	810,078
Noncapital financing receipts (payments)	(8,167)					(8,167)
Transfers in	1,073,832	28			9,653	1,083,513
Transfers out	(76,528)	(337)	(17,382)	(74,750)	(13,361)	(182,358)
Net cash provided by (used in) noncapital financing activities	1,761,216	(319)	17,263	(74,750)	23,041	1,726,451
Cash flows from capital and related financing activities:						
Principal paid on capital debts and leases	(141,336)	(16)				(141,352)
Interest paid on capital debts and leases	(79,133)	(1)				(79,134)
Acquisition and construction of capital assets	(399,855)					(399,855)
Proceeds from long-term borrowings	226,369					226,369
Proceeds from sale of capital assets	865					865
Other capital and related financing receipts (pmts)	39,631					39,631
Net cash used in capital and related financing activities	(353,459)	(17)				(353,476)
Cash flows from investing activities:						
Purchase of investments	(517,992)				(2,507)	(520,499)
Proceeds from sale and maturities of investments	378,093	16,616			(19,648)	375,061
Interest and dividends on investments	3,475	(1,438)	13,253	726	491	16,507
Loan disbursements					(92,544)	(92,544)
Principal repayments on loans					34,746	34,746
Interest received on loans					7,930	7,930
Federal grant funds expended					(9,893)	(9,893)
Net cash provided by (used in) investing activities	(136,424)	15,178	13,253	726	(81,425)	(188,692)
Net increase (decrease) in cash and cash equivalents	(94,800)	9,633	71,396	25,353	(12,283)	(701)
Cash and cash equivalents - beginning	1,227,566	74,234	838,894	180,204	310,965	2,631,863
Cash and cash equivalents - ending	$ 1,132,766	$ 83,867	$ 910,290	$ 205,557	$ 298,682	$ 2,631,162

Continued on the following page

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022
(Expressed in thousands)

Continued from the previous page

	Enterprise Funds					
	Higher Education	Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (1,534,235)	$ 16,801	$ 22,181	$ 100,306	$ 36,674	$ (1,358,273)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	301,648	100	133	657	322	302,860
Pension expense				(764)		(764)
Other postemployment benefits expense				(1,159)		(1,159)
Interest on investments				(231)		(231)
Federal grants expended					9,893	9,893
Other operating activities	4,327					4,327
Net changes in assets, liabilities, and deferred outflows/inflows:						
Accounts receivable	(23,714)	225	43,358	4,190	(5,307)	18,752
Loans receivable	102			(1)		101
Inventory	1,582					1,582
Prepaid items	5,450	21		(33)		5,438
Deposits with Multi-State Lottery Association				96		96
Other current assets	(63,789)					(63,789)
Current liabilities	(4,042)					(4,042)
Accounts payable and other accrued liabilities	(36,176)	(19,006)	(24,792)	(3,813)	4,519	(79,268)
Total other postemployment benefits liabilities	(5,273)	(4,438)				(9,711)
Net pension liability	(28,604)	(5,879)				(34,483)
Deferred outflows related to pensions	253	1,051				1,304
Deferred outflows related to OPEB		449				449
Deferred inflows related to pensions	3,017	3,681				6,698
Deferred inflows related to OPEB		1,823				1,823
Compensated absences	(2,716)	(37)		39		(2,714)
Unearned revenue	16,037			90		16,127
Net cash provided by (used in) operating activities	$ (1,366,133)	$ (5,209)	$ 40,880	$ 99,377	$ 46,101	$ (1,184,984)
Non-cash investing, capital, and financing activities:						
Amortization of bond discount	$ 4	$	$	$	$	$ 4
Amortization of bond premium	390					390
Amortization of cost associated with debt issuance and refundings	300					300
Assets acquired by installment purchase agreements	9,928					9,928
Capital assets purchased with bond proceeds held by trustee	4,072					4,072
Capital assets transfer	3					3
Change in capital assets acquired in year-end accounts payable	4,998					4,998
Costs of student loan principal and interest cancelled	(855)					(855)
Deposit of bond proceeds with trustee, including accrued interest and reserves	187,609					187,609
Donated capital assets/gifts	2,410					2,410
Donated scholarships from the foundation	127					127
Earnings on investments with trustee	228					228
(Increase) decrease in note receivables allowance for bad debt	316					316
Land swap (book value)	212					212
Net gain/loss on the disposal of assets	124					124
Net increase/decrease in the fair value of investments	2,596					2,596
Note proceeds used to directly pay bond interest and principal	8,730					8,730
Payment of bond issuance cost and other fees from bond proceeds and reserves	997					997
Payment of debt service directly from trustee	1,587					1,587
Right to use assets	210,864	75		1,359		212,298
Trade-in allowance for equipment	116					116
Unearned revenue from skybox purchase	85					85
Valuation adjustment to capital assets	16					16
Value of assets received from vendors for sponsorship agreements	3,781					3,781

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022
(Expressed in thousands)

	Pension Trust Funds	Investment Trust Funds	Custodial Funds
Assets			
Cash and cash equivalents	$ 925,268	$ 9,974	$ 214,959
Receivables:			
Employee	14,398		
Employer	45,299		
Investment principal	51,344		
Interest and dividends	46,411	19	62
Other	8,829		84
Due from other funds	4,053		
Total receivables	170,334	19	146
Investments at fair value:			
Certificates of deposit			8,702
U.S. government securities	627,460	2,808	7,844
Bonds, notes, mortgages, and preferred stock	1,274,369		227
Common stock	6,133,070		
Real estate	1,747,787		
International investments	3,000,420		
Mutual funds	620,749	1,313	2,686
Pooled investment funds	7,019,471		
Corporate obligations	1,212,397	1,434	
Asset and mortgage-backed securities	312,246		
State recycling tax credits	144,000		
Other	8,473,162		
Total investments	30,565,131	5,555	19,459
Other assets			
Securities lending collateral	1,406,412		
Financial assurance instruments			218,272
Capital assets	11,611		
Other assets	475		
Total other assets	1,418,498		218,272
Total assets	33,079,231	15,548	452,836
Deferred Outflows of Resources			
Deferred outflows related to OPEB	1,287		
Total assets and deferred outflows of resources	$ 33,080,518	$ 15,548	$ 452,836
Liabilities			
Accounts payable and other liabilities	$ 30,405	$	$ 6,016
Investment principal payable	69,107		
Obligations under securities lending	1,408,349		
Total other postemployment benefits liability	6,259		
Due to other governments			182,038
Due to other funds	11		
Due to third parties			2,047
Total liabilities	1,514,131		190,101
Deferred Inflows of Resources			
Deferred inflows related to other post employment benefits	3,914		
Total liabilities and deferred inflows of resources	$ 1,518,045	$	$ 190,101
Net Position			
Restricted for:			
Pensions	$ 31,562,473	$	$
Pool participants		15,548	
Individuals, organizations, and other governments			262,735
Total net position	$ 31,562,473	$ 15,548	$ 262,735

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022
(Expressed in thousands)

	Pension Trust Funds	Investment Trust Funds	Custodial Funds
Additions:			
Contributions:			
Members	$ 279,858	$	$
Employers	859,921		
Pool participants (deposits)		10,858	
Supplemental contributions	12,213		
Title fees	5,236		
Court fees	721		
Reinstatement fees	1,793		
Total contributions	1,159,742	10,858	
Investment income:			
Net increase (decrease) in fair value of investments	(2,778,320)	(16)	(22,872)
Interest, dividends, and other	360,969	89	421
Other investment income	7,633		
Securities lending income, net of expenses	3,404		
Total investment income	(2,406,314)	73	(22,451)
Less investment expense	120,619		
Net investment income	(2,526,933)	73	(22,451)
Sales tax collections for other governments			3,162,699
Child support deposits			307,454
Beneficiary deposits			87,961
Seized assets			1,497
Insurance surety deposits			2,478
Other surety deposits			10,270
Miscellaneous	7,667		
Total additions	(1,359,524)	10,931	3,549,908
Deductions:			
Benefits paid to participants or beneficiaries	2,181,186		
Refunds of employee/employer contributions	30,472		
Pool participants (withdrawals)		36,458	
Sales tax payments to other governments			3,164,372
Child support disbursements			307,454
Beneficiary withdrawls/payments			78,711
Insurance surety withdrawls			5,275
Claims			1,298
Administrative expenses	16,444		2
Total deductions	2,228,102	36,458	3,557,112
Change in net position held in trust for employees' pension benefits	(3,587,626)		
Change in net position held in trust for pool participants		(25,527)	
Change in net position amounts held for individuals, organizations, and other governments			(7,204)
Net position - beginning	35,150,099	41,075	269,939
Net position - ending	$ 31,562,473	$ 15,548	$ 262,735

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

Notes to the Financial Statements – Table of Contents

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

(b) Reporting Entity

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

(c) Component Units

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

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

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

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

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

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

The Governmental Fund of the State has significant transactions with ADFA. During the 2022 fiscal year, the Governmental Fund paid $5.0 million to ADFA for note payments and $5.7 million for interest on notes payable. The Governmental Fund paid $ 37.1 million for installment purchase payments and $4.9 million for interest on installment purchases. Additional information on notes payable and installment purchases to the Component Unit can be found in Note 8.

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

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

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

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

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

The foundations are private, nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information to account for these differences.

During the year ended June 30, 2022, the foundations distributed $116.6 million to, or on behalf of, the University of Arkansas.

(d) Measurement Focus and Basis of Accounting

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

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

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

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

Investment trust funds account for deposits belonging to entities outside of the State's financial reporting entity.

(e) Government-Wide Financial Statements

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

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets and adjusted for any deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt.

- Restricted net position results when constraints placed on asset use are either externally imposed by creditors, grantors, contributors, or the like or imposed by law through constitutional provision or enabling legislation. The amount of restricted assets is reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted net position does not meet the definition of the two preceding categories and is generally available for government purposes.

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

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

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

(f) Fund Financial Statements

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

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

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

Governmental Fund

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

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

Proprietary Funds

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

Higher Education Fund

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

Workers' Compensation Commission Fund

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

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

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

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

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

Non-Major Enterprise Funds

The Non-Major Enterprise Funds consist of the Construction Assistance Revolving Loan Fund, which is responsible for providing a perpetual fund for financing the construction of wastewater treatment facilities for municipalities and other public entities, and the Public School Employee Health and Life Benefit Plan, which is responsible for providing health and life insurance along with a prescription drug benefit to participating public school employees. Other Non-Major Enterprise Funds include activities that are responsible for the planning, design, acquisition, construction, expansion, equipping, and/or rehabilitation of water systems; for the financing of capitalizable educational and general projects for community and technical colleges; for the financing of energy efficiency and conservation projects for residential homes; for the establishment of a cooperative pilot program with the Clinton Climate Initiative to increase the energy efficiency of Arkansas companies and provide audit and retrofit opportunities for their employees; to incentivize development of affordable assisted living housing in Arkansas and to strengthen the financial feasibility of such developments; to finance energy efficiency retrofits and green energy implementation for industries; and to hold equity investments made by the Risk Capital Matching Fund.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside of state government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. These funds include Pension Trust, Investment Trust, and Custodial Funds. The Pension Trust Funds account for the activities of the Arkansas Judicial Retirement System, the Arkansas State Highway Employees Retirement System, the Arkansas Teacher Retirement System, the Arkansas Public Employees Retirement System, and the Arkansas State Police Retirement System, which accumulate resources required to be held in trust for members and beneficiaries of the respective plans. The Investment Trust fund accounts for activities of the external investment pool of the State Treasury Money Management Trust (STMMT). Ark. Code Ann. § 19-3-601 authorizes other governmental entities to participate in the STMMT. Custodial Funds account for the collection and disbursement of sales and use taxes to local governments within the State, the collection of assets of bankrupt insurance companies and the payment of claims against those companies, and for other miscellaneous accounts for the benefit of other parties.

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

Cash and Cash Equivalents

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

Investments

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

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

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

The University of Arkansas (UA) System and the UA Foundation have established an external investment pool (the Pool). The investments in the Pool are managed by the UA Foundation. The UA Board of Trustees and the UA Foundation, Inc., Board of Trustees are the sponsors of this investment pool and are responsible for its operation and oversight. Participation in the Pool is voluntary. At June 30, 2022, four campuses, one division, and six foundations participated in the Pool. The foundations hold approximately $2.4 billion (external portion) of the investments in the Pool. The Pool issues a publicly available financial report, which may be obtained by writing the University of Arkansas Foundation, 535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.

Interfund Receivables and Payables

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

Inventories and Prepaid Items

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

Noncurrent Cash and Investments

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

Capital Assets

Methods Used to Value Capital Assets

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

Capitalization Policies

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

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

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

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

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

Items Not Capitalized and Depreciated

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include works of art and historical treasures, such as statues, monuments, historical documents, paintings, rare library books, miscellaneous capital-related artifacts and furnishings, etc. GASB Statement No. 34 does not require these items to be capitalized because (1) the items are held for reasons other than financial gain; (2) the items are protected, kept unencumbered, cared for and preserved; and (3) the items are subject to a State policy requiring the proceeds from the sales of collection items be used to acquire other items for collections. The State also acts as an agent for the tracking and disbursement of federal surplus property. The assigned value of this property at June 30, 2022, was $32.6 million and is not reflected in the financial statements.

Depreciation and Useful Lives

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

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

Accrued and Other Current Liabilities

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

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

Income Tax Refunds Payable

Income tax refunds are accounted for as a reduction in the appropriate tax revenue category. The amount reported as income tax refunds payable at June 30, 2022, is related to projected refund estimates attributable to fiscal year 2022 tax revenues.

Compensated Absences

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Pensions

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

Bond-Related Items

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

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

Net Position/Fund Balance

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

Fund Balance Classifications

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

Non-spendable fund balance

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

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

Restricted fund balance

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

Committed fund balance

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

Assigned fund balance

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

Unassigned fund balance

This amount is the residual classification for the General Fund.

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

See Note 13 for additional information about fund balances.

Restricted Assets/Net Position

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

Reclassifications

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

(h) Use of Estimates

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

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

GASB Statement No. 91, *Conduit Debt Obligations,* establishes a single method of reporting conduit debt obligations by issuers. The single method is designed to reduce diversity in practice. The Statement defines a conduit debt obligation. A government issues a conduit debt obligation for the benefit of a third party that is not part of the government's financial reporting entity. The issuer should not recognize a liability for the obligation as the third party is primarily responsible for repaying the debt. However, if the issuer makes additional or voluntary commitments, it should recognize a liability for the commitments if certain criteria are met. The issuer must disclose general information about its conduit debt obligations and a description of each commitment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 (i.e., fiscal year 2023).

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* addresses accounting and financial reporting issues related to public-public partnerships and public-private partnerships (PPPs) and availability payment arrangements (APA). PPPs are arrangements in which the transferor contracts with an operator to provide public services by conveying the use of a nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement requires PPPs that meet the definition of a lease to be accounted for using provisions in GASB Statement No. 87. For all other PPPs, the applicable provisions in this Statement are to be applied. APAs are arrangements in which the government compensates an operator for services such as designing, constructing, financing, maintaining, or operating a nonfinancial asset for a period of time in an exchange or exchange-like transaction. Applicable provisions of this Statement are to be applied to APAs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 (i.e., fiscal year 2023).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* addresses accounting and financial reporting of subscription-based information technology arrangements (SBITAs). A SBITA is a contract that conveys control of the right to use another party's (the vendor) information technology (IT) software, either alone or in combination with tangible capital assets (underlying IT assets) for a specified period of time. This Statement provides that the government should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The subscription liability is measured using the future expected subscription payments discounted to their present value. The subscription asset is measured as the sum of the subscription liability, payments made in advance, and any implementation costs. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (i.e., fiscal year 2023).

GASB Statement No. 99, *Omnibus 2022,* addresses several practice issues to improve consistency of application and comparability in accounting and financial reporting. Issues addressed include:

- Classification and reporting of derivative instruments within the scope of Statement No. 53.
- Clarification of provisions in Statement No. 87.
- Clarification of provisions in Statement No. 94.
- Clarification of provisions in Statement No. 96.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34.
- Terminology updates related to certain provisions of Statement No. 63.
- Terminology used in Statement No. 53.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 (i.e., fiscal year 2024)

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

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

(2) Deposits and Investments

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

(a) Deposits

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

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

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

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

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

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

At June 30, 2022, the reported bank balances of the general fund were $587,837,356. Of this amount, $1,029,068 was uninsured and uncollateralized.

At June 30, 2022, the reported bank balances of the enterprise funds were $1,473,498,318. Of this amount, $564,835 was uninsured and uncollateralized.

At June 30, 2022, the reported bank balances of the fiduciary funds were $827,233,065. Of this amount, $8,545,303 was uninsured and uncollateralized.

At June 30, 2022, the reported bank balances of the component unit were $11,300,000. Of this amount, $277,000 was uninsured and uncollateralized.

(b) Investments

Interest Rate Risk

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

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

As of June 30, 2022, the State of Arkansas had the following debt investments and maturities (expressed in thousands):

		Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
General fund					
Bonds	$ 90,325	$ 7,824	$ 46,434	$ 36,067	$
Commercial paper	1,632,412	1,632,412			
Domestic securities	80		55		25
Money market mutual fund	1,342,653	1,342,653			
Mortgage-backed securities	4,339,543		220,315	1,102,676	3,016,552
Negotiable certificates of deposit	15,329	8,558	6,771		
U.S. treasuries	278,733	6,869	173,991	97,873	
Municipal bonds	71,775	713	23,034	48,028	
U.S. government agencies	1,008,661	22,628	259,071	726,564	398
Subtotal	8,779,511	3,021,657	729,671	2,011,208	3,016,975
Enterprise funds					
Bonds	93,551	4,218	81,164	8,049	120
Commercial paper	160,603	160,603			
Commingled funds	86,193	86,193			
Money market mutual funds	115,161	115,161			
Mortgage-backed securities	46,868		2,094	10,483	34,291
Municipal bonds	682	7	219	456	
Negotiable certificates of deposit	3,964	3,964			
Short-term investment pools	467,741	467,741			
U.S. government agencies	115,552	49,739	49,770	15,277	766
U.S. treasuries	303,867	86,072	196,195	21,597	3
Subtotal	1,394,182	973,698	329,442	55,862	35,180

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Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 to 5	6 to 10	More Than 10
Fiduciary funds					
Asset- and mortgage-backed securities	63,279	3,633	18,962	9,032	31,652
Bond funds	171,443		115,620	36,364	19,459
Collective investment trusts	1,844,583		735,791	1,108,792	
Commercial paper and loans	61,137	55,770	1,713	3,654	
Corporate bonds and notes	2,899,485	498,156	1,139,699	548,473	713,157
Convertible preferred equities	111,492	88,690	4,649	149	18,004
Municipal bonds	13,578	712	5,619	4,788	2,459
Private investments	355,300			355,300	
Pooled investment funds	700,873		57,629	643,244	
Short-term investments	1,112,556	1,078,379	5,871	28,306	
State recycling tax credits	144,000	16,000	64,000	64,000	
U.S. government agencies	204,037		472	13,223	190,342
U.S. treasuries	436,276	38,763	172,725	106,590	118,198
Subtotal	8,118,039	1,780,103	2,322,750	2,921,915	1,093,271
Component unit					
Commingled funds	30,723	30,723			
Money market mutual funds	236,469	236,469			
Mortgage-backed securities	97,454	28	3,254	16,237	77,935
Mutual bond funds	3,465	299	1,492	236	1,438
U.S. government agencies	80,975	7,995	62,288	10,692	
Subtotal	449,086	275,514	67,034	27,165	79,373
Total	$ 18,740,818	$ 6,050,972	$ 3,448,897	$ 5,016,150	$ 4,224,799

Corporate Debt

As of June 30, 2022, the Arkansas Public Employees Retirement System (APERS), Arkansas Teacher Retirement System (ATRS), and Arkansas State Highway Employees Retirement System (ASHERS) held corporate debt with fair values of $948,131,199, $240,616,402, and $105,605,469, respectively. Corporate bonds are debt instruments that are issued by private corporations. They have a term maturity and can have either a fixed or variable interest rate. Variable interest rate bonds have adjustments that are made periodically and vary directly with movements in interest rates. As of June 30, 2022, only $16,063,971 of the bonds held by ASHERS were considered sensitive to interest rate changes.

Convertible Corporate Bonds

As of June 30, 2022, APERS and ATRS held convertible bonds with fair values of $317,888,838 and $746,480,737, respectively. Convertible bonds convey an option to the bondholder to exchange each bond for a specified number of shares of common stock of the corporation. Convertible bonds offer lower coupon rates and promised yields to maturity than do nonconvertible bonds. A variable coupon varies directly with movements in interest rates.

Promissory Notes

ATRS also held four promissory notes with a fair value of $250,280,602 at June 30, 2022. Promissory notes are a form of debt that companies use to raise money in exchange for payment of a fixed amount of periodic income at a specified date or on demand. Three unsecured promissory notes were issued to Big River Steel Holdings, LLC, and one secured note was issued to Highland Pellets, LLC.

Credit Risk

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

The SBF policy is that readily marketable commercial paper carries an investment rating of A-1 or better by Standard and Poor's Ratings Services (S&P) and P-1 by Moody's Investors Service (Moody's) for maturities not exceeding 180 days. For maturities not exceeding 90 days, the ratings for commercial paper should be A-2 or better by S&P and P-2 or better by Moody's. The Board's policy for corporate bonds of maturity of one year or less is that they should have ratings of A- or A3 or better by at least two of the credit ratings agencies that rate the issue (S&P, Moody's, or Fitch Ratings Inc. (Fitch)), and bonds of maturity over one year should have ratings of AA- or better by each of the credit ratings agencies that rate the issue (S&P, Moody's, and Fitch). ASHERS has adopted a formal investment policy for credit risk with some of the guidelines being that debt securities are to have an investment rating of BAA or better by Moody's or a rating of BBB or better by S&P and commercial paper is to be rated P-1 by Moody's or A-1 by S&P. APERS, ATRS, and the institutions of higher education do not have a credit risk policy.

The State's exposure to credit risk as of June 30, 2022, was as follows (expressed in thousands):

Rating	Fair Value
General fund	
AAA	$ 2,147,781
AA	524,271
A	62,453
A3	20
BBB	49
P-1	165,127
A-1	1,007,663
A-2	434,914
Unrated	3,921,400
Subtotal	8,263,678

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Rating		Fair Value
Enterprise funds		
AAA		173,519
AA		81,005
A		3,188
BBB		1,606
B and below		95
P-1		2,949
A-1		127,579
A-2		11,480
Unrated		638,717
Subtotal		1,040,138
Fiduciary funds		
AAA		551,152
AA		818,105
A		1,246,593
BBB		590,425
BB		258,351
B		185,626
CCC or below		56,368
P-1		37,065
A-1		80,520
A-2		781
Unrated		4,220,555
Subtotal		8,045,541
Component unit		
AAA		236,469
AA		90,359
Unrated		36,034
Subtotal		362,862
Total ratings	$	17,712,219

Custodial Credit Risk

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

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the State's investment in any one issuer that represents 5% or more of total investments. The State places no limit on the amount the State Treasury may invest in U.S. government agency securities. The SBF policy for corporate debt, including both commercial paper and bonded debt of an issuer, is that 1) no investment shall be made in any single issuer which, at the time of purchase, exceeds 5% of the total portfolio of the Treasury or the STMMT and 2) that total corporate debt, including bonds and commercial paper, will not exceed 30% of the total portfolio of the Treasury or the STMMT, with the exception that second-tier commercial paper may not exceed 5% of the total portfolio of the Treasury or the STMMT. ASHERS has adopted a formal investment policy for concentration of credit risk with some of the guidelines being that no more than 5% of total assets may be invested in the debt securities of any one issuer and no more than 3% of total assets may be invested in any one debt issue. ATRS and APERS do not have formal investment policies for concentration of credit risk. The State's investments representing 5% or more of total investments of the general fund included Federal Home Loan Mortgage Corporation (FHLMC) securities of $2,478,057,719 (28.22%) and Federal National Mortgage Association (FNMA) securities of $2,158,465,467 (24.58%). The State's investments representing 5% or more of total investments of the component unit included FHLB securities of $47,401,000 (10.56%).

Foreign Currency Risk

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

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

The exposure to foreign currency risk for investments and deposits at June 30, 2022, is as follows (expressed in thousands):

Currency	Cash Deposits	Equities	Fixed Income	Real Estate	Pooled Investments	Alternative Investments
Argentine Peso	$ 303	$	$ 237	$	$	$
Australian Dollar		14,340		5,839		
Brazilian Real	63	33,240	2,585			
British Pound Sterling	2,192	304,721		19,668	201,644	
Canadian Dollar	61	103,085		7,583	3,552	
Chilean Peso		3,202				
Danish Krone		14,415				
Euro	61	785,114	442			76,371
Hong Kong Dollar	1,046	241,771			3,676	
Hungarian Forint		3,283				
Indian Rupee	412					
Israeli Shekel		8,745				
Japanese Yen	788	276,432				
Mexican Nuevo Peso		13,216	3,561			
New Taiwan Dollar		23,022				
Norwegian Krone						
Phillipine Peso	7	3,445				
Singapore Dollar		13,820		4,786		
South African Rand		8,502				
South Korean Won		107,950				
Swedish Krona	254	73,469				
Swiss Franc	(53)	170,964				
Thailand Baht		5,585				
Total fair value	$ 5,134	$ 2,208,321	$ 6,825	$ 37,876	$ 208,872	$ 76,371

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Currency	Forward Currency Contracts (1)	Investment Principal - Receivable	Investment Principal - Payable	Accrued Income	Security Landing	Total Exposure
Argentine Peso	$	$	$	$	$	$ 540
Australian Dollar				5		20,184
Brazilian Real				10		35,898
British Pound Sterling	(600)	10	(144)	364		527,855
Canadian Dollar			(61)	165		114,385
Chilean Peso						3,202
Danish Krone				206		14,621
Euro	(151)	1,106	(1,429)	3,234		864,748
Hong Kong Dollar	437	357	(121)			247,166
Hungarian Forint						3,283
Indian Rupee						412
Israeli Shekel						8,745
Japanese Yen	(6,547)	92	(91)	579	134,908	406,161
Mexican Nuevo Peso						16,777
New Taiwan Dollar						23,022
Norwegian Krone				10		10
Phillipine Peso						3,452
Singapore Dollar						18,606
South African Rand						8,502
South Korean Won	186		(182)	158		108,112
Swedish Krona	(1,397)	57		103		72,486
Swiss Franc	95	284	(292)	2,858		173,856
Thailand Baht						5,585
Total fair value	$ (7,977)	$ 1,906	$ (2,320)	$ 7,692	$ 134,908	$ 2,677,608

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for ATRS, APERS, and ASHERS was -5.15%, -10.81%, and -9.44%, respectively.

Concentration of Investments

Generally accepted accounting principles require each pension plan to disclose investments (other than those issued or explicitly guaranteed by the U.S. Government) in any one organization that represent 5% or more of the pension plan's fiduciary net position. As of June 30, 2022, ATRS had investments of 5% or more of fiduciary net position in the following organizations: $1,089,264,947 in Blackrock Institutional Trust Company, N.A., $1,188,991,390 in Franklin Park Associates, LLC, $1,046,063,010 in Jacobs Levy Equity Management, Inc., and $1,786,162,533 in State Street Global Advisors Trust Company.

Depositary Receipts

A depositary receipt is a negotiable certificate issued by a bank to represent a foreign company's publicly traded securities. A custodian bank in the foreign country holds the actual shares, often in a form of an American Depository Receipt (ADR), which is listed and traded on exchanges based in the United States, or a Global Depository Receipt (GDR), which is traded in established non-U.S. markets. Indirectly, depository receipts are exposed to foreign currency risk since the non-U.S. company would be doing business in a foreign currency. At June 30, 2022, ASHERS had $8,158,477 invested in ADRs.

Fair Value Measurement

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

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

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

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

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

The following table represents the State of Arkansas's investments and securities lending collateral measured at fair value on a recurring basis by valuation hierarchy as of June 30, 2022 (expressed in thousands):

General fund

Investments measured at fair value	Total	Level 1	Level 2	Level 3
Bonds	$ 90,325	$ 294	$ 90,031	$
Domestic securities	734	734		
Mortgage-backed securities	4,339,543		4,339,543	
Municipal bonds	71,775		71,775	
Mutual funds	93	93		
Negotiable certificates of deposit	15,329	13,761	1,568	
U.S. government agencies	1,008,661	451	1,008,210	
U.S. treasuries	278,733	277,521	1,212	
Total investments at fair value	5,805,193	$ 292,854	$ 5,512,339	$ -
Investments measured at net asset value (NAV)				
First American Funds - Treasury & Government Obligations	7,294			
Total investments	$ 5,812,487			

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Enterprise funds

Investments measured at fair value		Total		Level 1		Level 2		Level 3
Bonds	$	4,075	$	2,537	$	1,538	$	
Bond funds		361		361				
Commingled funds		90,026		723		89,303		
Domestic equities		4,612		3,508		1,104		
Exchange-traded funds		6,405		6,405				
External investment pools		7,546		7,264				282
Marketable alternatives		650						650
Money market mutual funds		3,607		3,607				
Mortgage-backed securities		46,868				46,868		
Mutual funds		4,180		4,180				
Negotiable certificates of deposit		13,826		8,319		5,507		
Non-marketable alternatives		14,000						14,000
Other		12,572		12,518				54
Other debt securities		115,692		737		114,955		
Short-term investments		21,966		18,531		2,221		1,214
U.S. government agencies		409,548		42,484		365,007		2,057
U.S. treasuries		8,777		8,777				
Total investments at fair value		764,711	$	119,951	$	626,503	$	18,257

Investments measured at net asset value (NAV)		
External investment pool - UA Foundation		203,047
Short-term investment fund pool - UA System		142,242
Intermediate-term investment fund pool - UA System		25,830
Extended fixed income pool - UA System		78,335
External investment pools - NAC:		
Intermediate term fund		758
Multi-strategy equity fund		257
Multi-strategy bond fund		121
Total investments at NAV		450,590
Total investments	$	1,215,301

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Fiduciary funds

Investments measured at fair value	Total	Level 1	Level 2	Level 3
Asset- and mortgage-backed securities	$ 347,613	$	$ 347,613	$
Corporate bonds and notes	2,032,005	77,563	1,698,795	255,647
Domestic equities	5,596,840	5,596,840		
International equities	2,507,760	2,507,760		
International obligations	94,205		94,205	
Investment derivatives	832	455	377	
Limited partnerships	38,389	38,389		
Municipal bonds	13,578	11,782	1,796	
Mutual and exchange-traded funds	652,283	585,755	66,528	
Preferred stock	52,426	47,238	5,188	
Preferred equity investments	182,351	171,496		10,855
Real estate	203,362	132,802		70,560
State recycling tax credits	144,000		144,000	
U.S. government agencies	204,037	15,231	188,806	
U.S. treasuries	436,276	342,475	93,801	
Total investments at fair value	12,505,957	$ 9,527,786	$ 2,641,109	$ 337,062

Investments measured at net asset value (NAV)	
Diversified investment funds	492,914
Hedge funds	1,032,961
Other	2,229,344
Pooled investments	7,603,315
Private equity funds	3,196,118
Real estate funds	3,514,999
Total investments at NAV	18,069,651
Total investments	$ 30,575,608

Securities lending collateral measured at fair value (1)	Total	Level 1	Level 2	Level 3
Asset-backed securities	$ 16,359	$	$ 16,359	$
Commercial paper	32,299		32,299	
Floating rate notes	444,700		444,700	
Repurchase agreements	80,386		80,386	
Short-term investment pool	62,467		62,467	
Total securities lending collateral at fair value	636,211	$	$ 636,211	$

Securities lending collateral measured at net asset value (NAV) (1)	
Quality D short-term investment pool	770,202
Total securities lending collateral	$ 1,406,413

Component unit

Investments measured at fair value	Total	Level 1	Level 2	Level 3
Commingled funds	$ 30,723	$	$ 30,723	$ -
Mortgage-backed securities	97,454		97,454	
Mutual bond funds	3,465		3,465	
U.S. agencies obligations	80,975		80,975	
Total investments at fair value	$ 212,617	$	$ 212,617	$

(1) Cash collateral received for security lending of Fiduciary funds totaled $1,408,339. The amount reported above is the fair value of the collateral at June 30, 2022.

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

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

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

The following table represents the State of Arkansas's investments measured at fair value on a nonrecurring basis by valuation hierarchy as of June 30, 2022 (expressed in thousands):

Component Unit

Investments measured at fair value	Total	Level 1	Level 2	Level 3
Real estate owned	$ 1,065	$	$	$ 1,065

Real estate owned is carried at the lower of fair value at acquisition date or current estimated fair value, less estimated cost to sell when the real estate is acquired. Estimated fair value of real estate owned is based on estimates or evaluations. Real estate owned is classified within Level 3 of the fair value hierarchy.

For the Investment Partnership Program (HOME) (a federal program) real estate owned, up to three realtors in the locale of the property are contacted to give the Authority an estimate of a selling price for the property. The outstanding portion of the HOME loan is normally the minimum goal for a list price. The property is carried at the lesser of the foreclosed loan balance or the realtor's list price, less holding and selling costs.

Investments measured at the net asset value (NAV) per share (or its equivalent) are presented in the following table as of June 30, 2022 (expressed in thousands):

General Fund

Investments measured at net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period and Redemption Restrictions
First American Funds - Government Obligations	$ 7,294		Daily	None

Enterprise Funds

Investments measured at net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period and Redemption Restrictions
External investment pool - UA Foundation	$ 203,047		Daily	7-30 days
Short-term investment fund pool - UA System	142,242		Daily	0-3 days
Intermediate-term investment fund pool - UA System	25,830		End of Month	2-30 days
Extended fixed income pool - UA System	78,335		End of Month	2-30 days
External investment pools - NAC:				
Intermediate term fund	758		Weekly	5 days
Multi-strategy equity fund	257		Monthly	5 days
Multi-strategy bond fund	121		Monthly	5 days
Total investments at NAV	$ 450,590			

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Fiduciary Funds

Investments measured at net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period and Redemption Restrictions
Diversified investment funds	$ 492,914	$	Daily - Weekly - Monthly; Last day of each Quarter	T+2; T+3; 1yr; 2yrs; 3yrs; >3yrs; 55% liquidity; then 20%; then 15%; then 10%
Hedge funds	1,032,961	59,881	Daily - Monthly - Quarterly - Semi-Annually - Annually	3 to 90 days
Other	2,229,344		Daily - Monthly	3-10 days
Pooled Investments	7,603,315		Daily - Monthly	T+1; T+3; T+10; Daily; 1-15 days
Private equity funds	3,196,118	1,403,941	Quarterly - Annually; N/A	90 days; N/A
Real estate funds	3,514,999	1,359,374	Quarterly; Open end w/2 years lock up; 7-year lock up; None; N/A	T+45; T+90; 30-90 days; N/A
Total investments at NAV	$ 18,069,651	$ 2,823,196		

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

Investment pools – University of Arkansas (UA)

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

Intermediate Term Fund – North Arkansas College (NAC)

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

Multi-Strategy Equity Fund – NAC

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

Multi-Strategy Bond Fund – NAC

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

Pooled investments

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

Diversified investment funds

This investment type provides diversification to the total portfolio and strives to reduce total fund volatility while also enhancing the total return on the portfolio. The following are the strategies that comprise this investment type:

- Blackstone Hedge Fund of Funds – uses fund of funds strategy through investing in other hedge funds.
- AQR Global Risk Premium Tactical Fund – uses strategy that seeks to diversify based on risk across global equities.
- Newton Global Real Return – uses multi-asset strategy that aims to achieve a return of 1- month USDA LIBOR +4% p.a. over rolling five-year period.

Hedge funds

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

Private equity funds

Private equity includes 67 buyout funds, three distressed debt funds, three growth equity funds, 13 hard asset funds, 11 infrastructure funds, four mezzanine funds, five multi-strategy funds, four structured capital funds, nine turnaround funds, and 15 venture capital funds that invest mostly in private companies across a variety of industries. The value of the investments in this type have been determined using the NAV per share (or its equivalent) of the State's ownership interest in partners' capital. These investments cannot be easily redeemed. The nature of private equity investments is that distributions are received through the liquidation of the underlying assets of the fund. The expected holding period of a private equity portfolio company is two to ten years.

Real estate funds

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

Securities lending collateral

Cash collateral received from borrowers in the securities lending program is invested in a Quality D short-term investment fund that consists of a liquidating account with a liquidity pool and a duration pool. The value of this fund has been determined by the fund administrator using the NAV per share (or its equivalent).

(3) Derivative Instruments

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

Mortgage-Backed Securities

As of June 30, 2022, governmental activities, business-type activities, fiduciary funds, and component units held mortgage-backed securities with fair values of $4.3 billion, $46.9 million, $367.9 million, and $97.5 million, respectively. The yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. Although the full amount of principal will be received if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost.

Asset-Backed Securities

As of June 30, 2022, Arkansas Public Employees Retirement System (APERS) and Arkansas Teacher Retirement System (ATRS) held asset-backed securities with a combined fair value of $176.8 million. These securities represent interests in various trusts consisting of pooled financial assets other than mortgage loans conveyed by the issuing parties. The ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

Forward Currency Contracts

APERS and ATRS enter into various currency contracts to manage exposure of foreign portfolio holdings to changes in foreign currency exchange rates. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated rate. Risks associated with such contracts include movement in the value of the foreign currency in relation to the U.S. dollar and the ability of the counterparty to perform. The contracts are valued at forward exchange rates, and the changes in the value of open contracts are recognized as unrealized appreciation/depreciation in the statement of changes in plan net position. The realized gain or loss on closed forward currency contracts represents the difference between the original value of the original contracts and the closing value of such contracts and is included in the net increase (decrease) in fair value of investments in the statement of changes in plan net position. At June 30, 2022, the retirement systems referred to above were party to outstanding foreign exchange currency contracts to purchase foreign currencies with contract amounts of $4.9 million, collectively. Fair values of these outstanding contracts were $4.9 million, resulting in an unrealized loss of $39,431. The retirement systems also had outstanding foreign exchange currency contracts to sell foreign currencies with contract amounts of $11.1 million at June 30, 2022. Fair values of these contracts were $10.7 million, resulting in an unrealized gain of $416,061.

Derivative Instruments

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

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2022, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2022	
Type	**Classification**	**Amount**	**Classification**	**Amount**
Foreign currency forwards	Net increase (decrease) in fair value of investments	$ (10,847)	Investment derivatives	$ 376,630
Futures	Net increase (decrease) in fair value of investments	(154,196)	Investment derivatives	454,995
Warrants	Net increase (decrease) in fair value of investments	(121,672)		

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Foreign Currency Forward	Fair Value		Notional Amount
Euro	$ 3,159	EUR	$ 1,556,205
British Pound Sterling	7,209	GBP	101,105
Hong Kong Dollar	42	HKD	4,600,458
Japanese Yen	365,998	JPY	(914,460,190)
Swedish Krona	2,979	SEK	11,136,980
United States Dollar	(2,757)	USD	4,390,024
Total foreign currency forwards	$ 376,630		$ (892,675,418)
Futures	$ 454,995	USD	$ 125,100,000

(4) Securities Lending Transactions

Arkansas Public Employees Retirement System (APERS) and Arkansas Teacher Retirement System (ATRS) participate in securities lending programs as authorized by Arkansas Code and the Boards of Trustees' policies whereby investment securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash and cash equivalents, letters of credit, or securities guaranteed by the U.S. Government or an agency thereof, equal to at least 100% of the fair value of the securities loaned for ATRS and equal to at least 102% for domestic loans and 105% for international loans for APERS. The programs are administered by custodial agent banks. The types of securities on loan at June 30, 2022, include U.S. Government securities, corporate securities, and international securities. Except for cash collateral, the pensions do not have the ability to pledge or sell the collateral securities received unless there is borrower default. The pensions invest cash collateral received; accordingly, investments made with cash collateral received appear as assets on the statements of plan net position. As the pensions must return the cash collateral to the borrower upon expiration of the loan, a corresponding liability is recorded as obligations under securities lending. These securities have also been included in the preceding summary of deposits and investments (see Note 2). The weighted average maturity of collateral investments generally does not match the maturity of the loans. The custodial agents provide the pensions with an indemnification if insolvency causes the borrower to fail to return the securities lent or to fail to pay the income on the securities to the trust while lent. No losses resulting from default have occurred in the history of the pensions' participation in such programs. As of June 30, 2022, the carrying value and fair value of the underlying securities was $1.41 billion. At June 30, 2022, the pension systems had no credit risk exposure to borrowers because the amounts the pension systems owed the borrowers was less than the amounts the borrowers owed the pension systems or because the custodian's indemnification eliminated the credit risk.

(5) Receivables

Receivables at June 30, 2022, consisted of the following (expressed in thousands):

Primary Government

	Accounts	Taxes (1)	Employee/ Employer	Medicaid	Lease Receivable (2)	Loans	Investment-Related	Other Receivables	Allowance for Uncollectibles	Total
General Fund	$ 376,131 (3)	$ 1,100,778	$	$ 623,868	$ 1,353	$ 241,645	$ 13,892	$ 38,902	$ (815,629)	$ 1,580,940
Higher Education Fund	684,493	1,024			22,004	25,809	1,211	29,091	(345,243)	418,389
Workers' Compensation Commission	7,534 (3)						23			7,557
Division of Workforce Services	175,800						8		(122,460)	53,348
Office of the Arkansas Lottery	14,357									14,357
Non-major enterprise funds	6,716					589,140	959			596,815
Pension trust			59,697				97,755	8,829		166,281
Investment trust							19			19
Custodial							62	84		146
Total	$ 1,265,031	$ 1,101,802	$ 59,697	$ 623,868	$ 23,357	$ 856,594	$ 113,929	$ 76,906	$ (1,283,332)	$ 2,837,852

(1) Receivable balances of $6,111 are not expected to be collected within one year of the date of the financial statements.
(2) See Note 11 - Leases.
(3) $10 and $1 Interfund receivables due to the General Fund and Workers' Compensation Commission, respectively, from the Pension Trust fund were reclassified as accounts receivable on the Government-wide Statement of Net Position.

Component Units

	Accounts	Loans	Lease Receivable	Investment-Related	Contributions	Allowance for Uncollectibles	Net Receivable by Component Unit
Arkansas Development Finance Authority	$ 4,545	$ 663,925	$ 832	$ 7,972	$	$ (79,567)	$ 597,707
University of Arkansas Foundation				2,019	158,764	(1,135)	159,648
Total	$ 4,545	$ 663,925	$ 832	$ 9,991	$ 158,764	$ (80,702)	$ 757,355

(6) Interfund Activity

Interfund Receivables and Payables (expressed in thousands):

	Due From							
Due To	General Fund	Higher Education Fund	Workers' Compensation Commission	Department of Workforce Services	Office of the Arkansas Lottery	Non-major Enterprise Funds	Pension Trust	Total
General Fund	$	$ 5,305	$ 13	$ 23	$ 194,478	$ 283	$ 10 (1)	$ 200,112
Higher Education Fund	16,959			2				16,961
Workers' Compensation Commission	209	292			1		1 (1)	503
Workforce Services	1,069							1,069
Office of the Arkansas Lottery	15,928							15,928
Non-major Enterprise Funds								
Pension trust	4,053 (2)							4,053
Total	$ 38,218	$ 5,597	$ 13	$ 25	$ 194,479	$ 283	$ 11	$ 238,626

(1) $10 and $1 Interfund receivables due to the General Fund and Workers' Compensation Commission, respectively, from the Pension Trust fund were reclassified as accounts receivable on the Government-wide Statement of Net Position.

(2) $4,053 Interfund payables due from the General Fund to the Pension Trust Fund were reclassified as accounts payable on the Government-wide Statement of Net Position.

Interfund receivables and payables include (1) $17.0 million due to the Higher Education Fund from the General Fund for College Technical Bond payment requisitions and grants; (2) $15.9 million due to the Office of the Arkansas Lottery from the General Fund for deposits, refunds, and interest earned less scholarships awarded pursuant to Ark. Code Ann. § 6-85-212 (d)(2)(B)(i); (3) $4.1 million due from the General Fund to the Pension Trust for employers' contributions; (4) $5.3 million due from the Higher Education Fund to the General Fund for workers' compensation contributions and administrative costs, unemployment contributions, information technology services and grants; and (5) $194.5 million due from the Office of the Arkansas Lottery to the General Fund for trust proceeds to administer the Arkansas Lottery Scholarship Program, audit fees, information technology services, printing, and administrative costs. All amounts are expected to be repaid within one year.

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

	Advances From			
Advances To	General Fund	Higher Education Fund	Non-Major Enterprise Funds	Total
General Fund	$	$ 124	$ 334	$ 458
Higher Education Fund	8,889		6,692	15,581
Workers' Compensation Commission	118			118
Total	$ 9,007	$ 124	$ 7,026	$ 16,157

Advances include (1) an outstanding balance of $3.1 million loaned from the General Fund (i.e., Transformation and Shared Services – Division of Building Authority) to Higher Education for the Sustainable Building Design Program used to pay for energy improvements; (2) an outstanding balance of $5.8 million loaned from the Department of Finance and Administration State Budget Stabilization Trust Fund to Henderson State University; and (3) an outstanding balance of $6.7 million loaned from the Community/Technical College Revolving Loan program providing low interest loans to community and technical colleges for capitalizable education and general projects with variable interest rates.

Transfers (expressed in thousands):

	Transfers In						
Transfers Out	General Fund	Higher Education	Department of Workforce Services	Workers' Compensation Commission	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
General Fund	$	$ 1,073,832	$ 8,000	$ 28	$ 15,927	$	$ 1,097,787
Higher Education	76,528						76,528
Division of Workforce Services	25,382						25,382
Workers' Compensation Commission	336						336
Office of the Arkansas Lottery	115,314						115,314
Non-major Enterprise Funds	3,752					9,653	13,405
Total	$ 221,312	$ 1,073,832	$ 8,000	$ 28	$ 15,927	$ 9,653	$ 1,328,752

Transfers include (1) $76.5 million transferred from the Higher Education Fund to the General Fund, which includes $70.7 million of state funding provided to the University of Arkansas Medical Sciences and transferred to the Department of Human Services for the Medicaid Program; (2) $25.4 million transferred from Division of Workforce Services to the General Fund; (3) $115.3 million transferred from the Office of the Arkansas Lottery to the General Fund for the 2022/2023 academic school year; (4) $3.8 million transferred to the General Fund from the Non-Major Enterprise Funds, which includes $3.3 million transferred from the Safe Drinking Water Revolving Loan Fund to the Arkansas Department of Health for administration of the program; (5) $1.1 billion transferred from the General Fund to the Higher Education Fund for state funding of higher education institutions; (6) $8.0 million transferred from the General Fund to the Division of Workforce Services; (7) $15.9 million transferred from the General Fund to the Office of the Arkansas Lottery for excess net proceeds over scholarships issued; and (8) $9.7 million transferred to the Energy and Environment Arkansas Energy Performance Contracting-Revolving Loan/Lease Fund from two other Non-Major Enterprise revolving loan funds: $7.2 million transferred from the Industrial Energy Technology Loan Program Revolving Loan Fund and $2.5 million transferred from the Employer Assisted Home Energy Assistance Loan Program.

(7) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2022, was as follows (expressed in thousands):

		Balance June 30, 2021		Adjustments/ Transfers (1)		Additions		Deletions		Balance June 30, 2022
Governmental activities:										
Capital assets, non-depreciable/amortizable:										
Land	$	1,127,770	$	(633)	$	46,191	$	1,749	$	1,175,077
Construction in progress		2,337,931		(572,610)		886,164		(5,451)		2,646,034
Construction in progress - intangibles		152,479				40,139				192,618
Other non-depreciable/amortizable assets		29,861				1,545		(13)		31,393
Total capital assets, non-depreciable/amortizable		3,648,041		(573,243)		974,039		(3,715)		4,045,122
Capital assets, depreciable/amortizable:										
Improvements other than building		224,098		5,303		1,992		(59)		231,334
Buildings		1,911,694		44,359		5,752		(2,679)		1,959,126
Equipment		893,285		(200)		64,912		(42,706)		915,291
Infrastructure		17,799,371		642,057		2,887		(29)		18,444,286
Intangibles		389,079		3,512		1,970		(4,067)		390,494
Other depreciable/amortizable assets		9,920		(3)		34		(11)		9,940
Right-to-Use assets										
RtU Land						2,140		(3)		2,137
RtU Buildings						81,394		(701)		80,693
RtU Equipment						2,566		(46)		2,520
RtU Land Improvements						468				468
RtU Infrastucture						1,303				1,303
Total capital assets, depreciable/amortizable		21,227,447		695,028		165,418		(50,301)		22,037,592
Less accumulated depreciation/amortization for:										
Improvements other than building		(138,901)				(6,897)		52		(145,746)
Buildings		(810,470)		2		(37,352)		932		(846,888)
Equipment		(636,343)		451		(58,410)		40,216		(654,086)
Infrastructure		(9,384,027)				(523,307)		29		(9,907,305)
Intangibles		(206,233)		16		(29,126)		4,048		(231,295)
Other depreciable/amortizable assets		(8,015)		3		(253)		9		(8,256)
Right-to-Use assets										
RtU Land						(137)		3		(134)
RtU Buildings						(21,257)		701		(20,556)
RtU Equipment						(1,061)		46		(1,015)
RtU Land Improvements						(75)				(75)
RtU Infrastucture						(294)				(294)
Total accumulated depreciation/amortization		(11,183,989)		472		(678,169)		46,036		(11,815,650)
Total capital assets, depreciable/amortizable, net		10,043,458		695,500		(512,751)		(4,265)		10,221,942
Total governmental capital assets, net	$	13,691,499	$	122,257	$	461,288	$	(7,980)	$	14,267,064

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

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		Balance June 30, 2021		Adjustments/ Transfers (1)		Additions		Deletions		Balance June 30, 2022
Business-type activities:										
Capital assets, non-depreciable/amortizable:										
Land	$	181,877	$	497	$	22,545	$	(316)	$	204,603
Construction in progress		307,798		(275,166)		262,455		(2,917)		292,170
Construction in progress - intangibles		51,805		(30,846)		24,710		(2,047)		43,622
Easements		2,675								2,675
Art/historic treasures		1,006				5				1,011
Other non-depreciable/amortizable assets		734		26		175		(112)		823
Total capital assets, non-depreciable/amortizable		545,895		(305,489)		309,890		(5,392)		544,904
Capital assets, depreciable/amortizable:										
Improvements other than building		32,050		585		6				32,641
Buildings		6,063,876		210,757		11,404		(1,620)		6,284,417
Equipment		923,433		(589)		69,724		(31,149)		961,419
Infrastructure		714,663		(4,971)		4,833		(128)		714,397
Intangibles		253,095		(4,903)		1,673				249,865
Library holdings		243,211		7		8,570		(4,863)		246,925
Other depreciable/amortizable assets		5,073		863		169		(1)		6,104
Right-to-Use assets										
RtU Land						223				223
RtU Buildings				41,368		100,414				141,782
RtU Equipment				48,486		12,955		(3,289)		58,152
RtU Land Improvements						26				26
RtU Infrastucture				12,015		100				12,115
Total capital assets, depreciable/amortizable		8,235,401		303,618		210,097		(41,050)		8,708,066
Less accumulated depreciation/amortization for:										
Improvements other than building		(16,761)		(584)		(1,252)				(18,597)
Buildings		(2,940,373)		24,934		(185,497)		758		(3,100,178)
Equipment		(762,632)		(120)		(48,756)		26,262		(785,246)
Infrastructure		(354,528)		11,186		(29,135)		128		(372,349)
Intangibles		(199,868)		23,688		(14,139)		1		(190,318)
Library holdings		(206,549)		(61)		(6,864)		4,835		(208,639)
Other depreciable/amortizable assets		(1,686)		38		(68)				(1,716)
Right-to-Use assets										
RtU Land				(14)						(14)
RtU Buildings				(21,400)		(10,187)		15		(31,572)
RtU Equipment				(31,457)		(6,344)		3,284		(34,517)
RtU Land Improvements						(13)				(13)
RtU Infrastucture						(605)				(605)
Total accumulated depreciation/amortization		(4,482,397)		6,210		(302,860)		35,283		(4,743,764)
Total capital assets, depreciable/amortizable, net		3,753,004		309,828		(92,763)		(5,767)		3,964,302
Total business-type capital assets, net	$	4,298,899	$	4,339	$	217,127	$	(11,159)	$	4,509,206

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

Component Units

Activity for ADFA for the year ended June 30, 2022, was as follows (expressed in thousands):

		Balance June 30, 2021		Adjustments/ Transfers (1)		Additions		Deletions		Balance June 30, 2022
ADFA:										
Capital assets, non-depreciable/amortizable:										
Land	$	670	$		$		$		$	670
Capital assets, depreciable/amortizable:										
Building		2,032								2,032
Equipment		1,750				668		(736)		1,682
Intangibles		10,629								10,629
Total capital assets, depreciable/amortizable		14,411				668		(736)		14,343
Less accumulated depreciation/amortization for:										
Building		(849)				(63)				(912)
Equipment		(1,203)				(137)		132		(1,208)
Intangibles		(10,629)								(10,629)
Total accumulated depreciated/amortization		(12,681)				(200)		132		(12,749)
Total capital assets, depreciable/amortizable, net		1,730				468		(604)		1,594
Total ADFA capital assets, net	$	2,400	$		$	468	$	(604)	$	2,264

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

Activity for U of A Foundation, Inc., for the year ended June 30, 2022, was as follows (expressed in thousands):

	Balance June 30, 2021	Adjustments/ Transfers (1)	Additions	Deletions	Balance June 30, 2022
U of A Foundation, Inc.:					
Capital assets, non-depreciable/amortizable:					
Land	$ 31	$	$	$ (1)	$ 30

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

Depreciation and Amortization

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

Primary Government

Governmental Activities:	
Education	$ 2,748
Commerce	3,197
Recreation and tourism	23,429
Health and human services	43,028
Transportation	545,336
Law, justice, and public safety	35,438
Resource development	3,624
General government	21,022
Regulation of business and professionals	347
Total depreciation and amortization expense	$ 678,169

Business-type Activities:	
Enterprise funds	$ 302,860
Total depreciation and amortization expense	$ 302,860

Component Unit

ADFA	$ 200
Total depreciation and amortization expense	$ 200

(8) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2022, are summarized as follows (expressed in thousands):

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year	Due Greater Than One Year
Governmental Activities:						
Bonds payable:						
General obligation	$ 881,565	$ 40,535	$ 220,010	$ 702,090	$ 230,960	$ 471,130
Add (deduct):						
Issuance premium (discount):						
General obligation	69,038	209	20,569	48,678	19,484	29,194
Notes payable to component unit	16,107		736	15,371	736	14,635
Installment purchases with component unit	3,134		136	2,998	216	2,782
Total bonds payable	969,844	40,744	241,451	769,137	251,396	517,741
Notes payable to component unit	79,892	31,967	5,015	106,844	6,365	100,479
Installment purchases with component unit (2)	149,909	26,424	37,074	139,259	9,238	130,021
Lease obligations		65,382		65,382	21,902	43,480
Total notes, leases payable, and installment purchases (2)	229,801	123,773	42,089	311,485	37,505	273,980
Total bonds, notes, leases payable, and installment purchases (2)	1,199,645	164,517	283,540	1,080,622	288,901	791,721
Recycling tax obligation (1)	134,758		11,620	123,138	11,998	111,140
Claims, judgments, and arbitrage (1)	147,602	348,315	364,237	131,680	112,822	18,858
Compensated absences (1)	164,515	125,158	125,890	163,783	23,945	139,838
Total claims, judgments, arbitrage, and compensated absences	312,117	473,473	490,127	295,463	136,767	158,696
Pollution remediation (1)	21,406	313	371	21,348	3,098	18,250
Total OPEB liability (1)	2,800,637		1,371,871	1,428,766	59,143	1,369,623
Net pension liability (1)	2,269,166	136,863	1,668,517	737,512		737,512
Governmental activities total	$ 6,737,729	$ 775,166	$ 3,826,046	$ 3,686,849	$ 499,907	$ 3,186,942

(1) The various long-term liabilities other than debt are all paid from the general fund.
(2) Beginning balances adjusted by $51,000 due to GASB 87 reclassification.

Continued on the following page

Continued from the previous page

		Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due Greater Than One Year
Business-type Activities:							
Bonds payable:							
College and University							
Revenue bonds		$ 2,147,000	$ 322,855	$ 267,205	$ 2,202,650	$ 105,635	$ 2,097,015
Revenue bonds from direct placement		8,443		563	7,880	565	7,315
Add:							
Issuance premiums (discounts)		164,055	21,423	32,049	153,429	11,762	141,667
Total bonds payable		2,319,498	344,278	299,817	2,363,959	117,962	2,245,997
Notes payable from direct placement	(1)	87,057	37,050	10,782	113,325	15,375	97,950
Notes payable with component unit		8,021		509	7,512	525	6,987
Total notes payable		95,078	37,050	11,291	120,837	15,900	104,937
Installment purchase agreements payable	(1)	54,225	11,159	6,973	58,411	7,484	50,927
Lease obligations			105,942		105,942	17,009	88,933
Total bonds, notes, installment purchases, and lease obligations payable	(1)	2,468,801	498,429	318,081	2,649,149	158,355	2,490,794
Claims and judgments		339,375	551,269	629,854	260,790	96,287	164,503
Compensated absences		143,569	118,468	123,177	138,860	15,129	123,731
Total claims, judgments, and compensated absences		482,944	669,737	753,031	399,650	111,416	288,234
Total OPEB liability		144,028		16,775	127,253	5,213	122,040
Net pension liability		215,913		144,174	71,739		71,739
Business-type activities total		$ 3,311,686	$ 1,168,166	$ 1,232,061	$ 3,247,791	$ 274,984	$ 2,972,807

(1) Beginning balances adjusted by $32.2 million due to GASB 87 reclassification.

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due Greater Than One Year
Component units:						
Arkansas Development Finance Authority:						
Bonds payable	$ 553,336	$ 19,610	$ 78,433	$ 494,513	$ 22,617	$ 471,896
Notes payable from direct placement	9,442	88	1,527	8,003	989	7,014
Add: issuance premiums (discounts)	(645)		(101)	(544)	(101)	(443)
Total bonds and notes payable ADFA	562,133	19,698	79,859	501,972	23,505	478,467
Total OPEB liability	4,309		2,222	2,087	92	1,995
Net pension liability	4,869		3,697	1,172		1,172
U of A Foundation						
Annuity obligations	18,677		3,275	15,402	1,651	13,751
Component units total	$ 589,988	$ 19,698	$ 89,053	$ 520,633	$ 25,248	$ 495,385

Primary Government

Governmental Activities

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

General obligation bonds outstanding at June 30, 2022, were as follows (expressed in thousands):

	Final maturity date (1)	Interest rates %	Balance
Federal Highway Grant Anticipation and Tax Revenue G.O. Bonds:			
2012 Series Federal Highway G.O.Bonds	2025	3.00	$ 57,545
2013 Series Federal Highway G.O.Bonds	2026	4.00 - 5.00	64,920
2014 Series Federal Highway G.O.Bonds	2027	5.00	91,145
Four-Lane Highway Construction and Improvement G.O. Bonds:			
2020 Series Four Lane Highway G.O.Bonds	2023	5.00	138,445
Arkansas Economic Development Commission Bonds:			
2014 Series Capital Improvement G.O. Bonds - A	2035	0.46 - 4.11	49,985
Arkansas Natural Resources Commission Bonds:			
2013A Series Water, Waste and Pollution	2024	3.10 - 3.30	3,640
2014A Series Water, Waste and Pollution	2045	3.00 - 3.50	6,725
2014B Series Water, Waste and Pollution	2025	2.40 - 2.66	6,520
2016A Series Water, Waste and Pollution	2034	3.50 - 5.00	21,515
2017A Series Water, Waste and Pollution	2028	2.00 - 2.80	10,550
2017B Series Water, Waste and Pollution	2040	2.13 - 5.00	16,085
2019A Series Water, Waste and Pollution	2050	2.10 - 3.35	28,005
2020A Series Water, Waste and Pollution	2027	0.20 - 0.55	9,105
2020B Series Water, Waste and Pollution	2048	1.05 - 2.50	31,490
2022A Series Water, Waste and Pollution	2043	2.00 - 3.25	23,535
2022B Series Water, Waste and Pollution	2043	2.00 - 3.25	17,000
Higher Education Bonds:			
2015 Series, G.O. Bonds	2029	4.00 - 4.25	125,880
Total			$ 702,090

(1) Fiscal year

Future amounts required to pay principal and interest on general obligation bonds at June 30, 2022, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2023	$ 230,960	$ 27,426	$ 258,386
2024	97,465	16,890	114,355
2025	85,575	13,061	98,636
2026	65,735	9,845	75,580
2027	45,045	7,328	52,373
2028-2032	90,570	20,747	111,317
2033-2037	40,755	9,956	50,711
2038-2042	28,755	5,119	33,874
2043-2047	14,240	1,713	15,953
2048-2052	2,990	151	3,141
Total	$ 702,090	$ 112,236	$ 814,326

Details of general obligation bonds outstanding are as follows:

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

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

Designated Revenues for GARVEE Bonds

Revenues and Apportionments			Projected Revenues and Apportionments		
Year ending June 30:	Additional Diesel Tax Revenues	Apportioned FIMF	Year ending June 30:	Additional Diesel Tax Revenues	Apportioned FIMF
2018	$ 18,039	$ 103,074	2023	$ 18,000	$ 113,802
2019	18,399	105,135	2024	18,000	116,078
2020	18,164	107,238	2025	18,000	100,000
2021	18,800	109,383	2026	18,000	100,000
2022	19,790	111,571	2027	18,000	100,000

General Obligation Four-Lane Highway Construction and Improvement Bonds – Amendment 91 to the State Constitution was approved by a vote of the people on November 6, 2012. This amendment authorized the State to issue State of Arkansas General Obligation Four-Lane Highway

Construction and Improvement Bonds. All bonds issued under this authority are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The Amendment limited the aggregate total principal amount to $1.3 billion to be issued in several series of various principal amounts. The bonds are issued for the purpose of construction and improvement of four-lane highways in the State of Arkansas. The Arkansas State Highway Commission may issue additional bonds pursuant to Amendment 91 to the Arkansas Constitution in the aggregate principal amount of $831.1 million. Such additional bonds must have a maturity date no later the June 30, 2023. An amendment to the Arkansas Constitution was approved by the voters on November 3, 2020, removing the expiration date of the collection of the ½ cent sales tax. No bonds were issued under this act in the 2022 fiscal year. The bonds are payable primarily from a ½ cent sales tax collection authorized under the Amendment.

Current revenue for these bonds is as follows (expressed in thousands):

Designated Revenues for Four Lane Highway Construction and Improvement Bonds

Year ending June 30:		Sales Tax Collections
2018	$	187,427
2019		194,138
2020		202,932
2021		231,378
2022		253,215

General Obligation Amendment 82 Bonds – Amendment 82 to the State Constitution was approved by a vote of the people in 2004 and modified by Amendment 90, which was approved by a vote of the people in 2010. The amendment authorized the issuance of general obligation bonds for the purpose of financing the costs of infrastructure or other needs to attract large economic development projects. All bonds issued under this authority are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The 2014 series, the first issuance under this authority, is for a total of $125.0 million to provide $70.0 million in infrastructure improvements, $50.0 million in a loan, and $5.0 million for issuance costs. No bonds were issued under this act in the 2022 fiscal year.

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

Higher Education General Obligation Bonds – Act 1282 of 2005 authorized the State to issue Higher Education General Obligation Bonds. All bonds issued under the authority of this act are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The act limited the total principal amount to approximately $250.0 million. However, the total outstanding principal amount of Higher Education General Obligation Bonds issued under Act 1282 of 2005 and the College Savings Bond Act of 1989 shall not have scheduled debt service payments on a combined basis in excess of $24.0 million in any one fiscal year. The Higher Education General Obligation Bonds were issued to provide funds to finance technology and facility improvements for State institutions of higher education and to refund certain outstanding bonds. The bonds are payable from the net general revenues of the State and investment earnings on the proceeds of the bonds. No bonds were issued under this act in the 2022 fiscal year.

Revenue Bond Guaranty Fund – Under the Arkansas Development Finance Authority Bond Guaranty Act of 1985, the Arkansas Economic Development Commission (AEDC) may guarantee amortization payments on industrial development revenue bonds issued by counties and municipalities within the State of Arkansas. At June 30, 2022, total bonds guaranteed by the Revenue Bond Guaranty Fund were approximately $11.7 million.

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

Future amounts required to pay principal and interest on notes payable to component unit at June 30, 2022 were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2023	$ 6,365	$ 5,853	$ 12,218
2024	6,922	5,251	12,173
2025	7,757	5,042	12,799
2026	7,519	4,750	12,269
2027	7,654	4,490	12,144
2028-2032	20,679	15,742	36,421
2033-2037	39,268	14,691	53,959
2038-2042	7,681	2,099	9,780
2043-2047	2,999	1,030	4,029
Total	$ 106,844	$ 58,948	$ 165,792

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

Future amounts required to pay principal and interest on installment purchases with component unit at June 30, 2022, were as follows (expressed in thousands):

		Principal		Interest		Total
Year ending June 30:						
2023	$	9,238	$	4,759	$	13,997
2024		8,878		4,122		13,000
2025		8,946		3,849		12,795
2026		7,995		3,561		11,556
2027		8,298		3,317		11,615
2028-2032		33,853		10,656		44,509
2033-2037		37,884		7,386		45,270
2038-2042		14,245		2,755		17,000
2043-2047		5,243		1,159		6,402
2048-2052		4,679		345		5,024
Total	$	139,259	$	41,909	$	181,168

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

Future amounts required to pay principal and interest on the recycling tax obligation at June 30, 2022, were as follows (expressed in thousands):

		Principal		Interest		Total
Year ending June 30:						
2023	$	11,998	$	4,002	$	16,000
2024		12,388		3,612		16,000
2025		12,791		3,209		16,000
2026		13,206		2,794		16,000
2027		13,635		2,365		16,000
2028-2032		59,120		4,880		64,000
Total	$	123,138	$	20,862	$	144,000

Business-Type Activities

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

The principal amount shown below differs from the amount on the combined statement of net position due to unamortized discounts/premiums of approximately $153.4 million. At June 30, 2022, business-type activity revenue bonds outstanding were as follows (expressed in thousands):

Arkansas State University - System	**Final Maturity Date (1)**	**Interest Rates %**	**Balance**
Arkansas State University – Beebe	2039	1.30-3.63	$ 24,130
Arkansas State University – Jonesboro	2044	0.52-5.00	104,550
Arkansas State University – Midsouth	2042	1.00-4.70	17,765
Arkansas State University – Mountain Home	2033	2.18-3.12	4,140
Arkansas State University – Newport	2033	0.67-3.82	2,695
Henderson State University	2040	1.00-5.00	42,218
University of Arkansas - System			
Cossatot Community College of the University of Arkansas	2035	1.00-5.00	2,725
Phillips Community College of the University of Arkansas	2039	2.00-4.00	8,840
University of Arkansas – Fayetteville	2050	0.37-5.00	728,410
University of Arkansas – Fort Smith	2039	0.35-5.00	41,945
University of Arkansas – Little Rock	2038	0.53-5.00	82,660
University of Arkansas – Monticello	2042	0.49-5.00	30,335
University of Arkansas – Pine Bluff	2036	2.00-5.00	12,450
University of Arkansas – Pulaski Technical College	2041	1.80-5.00	73,450
University of Arkansas Community College – Hope-Texarkana	2039	1.00-3.63	1,910
University of Arkansas Community College – Morrilton	2046	2.00-5.00	9,160
University of Arkansas Community College – Rich Mountain	2049	1.00-5.00	11,460
University of Arkansas for Medical Sciences	2046	0.85-5.00	590,090

(1) Fiscal year

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Other Institutions	Final Maturity Date (1)	Interest Rates %	Balance
Arkansas Northeastern College	2047	1.95-4.00	$ 6,635
Arkansas Tech University	2044	0.51-4.00	62,165
Black River Technical College	2044	2.00-4.00	8,202
East Arkansas Community College	2040	1.13-2.25	3,115
National Park College	2049	2.00-4.00	28,290
North Arkansas College	2037	2.00-3.00	5,875
Northwest Arkansas Community College	2035	2.00-4.55	24,895
Ozarka College	2043	1.00-3.00	4,820
South Arkansas Community College	2039	2.00-4.00	2,655
Southern Arkansas University – Magnolia	2048	1.00-4.25	63,410
Southern Arkansas University Tech – Camden	2043	1.70-4.50	4,605
University of Central Arkansas	2050	0.55-6.13	206,930
Total			$ 2,210,530

(1) Fiscal year

Future amounts required to pay principal and interest on business-type activity revenue bonds as of June 30, 2022, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2023	$ 106,200	$ 80,819	$ 187,019
2024	98,570	77,796	176,366
2025	99,111	74,481	173,592
2026	101,669	71,119	172,788
2027	117,071	71,940	189,011
2028-2032	530,332	278,351	808,683
2033-2037	513,555	181,561	695,116
2038-2042	351,454	100,440	451,894
2043-2047	227,958	39,504	267,462
2048-2052	64,610	6,661	71,271
Total	$ 2,210,530	$ 982,672	$ 3,193,202

Business-type activity notes payable outstanding at June 30, 2022, were as follows (expressed in thousands):

Arkansas State University - System	Final Maturity Date (1)	Interest Rates %	Balance
Arkansas State University – Midsouth	2038	3.3	$ 1,304
Henderson State University (2)	2040	3.08-5.74	26,079
University of Arkansas - System			
University of Arkansas – Fayetteville	2029	1.38-5.50	19,906
University of Arkansas for Medical Sciences	2027	0.50-3.21	33,655
University of Arkansas for Math/Science	2030	2.5	800
University of Arkansas System Office	2029	3.00	22,420
University of Arkansas Community College – Hope-Texarkana	2041	2.15	4,606
University of Arkansas Community College – Rich Mountain	2024	2.00-4.15	745
University of Arkansas – Fort Smith	2042	0.77	406
Other Institutions			
East Arkansas Community College	2040	2.43-3.10	2,527
National Park College	2027	0	284
North Arkansas College	2031	2.63-3.74	1,126
Northwest Arkansas Community College	2030	2.69	4,400
Ozarka College	2025	3.85	300
Southern Arkansas University – Magnolia	2029	0.00-4.25	969
University of Central Arkansas	2028	3.94	1,310
Total			$ 120,837

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

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

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

Future amounts required to pay principal and interest on business-type activity notes payable as of June 30, 2022, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2023	$ 15,900	$ 3,305	$ 19,205
2024	11,667	2,934	14,601
2025	16,014	2,534	18,548
2026	13,951	2,135	16,086
2027	13,997	1,774	15,771
2028-2032	34,023	4,768	38,791
2033-2037	10,097	1,851	11,948
2038-2042	5,188	342	5,530
Total	$ 120,837	$ 19,643	$ 140,480

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

Future amounts required to pay principal and interest on business-type activity installment purchase agreements payable as of June 30, 2022, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2023	$ 7,484	$ 1,731	$ 9,215
2024	4,545	1,404	5,949
2025	3,159	1,290	4,449
2026	3,307	1,213	4,520
2027	3,411	1,133	4,544
2028-2032	18,415	4,354	22,769
2033-2037	13,354	1,956	15,310
2038-2042	1,925	819	2,744
2043-2047	1,638	473	2,111
2048-2052	1,173	94	1,267
Total	$ 58,411	$ 14,467	$ 72,878

Component Units

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

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

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

During the normal course of business, ADFA issues economic development revenue bonds and multi-family housing revenue bonds on behalf of private companies within the State of Arkansas. The bonds are payable solely from and secured by a pledge of revenues from the private companies to which the bond proceeds were remitted, and accordingly, are not obligations of ADFA or the State of Arkansas and are excluded from the ADFA combined financial statements. At June 30, 2022, the bonds outstanding issued under these programs aggregated $1.9 billion.

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

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

Bonds and notes payable at June 30, 2022, were as follows (expressed in thousands):

	Final Maturity Date	Interest Rates %		Balance
Single family bonds payable	2044	2.49-4.35	$	23,277
Federal housing note payable	2046	1.00		3,382
Bond guaranty program	2040	2.25-6.00		34,614
State facilities bonds and note payable	2051	0.55-5.00		297,102
Tobacco bonds payable	2047	4.77-5.10		72,901
Student Loan Program bonds	2044	LIBOR + .45-.90		70,696
Total			$	501,972

The principal amount shown below differs from the amount on the balance sheet due to accreted interest of $51.6 million and unamortized premiums and discounts of $544,000. Future amounts required to pay principal and interest on ADFA's debt at June 30, 2022, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2023	$ 23,606	$ 12,068	$ 35,674
2024	28,902	11,363	40,265
2025	23,625	10,714	34,339
2026	24,118	10,108	34,226
2027	23,375	9,480	32,855
2028-2032	136,002	37,274	173,276
2033-2037	111,662	22,484	134,146
2038-2042	78,045	10,903	88,948
2043-2047	98,118	3,359	101,477
2048-2052	6,670	465	7,135
Total	$ 554,123	$ 128,218	$ 682,341

U of A Foundation – The U of A Foundation receives gifts in return for lifetime annuities from some of its contributors. The terms of these annuities vary depending upon the life expectancy of the recipients. The quarterly payments as of June 30, 2022, were $415,000, including interest ranging from 3.00% to 15.00%.

Aggregate annual maturities of annuity obligations at June 30, 2022, were as follows (expressed in thousands):

	Principal
Year ending June 30:	
2023	$ 1,651
2024	1,275
2025	1,101
2026	1,068
2027	1,032
2028-2032	3,716
2033-2037	2,665
2038-2042	1,554
2043-2047	1,333
2048-2052	7
Total	$ 15,402

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

Prior Defeasances

Primary Government

Governmental Activities

In fiscal year 2021, the State defeased Water, Waste Disposal, and Pollution Abatement Facilities Series 2012B bonds. In fiscal year 2021, the State issued Series Water, Waste Disposal, and Pollution Abatement Series 2020B bonds. The proceeds of the new bonds were placed into escrow to provide for all future debt service payments of the defeased bonds. Bonds with total outstanding amounts of approximately $34.1 million remained in escrow as of June 30, 2022. Total cash and cash equivalents in escrow to cover the future debt service payments of the defeased Series 2012B bonds were $34.1 million.

Higher Education

On October 20, 2020, the University of Arkansas, Little Rock campus (UALR) closed the Various Facilities Revenue Bonds Taxable Refunding Series 2020 Bonds with a principal amount of $18.8 million. Proceeds from this sale were used to (a) refund certain maturities of the Auxiliary Enterprises Capital Improvement Revenue Bonds Series 2012A totaling $11.6 million and (b) advance refund certain maturities of the Auxiliary Enterprises Refunding Revenue Bonds Series 2012B totaling $7.2 million and pay costs of issuance. The University completed the refunding to reduce its total debt service payments over a period of 16 years by $2.6 million and to have an economic gain of $2.2 million. As of June 30, 2022, the bond principal remaining in escrow was $6.6 million.

Current Refundings

Primary Government

Governmental Activities

During fiscal year 2022, the State issued Division of Environmental Quality (ADEQ) Project Taxable Series 2021 Facilities Revenue Refunding Bonds in the amount of $16.1 million to refund Series 2012 ADEQ Refunding Bonds. Series 2021 bonds are scheduled to be redeemed with a forward commitment agreement at a predetermined tax-exempt fixed rate of 1.82% so that on December 1, 2022, the Series 2021 taxable bonds can be refunded on a tax-exempt basis. Series 2021 Refunding Bonds bear an interest of 1.82% - 2.46%. The State refunded the bonds to reduce debt service payments by $2.0 million and obtain an economic benefit of $1.7 million.

Higher Education

On December 1, 2021, the University of Arkansas, Fayetteville campus issued $175.6 million in Various Facility Revenue Bonds, Taxable Refunding Series 2021. The bonds, with an interest rate of 0.371% to 2.685%, were issued to accomplish the taxable advance refunding of Various Facility Revenue Bonds, Refunding Series 2012A, Various Facility Revenue Bonds, Series 2013A, Various Facility Revenue Bonds, Series 2014A, and Various Facility Revenue Bonds, Refunding Series 2015A, as well as pay the cost of issuing the bonds. Net bond proceeds and premiums of $174.9 million were deposited in an escrow account to retire $42.6 million of outstanding Refunding Series 2012A, $43.5 million of outstanding Series 2013A, $21.0 million of outstanding Series 2014A and $51.4 million of outstanding Refunding Series 2015A. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1.3 million. The difference is reported as deferred outflows of resources and will be amortized through the fiscal year 2044. The University completed the refunding to reduce its total debt service payments over the next 23 years by $21.3 million and to obtain an economic gain of $17.9 million. As of June 30, 2022, the escrow account balance was $164.3 million.

On February 15, 2022, the University of Arkansas for Medical Sciences (UAMS) closed the Parking Revenue Bonds, Tax Exempt Series 2022A with a principal amount of $27.6 million and coupon rates of 3%-5%. Proceeds from this sale were used to refund the Parking Revenue Bonds, Series 2011A totaling $5.6 million, to finance a portion of the new parking deck on the east side of campus, capital improvements related to Parking Deck 4, other expenditures related to the UAMS parking infrastructure, and pay costs of issuance. The University completed the refunding to reduce its total debt service payments by $751,000, net present value. The escrow account advance refunded all maturities on the call date of February 15, 2022.

On April 28, 2022, Arkansas State University (ASU) issued $13.0 million in taxable refunding bonds for the Jonesboro campus with interest rates of 2.25% to 4.15% to refund $3.3 million of outstanding bonds (Series 2012A) dated March 1, 2012 with interest rates of 0.7% to 4.8% and to advance refund $8.8 million of outstanding bonds (Series 2013A) dated December 1, 2013 with interest rates of 0.864% to 5.779%. Net proceeds of $12.7 million after payment of $210,700 for bond issuance costs and a discount of $68,800 were remitted to an escrow agent to provide for all future payments of the defeased bonds. As a result of this refunding, the 2012A and 2013A Series bonds are considered to be defeased. The 2012A bonds were called on May 16, 2022, and the 2013A bonds will be called on December 1, 2023. ASU refunded the bonds to reduce its total debt service payments by $1.0 million over the next seventeen years and to obtain an economic gain of $792,000. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $699,500. This difference is reported as a deferred outflow of resources and will be amortized through the year 2039 using the straight-line method.

(9) Pledged Revenues

Primary Government

Governmental Activities

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

A summary of the remaining principal and interest due (approximate amount of pledge), the gross pledged revenue collected, and principal and interest paid during the year June 30, 2022, is as follows (expressed in thousands):

Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
License plate fees	Prison construction	2039	$ 27,379	38.66%	$ 4,166	$ 1,619
Court filing fees	Construction of building and refunding	2050	19,842	71.58%	990	744
Rental income	Purchase of building	2050	46,136	39.72%	4,148	2,625
State park revenue	Construction of state park facilities	2024	3,871	40.28%	4,805	2,582
Drivers license revenue	Construction of building	2035	32,886	70.25%	3,601	782

(1) Fiscal year

Business-Type Activities

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

A summary of the remaining principal and interest due (approximate amount of pledge), the gross pledged revenue collected, and principal and interest paid during the year ended June 30, 2022, is as follows (expressed in thousands):

Entity	Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
University of Arkansas at Fayetteville	Various facility revenue	Construction and renovation of facilities, refunding of prior issues and land purchases	2050	$ 832,642	6.44%	$ 462,094	48,431
	Athletic fees	Construction of facilities and refunding of prior issues	2037	187,862	10.87%	115,206	5,480
University of Arkansas at Fort Smith	Student fees	Construction of facilities, refunding of prior issues and general improvements	2039	53,484	9.01%	34,918	7,484
University of Arkansas at Little Rock	Student fees	Refunding of prior issues, general improvements and capital improvements	2038	74,790	7.19%	65,015	7,675
	Auxiliary revenue	Construction of facilities and refunding of prior issues	2035	25,231	15.02%	12,924	3,167
University of Arkansas for Medical Sciences	Clinical programs revenue	Construction of facilities and refunding of prior issues	2052	907,707	2.88%	1,051,707	29,706
	Parking fees	Construction of facilities and refunding of prior issues	2052	52,738	47.15%	3,728	586
University of Arkansas at Monticello	Student fee & various facility revenue	Construction of facilities and refunding of prior issues	2042	34,249	7.29%	23,478	1,743
	Auxiliary revenue	Construction of facilities and refunding of prior issues	2038	6,453	7.31%	5,516	513
University of Arkansas at Pine Bluff	Student tuition & fee revenue	Refunding of prior issues and capital improvements	2036	16,246	3.11%	37,286	1,169
Cossatot Community College of the University of Arkansas	Student fees	Purchase of property	2035	3,441	7.16%	3,696	267
Phillips Community College of the University of Arkansas	Student fees	Construction of facilities and refunding of prior issues	2039	11,579	27.16%	2,508	681
University of Arkansas Community College at Hope-Texarkana	Student fees	Construction of facilities and refunding of prior issues	2039	2,562	5.45%	2,765	152
University of Arkansas Community College at Morrilton	Student fees	Construction of facilities and refunding of prior issues	2046	14,630	10.42%	5,848	608
University of Arkansas - Pulaski Technical College	Student tuition & fee revenue	Construction and renovation of facilities and refunding of prior issues	2041	100,349	25.71%	20,542	5,012
University of Arkansas Community College at Rich Mountain	Millage revenue	Capital improvements and refunding of prior issue	2042	5,461	55.05%	496	273
	Student tuition & fee revenue & auxiliary revenue	Capital improvements	2049	12,578	17.02%	2,737	488
Arkansas State University - Jonesboro	Student tuition & fee revenue	Construction of facilities, property purchase and refunding of prior issues	2044	40,398	2.17%	84,809	2,193
	Housing fees	Construction of facilities and refunding of prior issues	2042	80,161	30.24%	13,256	6,117
	Student union/parking fees	Refunding of prior issues	2025	3,638	38.89%	3,118	1,606
	Recreation center fees	Construction of facilities	2037	14,224	65.99%	1,437	954
Arkansas State University - Beebe	Student tuition & fee revenue	Construction, renovation and refunding of prior issues	2036	22,677	20.90%	7,751	1,855
	Housing fees	Construction of facilities and refunding of prior issues	2039	8,307	88.04%	555	488
Arkansas State University - Mid South	Millage revenue	Construction of facilities and refunding of prior issues	2042	26,131	41.52%	3,147	1,306
Arkansas State University - Mountain Home	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2033	4,753	11.48%	3,763	492
Arkansas State University - Newport	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2033	3,090	3.94%	7,138	424
Arkansas State University-Henderson	Auxiliary revenue	Refunding of prior issues and capital improvements	2040	48,667	29.23%	9,250	3,210
	Student tuition & fee revenue	Renovation and maintenance of other auxiliary services and refunding of existing auxiliary service bonds	2035	6,803	2.24%	23,313	823
Arkansas Tech University	Housing fees	Construction and renovation of facilities	2041	32,424	17.89%	9,540	2,268
	Student tuition & fee revenue	Construction and renovation of facilities and upgrade computer system and software	2044	34,707	2.68%	58,866	2,284
	Athletic/food service revenue	Construction of facilities	2043	11,929	4.72%	12,041	620
Southern Arkansas University - Magnolia	Student fees	Construction of facilities, capital improvements and refunding of prior issues	2048	50,526	4.70%	41,345	2,272
	Auxiliary revenue	Athletic improvements, capital improvements to facilities and refunding of prior issues	2048	43,513	12.51%	13,373	1,737
Southern Arkansas University - Tech Branch	Student tuition & fee revenue	Capital improvements and refunding of prior issue	2043	6,659	6.83%	4,641	318

(1) Fiscal year

Continued on the following page

Continued from the previous page

Entity	Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
University of Central Arkansas	Student fees	Construction of facilities, capital improvements and refunding of prior issues	2050	$ 144,171	8.44%	$ 61,010	7,079
	Housing fees	Construction of facilities and refunding of prior issues	2049	127,892	37.96%	12,478	6,140
	Auxiliary revenue	Construction of facilities and refunding of prior issues	2042	24,232	8.66%	13,996	2,179
East Arkansas Community College	Millage revenue	Construction and renovation of facilities and refunding of prior issues	2040	3,753	57.60%	362	40
National Park College	Millage revenue	Capital improvements and refunding of prior issue	2048	31,593	79.99%	1,519	1,215
	Housing revenue	Acquisition, construction, furnishing and equipping a new student housing facility	2049	12,560	4.80%	9,699	465
Arkansas Northeastern College	Millage revenue	Construction of facilities and refunding of prior issues	2047	10,370	59.43%	698	421
North Arkansas College	Millage revenue	Capital improvements and refunding of prior issue	2037	7,195	49.40%	971	481
South Arkansas Community College	Millage revenue	Construction of facilities and refunding of prior issues	2039	3,660	80.03%	269	213
Northwest Arkansas Community College	Millage revenue & support fees	Construction of facilities and refunding of prior issues	2035	26,984	17.17%	12,090	1,756
	Student tuition	Land purchase	2035	2,133	1.29%	12,713	244
Black River Technical College	Student tuition & fee revenue	Renovation and expansion of facilities and refunding of prior issues	2044	11,197	8.76%	5,810	659
Ozarka College	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2043	6,027	34.17%	840	358

(1) Fiscal year

(10) Arbitrage Rebate and Excess Earnings Liability

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

(11) Leases

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lease Receivables

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

For the year ended June 30, 2022, total lease related inflows recognized by the general fund, higher ed fund and component unit were $516,374, $173,094, and $109,969 respectively.

The State had no significant variable payments, residual value guarantees, or lease termination penalties related to its lease agreements as of June 30, 2022.

Lease Obligations

The State leases a significant amount of nonfinancial assets including land, land improvements, buildings, equipment, and infrastructure. For more information on the State's right-to-use assets and associated accumulated depreciation, refer to Note 7. The related obligations are presented in the amounts equal to the present value of lease payments expected to be made during the lease term (less any lease incentives).

The State had no significant lease expenses related to variable payments as of June 30, 2022. The State did not incur any lease expenses related to residual value guarantees, lease termination penalties, or losses due to impairment. The State did not have any commitments for any leases prior to the start of the lease term.

Primary Government

Governmental Activities

Future amounts required to pay principal and interest on governmental activity lease obligations as of June 30, 2022, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2023	$ 21,902	$ 923	$ 22,825
2024	14,296	613	14,909
2025	8,296	425	8,721
2026	7,059	294	7,353
2027	4,518	187	4,705
2028-2032	8,465	311	8,776
2033-2037	576	47	623
2038-2042	174	13	187
2043-2047	96	4	100
Total	$ 65,382	$ 2,817	68,199

Significant lease obligations for governmental activities as of June 30, 2022 consists of local offices for Department of Human Services (27%), Child Support (18%), Disability Determination for Social Security Administration (13%), State Revenue (8%), and Arkansas Workforce Centers (6%).

Business-Type Activities

Future amounts required to pay principal and interest on business-type activity lease obligations as of June 30, 2022, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2023	$ 17,009	$ 2,398	$ 19,407
2024	15,718	2,040	17,758
2025	12,090	1,617	13,707
2026	9,948	1,342	11,290
2027	6,317	1,127	7,444
2028-2032	19,883	3,754	23,637
2033-2037	12,880	1,664	14,544
2038-2042	6,582	541	7,123
2043-2047	1,167	227	1,394
2048-2052	1,255	178	1,433
2053-2057	2,912	125	3,037
2058-2062	13	37	50
2063-2067	16	35	51
2068-2072	19	31	50
2073-2077	24	26	50
2078-2082	29	21	50
2083-2087	36	14	50
2088-2092	44	6	50
Total	$ 105,942	$ 15,183	$ 121,125

Significant lease obligations for business-type activities as of June 30, 2022, consists of University of Arkansas Buildings (97%).

(12) Pollution Remediation

Primary Government

Governmental Activities

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

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

		2022		2021
Balance, beginning of year	$	21,406	$	11,941
Incurred claims		313		10,041
Payments		(371)		(576)
Balance, end of year	$	21,348	$	21,406
Current portion	$	3,098	$	3,050
Noncurrent portion		18,250		18,356
	$	21,348	$	21,406

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

Of the above-mentioned obligations, $10.5 million is covered by the Hazardous Substance Remedial Action Trust Fund (HSRATF), which was established by Ark. Code Ann. § 19-5-930 pursuant to the Arkansas Remedial Action Trust Fund Act (RATFA), and Ark. Code Ann. § 8-7-501, which provides the State with the funds and authority to investigate, control, prevent, abate, treat, or contain releases of hazardous substances for the protection of human health and the environment. Funding for RATFA is generated mostly by fees collected from companies that require disposal of large quantities of hazardous waste annually as well as other fees assessed by RATFA, if required. The HSRATF had a cash and cash equivalent balance of $8.0 million at June 30, 2022.

Of the above-mentioned obligations, $10.9 million is covered by the Landfill Post Closure Trust Fund (LPCTF), which was established by Ark. Code Ann. § 19-5-979. Funding for LPCTF is generated mostly by landfill disposal fees. The LPCTF had a cash and cash equivalent balance of $12.7 million at June 30, 2022. While the largest parts of the Nabors Landfill Cleanup Project are completed, there will be ongoing expenses related to testing and ground water monitoring. The budget projections for future investigations, design, and corrective action cost estimation for closed landfills for the upcoming fiscal year are $1.4 million.

(13) Fund Balance/Net Position

Governmental Fund Balances – Restricted, Committed, and Assigned

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

A summary of the nature and purpose of these fund balances by fund type at June 30, 2022, is as follows (expressed in thousands):

	Restricted Purposes	Committed Purposes	Assigned Purposes
Capital projects	$ 21,379	$ 27,952	$ 22,043
Debt service	235,350		
Program requirements	910,917	3,464,142	
Lottery funds	193,843		
Tobacco settlement	49,064	77,991	
Transportation programs	538,020	381,090	
Disaster assistance		9,227	
State employee insurance		69,330	
Other		1,529,163	69,648
Total	$ 1,948,573	$ 5,558,895	$ 91,691

The State's fund balance includes (1) $910.9 million in federal program revenue, coronavirus relief funds, private grants, and revenue restricted by enabling legislation for specific programs, of which 30.89% is held by the health and human services function of the State, 42.05% is held by the general government function of the State to be used for administrative costs that are federally funded, 10.57% is held by the recreation function of the State to be used primarily for parks and tourism and wildlife management, and 7.15% is held by the education function of the State; (2) $538.0 million in general obligation four-lane highway construction and improvement bonds restricted by voter passage of Amendment 97; (3) $3.5 billion in revenue committed by the Arkansas General Assembly through legislation for state programs (i.e., Arkansas long-term reserve, property tax relief trust, health and human services, education, operations of the Oil and Gas Commission, Arkansas natural and cultural resources, and sustainable building design) as specified in Arkansas Code; (4) $381.1 million in revenue provided to the Arkansas Department of Transportation committed for maintenance, operation, and improvement of state highways as specified in Arkansas Code; and (5) $1.5 billion committed for various reasons as specified in Arkansas Code, including education assistance, educator compensation reform, Medicaid reserve, economic development, and risk financing activities.

Net Position Restricted by Enabling Legislation

Enabling legislation is limited to legislation that the government itself approves. It establishes restrictions if it includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. "Legally enforceable" means that a government can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purpose specified by the legislation. At June 30, 2022, the government-wide statement of net position reported $6.0 billion in restricted net position for governmental activities, of which $960.4 million was restricted by enabling legislation.

Donor-Restricted Endowments

The State has donor-restricted endowments with net appreciation of $70.0 million on investments that are available for expenditure by the respective governing boards. Such amounts are included in Restricted Net Position in accordance with the restriction of the gift instrument. Arkansas Code outlines the restrictions placed on the endowment fund and the net appreciation. Ark. Code Ann. § 28-69-804 states, "Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution."

Deficit Net Position

The Workers' Compensation Commission (WCC) had a $81.5 million deficit in net position as of June 30, 2022. The deficit is due to a change in actuarial assumptions during the fiscal year ended June 30, 1997. During 1987, the structure of the law changed by tying workers' compensation payments to the State's average weekly wage, beginning on January 1, 1989. However, the threshold at which the Agency's Permanent and Total Disability Trust Fund takes over indemnity payments was not changed and remained static at $75,000 from 1982 to 2008, although the State maximum total disability rate has increased over 300% since that time. This increased payout of claims, without a concomitant increase in the takeover threshold and without any increase in the premium tax that funds the Agency, is the primary contributor to the deficit. A major step toward reducing the deficit was taken during the 2007 legislative session with the passage of Act 1599, which set the threshold to 325 times the maximum total disability rate until it was removed as of June 30, 2019, with the passage of Act 5 below. The resulting reductions in claims paid have not been sufficient to cover the added liability caused by a change in the actuarial assumptions increasing the assumed life expectancy of claimants. Therefore, Act 5 of the Third Extraordinary Session of 2016 was passed. It provides that no claims shall be made to the Death and Permanent Total Disability Trust Fund after June 30, 2019. Upon the final payment of the liabilities of the Death and Permanent Total Disability Trust Fund under Ark. Code Ann. § 11-9-502, the current premium tax rate of 3% will change to 1.5%.

(14) Pensions

Defined Benefit Plans

Plan descriptions

The State provides pension benefits through the following plans:

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

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

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

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

Benefits Provided

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

APERS

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

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

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

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

ATRS

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 0.83% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary and (2) the number of years of service. Final average salary is based on the highest three years of salary.

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

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with 10 or more years of credited service.

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

AJRS

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

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

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

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

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

ASPRS

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

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

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

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

The ASPRS also provides disability and survivor benefits.

ASHERS

Members are eligible for full retirement benefits as follows:

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

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

The retirement benefit is paid monthly and is determined based on the member's average salary and the number of years and months of credited service. Average salary is the average of the highest 36 consecutive months' salary. Retiree benefits are calculated each year on July 1 for the following 12 months. The redetermined amount shall be the amount of the benefit payable as of June 30 each year, increased by a percentage calculated using the Consumer Price Index for Urban Wage Earners & Clerical Workers for the one-year period ending December of the previous calendar year. The increase is capped at 3% and calculated benefits for the next year will not be less than the previous year.

The ASHERS also provides disability and survivor benefits.

Employees Covered by Benefit Terms

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

	AJRS (2022)	ASPRS (2022)	ASHERS (2021)
Inactive employees or beneficiaries currently receiving benefits	176	764	3,535
Inactive employees entitled to but not yet receiving benefits	10	115	294
Active employees	145	471	3,673
Total	331	1,350	7,502

Contributions

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

APERS

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in Public Safety positions must also remit additional amounts. For the fiscal year ended June 30, 2021, the employer contribution rates, as a percentage of active member payroll, ranged from 4% to 38.99%. Contributions to APERS from the State were $200.7 million for the year ended June 30, 2022.

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

ATRS

The funding policy of ATRS provides for periodic employer contributions at statutorily-established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2021, the employer contribution rate was 14.50% of covered employee payroll. Contributions to ATRS from the State were $14.1 million for the year ended June 30, 2022.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the establishment of ATRS. Contributory members of ATRS contribute 6.5% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members under contract for 181 or more days are required to be contributory. Noncontributory members may make an irrevocable election to become contributory on July 1 of each fiscal year.

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

AJRS

Employer contributions for Tier One and Tier Two are 12% of active member payroll. In addition, the State makes an annual transfer to the plan based on the dollar amount of actuarially-determined employer contribution determined in the most recent actuarial valuation less the employer statutory contribution amount, reduced by court cost revenue received. The State's supplemental contribution for fiscal year 2022 was $5.4 million.

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

ASPRS

Employer contributions are 26% of active member payroll. In addition, the State makes an annual transfer to the plan based on the actuarially-determined employer rate in the most recent annual actuarial valuation less the employer statutory contribution, reduced by the driver's license reinstatement fees. The State's supplemental contribution for fiscal year 2022 was $6.2 million. For any members still employed and covered by the Tier One contributory plan, the employee contribution rate is 9.25% of the member's salary.

ASHERS

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

Member and employee contributions cease during an employee's participation in DROP Tier I; however, when an employee enters Tier II, the member starts to contribute 6% of total payroll earnings again, and the employer contributes 14.9%. The employer contribution rate is 14.9% of the pay of each covered employee. Beginning July 1, 2021, the State will make contributions on employees in DROP, Tier I will increase from 0% to 14.9%, and Tier II will rise from 6.9% to 14.9%.

Covered employees not in Tier I of DROP are required to contribute 7.0% of their compensation, and Tier II member of DROP contribute 6.0%. Anyone hired after June 30, 2021, upon enrollment in DROP, will continue employee contributions equal to active employee rates during participation in DROP.

Net Pension Liability

At June 30, 2022, the State reported the following liabilities and assets for the various plans (expressed in thousands):

Primary Government

	Measurement Date	Net Pension Liability
APERS	June 30, 2021	$ 498,875
ATRS	June 30, 2021	81,442
AJRS	June 30, 2022	37,473
ASPRS	June 30, 2022	122,654
ASHERS	June 30, 2021	68,807
Total		$ 809,251

Component Unit - APERS

	Measurement Date	Net Pension Liability
ADFA	June 30, 2021	$ 1,172

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

For APERS and ATRS, the State's proportion of the net pension liability was based on actual contributions in the 2022 fiscal year of all participating employers. At June 30, 2022, the State's proportion was 64.89% for APERS and 2.94% for ATRS, decreases of 0.08% and 0.30%, respectively.

Actuarial assumptions

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

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

(1) Includes assumed inflation

Investment Rate of Return

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

APERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2021 to 2030 were provided by the plan's investment consultants.

For each major asset class included in the pension plan's current asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

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

ATRS

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

For each major asset class included in the pension plan's target asset allocation as of June 30, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53.00%	4.80%
Fixed income	15.00%	0.40%
Alternatives	5.00%	3.80%
Real assets	15.00%	4.70%
Private equity	12.00%	6.50%
Cash equivalents		-0.20%
Total	100.00%	

AJRS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2022 to 2032 were based on capital market assumptions provided by the plan's investment consultants.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37.00%	5.64%
International equity	15.00%	6.29%
Real estate	8.00%	4.33%
Domestic fixed	40.00%	-0.46%
Cash equivalents		-1.06%
Total	100.00%	

ASPRS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020 to 2029 were based on capital market assumptions provided by the plan's investment consultants.

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

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

ASHERS

The plan operates with an asset allocation of no more than 75%, with a plus 5% tolerance, of the System's portfolio invested in equities, and no more than 75%, with a plus 5% tolerance, invested in fixed income. For the year ended June 30, 2022, the rate of return on pension plan investments, net of pension plan investment expenses, was (9.44%).

Discount rate

The discount rate for each plan was determined as follows:

APERS

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

ATRS

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 6.50% and 14.50% of active member payroll, respectively. Although not all members contribute, the member and employer rates are scheduled to increase by 0.25% increments ending in fiscal year 2023. The ultimate member and employer rates will be 7% and 15%, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

AJRS

A single discount rate of 5.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 5.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially-determined contribution rate and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ASPRS

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

ASHERS

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows, based on the assumption made, found that the pension plan's net position was projected to make all projected future benefit payments of current plan members. Therefore, the single discount rate of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

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

ASPRS	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances, June 30, 2021	$ 495,913,550	$ 434,873,081	$ 61,040,469
Changes for the year:			
Service cost	7,194,124		7,194,124
Interest	34,672,914		34,672,914
Changes in benefit terms			
Differences between expected and actual experience	(4,036,777)		(4,036,777)
Contributions – employer		22,693,976	(22,693,976)
Net investment income		(46,247,450)	46,247,450
Benefit payments, including refunds of employee contributions	(29,149,509)	(29,149,509)	
Administrative expense		(229,348)	229,348
Net changes	8,680,752	(52,932,331)	61,613,083
Balances, June 30, 2022	$ 504,594,302	$ 381,940,750	$ 122,653,552

AJRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances, June 30, 2021	$ 309,112,455	$ 346,888,932	$ (37,776,477)
Changes for the year:			
Service cost	8,053,242		8,053,242
Interest	17,515,015		17,515,015
Differences between expected and actual experience	(37,166)		(37,166)
Contributions – employer		8,963,459	(8,963,459)
Contributions – employee		1,300,942	(1,300,942)
Net investment income		(43,073,807)	43,073,807
Benefit payments, including refunds of employee contributions	(17,060,242)	(17,060,242)	
Administrative expense		(164,115)	164,115
Other changes	16,744,946	14	16,744,932
Net changes	25,215,795	(50,033,749)	75,249,544
Balances, June 30, 2022	$ 334,328,250	$ 296,855,183	$ 37,473,067

ASHERS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances, June 30, 2021	$ 1,825,004,164	$ 1,407,173,769	$ 417,830,395
Changes for the year:			
Service cost	20,916,486		20,916,486
Interest	133,728,922		133,728,922
Benefit changes	(21,617,039)		(21,617,039)
Changes in assumptions	(15,094,440)		(15,094,440)
Contributions – employer		24,091,743	(24,091,743)
Contributions – employee		11,428,100	(11,428,100)
Differences between expected and actual experience	(33,301,030)		(33,301,030)
Net investment income		398,242,832	(398,242,832)
Benefit payments, including refunds of employee contributions	(125,736,705)	(125,736,705)	
Administrative expense		(105,929)	105,929
Net changes	(41,103,806)	307,920,041	(349,023,847)
Balances, June 30, 2022	$ 1,783,900,358	$ 1,715,093,810	$ 68,806,548

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

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

Primary Government

	1% Lower Than Current Discount Rate		Current Discount Rate		1% Higher Than Current Discount Rate	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Net Pension Liability (Asset)
APERS	6.15%	$ 1,492,334	7.15%	$ 498,876	8.15%	$ (321,578)
ATRS	6.25%	170,393	7.25%	81,442	8.25%	7,636
AJRS	4.50%	78,353	5.50%	37,473	6.50%	3,464
ASPRS	6.15%	182,389	7.15%	122,654	8.15%	73,099
ASHERS	6.50%	305,741	7.50%	68,807	8.50%	(121,834)

Component Unit - APERS

	1% Lower Than Current Discount Rate		Current Discount Rate		1% Higher Than Current Discount Rate	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Net Pension Liability (Asset)
ADFA	6.15%	$ 3,506	7.15%	$ 1,172	8.15%	$ (756)

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2022, the State recognized total pension expense of ($400.0 million), which consists of ($5.2 million), ($259.8 million), ($156.7 million), $8.1 million, and $13.6 million for the ATRS, APERS, ASHERS, AJRS, and ASPRS plans, respectively.

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions as follows (expressed in thousands):

Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
APERS		
Differences between expected and actual experience	$ 11,419	$ (31,995)
Changes of assumptions		(3,495)
Net differences between projected and actual earnings on pension plan investments		(875,696)
Changes in proportion and differences between State contributions and proportionate share of contribution	81,477	(90,793)
State contributions subsequent to the measurement date	200,732	
Total	$ 293,628	$ (1,001,979)
ATRS		
Differences between expected and actual experience	$ 4,144	$ (705)
Changes of assumptions	24,539	
Net differences between projected and actual earnings on pension plan investments		(67,474)
Changes in proportion and differences between State contributions and proportionate share of contribution	6,232	(25,336)
State contributions subsequent to the measurement date	14,113	
Total	$ 49,028	$ (93,515)
AJRS		
Differences between expected and actual experience	$ 2,890	$
Changes of assumptions	13,384	
Net differences between projected and actual earnings on pension plan investments	14,905	
Changes in proportion and differences between State contributions and proportionate share of contribution		
State contributions subsequent to the measurement date		
Total	$ 31,179	$
ASPRS		
Differences between expected and actual experience	$ 2,522	$
Changes of assumptions		
Net differences between projected and actual earnings on pension plan investments	18,427	
Changes in proportion and differences between State contributions and proportionate share of contribution		
State contributions subsequent to the measurement date		
Total	$ 20,949	$

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	Deferred Outflows of Resources	Deferred Inflows of Resources
ASHERS		
Differences between expected and actual experience	$ 20,363	$ (31,893)
Changes of assumptions		(164,726)
Net differences between projected and actual earnings on pension plan investments		(215,150)
Changes in proportion and differences between State contributions and proportionate share of contribution		
State contributions subsequent to the measurement date	27,992	
Total	$ 48,355	$ (411,769)
Total		
Differences between expected and actual experience	$ 41,338	$ (64,593)
Changes of assumptions	37,923	(168,221)
Net differences between projected and actual earnings on pension plan investments	33,332	(1,158,320)
Changes in proportion and differences between State contributions and proportionate share of contribution	87,709	(116,129)
State contributions subsequent to the measurement date	242,837	
Total	$ 443,139	$ (1,507,263)

Component Unit - APERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
ADFA		
Differences between expected and actual experience	$ 27	$ (75)
Changes of assumptions		(8)
Net differences between projected and actual earnings on pension plan investments		(2,058)
Changes in proportion and differences between State contributions and proportionate share of contribution		(449)
State contributions subsequent to the measurement date	449	
Total	$ 476	$ (2,590)

$242.8 million reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Primary Government

Year ended June 30:	APERS	ATRS	AJRS	ASPRS	ASHERS	Total
2023	$ (224,748)	$ (13,483)	$ 4,903	$ 4,515	$ (163,861)	$ (392,674)
2024	(199,954)	(11,797)	5,372	2,694	(87,337)	(291,022)
2025	(218,575)	(13,332)	5,047	(1,306)	(71,311)	(299,477)
2026	(265,807)	(20,731)	15,857	15,046	(68,898)	(324,533)
2027		743				743

Component Unit - APERS

Year ended June 30:	ADFA
2023	$ (693)
2024	(623)
2025	(623)
2026	(624)

State Employee Deferred Compensation Plan

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

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

The assets of the plan are held in trust by the custodian, Voya Institutional Trust Company (VITC) of New York, NY, according to terms specified by contract, for the exclusive benefit of plan participants and their beneficiaries. The plan is also administered by VITC, acting under contract in an agency capacity for the Department of Transformation and Shared Services – Employee Benefits Division to provide investment direction, asset transfer or withdrawal instruction or other instruction to the custodian. In accordance with GASB Statement No. 32, plan balances and activities are not reflected in the State's financial statements. According to the custodian, plan assets totaled $961.6 million at June 30, 2022.

Higher Education

All active higher education employees who work 20 or more hours per week have the option of participating in APERS, ATRS, the Variable Annuity Life Insurance Company (VALIC), the

Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA-CREF), the Fidelity Fund, or other approved plans.

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

Each college or university contributes a percentage of an employee's salary ranging from 5% to 14.25% to a VALIC, TIAA-CREF, Fidelity Fund, or other retirement account. These amounts are allocated between the funds according to the employee's choice. In addition, employees may make voluntary contributions of any amount up to the individual maximum allowance. During 2022, total employer contributions to VALIC, TIAA-CREF, and Fidelity were $150.6 million, while contributions to other plans were $558,108. Employee contributions to VALIC, TIAA-CREF, and Fidelity were $175.1 million, while contributions to other plans were $125,568.

(15) Postemployment Benefits Other Than Pensions (OPEB)

Governmental Activities

(a) Plan Descriptions

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

- Arkansas State Police Medical and Rx Plan (ASP); Medical (administered by Health Advantage), Rx Plan (administered by MedImpact), and Dental and Vision (administered by Delta Dental).
- Arkansas State Employee Health Plan (ASE); Medical (administered by Transformation and Shared Services – Employee Benefits Division for active employees and retirees, Arkansas Public Employees Retirement System for deferred retirees), and Rx (administered by MedImpact).

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

- Arkansas State Police Medical and Rx Plan (ASP)
  - Arkansas State Police Commission
  - Ark. Code Ann. § 12-8-210
- Arkansas State Employee Health Plan (ASE)
  - State Board of Finance
  - Ark. Code Ann. § 21-5-401 (As amended by Act 1004 of 2021)

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

Benefits Provided

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

ASP

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

ASE

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

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by each plan:

	ASP	ASE
Inactive employees or beneficiaries currently receiving benefits	981	16,459
Inactive employees entitled to but not yet receiving benefits		9,741
Active employees	668	32,209
Total	1,649	58,409

(b) Total OPEB Liability

At June 30, 2022, the State reported the following liabilities as determined as of the date listed (expressed in thousands):

Primary Government

	Measurement Date	Total OPEB Liability
ASP	June 30, 2022	$ 181,699
ASE	June 30, 2022	1,265,329
Total		$ 1,447,028

Component Unit – ADFA

	Measurement Date	Total OPEB Liability
ASE	June 30, 2022	$ 2,087

Actuarial Assumptions and Other Inputs

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

	ASP		ASE (4)	
Actuarial valuation date	June 30, 2021		June 30, 2022	
Inflation rate	3.25%		2.30%	
Discount rate	4.09%	(1)	3.54%	(2)
Salary increase, including inflation	N/A		3.67%	
Healthcare cost trend rates	7.50% initial 4.00% ultimate		5.20% initial 3.70% ultimate	
Mortality rate	Pub-2010 Public Retirement Plans Mortality Table for Public Safety, using head counts projected generationally with Scale MP-2020 from 2010.		RP-2006 Employee benefits weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.	
Retirees' share of benefit-related costs	100%		22% - 46%	
Actuarial experience study dates	N/A		July 1, 2012, through June 30, 2017	(3)

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

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

(3) Used actuarial experience study performed for APERS.

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

(c) Changes in the Total OPEB Liability

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

Primary Government

	Total OPEB Liability	
	ASP	ASE
Balance, June 30, 2021	$ 245,343	$ 2,591,619
Changes for the current fiscal year:		
Service cost	11,529	129,793
Interest	5,427	57,538
Effect of plan changes		(660,043)
Differences between expected and actual experience		(214,256)
Changes in assumptions or other inputs	(76,310) (1)	(573,433) (2)
Change in proportion		33
Benefit payments	(4,290)	(65,922)
Net changes	(63,644)	(1,326,290)
Balance, June 30, 2022	$ 181,699	$ 1,265,329

Component Unit – ADFA

	Total OPEB Liability
	ASE
Balance, June 30, 2021	$ 4,309
Changes for the current fiscal year:	
Service cost	214
Interest	95
Effect of plan changes	(1,089)
Differences between expected and actual experience	(354)
Changes in assumptions or other inputs	(946) (2)
Changes in proportion	(33)
Benefit payments	(109)
Net changes	(2,222)
Balance, June 30, 2022	$ 2,087

(1) The discount rate used was 2.18% at June 30, 2021, and 4.09% at June 30, 2022.
(2) The discount rate used was 2.14% at June 30, 2021, and 3.54% at June 30, 2022.

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

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

Primary Government

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASP	3.09%	$ 216,993	4.09%	$ 181,699	5.09%	$ 157,416
ASE	2.54%	$ 1,456,576	3.54%	$ 1,264,094	4.54%	$ 1,108,202
NPC	3.09%	1,292	4.09%	1,235	5.09%	1,180
ASE total		$ 1,457,868		$ 1,265,329		$ 1,109,382

Component Unit – ADFA

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASE	2.54%	$ 2,404	3.54%	$ 2,087	4.54%	$ 1,529

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

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

Primary Government

	Total OPEB Liability		
	1% Decrease	Current Health Care Cost Trend Rate (1)	1% Increase
ASP	$ 153,134	$ 181,699	$ 224,438
ASE	$ 1,082,529	$ 1,264,094	$ 1,496,262
NPC	1,146	1,235	1,337
ASE total	$ 1,083,675	$ 1,265,329	$ 1,497,599

Component Unit – ADFA

	Total OPEB Liability		
	1% Decrease	Current Health Care Cost Trend Rate (1)	1% Increase
ASE	$ 1,787	$ 2,087	$ 2,470

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

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

For the year ended June 30, 2022, the State recognized OPEB expense for each plan and in total as follows (expressed in thousands):

Primary Government

	Total OPEB Expense
ASP	$ 13,179
ASE	(595,117)
NPC	214
ASE Total	(594,903)
Total	$ (581,724)

Component Unit – ADFA

	Total OPEB Expense
ASE	$ (1,190)

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB for each plan from the following sources (expressed in thousands):

Primary Government

	ASE		NPC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 7,015	$ (197,913)	$	$ (45)
Changes of assumptions and other inputs	251,226	(561,405)	758	(92)
Total	$ 258,241	$ (759,318)	$ 758	$ (137)

	ASP		TOTAL	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 17,688	$ (7,634)	$ 24,703	$ (205,592)
Changes of assumptions and other inputs	13,140	(66,772)	265,124	(628,269)
Total	$ 30,828	$ (74,406)	$ 289,827	$ (833,861)

Component Unit – ADFA

	ASE	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 12	$ (327)
Changes of assumptions and other inputs	523	(1,090)
Total	$ 535	$ (1,417)

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

Primary Government

	Year ended June 30:						
	2023	2024	2025	2026	2027	Thereafter	Total
ASP	$ (3,777)	$ (3,777)	$ (3,777)	$ (3,777)	$ (9,260)	$ (19,210)	$ (43,578)
ASE	$ (101,394)	$ (64,947)	$ (177,357)	$ (157,379)	$	$	$ (501,077)
NPC	134	134	134	133	133	(47)	621
ASE total	$ (101,260)	$ (64,813)	$ (177,223)	$ (157,246)	$ 133	$ (47)	$ (500,456)

Component Unit – ADFA

	Year ended June 30:						
	2023	2024	2025	2026	2027	Thereafter	Total
ASE	$ (192)	$ (52)	$ (240)	$ (398)			$ (882)

Business-Type Activities

Higher Education

(a) General Information

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

- Arkansas State University System BlueAdvantage Plan (ASU)
- Henderson State University BlueAdvantage Plan (HSU)
- Arkansas Tech University Retirement with Benefits Plan (ATU) (administered by Blue Cross and Blue Shield)
- Northwest Arkansas Community College Healthcare Plan (NWACC)
- Southern Arkansas University – Technical Campus Blue Choice Point of Service Health Plan (SAUT) (administered by Health Advantage)
- Southern Arkansas University Employee Health Plan (SAU)
- University of Arkansas System Medical Benefit Plan (U of A) (administered by UMR)
- University of Central Arkansas Retiree Benefits Plan (UCA) (administered by United Health Care, Blue Advantage, and USAble Life)

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

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

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

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

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

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

Benefits Provided

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

Arkansas State University (ASU)

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

Henderson State University (HSU)

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

HSU moved into the ASU system in fiscal year 2021 but is still separately stated in this Note. In fiscal years going forward, HSU will be adopting the ASU postemployment benefit plan.

Arkansas Tech University (ATU)

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

Northwest Arkansas Community College (NWACC)

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

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

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

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

University of Arkansas (U of A)

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

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

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

University of Central Arkansas (UCA)

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

Arkansas Northeastern College (ANC)

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

Black River Technical College (BRTC)

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

East Arkansas Community College (EACC)

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

National Park College (NPC)

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

North Arkansas College (NAC)

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

Ozarka College (OC)

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

South Arkansas Community College (SACC)

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

Employees Covered by Benefit Term

At June 30, 2022, the following employees were covered by benefit terms of each plan:

Plan	Inactive employees or beneficiaries currently receiving benefit payments (1)	Active Employees	Total
ASU	133	1,510	1,643
HSU	29	182	211
ATU	38	922	960
NWACC	3	332	335
SAUT	13	143	156
SAU	19	414	433
U of A	2,058	19,101	21,159
UCA	129	1,284	1,413
ANC	7	133	140
BRTC	73	132	205
EACC	6	112	118
NPC	1	74	75
NAC	3	167	170
OC	22	93	115
SACC	15	145	160
Total	2,549	24,744	27,293

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

(b) Total OPEB Liability

At June 30, 2022, the State reported the following liabilities as determined as of the date listed (expressed in thousands):

	Measurement Date		Total OPEB Liability
ASU	June 30, 2022	$	10,392
HSU	June 30, 2022		1,264
ATU	June 30, 2021		7,756
NWACC	June 30, 2022		1,189
SAUT	June 30, 2022		1,604
SAU	June 30, 2022		2,763
U of A	June 30, 2021		80,318
UCA	June 30, 2022		3,390
ANC	June 30, 2022		766
BRTC	June 30, 2022		1,650
EACC	June 30, 2022		736
NPC	June 30, 2022		651
NAC	June 30, 2022		1,189
OC	June 30, 2022		781
SACC	June 30, 2022		801
Total		$	115,250

Actuarial Assumptions and Other Inputs

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

	ASU		HSU		ATU		NWACC		SAUT	
Actuarial valuation date	January 1, 2022		January 1, 2022		June 30, 2021		June 30, 2022		June 30, 2022	
Inflation rate	N/A		N/A		3.00%		3.00%		3.00%	
Salary increases	1% through 2022, 2.5% thereafter		1% through 2022, 2.5% thereafter		3.25%		N/A		N/A	
Discount rate	4.09%	(3)	4.09%	(3)	2.16%	(2)	4.09%	(5)	4.09%	(5)
Healthcare cost trend rates	5% initial 4.80% ultimate		5% initial 4.80% ultimate		7.5% initial 4.44% ultimate		10% initial 5% ultimate		8% initial 5% ultimate	
Retirees' share of benefit-related costs	50%		25% to 100%		80% to 100%		95% to 100%		96% to 99%	
Mortality rates	Pub-2010 total dataset mortality for general employees, with generational projection according to Scale MP-2021		Pub-2010 total dataset mortality for general employees, with generational projection according to Scale MP-2021		SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2017		Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.		Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2019.	
Actuarial experience study date	January 1, 2021		N/A		N/A		N/A		N/A	

	SAU		U of A		UCA		ANC		BRTC	
Actuarial valuation date	June 30, 2022		July 1, 2021		June 30, 2022		June 30, 2022		June 30, 2022	
Inflation rate	3.00%		2.20%		3.00%		3.00%		3.00%	
Salary increases	N/A		4.00%		N/A		N/A		N/A	
Discount rate	3.54%	(4)	2.16%	(4)	3.54%	(4)	4.09%	(5)	4.09%	(5)
Healthcare cost trend rates	7% initial 4% ultimate		7.5% initial 3.12% ultimate		7% initial 4% ultimate		8% initial 5% ultimate		8% initial 5% ultimate	
Retirees' share of benefit-related costs	20%		10% to 100%		16% to 100%		9% to 80%		0% to 57%	
Mortality rates	RP-2014 Mortality Table with Improvement Scale MP-2021		Pub-2010 Teachers Headcount weighted Mortality Tables using projection scale MP-2021 from base year 2010.		RP-2014 Mortality Table with Improvement Scale MP-2021		Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019		Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019	
Actuarial experience study dates	N/A		N/A		N/A		N/A		N/A	

	EACC		NPC		NAC		OC		SACC	
Actuarial valuation date	June 30, 2022		July 1, 2021		June 30, 2021		June 30, 2022		June 30, 2022	
Inflation rate	3.00%		2.50%		3.00%		3.00%		3.00%	
Salary increases	N/A		N/A		N/A		N/A		N/A	
Discount rate	4.09%	(5)	4.09%	(5)	4.09%	(5)	4.09%	(5)	4.09%	(5)
Healthcare cost trend rates	8% initial 5% ultimate		7.5% initial 4% ultimate		8% initial 4.5% ultimate		9% initial 5% ultimate		10% initial 5% ultimate	
Retirees' share of benefit-related costs	0% to 100%		25%		100%		0% to 15%		0% to 75%	
Mortality rates	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019		Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.		Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.		Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.		Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	
Actuarial experience study dates	N/A		N/A		N/A		N/A		N/A	

(1) The discount rate was based upon an average of three 20-year municipal bond indices as of June 30, 2021: Bond Buyer GO Index, S&P Municipal Bond 20 Year High Grade Rate Index, and Fidelity GO AA-20 Year Index.
(2) The discount rate determination was based upon high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond Go Index.
(3) The discount rate was based upon the S&P Muni Bond 20 Year High Grade Rate Index.
(4) The discount rate was based upon the Bond Buyer 20-Bond GO Index.
(5) The discount rate was based upon a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

(c) Changes in the Total OPEB Liability

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

	ASU	HSU	ATU
Balance, June 30, 2021	$ 11,969	$ 5,591	$ 9,050
Changes for the current fiscal year:			
Service cost	579	331	641
Interest cost	259	126	207
Changes of benefit terms		(2,986)	
Differences between expected and actual experience	(371)	(850)	(200)
Changes in assumptions or other inputs	(1,750) (1)	(768) (1)	(1,306) (4)
Benefit payments	(294)	(180)	(636)
Net changes	(1,577)	(4,327)	(1,294)
Balance, June 30, 2022	$ 10,392	$ 1,264	$ 7,756

	NWACC	SAUT	SAU
Balance, June 30, 2021	$ 1,223	$ 1,567	$ 3,253
Changes for the current fiscal year:			
Service cost	100	120	338
Interest cost	28	34	65
Changes of benefit terms			
Differences between expected and actual experience	-	240	(515)
Changes in assumptions or other inputs	(162) (2)	(290) (3)	(358) (3)
Benefit payments		(67)	(20)
Net changes	(34)	37	(490)
Balance, June 30, 2022	$ 1,189	$ 1,604	$ 2,763

	U of A	UCA	ANC
Balance, June 30, 2021	$ 76,603	$ 4,110	$ 735
Changes for the current fiscal year:			
Service cost	4,891	313	42
Interest cost	1,776	83	16
Changes of benefit terms	-		
Differences between expected and actual experience	(971)	(658)	117
Changes in assumptions or other inputs	398 (3)	(410) (3)	(109) (3)
Benefit payments	(2,379)	(48)	(35)
Net changes	3,715	(720)	31
Balance, June 30, 2022	$ 80,318	$ 3,390	$ 766

	BRTC	EACC	NPC
Balance, June 30, 2021	$ 2,014	$ 809	$ 675
Changes for the current fiscal year:			
Service cost	124	56	67
Interest cost	44	18	15
Changes of benefit terms			
Differences between expected and actual experience	(197)	35	-
Changes in assumptions or other inputs	(253) (4)	(139) (4)	(102) (2)
Benefit payments	(82)	(43)	(4)
Net changes	(364)	(73)	(24)
Balance, June 30, 2022	$ 1,650	$ 736	$ 651

	NAC	OC	SACC
Balance, June 30, 2021	$ 1,318	$ 864	$ 849
Changes for the current fiscal year:			
Service cost	65	51	80
Interest cost	29	19	19
Changes of benefit terms			
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	(223) (2)	(153) (3)	(132) (3)
Benefit payments			(15)
Net changes	(129)	(83)	(48)
Balance, June 30, 2022	$ 1,189	$ 781	$ 801

(1) Reflects adjustment to discount rate and mortality and healthcare trend rates.
(2) Reflects a change in discount rate.
(3) Reflects a change in discount rate and mortality trend rates.
(4) Reflects a change in discount rate and healthcare trend rates.

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

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

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASU	3.09%	$ 11,085	4.09%	$ 10,392	5.09%	$ 9,761
HSU	3.09%	1,320	4.09%	1,264	5.09%	1,212
ATU	1.16%	8,584	2.16%	7,756	3.16%	7,073
NWACC	3.09%	1,278	4.09%	1,189	5.09%	1,105
SAUT	3.09%	1,707	4.09%	1,604	5.09%	1,509
SAU	2.54%	3,004	3.54%	2,763	4.54%	2,545
U of A	1.16%	87,890	2.16%	80,318	3.16%	73,548
UCA	2.54%	3,666	3.54%	3,390	4.54%	3,140
ANC	3.09%	797	4.09%	766	5.09%	715
BRTC	3.09%	1,750	4.09%	1,650	5.09%	1,555
EACC	3.09%	792	4.09%	736	5.09%	684
NPC	3.09%	705	4.09%	651	5.09%	601
NAC	3.09%	1,291	4.09%	1,189	5.09%	1,063
OC	3.09%	863	4.09%	781	5.09%	708
SACC	3.09%	863	4.09%	801	5.09%	732

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

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

	Total OPEB Liability		
	1% Decrease	Current Healthcare Cost Trend Rate (1)	1% Increase
ASU	$ 9,672	$ 10,392	$ 11,210
HSU	1,209	1,264	1,326
ATU	7,254	7,756	8,343
NWACC	1,062	1,189	1,341
SAUT	1,442	1,604	1,800
SAU	2,485	2,763	3,091
U of A	73,019	80,318	88,863
UCA	3,086	3,390	3,744
ANC	702	766	841
BRTC	1,497	1,650	1,829
EACC	654	736	836
NPC	568	651	754
NAC	1,039	1,189	1,368
OC	679	781	904
SACC	702	801	926

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

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

For the year ended June 30, 2022, the State recognized OPEB expense for each plan and in total as follows (expressed in thousands):

	Total OPEB Expense
ASU	$ (2,128)
HSU	(2,815)
ATU	493
NWACC	102
SAUT	141
SAU	351
U of A	4,747
UCA	299
ANC	74
BRTC	134
EACC	79
NPC	60
NAC	121
OC	58
SACC	89
Total	$ 1,805

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB for each plan from the following sources (expressed in thousands):

	ASU		HSU		ATU	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 1,267	$ (6,932)	$ 633	$ (1,210)	$	$ (1,157)
Changes of assumptions and other inputs	321	(4,798)	21	(749)	1,083	(2,564)
State benefit payments and administrative expenses subsequent to the measurement					577	
Total	$ 1,588	$ (11,730)	$ 654	$ (1,959)	$ 1,660	$ (3,721)

	NWACC		SAUT		SAU	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$	$ (299)	$ 218	$ (153)	$ 392	$ (942)
Changes of assumptions and other inputs	188	(147)	78	(264)	264	(413)
State benefit payments and administrative expenses subsequent to the measurement						
Total	$ 188	$ (446)	$ 296	$ (417)	$ 656	$ (1,355)

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	U of A		UCA		ANC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 2,177	$ (6,782)	$ 265	$ (791)	$ 159	$
Changes of assumptions and other inputs	7,594	(2,119)	306	(691)	57	(98)
State benefit payments and administrative expenses subsequent to the measurement	2,595					
Total	$ 12,366	$ (8,901)	$ 571	$ (1,482)	$ 216	$ (98)

	BRTC		EACC		NPC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$	$ (184)	$ 95	$	$ 85	$ (2)
Changes of assumptions and other inputs	96	(227)	45	(125)	27	(224)
State benefit payments and administrative expenses subsequent to the measurement						
Total	$ 96	$ (411)	$ 140	$ (125)	$ 112	$ (226)

	NAC		OC		SACC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 254	$	$	$ (68)	$	$ (16)
Changes of assumptions and other inputs	143	(205)	72	(139)	45	(119)
State benefit payments and administrative expenses subsequent to the measurement						
Total	$ 397	$ (205)	$ 72	$ (207)	$ 45	$ (135)

	TOTAL	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 5,545	$ (18,536)
Changes of assumptions and other inputs	10,340	(12,882)
State benefit payments and administrative expenses subsequent to the measurement	3,172	
Total	$ 19,057	$ (31,418)

$3.2 million reported as deferred outflows of resources related to OPEB resulting from State benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023.

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

	Fiscal Year-ended June 30:						
	2023	2024	2025	2026	2027	Thereafter	Total
ASU	$ (2,966)	$ (2,981)	$ (2,906)	$ (1,289)	$	$	$ (10,142)
HSU	(287)	(287)	(273)	(245)	(213)		(1,305)
ATU	(356)	(356)	(356)	(356)	(356)	(861)	(2,641)
NWACC	(26)	(26)	(26)	(26)	(26)	(127)	(257)
SAUT	(14)	(14)	(14)	(14)	(14)	(51)	(121)
SAU	(53)	(53)	(53)	(53)	(53)	(434)	(699)
U of A	(1,052)	650	1,010	410	(108)	(40)	870
UCA	(97)	(97)	(97)	(97)	(97)	(426)	(911)
ANC	16	16	16	16	16	38	118
BRTC	(34)	(34)	(34)	(34)	(34)	(145)	(315)
EACC	5	5	5	5	5	(10)	15
NPC	(23)	(23)	(23)	(23)	(23)		(115)
NAC	27	27	27	27	27	57	192
OC	13	13	13	13	13	70	135
SACC	(10)	(10)	(10)	(10)	(10)	(40)	(90)

Reconciliation of Total OPEB Liability to Financial Statements	
Governmental	$ 1,428,766
Business-type	127,253
Fiduciary	6,259
Component units	2,087
Total OPEB liability	$ 1,564,365

(16) Additional Information – Enterprise Funds

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

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

Condensed Statement of Net Position (expressed in thousands):

	Construction Assistance Revolving Loan Fund	Safe Drinking Water Revolving Loan Fund
Current assets	$ 78,765	$ 86,290
Noncurrent assets		
Advances to other funds	334	
Other noncurrent assets	371,330	217,810
Total assets	$ 450,429	$ 304,100
Current liabilities		
Due to other funds	$	$ 283
Other current liabilities	269	160
Total liabilities	269	443
Net position		
Restricted	450,160	303,657
Total liabilities and net position	$ 450,429	$ 304,100

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

	Construction Assistance Revolving Loan Fund	Safe Drinking Water Revolving Loan Fund
Operating revenue/expenses:		
Licenses, permits and fees	$ 3,603	$ 2,032
Operating expenses	(4,938)	(6,392)
Operating income (loss)	(1,335)	(4,360)
Nonoperating revenue/expenses:		
Investment earnings (pledged against bonds)	6,086	2,756
Grants and contributions	12,437	14,337
Nonoperating revenue	18,523	17,093
Transfers in (out), net		(3,283)
Change in net position	17,188	9,450
Total net position, beginning of year	432,972	294,207
Total net position, end of year	$ 450,160	$ 303,657

Condensed Statement of Cash Flows (expressed in thousands):

	Construction Assistance Revolving Loan Fund	Safe Drinking Water Revolving Loan Fund
Net cash provided by:		
Operating activities	$ 2,562	$ 1,290
Noncapital financing activities	12,425	11,085
Investing activities	(44,060)	(16,825)
Net increase (decrease)	(29,073)	(4,450)
Cash and cash equivalents, beginning	104,884	89,914
Cash and cash equivalents, ending	$ 75,811	$ 85,464

(17) Risk Management Programs

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

Primary Government

Governmental Activities

(a) Health and Life Plans

State Employee Health and Life Benefit Plan

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

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

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

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

	2022	2021
Claim liability, beginning of year	$ 28,001	$ 16,463
Incurred claims:		
Provision for insured events of current year	313,290	315,490
Provision for insured events of prior years	(82)	5,595
Total incurred claims	313,208	321,085
Payments:		
Claims payments attributed to insured events of current year	287,268	287,424
Claims payments attributed to insured events of prior years	28,147	22,123
Total payments	315,415	309,547
Claim liability, end of year	$ 25,794	$ 28,001

Arkansas State Police Health Insurance Plan

Pursuant to Ark. Code Ann. § 12-8-210, the Arkansas State Police (ASP) offers healthcare benefits to active uniformed members and retirees. The ASP Human Resource section serves as Plan Administrator. A contracted third-party administrator (TPA) is selected each plan year to serve as claims processor. The TPA also administers the COBRA Act of 1985 and provides certain actuarial estimates for the plan. Healthcare benefits are funded by employer and retired employee contributions per Act 1500 of 2001. Act 1500 stipulates that for every Arkansas driver's license sold, $12 of the license fee is used to fund the ASP Health Plan. The plan is partially self-funded; reinsurance stop loss coverage for aggregate benefit utilization is contracted for each plan year. Plan years cover January 1 through December 31 of any given year. Employer contribution rates are set by the ASP with final approval by the ASP Commission. The ASP Commission is authorized by Ark. Code Ann. § 12-8-210 to direct the plan. The current monthly budgeted premium, set on July 1, 2020, is $905 per budgeted commissioned position.

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

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

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

	2022	2021
Claim liability, beginning of year	$ 512	$ 543
Incurred claims:		
Provision for insured events of current year	12,930	11,768
Increase in provision for insured events of prior years	271	255
Total incurred claims and claim adjustment expense	13,201	12,023
Payments:		
Claims payments attributed to insured events of current year	12,163	11,256
Claims payments attributed to insured evens of prior years	783	798
Total payments	12,946	12,054
Claim liability, end of year	$ 767	$ 512

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

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

The Program is self-insured and is administered by the Public Employees Claims Division of the State Insurance Department. Each State agency is responsible for contributing to the Program each year an amount based on past claims experience. This amount is determined by the Department of Finance and Administration. Due to legislation ending new claims to the Death and Permanent Total Disability Trust Fund at June 30, 2019, it is anticipated that there will be increases in the claims liability for the State. It is anticipated that the increases will be small initially, increase each year, and eventually result in a cost to the Program of approximately $1.2 million per year by the year 2034.

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

	2022	2021
Claim liability, beginning of year	$ 83,658	$ 81,841
Incurred claims:		
Provision for insured events of current year	14,721	14,106
Decrease in provision for insured events of prior years	(5,842)	(778)
Total incurred claims and claim adjustment expense	8,879	13,328
Payments:		
Claims payments attributed to insured events of current year	4,756	4,454
Claims payments attributed to insured events of prior years	6,902	7,057
Total payments	11,658	11,511
Claim liability, end of year	$ 80,879	$ 83,658

(c) Petroleum Storage Tank Trust Fund

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

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

	2022	2021
Claim liability, beginning of year	$ 16,658	$ 18,869
Incurred claims:		
Provision for insured events of current year	12,184	1,911
Payments:		
Claims payments attributed to insured events of current year	5,398	4,122
Claim liability, end of year	$ 23,444	$ 16,658

(d) Risk Management Division Office

The State established the Risk Management Division Office (RISK), Act 272 of 1981, in accordance with State law for the purpose of analyzing and making recommendations as to cost effective loss control and safety programs for the various State agencies. Accordingly, State agencies retain the ultimate decision authority over whether to purchase commercial insurance coverage for losses. However, Ark Code Ann. § 25-35-104 does require mandatory participation for those State agencies that choose to procure property and causality insurance offered through the Arkansas Multi-Agency Insurance Trust Fund (AMAIT). The University of Arkansas System has its own program that the RISK does not oversee.

For those State buildings covered by commercial insurance through the AMAIT Plan, the building and contents are generally insured for replacement cost subject to a $3.5 million aggregate retention paid from the AMAIT, Act 1762 of 2003, with varying deductible amounts retained by the participating State agency entities from $2,500 up to $100,000 per occurrence. The total annual payout by AMAIT for the All-Other Perils coverage is capped at $3.5 million. Losses arising from earth movement are generally insured for the full amount of losses and subject to a deductible of 5% of the combined building and content total value at the location where the loss or damage occurs with a minimum of $25,000 deductible per occurrence, per location. Due to market conditions, limited availability, and excessive cost, total earth movement coverage is limited to $100 million aggregate limit in Insurance Services Office (ISO) earthquake zones 2 and 3 and $200 million for zones 4 and 5. The State has secured domestic and foreign terrorism insurance coverage. Certain State agencies have chosen not to purchase commercial insurance on certain buildings, and as such, losses for these buildings are recorded as expenditures in the General Fund when incurred. Flood coverage is provided with varying limits and deductibles according to the various flood zones. Aggregate limits vary from $30 million in a Special Flood Hazard Zone A, with a $1 million deductible per occurrence, per location, per agency, up to $100 million in Zone X, with a $100,000 deductible per occurrence, per agency. Both earthquake and flood coverage limits are annual aggregate total maximum limits for the State.

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

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

For those State vehicles covered by commercial business auto insurance, each participating agency determines which, if any, vehicles to insure for physical damage and is subject to a per occurrence deductible of $500 comprehensive and $1,000 collision coverage. Also, such commercial business auto insurance generally provides coverage against liability losses up to $250,000 per occurrence in-state and $5.0 million per occurrence out-of-state. The participating State agency does not have a per occurrence deductible on third-party liability claims. Twenty-two State entities, including publicly funded higher education institutions and State agencies, have elected to purchase $1.0 million per occurrence liability limit coverage in-state. Two State agencies (Arkansas Department of Transportation and Arkansas State Police) have elected not to purchase commercial business auto insurance, and losses on such vehicles are recorded as expenditures in the

General Fund as incurred. Auto liability losses arising from uninsured vehicles are heard and adjudicated by the State Claims Commission.

Business-Type Activities

(a) Health and Life Plans

Higher Education Health Plans

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

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

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

	2022	2021
Claim liability, beginning of year	$ 18,254	$ 19,142
Incurred Claims:		
Provision for insured events of current year	190,697	193,304
Increase (decrease) in provision for insured events of prior years	193	(4,229)
Total incurred claims and claim adjustment expense	190,890	189,075
Payments:		
Claims payments attributed to insured events of current year	174,396	175,051
Claims payments attributed to insured events of prior years	18,447	14,912
Total Payments	192,843	189,963
Claim liability, end of year	$ 16,301	$ 18,254

The universities purchase specific reinsurance to reduce their exposure on large claims. Under the specific arrangements, the reinsurance carrier pays for claims for covered individuals that exceed specified limits. Such limits are $1.1 million and $300,000 for the UA System and ASU, respectively.

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

Public School Employee Health and Life Benefit Plan

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

Through September 30, 2003, the health and life plans were fully insured. Subsequent to that date, the health plan became self-insured, and the life insurance component remained fully insured. The pharmacy plan has been self-insured since its inception. While the health plan was fully insured, most plan participants' premiums for health, life, and pharmacy coverage were collected from the school districts by the health insurance companies, and the life and pharmacy components of the premium were paid by the health insurance companies to the life insurance company and the Department of Transformation and Shared Services – Employee Benefits Division (EBD), respectively. Premiums for certain retirees and COBRA participants were collected by EBD, and the health and life components were paid to the health and life insurance companies, respectively. Employee contributions and school district matching provide funding for the Public School Employee Health and Life Benefit Plan. Premiums are set by the State Board of Finance and are based upon family composition and claims history. The combination of employee contributions and school district matching was determined individually by the school districts with school district match being at least $161.87 in Plan Year 2021. Some school districts provide additional support for their employees through locally generated funding. Act 1745 of 2001 provides the State Legislature the authority to establish the minimum school district matching amount. Act 517 of 2013 amended Ark. Code Ann. §6-17-1117 so that the contribution rate increases annually by the same percentage that the legislature increases the salary and benefit component of the per-student foundation funding amount under Ark. Code Ann. § 6-20-2305. The plans have not purchased any annuity contracts on behalf of claimants. Effective July 1, 2017, Ark. Code Ann. § 6-17-1117 authorizes the Department of Education to pay an additional matching amount of $55.0 million per fiscal year to EBD. Ark. Code Ann. § 6-20-2503(e)(f) has authorized additional general facilities funding and supplemental millage funding for the exclusive benefit of public school employees participating in the State and Public School Life and Health Insurance Program of $18.1 million in Plan Year 2021 to EBD. Effective July 1 of 2021, Act 154 of 2020 authorizes the Department of Education to pay $15.0 million to EBD in additional health insurance contributions for eligible employees electing to participate in the public school employees' health insurance program administered by the State Board of Finance. Act 1006 of 2021, section 7, authorizes the Department of Education to pay a total of $20.0 million to EBD for grants and aid to local school districts and special programs. The total received by EBD for Plan Year 2021 was $108.1 million.

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

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

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

	2022	2021
Claim liability, beginning of year	$ 35,885	$ 23,321
Incurred claims:		
Provision for insured events of current year	368,213	358,111
Provision for insured events of prior years	(2,219)	2,101
Total incurred claims	365,994	360,212
Payments:		
Claims payments attributed to insured events of current year	330,696	321,864
Claims payments attributed to insured events of prior years	33,362	25,784
Total payments	364,058	347,648
Claim liability, end of year	$ 37,821	$ 35,885

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

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

Death and Permanent Total Disability Trust Fund

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

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

The following represents the changes in claim liabilities for the fund during the current and prior fiscal years (expressed in thousands):

	2022	2021
Claim liability, beginning of year	$ 196,598	$ 209,429
Incurred claims:		
Provision for insured events of current year		
Decrease in provision for insured events of prior years	(15,111)	(9,485)
Increase due to decrease in discount period	9,496	10,134
Total incurred claims and claim adjustment expense	(5,615)	649
Payments:		
Claims payments attributed to insured events of prior years	13,357	13,480
Claim liability, end of year	$ 177,626	$ 196,598

Total unpaid claims and claim adjustment expenses at the beginning of year do reflect the impact of Act 327 of 2009. Act 327, which became law in 2009, transferred some of the liabilities of the Second Injury Fund to the Death and Permanent Total Disability Fund, effective January 1, 2010.

Second Injury Trust Fund

Initiated by Act 4 of 1948, as amended, established the workers' compensation laws to provide for the timely payment of temporary and permanent disability payments to all legitimately injured workers who suffer injury or disease arising out of their employment. Employers are required to provide coverage for compensation with insurance carriers authorized to write workers' compensation insurance or to pay benefits directly as a self-insurer. Ark. Code Ann. § 11-9-525 provides that an employer employing a disabled person will not, in the event the employee suffers an injury on the job, be held liable for a greater disability or impairment than actually occurred while the employee was employed. The Second Injury Fund pays the injured worker the difference between the employer's liability and the balance of his or her disability or impairment that result from all disabilities or impairments combined. Accordingly, the Workers' Compensation Commission, in accordance with Ark. Code Ann. § 11-9-306, limits the tax rate to 3% of written manual premiums of workers' compensation insurance written on all risks within the State. Similarly, self-insured employers and public employers are taxed based on what they would have to pay if they were covered by insurance. Act 1415 of 2007 amended Ark. Code Ann. § 11-9-525 by prohibiting claims for second injuries being made under the provisions of Ark. Code Ann. § 11-9-525 after January 1, 2008. In effect, this act has eliminated the Second Injury Fund with regard to claims made after December 31, 2007.

There was no claim liability for the Second Injury Trust Fund on June 30, 2021, or on June 30, 2022.

(18) Commitments and Contingencies

Primary Government

Governmental Activities

(a) Litigation

The State, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, alleged inmate wrongs and other alleged torts, alleged breaches of contract, condemnation proceedings, challenges of State law, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the State but remained unpaid by the State as of the balance sheet date. The State has accrued liabilities in the approximate amount of $800,000 for the payment of such claims. As of June 30, 2022, there were no outstanding claims within the state-accrued liabilities that were approved by the General Assembly and waiting payment through an appropriations bill through the Arkansas State Claims Commission (the Commission). The Commission may authorize awards up to $15,000 without legislative approval. Claims awarding death and disability benefits for certain public employees do not require legislative approval. Awards are recorded in government financial statements. For other cases where it is reasonably possible that a loss will be incurred and the amount of the potential judgment can be reasonably estimated, the Attorney General and other counsel estimate the liability to be approximately $102,000.

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

	2022	2021
Litigation, beginning of year	$ 18,773	$ 1,899
Incurred litigation	843	20,157
Litigation payments/dismissals	(18,816)	(3,283)
Litigation, end of year	$ 800	$ 18,773

(b) Federal Grants

The State, including its institutions of higher education, receives significant financial assistance from the U.S. Government in the form of grants and federal revenue sharing entitlements. Entitlement to those resources is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal regulation, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits under either the Federal Single Audit Act or by grantor agencies of the federal government or their designees. At June 30, 2022, the amount of expenditures disallowed and returned to the grantor after fiscal year-end as a result of the financial and compliance audits was $2.9 million.

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

(c) Construction and Other Commitments

At June 30, 2022, the State had commitments of approximately $1.3 billion for construction and other contracts and approximately $1.0 billion for professional service contracts. The Arkansas Natural Resources Commission has approved $70.7 million in loans for projects for water systems, waste water, and pollution abatement that had not been disbursed at June 30, 2022.

(d) Bond Guarantees

The Arkansas Development Finance Authority (ADFA) has authority to guarantee bonds issued by cities and counties for industrial development purposes, bonds and loans issued by ADFA, and obligations issued by a venture capital investor group. As of June 30, 2022, there was on deposit in ADFA's Guaranty Reserve Account approximately $16.8 million. As of June 30, 2022, ADFA had outstanding guarantees on obligations aggregating approximately $57.7 million in principal amount. Approximately $3.3 million in principal amount was in default and in a workout posture. In the event that it is necessary to meet its guarantee obligations, ADFA may issue its revenue bonds, which will be secured by a pledge of interest earnings derived from investment of the State's daily Treasury balances. No such bonds have yet been issued by ADFA.

The Arkansas Economic Development Commission (AEDC) has authority to guarantee repayment of indebtedness incurred by private borrowers, not to exceed $5 million in each instance, to promote industrial development within the State. In connection with such guarantees given in the past, AEDC has received fees that have been deposited into a guaranty fund. In the event AEDC's guarantee is called upon, monies in the guaranty fund are applied to satisfy the obligation. In the event monies in the guaranty fund are insufficient to repay any such obligation, AEDC is authorized to issue its revenue bonds secured by a pledge of interest earnings on the State's daily Treasury balances. As of June 30, 2022, there was approximately $12.8 million on deposit in AEDC's Bond Reserve Guaranty Fund. As of June 30, 2022, AEDC had outstanding guarantees on approximately $11.7 million in principal amount of debt in connection with the program described above. Approximately $506,000 in principal amount was in default.

(e) Tobacco Settlement

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

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

In fiscal year 2006, ADFA issued $36.8 million in Tobacco Settlement Revenue Bonds. ADFA has made the proceeds of the bonds available to the University of Arkansas Board of Trustees (UA Board) to fund an expansion to the Arkansas Cancer Research Center (ACRC) on the campus of the University of Arkansas for Medical Sciences (UAMS). The bonds have an approximate yield to maturity of 4.77% to 5.10%, and principal and accumulated interest are payable beginning in 2021 through 2031 for $22.2 million of serial bonds and beginning in 2036 through 2046 for $14.6 million of term bonds. Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a loan agreement dated June 1, 2006, between the UA Board and ADFA, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the debt service revenues will be sufficient to service the entire principal and interest due. The *Global Insights USA, Inc.*, report, prepared in August 2006 on the *Forecast of U.S. Cigarette Consumption (2004-2046)*, indicates that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60.1 million from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27.6 million in 2046, with the first $5.0 million dedicated to pay the debt service on the above bond issue. If debt service revenues had been considered insufficient at June 30, 2022, the University would have incurred a $72.9 million liability related to the issue. This would include draw down of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue.

While Arkansas's share of the base payments will not change over time, the amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), while other adjustments will likely cause decreases in payments (volume adjustments, for example). The net effect of these adjustments on future payments is unclear; therefore, the financial statements only reflect the amounts that were earned in fiscal year 2022. In fiscal year 2022, the State recorded a total of $60.9 million, with $5 million being transferred to ADFA for the Tobacco Settlement Debt Service Account.

Business-Type Activities

(a) Litigation

The State's business-type activities and employees may be defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, other alleged torts, alleged breaches of contract, condemnation proceedings, challenges to State law, and other alleged violations of state and federal laws. At June 30, 2022, there were no accrued liabilities involving litigation for business-type activities. For other cases where it is reasonably possible that a loss will be incurred and the amount of the potential judgment can be reasonably estimated, the Attorney General and other counsel estimate that there is no liability at June 30, 2022.

(b) Settlements

Higher Education

The University of Arkansas for Medical Sciences (UAMS) has contractual agreements with governmental and other third-party payors that provide for reimbursements at amounts different from their established rates. At June 30, 2022, UAMS had an estimated net settlement payable of approximately $29.0 million. These settlements are initially paid out for cost-reimbursable items at a tentative rate, with the final settlement determined after submission of an annual cost report by the hospital and an external audit.

(c) Construction and Other Commitments

Higher Education

At June 30, 2022, the State had commitments in its business-type activities of approximately $214.3 million for construction and other contracts and approximately $6.7 million for professional service contracts.

Office of the Arkansas Lottery

The Arkansas Department of Finance and Administration – Office of the Arkansas Lottery (OAL) contracts with two vendors for its online lottery game services, instant ticket lottery game services, and gaming system. These services are incurred as a percentage of sales, and as such, future obligations cannot be easily determined. OAL has multi-year contracts with both vendors that expire in fiscal year 2027. Total fees paid on these contracts for the fiscal year ended June 30, 2022, were $29.7 million**.**

OAL has a contract with a third vendor to provide a business plan and other consultancy services that will expire on June 30, 2022. The base compensation costs are not to exceed $500,000 per year. Any reduction in days used will result in a reduced cost at $1,000 per day. Incentive compensation costs are incurred as a percentage of operating income, and as such, future obligations cannot be easily determined. In fiscal year 2022, $1.0 million in incentive compensation costs were paid or accrued by OAL.

Component Unit Activities

Construction and Other Commitments

Arkansas Development Finance Authority

ADFA has $67.7 million recorded as cash and investments in the statement of net position that may be disbursed under loan and lease agreements closed prior to June 30, 2022.

In 2003, ADFA initiated the funding for the Arkansas Institutional Fund (AIF), an institutional fund of venture capital investment program funds created by the Arkansas General Assembly in 2001. The Venture Capital Act of 2001 authorizes ADFA to assist in increasing the availability of equity and near-equity capital for emerging, expanding, relocating, and restructuring enterprises in the State through the creation of an institutional partnership fund. The Bond Guaranty Fund is subject to the first $10.0 million of losses incurred by the AIF. The funding is structured as a guaranteed line of credit with a financial institution, with draws occurring on an as-needed basis. The outstanding balance as of June 30, 2022, was $6.3 million. There is an additional $200,000 in approved but not yet funded investments that are anticipated to become part of the AIF.

Outstanding commitments to various funds/companies were $2.9 million for the year ending June 30, 2022.

At June 30, 2022, the Bond Guaranty Fund guaranteed a letter of credit with a financial institution for up to $3.8 million in the event of non-performance by the borrower.

(19) Business Incentives

(a) Create Rebate Program

The Create Rebate Program is authorized by the Consolidated Incentives Act of 2003 (Ark. Code Ann. §§ 15-4-2701 – 2714). Financial incentive agreements are offered to non-retail, for-profit businesses in highly competitive circumstances at the discretion of the director of the Arkansas Economic Development Commission. The agreements can be offered for a period of up to 10 years. Cash payments are based on a company's annual payroll for new, full-time permanent employees. To be eligible, a company is required to maintain a minimum payroll of $2.0 million annually for new, full-time permanent employees and file a claim with the Department of Finance and Administration (DFA). No claims may be filed until the minimum annual payroll of $2.0 million is met. The threshold must be met within 24 months of inception of the agreement. The State has accrued liabilities of approximately $262.5 million for the Create Rebate business incentive.

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

	2022	2021
Create Rebate business incentives, beginning of year	$ 268,200	$ 250,744
Incurred Create Rebate business incentives, net of allowance	10,941	30,724
Create Rebate business incentives payments/dismissals	(16,674)	(13,268)
Create Rebate business incentives, end of year	$ 262,467	$ 268,200
Current Create Rebate business incentives	$ 14,967	$ 13,613
Noncurrent Create Rebate business incentives	247,500	254,587

(b) Tax Back Program

The Tax Back Program is authorized under Ark. Code Ann. § 15-4-2706(d). The program provides sales and use tax refunds on the purchase of building materials, machinery, and equipment to qualifying businesses that create new jobs as a result of construction, expansion, or facility modernization projects in Arkansas. All claims for refunds must be filed with the Revenue Division of DFA within three years from the date of purchase. The State has accrued liabilities in the approximate amount of $1.8 million for the Tax Back business incentive. For more information on the Tax Back Program, refer to Note 20.

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

	2022	2021
Tax Back business incentives, beginning of year	$ 2,655	$ 2,176
Incurred Tax Back business incentives, net of allowance	2,244	2,507
Tax Back business incentives payments/dismissals	(3,103)	(2,028)
Tax Back business incentives, end of year	$ 1,796	$ 2,655
Current Tax Back business incentives	$ 1,796	$ 2,655
Noncurrent Tax Back business incentives		

(20) Tax Abatements

As of June 30, 2022, the State provides tax abatements through 12 programs. These programs provide incentives in the form of reduced taxes for the purposes of business development and job creation, housing development, tourism development, and other programs.

(a) Advantage Arkansas Program

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

(b) ArkPlus Program

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

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

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

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

(c) InvestArk Program

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

(d) Tax Back Program

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

(e) In-House Research and Development Program

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

(f) Targeted Research Program

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

(g) Targeted Business Payroll Program

The Targeted Business Payroll Program provides for abatement of income taxes to encourage the development of jobs that pay significantly more than the average hourly wage of the county in which the business is located or the State average hourly wage, if less. The program is authorized under Ark. Code Ann. § 15-4-2709. To be eligible, a business must be identified by the AEDC as being in a business sector targeted for growth under Ark. Code Ann. § 15-4-2703(43). An eligible business must apply for this program prior to the start of eligible activities. The eligible business must meet annual payroll requirements as well as average hourly wage requirements. The term of the financial incentive agreement cannot exceed five years. An income tax credit is earned equal to 10% of the targeted business' annual payroll but not to exceed $100,000 in any one year. Any unused credits may be carried forward up to nine years after the year the credit is earned. The targeted business may apply to the AEDC for permission to sell unused credits. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program. No income taxes were abated under this program for the fiscal year ended June 30, 2022.

(h) Tourism Development Program

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

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

- To receive an income tax credit, the tourism attraction project must meet the eligibility requirements in Ark. Code Ann. § 15-11-503(13)(A). The approved company shall certify its payroll to the Revenue Division. The Revenue Division can then authorize an income tax credit equal to 4% of the certified payroll of new full-time permanent employees of the approved tourism attraction.

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

(i) Water Resource Conservation and Development Program

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

(j) Wetland and Riparian Zone Program

The Wetland and Riparian Zone Program provides for abatement of income taxes to encourage landowners to restore and enhance existing wetlands and riparian zones or create new wetlands and riparian zones. The program is authorized under Ark. Code Ann. §§ 26-

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

(k) Low Income Housing Program

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

(l) Major Maintenance and Improvement Program

The Major Maintenance and Improvement Program provides for abatement of sales and use taxes to assist manufacturing and processing facilities in remaining competitive and preserving jobs. The program is authorized under Ark. Code Ann. § 15-4-3501. To be eligible, a business enters into a financial incentive agreement with the AEDC. An eligible business must agree to invest at least $3 million into the project. A refund of 100% of sales and use taxes paid on eligible purchases and expenditures shall be authorized by DFA after verification. All claims for refunds must be filed with the Revenue Division before July 1, 2022. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program.

A summary of the taxes abated by tax abatement program for fiscal year ended June 30, 2022, is as follows (expressed in thousands):

Tax Abatement Program		2022
Income Tax Abatements		
ArkPlus Program	$	7,217
In-House Research and Development Program		2,211
Advantage Arkansas Program		576
Water Resource Conservation and Development Program		812
Low Income Housing Program		399
Targeted Research Program		1,544
Wetland and Riparian Zone Program		277
Sales and Use Tax Abatements		
InvestArk Program		31,225
Tourism Development Program		635
Major Maintenance and Improvement Program		3,116
Tax Back Program		2,245

(21) Joint Ventures

GASB Statement No. 14, The Financial Reporting Entity, as amended, defines a joint venture as a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain 1) an ongoing financial interest or 2) an ongoing financial responsibility. During the fiscal year ended June 30, 2022, the Office of Arkansas Lottery (OAL) was an active participant in several joint venture arrangements with the Multi-State Lottery Association (MUSL).

Multi-State Lottery Association

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

As a member of MUSL, the OAL is required to contribute to various prize reserve funds for Powerball® and Mega Millions® which are maintained by MUSL. The MUSL prize reserve funds serve as a contingency reserve to protect MUSL and its member state lotteries from unforeseen prize payment liabilities. MUSL periodically reallocates the prize reserve funds among the member state lotteries based on relative Powerball® and Mega Millions® sales levels. All remaining funds remitted, and the related interest earnings (net of administrative costs), less any portion of unanticipated prize claims that may have been paid from the fund, would be returned to the OAL if it were to ever leave MUSL. As of June 30, 2022, the OAL had reserve fund deposits with MUSL of $2.0 million. MUSL does not maintain prize reserves funds for Lucky for Life®.

A copy of the MUSL financial statements may be obtained by submitting a written request to MUSL, Attn: Bret Toyne, Executive Director or Shannon Underwood, Director of Finance, 8101 Birchwood Court, Suite R, Johnston, Iowa 50131.

The OAL's portion of the MUSL's games for the fiscal year ended June 30, 2022, is summarized in the table below (expressed in thousands):

	Operating Revenues	Prizes
Powerball®	$ 31,021	$ 14,309
Mega Millions®	15,489	7,369
Lucky for Life®	6,241	4,182

(22) Subsequent Events

Primary Government

Governmental Activities

On March 11, 2021, the Federal government enacted the American Rescue Plan Act (ARPA). ARPA provided funding for several economic assistance programs to address the impact of the COVID-19 outbreak. ARPA established the State and Local Fiscal Recovery Fund (SLFRF) to provide assistance to states and other local and tribal governments with necessary expenditures incurred to address the public health emergency. The assistance must be applied to allowable expenditures incurred in the period beginning March 3, 2021, and ending December 31, 2024. In May 2022, the State received the last of two equal distributions of SLFRF assistance in the amount of $786.6 million, of the $1.6 billion total allocated to the State. Any SLFRF funds not expended by December 31, 2024, must be returned to the U. S. Treasury. Because of the requirement to return unexpended SLFRF funds, the State accrued a liability of $933.3 million for SLFRF funds unexpended as of June 30, 2022. In the period from July 1, 2022, through December 13, 2022, the State expended $66.3 million of SLFRF funding resulting in a remaining liability of $867.0 million.

In March 2020, the Federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act provided funding for several economic assistance programs to address the impact of the COVID-19 outbreak. The CARES Act established the Coronavirus Relief Fund (CRF) to provide assistance to states and other local and tribal governments with necessary expenditures incurred to address the public health emergency. The assistance had to be applied to allowable expenditures incurred in the period beginning March 1, 2020, and ending December 30, 2020. The State of Arkansas received CRF assistance in the amount of $1.25 billion. In December 2020, the Federal government enacted the Consolidated Appropriations Act, 2021, that included an extension of the time frame to expend CRF funds through December 31, 2021. Any CRF funds not expended by December 31, 2021, must be returned to the U. S. Treasury. As of December 14, 2022, there was $7.7 million that was not expended and will need to be repaid to the Federal government in FY2023.

In August 2022, following a special legislative session, the Governor signed identical Acts that accelerated planned reductions in individual income tax rates and corporate income tax rates beginning in FY2023. These reductions will continue to increase thru 2027. These Acts also provide an income tax deduction for expensing certain property, as well as an inflationary relief income tax credit for FY2023. These tax reductions are expected to reduce the State's general revenue by $500.2 million in FY2023, $166.6 million in FY2024, $69.5 million in FY2025, $18.4 million in FY2026, and $8.4 million in FY2027.

Business-Type Activities

Arkansas Department of Finance and Administration – Office of Arkansas Lottery (OAL)

On August 10, 2022, the Arkansas Division of Higher Education (ADHE), refunded $15.9 million to the OAL. This amount was due to a reduction in awards and payments from ADHE. On September 23, 2022, at the request of ADHE, a payment of $30.0 million was made from the Education Trust Account to ADHE for the Academic Challenge Scholarship.

University of Arkansas System

On August 25, 2022, the University issued $16.7 million in Various Facilities Revenue Bonds (UAPB Campus), Series 2022, with various interest rates of 4.00% - 5.00%. Proceeds from this sale will be used to finance a portion of the costs of certain capital improvements, including the acquisition, construction, equipping, and furnishing of a student center (the "Student Center Facility") and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure, and the acquisition of various equipment and/or real property for UAPB (collectively, the "Project") and to pay costs of issuance of the bonds.

On November 9, 2022, the University issued $72.7 million in Various Facility Revenue Bonds (Fayetteville Campus), Series 2022A, with interest rates of between 4.00% and 5.25%. The bonds were issued to provide funds to finance various construction and renovation projects on the University campus and were issued on a tax-exempt basis. Projects include (a) the acquisition, construction, furnishing, and equipping of the Anthony Timberlands Center for Design and Materials Innovation; (b) the renovation, restoration, acquisition, construction, improvement, furnishing, and equipping of the Fine Arts Center; (c) the renovation, acquisition, construction, improvement, furnishing, and equipping of the first and second floors of Mullins Library; (d) the acquisition, construction, furnishing, and equipping of the Windgate Studio and Design Center; and (e) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure, and the acquisition of various equipment and/or real property for the University of Arkansas, Fayetteville.

On November 9, 2022, the University issued $4.0 million in Various Facility Revenue Bonds (Fayetteville Campus), Taxable Series 2022B, with interest rates of between 4.70% and 5.28%. The bonds were issued to provide funds to finance various construction and renovation projects on the University campus and were issued on a taxable basis. Projects include the acquisition, construction, installation, and equipping of a roof replacement for the Engineering Research Center, and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure, and the acquisition of various equipment and/or real property for the University of Arkansas, Fayetteville.

North Arkansas College

On August 11, 2022, the Board of Trustees finalized authorization to issue $1.9 million in millage-supported bonds to provide partial funding for the construction of a new 28,300 square-foot Center for Robotics and Manufacturing Innovation on the College's South Campus. The project is expected to cost approximately $8.2 million, with external funding grants already awarded from the State of Arkansas, the Federal Economic Development Administration, and the Boone County Economic Development Corporation. This new facility will support and enhance the College's technical education program offerings in robotics and manufacturing and is expected to facilitate stronger workforce skills development for north Arkansas students resulting in economic growth around the region. Construction is anticipated to begin early in 2023, with project completion by the summer of 2024.

Arkansas Technical University

On November 23, 2022, the Board of Trustees finalized authorization to issue $29.8 million in University Student Fee Revenue Bonds, Series 2022A. The bonds will be used to finance a portion of the costs of the acquisition, construction, furnishing, and equipping of a new student union and recreation center and to pay the costs of issuing and insuring the Series 2022A Bonds.

University of Central Arkansas

A major fire began in Burdick Hall on the evening of May 4, 2022, which caused extensive damage to the building. The fire was contained to the first floor, but there is significant smoke damage throughout the hall. The cost to rebuild Burdick Hall is estimated at $12 million, with insurance covering approximately 80% of the costs. The University is still working with Arkansas Multi-Agency Insurance Trust (AMAIT) on the claim. The expected date of completion for repairs is June 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Arkansas Judicial Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	$ 8,053	$ 7,197	$ 7,096	$ 6,919	$ 6,927	$ 7,221	$ 7,230	$ 5,342
Interest	17,515	16,823	16,175	15,878	15,379	16,121	15,770	14,883
Differences between expected and actual experience	(37)	3,798	2,340	(4,482)	(744)	(3,463)	(5,184)	12,970
Changes of assumptions	16,745					2,369		24,290
Benefit payments	(17,060)	(15,310)	(13,441)	(12,980)	(12,769)	(12,310)	(12,007)	(10,763)
Refunds		(48)	(6)	(22)		(78)	(1)	(14)
Net changes in total pension liability	25,216	12,460	12,164	5,313	8,793	9,860	5,808	46,708
Total pension liability - beginning	309,112	296,652	284,488	279,175	270,382	260,522	254,714	208,006
Total pension liability - ending (a)	$ 334,328	$ 309,112	$ 296,652	$ 284,488	$ 279,175	$ 270,382	$ 260,522	$ 254,714
Plan Fiduciary Net Position								
Employer contributions	$ 8,964	$ 8,210	$ 8,573	$ 8,234	$ 8,421	$ 8,486	$ 5,561	$ 5,690
Employee contributions	1,301	1,117	1,138	988	1,016	1,063	1,011	946
Net investment income	(43,074)	72,229	17,434	14,656	19,162	28,044	(1,744)	9,972
Benefit payments	(17,060)	(15,310)	(13,441)	(12,980)	(12,769)	(12,310)	(12,007)	(10,763)
Refunds		(49)	(6)	(22)		(79)	(1)	(14)
Administrative expense	(164)	(145)	(142)	(147)	(142)	(169)	(159)	(138)
Other			1	42				
Net change in plan fiduciary net position	(50,033)	66,052	13,557	10,771	15,688	25,035	(7,339)	5,693
Plan fiduciary net position - beginning	346,888	280,836	267,279	256,508	240,820	215,785	223,124	217,431
Plan fiduciary net position - ending (b)	$ 296,855	$ 346,888	$ 280,836	$ 267,279	$ 256,508	$ 240,820	$ 215,785	$ 223,124
State's net pension liability - ending (a-b)	$ 37,473	$ (37,776)	$ 15,816	$ 17,209	$ 22,667	$ 29,562	$ 44,737	$ 31,590
Plan fiduciary net position as a percentage of total pension liability	88.79%	112.22%	94.67%	93.95%	91.88%	89.07%	82.83%	87.60%
Covered payroll	$ 26,259	$ 25,479	$ 24,586	$ 23,603	$ 23,435	$ 22,918	$ 22,308	$ 22,308
Net pension liability as percentage of covered payroll	142.71%	(148.26%)	64.33%	72.91%	96.72%	128.99%	200.54%	141.61%

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas State Police Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	$ 7,194	$ 6,536	$ 5,861	$ 6,691	$ 6,577	$ 5,474	$ 5,488	$ 6,102
Interest	34,673	33,333	31,967	31,300	30,678	30,323	29,470	29,219
Benefit Changes		9,590	998					
Differences between expected and actual experience	(4,037)	(2,821)	7,544	(1,805)	467	(3,053)	1,757	(3,107)
Changes of assumptions					(4,529)	15,875		8,703
Benefit payments	(29,150)	(27,294)	(27,934)	(24,930)	(24,185)	(24,632)	(26,035)	(23,359)
Net changes in total pension liability	8,680	19,344	18,436	11,256	9,008	23,987	10,680	17,558
Total pension liability - beginning	495,914	476,570	458,134	446,878	437,870	413,883	403,203	385,645
Total pension liability - ending (a)	$ 504,594	$ 495,914	$ 476,570	$ 458,134	$ 446,878	$ 437,870	$ 413,883	$ 403,203
Plan Fiduciary Net Position								
Employer contributions	$ 22,694	$ 22,784	$ 21,873	$ 21,254	$ 21,004	$ 19,961	$ 19,713	$ 19,784
Employee contributions								95
Net investment income	(46,248)	101,415	6,701	17,031	28,823	31,484	(210)	6,132
Benefit payments	(29,150)	(27,294)	(27,934)	(24,930)	(24,185)	(24,632)	(26,035)	(23,359)
Administrative expense	(230)	(215)	(195)	(554)	(229)	(208)	(206)	(196)
Net change in plan fiduciary net position	(52,934)	96,690	445	12,801	25,413	26,605	(6,738)	2,456
Plan fiduciary net position - beginning	434,874	338,184	337,739	324,938	299,525	272,920	279,658	277,202
Plan fiduciary net position - ending (b)	$ 381,940	$ 434,874	$ 338,184	$ 337,739	$ 324,938	$ 299,525	$ 272,920	$ 279,658
State's net pension liability - ending (a-b)	$ 122,654	$ 61,040	$ 138,386	$ 120,395	$ 121,940	$ 138,345	$ 140,963	$ 123,545
Plan fiduciary net position as a percentage of total pension liability	75.69%	87.69%	70.96%	73.72%	72.71%	68.41%	65.94%	69.36%
Covered payroll (1)	$ 32,757	$ 33,585	$ 33,311	$ 30,288	$ 29,593	$ 29,077	$ 29,449	$ 29,929
Net pension liability as a percentage of covered payroll	374.44%	181.75%	415.44%	397.50%	412.06%	475.79%	478.67%	412.79%

(1) In 2017, actual Deferred Retirement Option Participant (DROP) pays were used. In 2015 and 2016, an estimate of average annual payroll for DROP participants of $75,000 and $67,000, respectively, was used.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas State Highway Employees Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	$ 20,916	$ 19,569	$ 19,699	$ 23,601	$ 42,816	$ 18,935	$ 18,413	$ 16,863
Interest	133,729	127,936	128,527	113,809	110,544	126,829	115,441	112,962
Benefit changes	(21,617)		(21,399)		(101,042)			
Differences between expected and actual experience	(33,301)	(8,753)	26,324	49,165	(31,507)	20,926	20,791	
Changes of assumptions	(15,094)		(216,056)	(331,140)	(137,435)	790,990	91,941	
Benefit payments, including refunds of employee contributions	(125,737)	(122,790)	(119,412)	(115,747)	(111,905)	(106,756)	(102,246)	(95,455)
Net changes in total pension liability	(41,104)	15,962	(182,317)	(260,312)	(228,529)	850,924	144,340	34,370
Total pension liability - beginning	1,825,004	1,809,042	1,991,359	2,251,671	2,480,200	1,629,276	1,484,936	1,450,566
Total pension liability - ending (a)	$ 1,783,900	$ 1,825,004	$ 1,809,042	$ 1,991,359	$ 2,251,671	$ 2,480,200	$ 1,629,276	$ 1,484,936
Plan Fiduciary Net Position								
Employer contributions	$ 24,092	$ 23,209	$ 19,282	$ 19,294	$ 19,175	$ 19,232	$ 19,059	$ 18,615
Employee contributions	11,428	10,265	9,250	9,164	9,144	9,379	9,138	8,884
Net investment income	398,243	110,542	4,559	205,498	133,168	(60,344)	25,384	234,209
Benefit payments, including refunds of employee contributions	(125,737)	(122,790)	(119,412)	(115,748)	(111,905)	(106,756)	(102,246)	(95,455)
Administrative expense	(106)	(129)	(75)	(56)	(130)	(118)	(91)	(43)
Net change in plan fiduciary net position	307,920	21,097	(86,396)	118,152	49,452	(138,607)	(48,756)	166,210
Plan fiduciary net position - beginning	1,407,174	1,386,077	1,472,473	1,354,321	1,304,869	1,443,476	1,492,232	1,326,022
Plan fiduciary net position - ending (b)	$ 1,715,094	$ 1,407,174	$ 1,386,077	$ 1,472,473	$ 1,354,321	$ 1,304,869	$ 1,443,476	$ 1,492,232
State's net pension liability - ending (a-b)	$ 68,806	$ 417,830	$ 422,965	$ 518,886	$ 897,350	$ 1,175,331	$ 185,800	$ (7,296)
Plan fiduciary net position as a percentage of total pension liability	96.14%	77.11%	76.62%	73.94%	60.15%	52.61%	88.60%	100.49%
Covered payroll (2) (3)	$ 159,568	$ 149,977	$ 146,461	$ 148,528	$ 141,155	$ 141,906	$ 140,544	$ 137,262
Net pension liability as a percentage of covered payroll	43.12%	278.60%	288.79%	349.35%	635.72%	828.24%	132.20%	(5.32)%

(1) Measurement date is as of the State's prior fiscal year-end date.
(2) The covered payroll is the reported salary for active members (who are not in the DROP) as of the measurement date. If the reported salary was for a period of less than 12 months, it has been annualized.
(3) Starting in fiscal year 2019, the covered payroll is the payroll on which contributions to a pension plan are based.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas Judicial Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020	2019
Actuarially determined contribution	$ 8,963	$ 8,210	$ 8,573	$ 8,234
Contributions in relation to the actuarially determined contribution	8,963	8,210	8,573	8,234
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 26,259	$ 25,479	$ 24,586	$ 23,603
Contributions as a percentage of covered payroll	34.13%	32.22%	34.87%	34.89%

Valuation date:
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple periods of 13-20 years
Asset valuation method	4-year smoothed market, 25% corridor
Inflation	2.50% price inflation
Salary increases	3.25%
Investment rate of return	5.75%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 mortality tables, adjusted for mortality improvement back to the observation period base year of 2006, and using the MP-2016 improvement scale.

2018	2017	2016	2015	2014	2013
$ 8,421	$ 8,485	$ 5,561	$ 5,690	$ 6,117	$ 5,672
8,421	8,485	5,561	5,690	6,117	5,672
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 23,435	$ 22,918	$ 22,308	$ 22,308	$ 19,782	$ 19,586
35.93%	37.02%	24.93%	25.51%	30.92%	28.96%

Required Supplementary Information
Arkansas State Police Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020	2019	2018	
Actuarially determined contribution	$ 15,900	$ 16,700	$ 16,900	$ 15,600	$ 15,200	(2)
Contributions in relation to the actuarially determined contribution	22,700	22,800	21,900	21,300	21,000	
Contribution deficiency (excess)	$ (6,800)	$ (6,100)	$ (5,000)	$ (5,700)	$ (5,800)	(2)
Covered payroll (1)	$ 32,800	$ 33,600	$ 33,300	$ 30,300	$ 30,000	
Contributions as a percentage of covered payroll	69.21%	67.86%	65.77%	70.30%	70.00%	

(1) In 2016, $67,241 was used as an estimate of average annual pay for DROP participants. In 2015, $75,000 was used as an estimate of average annual pay for DROP participants.
(2) Restated to match actuary.

Valuation date:
Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	4-year smoothed market
Inflation	2.50% price inflation
Salary increases	3.55% to 7.75% including inflation
Investment rate of return	7.15%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Based on RP-2006 Healthy Annuitant benefit weighted generational morality table for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for future mortality improvements using Scale MP-2017.

	2017	2016	2015	2014	2013
	$ 14,100	$ 14,300	$ 14,200	$ 14,000	$ 13,600
	20,000	19,700	19,800	19,500	19,500
	$ (5,900)	$ (5,400)	$ (5,600)	$ (5,500)	$ (5,900)
	$ 29,100	$ 29,400	$ 29,900	$ 29,100	$ 28,100
	68.73%	67.01%	66.22%	67.01%	69.40%

Required Supplementary Information
Arkansas State Highway Employees Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020	2019
Statutorily determined contribution	$ 23,578	$ 24,092	$ 23,209	$ 19,282
Contributions in relation to the statutorily determined contribution	27,993	24,092	23,209	19,282
Contribution deficiency (excess)	$ (4,415)	$ 0	$ 0	$ 0
Covered payroll (1) (2) (4)	$ 187,870	$ 159,568	$ 149,977	$ 146,461
Contributions as a percentage of covered payroll	14.90%	15.10%	15.47%	13.16%

(1) The covered payroll is the reported salary for active members (who are not in the DROP) as of the measurement date. If the reported salary was for a period of less than 12 months, then it has been annualized.
(2) Starting in fiscal year 2019, the covered payroll is the payroll on which contributions to a pension plan are based.
(3) Restated to match actuary.
(4) Beginning with 2022, the covered payroll amount increased for the additional salaries for those on DROP that now have an employer contribution applied.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to 2014.

2018		2017	2016	2015	2014
$ 19,294		$ 19,175	$ 19,232	$ 19,059	$ 18,615
19,294		19,175	19,232	19,059	18,615
$ 0		$ 0	$ 0	$ 0	$ 0
$ 148,528	(3)	$ 141,155	$ 141,906	$ 140,544	$ 137,262
12.99%	(3)	13.58%	13.55%	13.56%	13.56%

Required Supplementary Information
Arkansas Public Employees Retirement System
Schedule of State's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset)	64.89%	64.97%	65.48%	65.78%	65.68%	66.75%	67.27%	67.64%
State's proportionate share of the net pension liability (asset)	$ 498,876	$ 1,860,489	$ 1,579,726	$ 1,451,086	$ 1,697,154	$ 1,596,332	$ 1,238,862	$ 959,763
State's covered payroll	$ 1,138,768	$ 1,162,671	$ 1,196,492	$ 1,179,811	$ 1,101,174	$ 1,125,557	$ 1,112,250	$ 1,105,688
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.81%	160.02%	132.03%	122.99%	154.12%	141.83%	111.38%	86.80%
Plan fiduciary net position as a percentage of the total pension liability	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

(1) The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas Teachers Retirement System
Schedule of State's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset)	2.94%	3.24%	3.44%	3.60%	3.79%	3.96%	4.14%	4.29%
State's proportionate share of the net pension liability (asset)	$ 81,442	$ 183,496	$ 143,543	$ 130,937	$ 159,385	$ 174,692	$ 134,997	$ 112,517
State's covered payroll	$ 95,566	$ 99,701	$ 106,771	$ 109,372	$ 111,173	$ 115,753 (2)	$ 119,107	$ 121,357
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	85.22%	184.05%	134.44%	119.72%	143.37%	150.92%	113.34%	92.72%
Plan fiduciary net position as a percentage of the total pension liability	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

(1) The amounts presented for each fiscal year were determined as of the prior fiscal year-end.
(2) Restated to match actuary.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to this fiscal year.

Required Supplementary Information
Arkansas Public Employees Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	$ 200,732	$ 199,257	$ 193,899	$ 191,079	$ 180,533	$ 170,844	$ 174,479	$ 175,750	$ 177,950
Contributions in relation to the statutorily determined contribution	200,732	199,257	193,899	191,079	180,533	170,844	174,479	175,750	177,950
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 1,189,443	$ 1,138,768 (1)	$ 1,162,671 (1)	$ 1,196,492 (1)	$ 1,179,811 (1)	$ 1,101,174	$ 1,125,557 (1)	$ 1,112,250 (1)	$ 1,105,688
Contributions as a percentage of covered payroll	16.88%	17.50%	16.68%	15.97%	15.30%	15.51%	15.50%	15.80%	16.09%

(1) Restated to match actuary.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to 2014.

Required Supplementary Information
Arkansas Teachers Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily determined contribution	$ 14,113	$ 14,295	$ 14,448	$ 14,876	$ 15,213	$ 15,619	$ 16,337	$ 17,118	$ 17,352
Contributions in relation to the statutorily determined contribution	14,113	14,295	14,448	14,876	15,213	15,619	16,337	17,118	17,352
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 95,094	$ 95,566 (1)	$ 99,701 (1)	$ 106,771 (1)	$ 109,372	$ 111,173	$ 115,753 (1)	$ 119,107 (1)	$ 121,357
Contributions as a percentage of covered payroll	14.84%	14.96%	14.49%	13.93%	13.91%	14.05%	14.11%	14.37%	14.30%

(1) Restated to match actuary.

The State implemented GASB Statement No. 68 in fiscal year 2015. Information for this schedule was not available prior to 2014.

Required Supplementary Information
Schedule of Expenditures – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2022
(Expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget – Positive
	Original	Final	Amounts	(Negative)
Expenditures (1)				
Current:				
Commerce	$ 5,591,502	$ 1,009,948	$ 566,970	$ 442,978
Education	5,032,090	5,928,585	4,647,595	1,280,990
General Government	3,111,823	3,179,056	2,033,938	1,145,118
Health and human services	10,344,783	12,733,270	11,199,402	1,533,868
Law, justice and public safety	1,115,358	1,240,931	1,023,322	217,609
Recreation and tourism	314,587	349,075	220,961	128,114
Regulation of business and professionals	35,832	36,725	27,959	8,766
Resource Development	392,939	447,468	210,645	236,823
Transportation	759,078	739,448	568,644	170,804
Capital outlay	1,853,945	2,098,975	1,133,290	965,685
Debt service	298,053	341,658	280,119	61,539
Total expenditures	$ 28,849,990	$ 28,105,139	$ 21,912,845	$ 6,192,294

(1) Expenditures are appropriated; amounts blocked determine available budget. Blocking is revised quarterly to match the forecast revisions of available resources. Expenditures may not exceed the lesser of budget or resources available.

See Notes to Schedule of Expenditures – Budget and Actual on next page.

Required Supplementary Information
Notes to Schedule of Expenditures – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

(a) Budgetary Basis of Accounting

The State's budget is adopted in accordance with a statutory cash basis of accounting, which is not in accordance with Generally Accepted Accounting Principles (GAAP). Revenues are recognized when cash is received and deposited in the State Treasury or reported to the Department of Finance and Administration (DFA). Expenditures are recorded when cash is disbursed. If goods or services are not received before year-end, all encumbrances lapse, except those appropriations for multi-year projects.

(b) Budgetary Basis Reporting – Budgetary Process

State finance law requires that a balanced line item expenditure budget be approved by the Governor and the General Assembly. The Governor presents an annual budget to the General Assembly. The General Assembly, which has full authority to amend the budget, adopts a line item expenditure budget by appropriating monies in annual appropriation acts. Before signing the appropriation act, the Governor may veto any specific item, subject to legislative override.

The original appropriation may be adjusted by several items subsequent to the appropriation act. The adjustment items may be supplemental appropriations or subsequent legislative acts, revisions to the forecast of available resources, restrictions on spending by Executive Order, and carryforward provisions.

The State does not adopt a revenue budget but does monitor the available resources and forecast of available resources and makes appropriate revisions to the line item expenditure budget based on such forecasts. These forecasts are adjusted quarterly to reflect actual receipts of resources.

The General Assembly also must enact legislation pursuant to the Revenue Stabilization Law (the Stabilization Law) to provide an allotment process of funding line item expenditure appropriations in order to comply with the State law prohibiting deficit spending. The Governor may restrict spending to a level below appropriation amounts. The State uses specific funds (i.e., general and special revenue allotment accounts) for receipt and distribution of revenues. Pursuant to the Stabilization Law, all general revenue receipts are deposited in the General Revenue Allotment Account. From the General Revenue Allotment Account, 3% of all revenues are distributed to the Constitutional Officers Fund and the Central Services Fund to provide support for the State's elected constitutional offices (legislators, executive department, and judges), their staffs, and DFA. The balance, net of income tax refunds, court settlement arrangements, etc., is then distributed to separate funds proportionately as established by the Stabilization Law. Special revenues are deposited into the Special Revenue Allotment Account from which 3% of revenues collected by DFA and 1.5% of all special revenues collected by other agencies are first distributed to support the State's elected officials, their staffs, and DFA. The balance is then distributed to the funds for which the special revenues were collected as provided by law. Special revenues, which are primarily user taxes, are generally earmarked for the program or agency providing the related service.

General revenues are transferred into funds established and maintained by the Treasurer for major programs and agencies of the State in accordance with the General Revenue Allotment Account funding priorities established by the General Assembly.

Pursuant to the Stabilization Law, the General Assembly established three levels of priority for general revenue spending levels: "A," "A1," and "B." Successive levels of appropriations are funded only in the event sufficient revenues have been generated to fully fund any prior level. Accordingly, appropriations made to programs and agencies are only maximum authorizations to spend. Actual expenditures are limited to the lesser of monies flowing into programs or agencies' funds maintained by the Treasurer or the maximum appropriation by the General Assembly.

The majority of the State's appropriations are noncontinuing accounts that lapse at the end of each fiscal year. Others are continuing accounts for which the General Assembly has authorized that an unspent balance from the prior year be carried forward and made available for current spending. In addition, the General Assembly may direct that certain revenues be retained and made available for spending within a specific appropriation account.

The rate of spending of appropriations is controlled by DFA, which utilizes quarterly allotments that restrict spending to a certain percentage of the annual appropriation. The percentage is established to coincide with the expected actual rate of revenue collections, thereby ensuring adequate cash flow throughout the year. The funded portion of the quarterly allotment is then made available for expenditure, and the remainder is blocked.

DFA has the responsibility to ensure that budgetary spending control is maintained on an individual appropriation classification basis. Appropriation classifications are subdivisions of appropriations, define the purposes for which the appropriation can be used, and restrict the amount of expenditures for the various classifications to amounts established in the appropriation acts. Appropriation classifications may include regular salaries, extra help, overtime, maintenance and general operation, personal services matching, conference and travel expenses, professional fees, capital outlay, data processing, grants assistance and special aid, construction and permanent improvements, and other special classifications. Budgetary control is maintained through the Arkansas Administrative Statewide Information System (AASIS). AASIS ensures that expenditures are not processed if they exceed the appropriation classification total available spending authorization, which is considered its budget. Generally, expenditures may not exceed the level of spending authorized. However, Arkansas law authorizes DFA to transfer specific holding appropriations when other sources of funding are received, such as a federal grant.

Budget is controlled at the appropriation line item (commitment item), which is the legal level of budgetary control. For financial reporting, the State groups these appropriation account categories by function to conform to its organizational structure. The separately issued Budget Compliance Report tracks budget compliance at the funds center and commitment item level and can be obtained by contacting:

The Department of Finance and Administration
Office of Accounting
1509 West Seventh Street
Little Rock, AR 72201

The following is a reconciliation of GAAP basis expenditures presented in the financial statements to the statutory cash basis expenditures of the General Fund (expressed in thousands):

Total GAAP basis expenditures General Fund	$ 22,863,433
Less non-cash expenditures	(930,510)
Less non-appropriated expenditures	(10,175,597)
Plus expenditures eliminated or reclassed as transfers for reporting purposes	9,624,517
Plus refunds treated as reduction of revenue for financial statements purposes	726,931
Plus installment purchase agreements recorded in appropriated funds	(87,647)
Less basis of accounting differences	(108,282)
Total statutory basis expenditures General Fund	$ 21,912,845

Required Supplementary Information
Ten-Year Claims Development Information (1)
Employee Benefits Division – Public School Employee Health and Life Benefit Plan

	2022	2021		2020		2019
Premium and investment revenues:						
Premium income	$ 421,223,328	$ 353,861,571		$ 325,116,026		$ 314,954,651
Investment interest income	197,671	236,842		2,169,178		3,380,809
Totals	$ 421,420,999	$ 354,098,413		$ 327,285,204		$ 318,335,460
Unallocated expenses:						
Operating costs	$ 4,113,182	$ 3,064,078		$ 6,747,838		$ 6,683,244
Estimated incurred claims and expenses, end of fiscal year	$ 365,994,000	$ 360,175,000	(3)	$ 324,983,000	(3)	$ 281,668,000
Paid (cumulative) claims and claims adjustment expenses:						
End of fiscal year	330,696,000	321,846,000	(3)	296,386,000	(3)	282,668,000
One year later		355,769,000		322,132,000		290,217,000
Two years later				321,802,000		300,166,000
Re-estimated incurred claims and expenses (2):						
End of fiscal year	365,994,000	360,212,000		325,031,000		281,668,000
One year later		360,212,000		325,031,000		281,668,000
Two years later				325,031,000		281,668,000
Increase (decrease) in estimated incurred claims and expense from end of policy year	0	0		0		0
Increase (decrease) in net incurred claims and claim adjustment expenses from original estimate	0	0		0		0
Number of plan participants	65,829	64,859	(3)	63,874	(3)	62,416

(1) Government Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Activities*, as amended, requires certain disclosures for public entity risk pools. Note 17 to the financial statements describes the Public School Employee Health and Life Benefit Plan and also provides certain other required information. This schedule provides 10-year claim development information for the program as described by GASB Statement No. 10, as amended.

(2) Because the Public School Employee Health and Life Benefit Plan is not restating Claims IBNR each year, the re-estimated incurred claims and expenses remain the original estimate.

(3) Restated.

2018	2017	2016	2015	2014	2013
$ 309,752,545	$ 305,452,670	$ 301,501,278	$ 301,894,264	$ 274,117,377	$ 276,235,566
2,525,713	1,167,240	292,270	181,804	95,121	94,975
$ 312,278,258	$ 306,619,910	$ 301,793,548	$ 302,076,068	$ 274,212,498	$ 276,330,541
$ 8,668,569	$ 9,037,550	$ 10,579,867	$ 11,658,122	$ 8,533,361	$ 6,977,013
$ 271,486,000	$ 241,903,000	$ 253,985,000	$ 234,202,000	$ 256,961,000	$ 282,627,000
269,586,000	245,903,000	252,285,000	234,202,000	256,961,000	280,127,000
271,399,761	241,802,196	253,882,147	234,066,260	256,700,395	279,891,538
271,401,376	241,874,673	253,952,179	234,171,258	256,930,541	280,097,026
271,486,000	241,903,000	253,985,000	234,202,000	256,961,000	282,627,000
271,486,000	241,903,000	253,985,000	234,202,000	256,961,000	282,627,000
271,486,000	241,903,000	253,985,000	234,202,000	256,961,000	282,627,000
0	0	0	0	0	0
0	0	0	0	0	0
60,929	59,388	58,181	57,879	58,253	57,087

Required Supplementary Information
Ten-Year Claims Development Information (1)
Workers' Compensation Commission – Death and Permanent Total Disability Trust Fund

	2022	2021	2020	2019
Premium and investment revenues:				
Premium income	$ 6,351,840	$ 8,078,777	$ 8,094,866	$ 8,655,652
Investment interest income	292,487	541,557	1,593,050	3,710,195
Totals	$ 6,644,327	$ 8,620,334	$ 9,687,916	$ 12,365,847
Unallocated expenses:				
Operating costs (2)	$ 539,936	$ 533,765	$ 575,733	$ 595,682
Estimated incurred claims and expenses, end of fiscal year	$ 0	$ 0	$ 0	$ 6,937,646
Paid (cumulative) claims and claims adjustment expenses:				
End of fund year	0	0	0	0
One year later		0	0	0
Two years later			0	0
Three years later				0
Four years later				
Five years later				
Six years later				
Seven years later				
Eight years later				
Nine years later				
Re-estimated incurred claims and expenses:				
End of fund year	0	0	0	4,183,068
One year later		0	0	4,075,961
Two years later			0	3,017,823
Three years later				3,322,879
Four years later				
Five years later				
Six years later				
Seven years later				
Eight years later				
Nine years later				
Increase (decrease) in estimated incurred claims and expense from end of policy year (3)	0	0	0	(3,614,797)
Number of fund participants receiving benefits at end of year	1,093	1,145	1,188	1,235

(1) Government Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Activities*, as amended, requires disclosures for public entity risk pools. Note 17 to the financial statements describes the Workers' Compensation Death and Permanent Total Disability Fund and also provides certain other required information. This schedule provides 10-year claim development information for the program as described by GASB Statement No. 10, as amended.

(2) The amounts reflected as operating costs of the program for the respective years that were paid from the Workers' Compensation Trust Fund.

(3) Restated

2018	2017	2016	2015	2014	2013
$ 9,753,376	$ 10,074,701	$ 9,519,983	$ 8,642,283	$ 5,588,765	$ 8,867,656
1,333,563	1,395,741	718,453	515,618	573,589	731,425
$ 11,086,939	$ 11,470,442	$ 10,238,436	$ 9,157,901	$ 6,162,354	$ 9,599,081
$ 270,595	$ 277,340	$ 220,142	$ 227,326	$ 247,135	$ 248,942
$ 7,334,183	$ 7,334,041	$ 6,864,888	$ 6,706,673	$ 7,593,766	$ 7,037,748
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
	0	0	0	0	0
		35,336	46,870	14,706	909
			219,828	23,199	48,260
				112,065	175,789
2,940,203	1,242,119	2,754,013	2,600,334	1,416,083	1,268,529
6,254,793	2,260,839	4,978,108	4,457,931	3,051,235	3,500,691
6,939,375	1,272,953	5,441,589	4,575,545	4,304,721	4,863,077
6,205,123	1,468,021	5,459,593	4,561,986	5,263,245	4,913,891
5,904,938	2,803,102	5,206,901	4,713,597	4,684,459	4,138,525
	3,329,015	4,593,743	4,539,697	3,139,690	3,770,078
		5,489,251	4,305,358	3,387,149	5,104,367
			5,554,371	2,874,971	4,826,707
				3,390,338	6,263,149
					7,270,211
(1,429,245)	(4,005,026)	(1,375,637)	(1,152,302)	(4,203,428)	232,463
1,265	1,333	1,369	1,403	1,442	1,474

Required Supplementary Information
Ten-Year Claims Development Information (1)
Workers' Compensation Commission – Second Injury Trust Fund

	2022	2021	2020	2019
Premium and investment revenues:				
Premium taxes	$ 0	$ 0	$ 0	$ 0
Interest income	1,328	2,606	21,525	34,708
Totals	$ 1,328	$ 2,606	$ 21,525	$ 34,708
Unallocated expenses:				
Operating costs (2)	$ 500	$ 1,200	$ 1,200	$ 1,635
Estimated incurred claims and expenses, end of fiscal year, adjusted for decrease in discount	$ 0	$ 0	$ 0	$ 0
Paid (cumulative) claims and claims adjustment expenses:				
End of fund year	0	0	0	0
One year later		0	0	0
Two years later			0	0
Three years later				0
Four years later				
Five years later				
Six years later				
Seven years later				
Eight years later				
Nine years later				
Re-estimated incurred claims and expenses:				
End of fund year	0	0	0	0
One year later		0	0	0
Two years later			0	0
Three years later				0
Four years later				
Five years later				
Six years later				
Seven years later				
Eight years later				
Nine years later				
Increase (decrease) in estimated incurred claims and expense from end of policy year	0	0	0	0
Number of fund participants receiving benefits at end of year	0	0	0	0

(1) Government Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Activities*, as amended, requires certain disclosures for public entity risk pools. Note 17 to the financial statements describes the Workers' Compensation Second Injury Trust Fund and also provides certain other required information. This schedule provides 10-year claim development information for the program as described by GASB Statement No. 10, as amended.

(2) The amounts reflected as operating costs of the program for the respective years that were paid from the Workers' Compensation Trust Fund.

2018	2017	2016	2015	2014	2013
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
22,971	13,028	6,783	3,600	3,311	4,315
$ 22,971	$ 13,028	$ 6,783	$ 3,600	$ 3,311	$ 4,315
$ 251,556	$ 256,492	$ 333,837	$ 343,313	$ 361,793	$ 396,593
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
	0	0	0	0	0
		0	0	0	0
			0	0	0
				0	0
					0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
	0	0	0	0	0
		0	0	0	0
			0	0	0
				0	0
					0
0	0	0	0	0	0
0	1	1	0	0	3

Required Supplementary Information
Other Postemployment Benefits
Ten -Year Schedule of Changes in Total OPEB Liability and Related Ratios
(Expressed in thousands)

Plan	Fiscal Year	Service Cost	Interest Cost	Change of Benefit Terms	Difference Between Expected and Actual Experience
Primary Government					
Arkansas State Police	2022	$ 11,529	$ 5,427	$	$
	2021	10,155	6,440		(10,179)
	2020	9,701	6,234		
	2019	6,409	5,062		35,377
	2018	6,114	4,959		
Arkansas Employee Benefits Plan	2022	129,793	57,538	(660,043)	(214,256)
	2021	123,540	55,967		7,308
	2020	70,390	68,690		(66,272)
	2019 (2)	66,616	78,141		12,982
	2018	69,996	73,092		(13,267)
Component Unit					
Arkansas Employee Benefits Plan	2022	214	95	(1,089)	(354)
	2021	206	93		12
	2020	114	112		(108)
	2019	104	122		20
	2018	132	137		(55)
Higher Education					
Arkansas Northeast College	2022	42	16		117
	2021	39	18		
	2020	31	16		77
	2019	29	16		
	2018	29	17		
Arkansas State University	2022	579	259		(371)
(3)	2021	1,132	458	15	(1,756)
	2020	1,427	840	999	(10,257)
	2019	1,522	743		3,152
	2018	1,433	671		
Arkansas Tech University	2022	641	207		(200)
	2021	566	312		(757)
	2020	557	332	(217)	(144)
	2019	691	333	(446)	(177)
	2018	655	331		(274)
Black River Technical College	2022	124	44		(197)
	2021	116	50		
	2020	102	50		(8)
	2019	100	50		
	2018	98	50		
East Arkansas Community College	2022	56	18		35
	2021	52	20		
	2020	42	17		91
	2019	41	17		
	2018	40	16		
Henderson State University	2022	331	126	(2,986)	(850)
(3)	2021	268	102	22	933
	2020	205	147		76
	2019	409	143	(322)	(612)
	2018	425	147		(569)
	2017 to 2012 (1)				

(1) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 75 in fiscal year 2018. Information for the schedule was not available prior to this fiscal year.
(2) Restated to add National Park College.
(3) Henderson State University merged with Arkansas State University in FY2021. Plans are stated separately for FY2021.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for any of the plans above.

Changes in Assumptions and Other Inputs	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability Beginning	Total OPEB Liability Ending	Total OPEB Liability Proportionate Share	Covered Employee Payroll	Total OPEB Liability as a Percentage of Covered Employee Payroll
$ (76,310)	$ (4,290)	$ (63,644)	$ 245,343	$ 181,699		$ 39,557	459.33%
3,857	(3,889)	6,384	238,959	245,343		38,931	630.20%
5,920	(3,011)	18,844	220,115	238,959		37,504	637.16%
8,488	(3,811)	51,525	168,590	220,115		35,433	621.21%
3,949	(3,614)	11,408	157,182	168,590		33,508	503.13%
(573,400)	(65,922)	(1,326,290)	2,591,619	1,265,329	99.84%	1,504,313	84.11%
(106,370)	(55,500)	24,945	2,566,674	2,591,619	99.83%	1,445,551	179.28%
628,240	(53,515)	647,533	1,919,141	2,566,674	99.84%	1,461,341	175.64%
(194,015)	(60,316)	(96,592)	2,015,733	1,919,141	99.84%	1,437,502	133.51%
(92,281)	(58,018)	(20,478)	2,036,211	2,015,733	99.81%	1,403,276	143.64%
(979)	(109)	(2,222)	4,309	2,087	0.16%	2,952	70.70%
(73)	(92)	146	4,163	4,309	0.17%	2,959	145.62%
1,140	(87)	1,171	2,992	4,163	0.16%	3,372	123.46%
(966)	(94)	(814)	3,806	2,992	0.16%	3,428	87.28%
(144)	(109)	(39)	3,845	3,806	0.19%	3,394	112.14%
(109)	(35)	31	735	766		7,755	9.88%
20	(41)	36	699	735		7,841	9.37%
48	(31)	141	558	699		8,188	8.54%
7	(46)	6	552	558		7,859	7.10%
5	(65)	(14)	566	552		8,382	6.59%
(1,750)	(294)	(1,577)	11,969	10,392		97,906	10.61%
(5,387)	(232)	(5,770)	17,739	11,969		125,853	9.51%
(519)	(149)	(7,659)	25,398	17,739		123,778	14.33%
595	(767)	5,245	20,153	25,398		115,592	21.97%
325	(948)	1,481	18,672	20,153		117,068	17.21%
(1,306)	(636)	(1,294)	9,050	7,756		48,650	15.94%
937	(700)	358	8,692	9,050		44,466	20.35%
475	(641)	362	8,330	8,692		45,450	19.12%
(381)	(691)	(671)	9,001	8,330		46,943	17.74%
(1,990)	(788)	(2,066)	11,067	9,001		43,684	20.60%
(253)	(82)	(364)	2,014	1,650		5,531	29.83%
58	(82)	142	1,872	2,014		6,862	29.35%
37	(76)	105	1,767	1,872		6,807	27.50%
19	(77)	92	1,675	1,767		6,832	25.86%
15	(66)	97	1,578	1,675		6,980	24.00%
(139)	(43)	(73)	809	736		5,887	12.50%
24	(40)	56	753	809		5,966	13.56%
25	(25)	150	603	753		6,450	11.67%
8	(21)	45	558	603		5,016	12.02%
6	(21)	41	517	558		6,613	8.44%
(768)	(180)	(4,327)	5,591	1,264		10,311	12.26%
32	(193)	1,164	4,427	5,591		13,483	41.47%
(117)	(155)	156	4,271	4,427		24,379	18.16%
(136)	(145)	(663)	4,934	4,271		23,949	17.83%
(3)	(149)	(149)	5,083	4,934		20,614	23.94%

Continued on the following page

Required Supplementary Information
Other Postemployment Benefits
Ten -Year Schedule of Changes in Total OPEB Liability and Related Ratios
(Expressed in thousands)

Continued from previous page

Plan	Fiscal Year	Service Cost	Interest Cost	Change of Benefit Terms	Difference Between Expected and Actual Experience
North Arkansas College	2022	65	29		
	2021	45	28		130
	2020	44	27		
	2019	22	18		219
	2018	21	18		
National Park College	2022	67	15		
	2021	27	14		106
	2020	34	13		
	2019	43	20		(4)
	2018	42	20		
Northwest Arkansas Community College	2022	100	28		
	2021	59	35		(247)
	2020	58	34		
	2019	53	33		(152)
	2018	52	32		
Ozarka College	2022	51	19		
	2021	40	22		(59)
	2020	39	21		
	2019	36	21		(30)
	2018	35	20		
South Arkansas Community College	2022	80	19		
	2021	72	20		(4)
	2020	70	19		
	2019	54	18		(21)
	2018	52	17		
Southern Arkansas University - Technical Branch	2022	120	34		240
	2021	113	39		
	2020	111	42		(211)
	2019	108	42		
	2018	105	40		
Southern Arkansas University	2022	338	65		(515)
	2021	296	63		(82)
	2020	240	86		(202)
	2019	156	56		545
	2018	160	60		(360)
University of Arkansas System Self-Funded Plan	2022	4,891	1,776		(971)
	2021	4,510	2,736	(10,108)	(2,196)
	2020	4,026	2,831		(3,244)
	2019	3,953	2,569	832	(3,266)
	2018	4,589	2,321		
University of Central Arkansas	2022	313	83		(658)
	2021	326	81		(108)
	2020	255	106		(3)
	2019	204	86		407
	2018	198	85		(191)
	2017 to 2012 (1)				

(1) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 75 in fiscal year 2018. Information for the schedule was not available prior to this fiscal year.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for any of the plans above.

Changes in Assumptions and Other Inputs	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability Beginning	Total OPEB Liability Ending	Total OPEB Liability Proportionate Share	Covered Employee Payroll	Total OPEB Liability as a Percentage of Covered Employee Payroll
(223)		(129)	1,318	1,189		7,234	16.44%
75		278	1,040	1,318		7,384	17.85%
12		83	957	1,040		7,188	14.47%
101		360	597	957		6,815	14.04%
8		47	550	597		6,955	8.58%
(102)	(4)	(24)	675	651		9,776	6.66%
26	(4)	169	506	675		10,815	6.24%
3	(13)	37	469	506		4,667	10.84%
(239)	(10)	(190)	659	469		4,115	11.40%
7	(20)	49	610	659		10,496	6.28%
(162)		(34)	1,223	1,189		26,495	4.49%
71		(82)	1,305	1,223		20,622	5.93%
15		107	1,198	1,305		17,481	7.47%
173		107	1,091	1,198		26,429	4.53%
15		99	992	1,091		20,606	5.29%
(153)		(83)	864	781		4,385	17.81%
49		52	812	864		4,477	19.30%
10		70	742	812		4,225	19.22%
29	(5)	51	691	742		4,144	17.91%
10	(13)	52	639	691		3,854	17.93%
(132)	(15)	(48)	849	801		6,885	11.63%
36	(9)	115	734	849		7,469	11.37%
8	(6)	91	643	734		7,956	9.23%
11	(12)	50	593	643		7,670	8.38%
7	(11)	65	528	593		7,786	7.62%
(290)	(67)	37	1,567	1,604		6,559	24.45%
45	(57)	140	1,427	1,567		6,203	25.26%
30	(37)	(65)	1,492	1,427		6,064	23.53%
17	(43)	124	1,368	1,492		5,923	25.19%
13	(37)	121	1,247	1,368		6,071	22.53%
(358)	(20)	(490)	3,253	2,763		24,239	11.40%
33	(2)	308	2,945	3,253		23,674	13.74%
302	(30)	396	2,549	2,945		23,902	12.32%
(113)	(30)	614	1,935	2,549		24,822	10.27%
(1)	(16)	(157)	2,092	1,935		23,815	8.13%
398	(2,379)	3,715	76,603	80,318		1,455,294	5.52%
9,159	(2,245)	1,856	74,747	76,603		1,351,363	5.67%
3,131	(2,180)	4,564	70,183	74,747		1,328,526	5.63%
(691)	(2,019)	1,378	68,805	70,183		1,309,045	5.36%
(13,905)	(2,109)	(9,104)	77,909	68,805		1,320,436	5.21%
(410)	(48)	(720)	4,110	3,390		77,894	4.35%
42	(65)	276	3,834	4,110		77,340	5.31%
369	(56)	671	3,163	3,834		78,963	4.86%
(491)	(50)	156	3,007	3,163		79,580	3.97%
	(61)	31	2,976	3,007		82,107	3.66%

COMBINING FINANCIAL STATEMENTS

ARKANSAS STATE GOVERNMENT

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NON-MAJOR ENTERPRISE FUNDS

The enterprise funds are used to account for operations of those State agencies and/or programs providing goods or services to the general public on a user-charge basis or where the State has decided that periodic determination of revenues earned, expenses incurred, and/or income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The non-major enterprise funds consist of the following:

Construction Assistance Revolving Loan Fund – This program is responsible for providing a perpetual fund for financing the construction of wastewater treatment facilities for municipalities and other public entities.

Public School Employee Health and Life Benefit Plan – This program is responsible for providing health and life insurance, along with a prescription drug benefit, to participating public school employees.

Other Revolving Loan Funds – These programs are responsible for providing a perpetual fund for financing the planning, design, acquisition, construction, expansion, equipping, and/or rehabilitation for water systems; financing capitalizable educational and general projects for community and technical colleges; financing energy efficiency and conservation projects for residential homes; establishing a cooperative pilot program with the Clinton Climate Initiative to increase the energy efficiency of Arkansas companies and provide audit and retrofit opportunities for their employees; financing energy efficiency retrofits and green energy implementation for industries; providing funding for communities to address affordable housing needs in metropolitan and rural areas in Arkansas; and holding equity investments made by the Risk Capital Matching Fund.

Combining Statement of Fund Net Position
Non-major Enterprise Funds
June 30, 2022
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Revolving Loan Funds and Other Enterprise Funds	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 75,811	$ 124,891	$ 97,980	$ 298,682
Investments	2,057	55,091		57,148
Receivables:				
Accounts	291	6,205	220	6,716
Interest	557	71	331	959
Advances to other funds			998	998
Due from other governments	49		315	364
Total current assets	78,765	186,258	99,844	364,867
Noncurrent assets:				
Advances to other funds	334		5,694	6,028
Loans receivable, restricted	371,330		217,810	589,140
Capital assets:				
Depreciable, net		626		626
Total noncurrent assets	371,664	626	223,504	595,794
Total assets	$ 450,429	$ 186,884	$ 323,348	$ 960,661
Liabilities				
Current liabilities:				
Accounts payable	$ 269	$ 10,849	$ 192	$ 11,310
Due to other funds			283	283
Claims, judgments and compensated absences		37,820		37,820
Total current liabilities	269	48,669	475	49,413
Net Position:				
Net investment in capital assets		626		626
Restricted for:				
Program requirements	450,160		322,873	773,033
Unrestricted		137,589		137,589
Total net position	450,160	138,215	322,873	911,248
Total liabilities and net position	$ 450,429	$ 186,884	$ 323,348	$ 960,661

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-major Enterprise Funds
For the Fiscal Year Ended June 30, 2022
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Revolving Loan Funds and Other Enterprise Funds	Total
Operating revenues:				
Charges for sales and services	$	$ 440,567	$	$ 440,567
Licenses, permits and fees	3,603		2,512	6,115
Total operating revenues	3,603	440,567	2,512	446,682
Operating expenses:				
Supplies and services		1,133		1,133
General and administrative expenses	843		627	1,470
Benefits and aid payments		397,189		397,189
Federal financial assistance	4,095		5,799	9,894
Depreciation and amortization		322		322
Total operating expenses	4,938	398,644	6,426	410,008
Operating income (loss)	(1,335)	41,923	(3,914)	36,674
Nonoperating revenues (expenses):				
Investment earnings	6,123	167	2,901	9,191
Grants and contributions	12,437		14,337	26,774
Net increase (decrease) in fair value of investments	(37)		(64)	(101)
Loss on sale of fixed assets		(20)		(20)
Total nonoperating revenues (expenses)	18,523	147	17,174	35,844
Income (loss) before transfers and contributions	17,188	42,070	13,260	72,518
Transfers in			9,653	9,653
Transfers out		(470)	(12,935)	(13,405)
Change in net position	17,188	41,600	9,978	68,766
Total net position - beginning	432,972	96,615	312,895	842,482
Total net position - ending	$ 450,160	$ 138,215	$ 322,873	$ 911,248

Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Fiscal Year Ended June 30, 2022
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Revolving Loan Funds and Other Enterprise Funds	Total
Cash flows from operating activities:				
Cash received from customers	$	$ 435,645	$	$ 435,645
Payments of benefits		(395,258)		(395,258)
Payments to suppliers		1,392		1,392
Loan administration received			1,761	1,761
Federal grant funds expended			(1)	(1)
Other operating receipts	2,562			2,562
Net cash provided by (used in) operating activities	2,562	41,779	1,760	46,101
Cash flows from noncapital financing activities:				
Grants and contributions	12,425		14,324	26,749
Transfers in			9,653	9,653
Transfers out		(470)	(12,891)	(13,361)
Net cash provided by (used in) noncapital financing activities	12,425	(470)	11,086	23,041
Cash flows from investing activities:				
Purchase of investments	(2,507)			(2,507)
Proceeds from sale and maturities of investments	2,466	(22,050)	(64)	(19,648)
Interest and dividends on investments	150	105	236	491
Loan disbursements	(57,796)		(34,748)	(92,544)
Principal repayments on loans	12,220		22,526	34,746
Interest received on loans	5,502		2,428	7,930
Federal grant funds expended	(4,095)		(5,798)	(9,893)
Net cash provided by investing activities	(44,060)	(21,945)	(15,420)	(81,425)
Net increase (decrease) in cash and cash equivalents	(29,073)	19,364	(2,574)	(12,283)
Cash and cash equivalents - beginning	104,884	105,527	100,554	310,965
Cash and cash equivalents - ending	$ 75,811	$ 124,891	$ 97,980	$ 298,682
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ (1,335)	$ 41,923	$ (3,914)	$ 36,674
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization		322		322
Federal grants expended	4,095		5,798	9,893
Net changes in assets, liabilities and deferred outflows/inflows:				
Accounts receivable	(227)	(4,921)	(159)	(5,307)
Accounts payable and other accrued liabilities	29	4,455	35	4,519
Net cash provided by (used in) operating activities	$ 2,562	$ 41,779	$ 1,760	$ 46,101

PENSION TRUST FUNDS

Pension trust funds are used to account for assets held by the State in a fiduciary capacity or as an agent for individuals. The pension trust funds are accounted for in essentially the same manner as proprietary funds and consist of the following:

Public Employee Retirement System (which also administers the State Police Retirement System and the Judicial Retirement System)

Teacher Retirement System

State Highway Employees Retirement System

Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2022
(Expressed in thousands)

	Public Employees Retirement System	State Police Retirement System	Judicial Retirement System	Teacher Retirement System	State Highway Employees Retirement System	Total
Assets						
Cash and cash equivalents	$ 240,233	$ 15,009	$ 5,489	$ 367,098	$ 297,439	$ 925,268
Receivables:						
Employee	2,727		52	11,162	457	14,398
Employer	15,830	388	131	27,931	1,019	45,299
Investment principal	27,119	1,050	440	22,735		51,344
Interest and dividends	22,593	876	1,103	19,711	2,128	46,411
Other	38		1	8,688	102	8,829
Due from other funds				4,053		4,053
Total receivables	68,307	2,314	1,727	94,280	3,706	170,334
Investments at fair value:						
U.S. government securities	338,241	13,097	12,845	77,762	185,515	627,460
Bonds, notes, mortgages and preferred stock	88,626	3,432	125,152	868,828	188,331	1,274,369
Common stock	3,096,381	119,898	7,852	2,476,614	432,325	6,133,070
Real estate	1,413,286	54,725	74,906	203,362	1,508	1,747,787
International investments	1,847,413	71,535	12,318	1,060,996	8,158	3,000,420
Mutual funds				457,203	163,546	620,749
Pooled investment funds	1,820,059	70,476	41,472	4,987,473	99,991	7,019,471
Corporate obligations	597,577	23,139	15,197	487,073	89,411	1,212,397
Asset and mortgage-backed securities	267,299	10,350	841	33,756		312,246
State recycling tax credit				144,000		144,000
Other	743	29		8,472,390		8,473,162
Total investments	9,469,625	366,681	290,583	19,269,457	1,168,785	30,565,131
Other assets						
Securities lending collateral	552,355	21,388		770,202	62,467	1,406,412
Capital assets	11,521			90		11,611
Other assets	372			103		475
Total other assets	564,248	21,388		770,395	62,467	1,418,498
Total assets	10,342,413	405,392	297,799	20,501,230	1,532,397	33,079,231
Deferred Outflows of Resources						
Deferred outflows related to OPEB	601			686		1,287
Total assets and deferred outflows of resources	$ 10,343,014	$ 405,392	$ 297,799	$ 20,501,916	$ 1,532,397	$ 33,080,518
Liabilities						
Accounts payable and other liabilities	$ 12,145	$ 581	$ 332	$ 16,291	$ 1,056	$ 30,405
Investment principal payable	36,514	1,414	612	30,567		69,107
Obligations under securities lending	554,113	21,456		770,277	62,503	1,408,349
Postemployment benefits liability	3,018			3,241		6,259
Due to other funds	9			2		11
Total liabilities	605,799	23,451	944	820,378	63,559	1,514,131
Deferred Inflows of Resources						
Deferred inflows related to other post employment benefits	1,844			2,070		3,914
Total liabilities and deferred inflows of resources	$ 607,643	$ 23,451	$ 944	$ 822,448	$ 63,559	$ 1,518,045
Net Position						
Net position restricted for pensions	$ 9,735,371	$ 381,941	$ 296,855	$ 19,679,468	$ 1,468,838	$ 31,562,473

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2022
(Expressed in thousands)

	Public Employees Retirement System	State Police Retirement System	Judicial Retirement System	Teacher Retirement System	State Highway Employees Retirement System	Total
Additions:						
Contributions:						
Members	$ 81,213	$ 141	$ 3,254	$ 183,315	$ 11,935	$ 279,858
Employers	320,196	8,908	1,301	501,523	27,993	859,921
Supplemental contributions	609	6,166	5,438			12,213
Title fees		5,236				5,236
Court fees		450	271			721
Reinstatement fees		1,793				1,793
Total contributions	402,018	22,694	10,264	684,838	39,928	1,159,742
Investment income:						
Net increase (decrease) in fair value of investments	(1,288,270)	(49,945)	(49,062)	(1,220,968)	(170,075)	(2,778,320)
Interest, dividends and other	147,367	5,687	7,193	179,888	20,834	360,969
Other investment income	1,180	65		6,388		7,633
Securities lending income, net of expenses	3,069	118			217	3,404
Total investment income	(1,136,654)	(44,075)	(41,869)	(1,034,692)	(149,024)	(2,406,314)
Less investment expense	56,233	2,172	1,205	51,907	9,102	120,619
Net investment income	(1,192,887)	(46,247)	(43,074)	(1,086,599)	(158,126)	(2,526,933)
Miscellaneous	3,913			3,754		7,667
Total additions	(786,956)	(23,553)	(32,810)	(398,007)	(118,198)	(1,359,524)
Deductions:						
Benefits paid to participants or beneficiaries	635,177	29,150	17,060	1,374,221	125,578	2,181,186
Refunds of employee/employer contributions	17,687			10,427	2,358	30,472
Administrative expenses	9,847	229	164	6,082	122	16,444
Total deductions	662,711	29,379	17,224	1,390,730	128,058	2,228,102
Change in net position held in trust for employees' pension benefits	(1,449,667)	(52,932)	(50,034)	(1,788,737)	(246,256)	(3,587,626)
Net position - beginning	11,185,038	434,873	346,889	21,468,205	1,715,094	35,150,099
Net position - ending	$ 9,735,371	$ 381,941	$ 296,855	$ 19,679,468	$ 1,468,838	$ 31,562,473

ARKANSAS STATE GOVERNMENT

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STATISTICAL SECTION

ARKANSAS STATE GOVERNMENT

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Statistical Section – Table of Contents

This section contains statistical tables that reflect financial trend information, revenue capacity information, debt capacity information, demographic and economic information, operating information, and other information. These tables differ from the financial statements because they usually cover more than two fiscal years and may present non-accounting data. Prior-year data may include revisions based on the latest available official release.

The Statistical Section is divided into 6 sections as follows:

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Schedule 1
Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020 (2)
Primary government			
Governmental activities			
Net investment in capital assets	$ 13,585,993	$ 12,881,572	$ 12,244,621
Restricted	5,963,009	3,972,239	3,284,221
Unrestricted	(2,066,187)	(2,732,113)	(3,041,816)
Total governmental activities net position	17,482,815	14,121,698	12,487,026
Business-type activities			
Net investment in capital assets	2,123,732	2,061,401	2,082,158
Restricted	1,318,257	1,264,813	1,195,709
Unrestricted	2,392,461	2,215,955	1,930,875
Total business-type activities net position	5,834,450	5,542,169	5,208,742
Total primary government			
Net investment in capital assets	15,709,725	14,942,973	14,326,779
Restricted	7,281,266	5,237,052	4,479,930
Unrestricted	326,274	(516,158)	(1,110,941)
Total primary government activities net position	$ 23,317,265	$ 19,663,867	$ 17,695,768

(1) Fiscal year 2017 balances restated in fiscal year 2018.
(2) Fiscal year 2020 balances restated in fiscal year 2021.

2019	2018	2017 (1)	2016	2015	2014	2013
$ 11,879,274	$ 11,602,289	$ 11,116,044	$ 10,573,154	$ 10,418,250	$ 9,441,544	$ 9,714,929
2,899,173	2,426,386	2,318,037	2,142,787	1,627,433	2,098,642	1,319,560
(3,178,832)	(3,115,348)	(3,044,139)	(1,548,988)	(1,406,667)	(1,402,681)	449,360
11,599,615	10,913,327	10,389,942	11,166,953	10,639,016	10,137,505	11,483,849
2,062,077	2,015,796	1,992,873	1,997,666	1,995,542	1,966,036	1,929,075
1,135,777	1,193,250	1,132,263	1,046,934	1,049,397	1,008,203	928,743
1,868,254	1,568,292	1,398,280	1,233,085	1,019,309	829,571	747,820
5,066,108	4,777,338	4,523,416	4,277,685	4,064,248	3,803,810	3,605,638
13,941,351	13,618,085	13,108,917	12,570,820	12,413,792	11,407,580	11,644,004
4,034,950	3,619,636	3,450,300	3,189,721	2,676,830	3,106,845	2,248,303
(1,310,578)	(1,547,056)	(1,645,859)	(315,903)	(387,358)	(573,110)	1,197,180
$ 16,665,723	$ 15,690,665	$ 14,913,358	$ 15,444,638	$ 14,703,264	$ 13,941,315	$ 15,089,487

Schedule 2
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020 (2) (3)
Governmental expenses			
General government	$ 713,045	$ 1,901,668	$ 1,682,289
Education	4,638,304	4,181,586	3,736,183
Health and human services	11,811,414	10,760,985	9,561,794
Transportation	987,510	1,287,824	1,169,812
Law, justice and public safety	1,018,650	973,492	925,432
Recreation and tourism	221,103	204,219	204,395
Regulation of business and professionals	26,737	24,395	25,195
Resource development	214,473	177,001	141,779
Commerce	520,486	572,567	457,881
Interest expense	34,528	43,104	49,039
Total expenses	20,186,250	20,126,841	17,953,799
Program revenues			
Charges for services			
General government	418,048	397,282	367,952
Education	3,949	3,866	3,772
Health and human services	409,283	408,577	378,902
Transportation	139,799	131,987	123,422
Law, justice and public safety	167,581	161,356	133,388
Recreation and tourism	69,243	65,618	57,642
Regulation of business and professionals	21,907	19,031	20,757
Resource development	80,939	79,862	81,161
Commerce	104,681	85,759	80,131
Operating grants	11,344,966	10,192,325	8,735,224
Capital grants and contributions	766,011	809,547	549,292
Total program revenues	13,526,407	12,355,210	10,531,643
Net (expense)	(6,659,843)	(7,771,631)	(7,422,156)
General revenues, special items and transfers			
Taxes			
Personal and corporate income	4,489,965	3,926,344	3,652,717
Consumer sales and use	4,220,058	3,887,187	3,422,311
Gas and motor carrier	506,400	488,974	477,659
Other	1,570,923	1,397,747	1,199,047
Investment earnings	(472,773)	(25,725)	110,418
Miscellaneous income	582,862	572,546	456,927
Special items:			
Disposal of operations		(11,913)	
Issuance of tax credits			
Transfers - internal activities	(876,475)	(829,755)	(1,009,512)
Restatement			898
Total general revenues, special items and transfers	10,020,960	9,405,405	8,310,465
Total governmental activities change in net position	$ 3,361,117	$ 1,633,774	$ 888,309

(1) Fiscal year 2017 balances restated in fiscal year 2018.
(2) Primary government functional areas changed in 2020 due to Act 910 of 2019. Did not restate prior years.
(3) Fiscal year 2020 balances restated in fiscal year 2021.

2019	2018	2017 (1)	2016	2015	2014	2013
$ 1,662,161	$ 1,695,822	$ 1,607,462	$ 1,553,087	$ 1,581,265	$ 1,676,440	$ 1,538,578
3,765,007	3,755,721	3,751,603	3,718,585	3,677,244	3,595,660	3,587,503
9,284,039	8,872,832	8,949,631	8,461,524	8,119,737	7,195,051	6,769,015
1,013,447	1,070,420	1,290,944	954,670	909,171	867,095	823,616
899,186	847,513	820,043	829,280	789,477	797,423	747,845
280,067	289,991	277,979	275,987	283,446	284,506	258,084
126,535	122,444	126,905	134,567	132,211	148,008	124,065
52,584	56,192	60,318	61,920	61,106	52,805	41,036
17,083,026	16,710,935	16,884,885	15,989,620	15,553,657	14,616,988	13,889,742
446,659	433,410	433,652	415,138	431,891	392,937	349,146
5,157	5,011	5,632	5,092	2,111	3,413	5,537
384,045	408,368	414,670	413,515	471,443	453,436	427,284
126,967	123,462	122,438	120,004	121,225	114,417	110,722
89,698	95,302	67,948	95,585	88,904	73,989	83,600
95,372	98,008	101,985	97,925	119,160	85,792	83,163
131,594	100,122	116,413	116,206	106,167	100,084	86,797
7,719,932	7,477,492	7,691,132	7,333,883	7,043,670	6,010,077	5,642,584
566,097	780,600	781,522	572,654	520,477	590,791	609,062
9,565,521	9,521,775	9,735,392	9,170,002	8,905,048	7,824,936	7,397,895
(7,517,505)	(7,189,160)	(7,149,493)	(6,819,618)	(6,648,609)	(6,792,052)	(6,491,847)
3,526,596	3,237,048	3,163,104	3,222,351	3,209,528	3,000,440	3,013,345
3,284,531	3,216,406	3,114,497	3,028,285	2,932,562	2,877,342	2,570,848
476,675	475,227	468,822	463,126	443,413	431,725	437,310
1,058,412	1,043,766	1,023,700	989,901	1,006,692	995,644	955,369
187,790	61,087	60,201	84,100	40,471	70,578	(1,911)
439,952	457,515	346,077	335,198	380,547	304,621	313,003
		33,611				
		(187,598)				
(770,163)	(778,504)	(766,675)	(775,406)	(768,742)	(921,211)	(784,945)
		(883,257)		(94,351)	(1,313,431)	(5,397)
8,203,793	7,712,545	6,372,482	7,347,555	7,150,120	5,445,708	6,497,622
$ 686,288	$ 523,385	$ (777,011)	$ 527,937	$ 501,511	$ (1,346,344)	$ 5,775

Continued on the next page

Schedule 2
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

Continued from the previous page

	2022	2021	2020
Business-type expenses			
Higher education	$ 4,702,199	$ 4,394,289	$ 4,274,112
Workers' Compensation Commission	4,575	9,315	12,892
Division of Workforce Services	114,733	1,671,273	1,757,900
Office of the Arkansas Lottery	479,947	529,723	444,164
War Memorial Stadium Commission (2)			
Public School Employee Health and Life Benefit Plan	398,664	399,831	354,163
Revolving loans	11,364	6,494	11,254
Total expenses	5,711,482	7,010,925	6,854,485
Program revenues			
Charges for services			
Higher education	2,356,821	2,292,585	2,216,971
Workers' Compensation Commission	21,297	16,906	16,637
Division of Workforce Services	102,956	118,577	124,681
Office of the Arkansas Lottery	580,234	632,579	531,932
War Memorial Stadium Commission (2)			
Public School Employee Health and Life Benefit Plan	440,567	368,297	332,455
Revolving loans	6,115	4,753	4,484
Operating grants	1,248,909	2,638,386	2,313,876
Capital grants and contributions	78,917	29,609	85,962
Total program revenues	4,835,816	6,101,692	5,626,998
Net (expense)	(875,666)	(909,233)	(1,227,487)
Business-type revenues, special items and transfers			
Taxes			
Other	38,802	40,633	38,023
Investment earnings (loss)	(30,686)	106,384	74,149
Miscellaneous income	283,356	265,888	248,437
Special items:			
Assisted Living Incentive Fund (3)			
Disposal of operations			
Transfers - internal activities	876,475	829,755	1,009,512
Restatement			
Total business-type revenues, special items and transfers	1,167,947	1,242,660	1,370,121
Total business-type activities change in net position	292,281	333,427	142,634
Total primary government change in net position	$ 3,653,398	$ 1,967,201	$ 1,030,045

(1) Fiscal year 2017 balance restated in fiscal year 2018.
(2) War Memorial Stadium Commission was merged with the Department of Parks, Heritage and Tourism in 2018.
(3) In fiscal year 2019, the program and funds of the Assisted Living Incentive Fund were transferred to ADFA component unit.

2019	2018	2017 (1)	2016	2015	2014	2013
$ 4,185,164	$ 4,125,923	$ 3,971,283	$ 3,806,452	$ 3,676,886	$ 3,607,528	$ 3,499,550
19,629	18,410	12,115	19,905	17,922	19,806	18,368
100,296	130,895	147,061	216,398	256,048	360,753	521,449
421,017	409,282	366,200	368,085	337,072	331,471	352,063
		2,630	3,419	2,828	3,103	3,242
315,396	297,257	270,234	284,984	266,650	287,165	306,798
7,956	6,610	4,281	4,848	9,934	9,745	10,267
5,049,458	4,988,377	4,773,804	4,704,091	4,567,340	4,619,571	4,711,737
2,329,275	2,247,823	2,234,590	2,039,020	1,825,742	1,655,419	1,572,301
18,159	19,409	19,905	17,864	16,240	20,209	17,372
185,418	198,337	242,692	301,567	327,907	421,348	454,253
516,222	500,484	449,911	456,317	409,214	410,627	440,105
		1,639	2,279	2,056	1,785	2,337
318,482	310,412	306,087	302,445	303,474	275,969	277,390
4,209	2,611	2,589	4,024	4,269	4,241	4,273
811,887	796,739	784,516	826,300	856,669	975,632	1,129,853
72,299	112,104	46,482	31,627	71,050	31,609	31,602
4,255,951	4,187,919	4,088,411	3,981,443	3,816,621	3,796,839	3,929,486
(793,507)	(800,458)	(685,393)	(722,648)	(750,719)	(822,732)	(782,251)
36,829	34,966	32,397	31,935	31,148	30,650	30,402
85,734	66,185	68,636	21,217	30,869	62,242	37,655
193,550	174,725	96,293	107,527	180,398	180,502	210,293
(3,999)						
		(664)				
770,163	778,504	766,675	775,406	768,742	921,211	784,945
		(32,213)			(173,701)	(13,104)
1,082,277	1,054,380	931,124	936,085	1,011,157	1,020,904	1,050,191
288,770	253,922	245,731	213,437	260,438	198,172	267,940
$ 975,058	$ 777,307	$ (531,280)	$ 741,374	$ 761,949	$ (1,148,172)	$ 273,715

Schedule 3
Fund Balances, Governmental Fund (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021	2020 Restated	2019	2018
General fund					
Nonspendable	$ 153,144	$ 176,527	$ 117,748	$ 111,863	$ 108,481
Restricted	1,948,573	1,684,008	2,211,805	1,984,048	1,594,604
Committed	5,558,895	3,795,155	2,253,863	2,025,202	1,981,386
Assigned	91,691	85,872	118,213	71,693	72,964
Unassigned	188,604	826,996	789,132	572,265	414,529
Total general fund	$ 7,940,907	$ 6,568,558	$ 5,490,761	$ 4,765,071	$ 4,171,964

2017	2016	2015	2014	2013
$ 106,448	$ 100,632	$ 124,784	$ 322,476	$ 320,289
1,488,099	1,507,742	1,409,242	1,189,822	555,555
1,837,219	1,489,615	1,449,480	1,223,617	1,286,331
152,890	337,504	267,283	387,191	205,204
547,275	788,136	811,336	581,395	952,630
$ 4,131,931	$ 4,223,629	$ 4,062,125	$ 3,704,501	$ 3,320,009

Schedule 4
Changes in Fund Balance, Governmental Fund (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2022	2021 (3)	2020	2019	2018
Revenues:					
Taxes:					
Personal and corporate income	$ 4,490,595	$ 3,921,586	$ 3,654,603	$ 3,532,123	$ 3,232,455
Consumer sales and use	4,199,145	3,860,050	3,410,118	3,280,703	3,218,765
Gas and motor carrier	506,521	488,737	477,660	476,683	475,225
Other	1,571,273	1,410,108	1,204,519	1,057,303	1,044,078
Intergovernmental	12,177,163	10,836,160	9,235,843	8,242,021	8,231,911
Licenses, permits and fees	1,441,788	1,369,747	1,273,012	1,304,469	1,293,003
Investment earnings (loss)	(472,773)	(25,725)	110,418	187,790	61,087
Miscellaneous	550,515	531,176	395,298	446,587	410,043
Total revenues	24,464,227	22,391,839	19,761,471	18,527,679	17,966,567
Expenditures: (2)					
Current:					
General government	1,580,566	1,642,741	1,457,416	1,539,201	1,536,902
Education	4,638,723	4,177,850	3,732,911	3,762,150	3,752,555
Health and human services	11,968,473	10,740,086	9,530,819	9,239,216	8,834,154
Transportation	784,338	731,333	517,988	457,534	493,272
Law, justice and public safety	988,209	935,489	873,435	852,412	814,586
Recreation and tourism development	198,020	181,550	182,273	259,939	265,003
Regulation of business and professionals	26,529	24,008	24,869	124,385	119,428
Resource development	204,352	165,593	141,455		
Commerce	560,389	554,912	441,429		
Debt service:					
Principal retirement	246,871	240,662	176,064	116,756	155,947
Interest expense	54,735	56,288	60,753	63,846	67,455
Bond issuance costs			93		
Capital outlay	1,139,455	1,106,636	944,402	823,005	1,136,524
Total expenditures	22,390,660	20,557,148	18,083,907	17,238,444	17,175,826
Excess of revenues over expenditures	2,073,567	1,834,691	1,677,564	1,289,235	790,741
Other financing sources (uses):					
Issuance of debt	82,819	26,187	30,755	43,041	13,428
Issuance of refunding debt	16,108	317,110			
Bond discounts/premiums	209	38,881	847	1,342	
Payment to refunding escrow agent	(16,378)	(351,662)			
Lease proceeds	87,834	38,018	21,773	26,225	9,047
Sale of capital assets	4,665	4,327	3,297	3,427	4,420
Transfers in	221,312	201,716	175,438	208,501	203,878
Transfers out	(1,097,787)	(1,031,471)	(1,184,882)	(978,664)	(983,431)
Restatement			898		
Total other financing uses	(701,218)	(756,894)	(951,874)	(696,128)	(752,658)
Special Items:					
Disposal of operations					(1) 1,950
Net change in fund balances	1,372,349	1,077,797	725,690	593,107	40,033
Fund balances-beginning as restated	6,568,558	5,490,761	4,765,071	4,171,964	4,131,931
Fund balances-ending	$ 7,940,907	$ 6,568,558	$ 5,490,761	$ 4,765,071	$ 4,171,964
Debt service as a percentage of noncapital expenditures:	1.42%	1.53%	1.38%	1.10%	1.39%

(1) Final installment of the fiscal year 2017 disposal of the Arkansas Department of Health In-Home Services.
(2) Primary government functional areas changed in 2020 due to Act 910 of 2019. Did not restate prior years.
(3) Fiscal year 2020 balance restated in fiscal year 2021.

2017	2016	2015	2014	2013
$ 3,165,911	$ 3,219,066	$ 3,207,038	$ 3,002,722	$ 3,011,514
3,113,922	3,031,524	2,929,426	2,880,146	2,571,964
469,542	462,761	443,058	433,108	436,390
1,023,060	989,962	1,005,951	997,563	956,482
8,443,611	7,888,337	7,564,360	6,584,513	6,232,982
1,291,699	1,327,225	1,368,678	1,253,365	1,182,989
60,201	84,100	40,471	70,578	(1,911)
347,449	330,258	334,145	308,919	324,745
17,915,395	17,333,233	16,893,127	15,530,914	14,715,155
1,446,481	1,468,346	1,535,963	1,537,466	1,410,902
3,748,403	3,715,057	3,676,561	3,588,822	3,583,254
8,930,024	8,458,304	8,162,633	7,195,414	6,761,841
680,353	521,237	508,716	455,070	422,153
789,376	796,987	768,521	766,498	718,798
257,494	255,074	264,169	265,133	238,143
125,232	131,865	128,769	145,026	120,715
102,397	99,689	165,416	124,425	125,590
77,568	76,631	71,526	63,393	46,206
63	63	1,062	33	1,231
1,133,099	875,513	899,502	817,693	725,445
17,290,490	16,398,766	16,182,838	14,958,973	14,154,278
624,905	934,467	710,289	571,941	560,877
22,199	892	374,709	717,036	264,159
131,840	28,495	135,155		
9,846	1,665	51,338	55,260	33,742
(140,877)	(43,636)	(150,513)	(46,908)	(19,368)
2,807	11,323	1,478	4,757	6,325
4,922	3,707	3,880	3,617	3,596
180,819	174,908	179,278	183,161	304,538
(959,820)	(950,317)	(947,990)	(1,104,372)	(1,089,457)
(748,264)	(772,963)	(352,665)	(187,449)	(496,465)
31,661				
(91,698)	161,504	357,624	384,492	64,412
4,223,629	4,062,125	3,704,501	3,320,009	3,255,597
$ 4,131,931	$ 4,223,629	$ 4,062,125	$ 3,704,501	$ 3,320,009
1.11%	1.14%	1.56%	1.33%	1.29%

Schedule 5
Revenue Base-Sales and Use Tax Collections by Industry (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2022		2021		2020		2019	
Industry	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total
Agriculture, forestry, fishing and hunting	$ 137,244	0.20%	$ 108,259	0.18%	$ 114,384	0.21%	$ 112,348	0.22%
Mining	216,198	0.32%	166,584	0.27%	161,907	0.30%	164,244	0.31%
Utilities	5,995,932	8.79%	5,377,619	8.76%	4,935,097	9.14%	4,981,909	9.49%
Construction	1,282,963	1.88%	1,038,563	1.69%	930,484	1.72%	918,210	1.75%
Manufacturing	5,079,603	7.44%	4,441,710	7.24%	4,435,943	8.21%	4,146,807	7.90%
Wholesale trade	5,959,050	8.73%	5,145,638	8.38%	4,561,076	8.45%	4,403,208	8.39%
Retail trade	33,491,428	49.09%	31,030,255	50.55%	26,085,606	48.30%	24,691,217	47.03%
Transportation and warehousing	517,296	0.76%	336,543	0.55%	303,591	0.56%	269,546	0.51%
Information	2,739,522	4.02%	2,535,771	4.13%	2,406,815	4.46%	2,617,057	4.99%
Finance and insurance	154,198	0.23%	146,938	0.24%	127,926	0.24%	113,528	0.22%
Real estate, rental and leasing	1,631,089	2.39%	1,623,554	2.64%	1,385,852	2.57%	1,365,668	2.60%
Professional, scientific and technical services	476,758	0.70%	407,206	0.66%	283,406	0.52%	231,362	0.44%
Management of companies and enterprises	5,249	0.01%	2,791	0.00%	5,050	0.01%	1,626	0.00%
Administrative, support, waste management and remediation services	1,352,857	1.98%	1,174,717	1.91%	1,108,804	2.05%	1,051,761	2.00%
Educational services	71,516	0.10%	59,386	0.10%	73,623	0.14%	75,830	0.14%
Health care and social services	64,460	0.09%	80,938	0.13%	57,766	0.11%	69,703	0.13%
Arts, entertainment and recreation	434,664	0.64%	330,797	0.54%	298,737	0.55%	307,170	0.59%
Accommodation and food services	6,121,915	8.97%	5,187,079	8.45%	4,770,199	8.83%	5,014,457	9.55%
Other services (except public administration)	2,359,631	3.46%	2,014,992	3.28%	1,845,453	3.42%	1,841,655	3.51%
Public administration	137,396	0.20%	178,188	0.29%	117,368	0.21%	119,368	0.23%
Total (1)	$ 68,228,969	100.0%	$ 61,387,528	100.0%	$ 54,009,087	100.0%	$ 52,496,674	100.0%

	2022	2021	2020	2019
Direct sales tax rate	6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 1.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)	6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 2.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)	6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 3.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)	6.50% (General) 0.125% (Food) 0.625 (Mfg util tax) 1.625% (Elec.) 4.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)

(1) Amounts do not include tax collected on automobile transactions.

Source: Department of Finance and Administration Revenue Division – Sales and Use Tax Section

2018		2017		2016		2015		2014		2013	
Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total
$ 94,688	0.19%	$ 92,103	0.19%	$ 97,579	0.21%	$ 96,945	0.21%	$ 91,716	0.21%	$ 115,784	0.27%
170,316	0.34%	127,753	0.26%	174,093	0.37%	213,038	0.45%	250,153	0.56%	258,330	0.59%
5,150,000	10.19%	4,761,393	9.82%	4,690,082	10.02%	4,459,479	9.51%	4,759,648	10.59%	4,698,734	10.76%
848,747	1.68%	868,432	1.79%	811,057	1.73%	703,596	1.50%	660,847	1.47%	656,891	1.50%
3,800,632	7.52%	3,960,281	8.17%	4,038,757	8.63%	3,966,593	8.46%	3,663,359	8.15%	3,460,971	7.93%
4,262,562	8.43%	3,882,947	8.01%	3,835,197	8.19%	4,465,509	9.53%	4,249,892	9.46%	4,218,855	9.66%
23,338,973	46.16%	22,165,564	45.71%	21,332,067	45.58%	21,183,817	45.18%	20,915,302	46.54%	20,157,488	46.16%
272,277	0.54%	286,595	0.59%	252,137	0.54%	287,545	0.61%	299,491	0.67%	224,173	0.51%
2,886,407	5.71%	2,930,387	6.04%	2,632,096	5.62%	3,006,826	6.41%	2,200,618	4.90%	2,279,914	5.22%
102,196	0.20%	108,919	0.22%	94,030	0.20%	83,532	0.18%	69,464	0.16%	57,604	0.13%
1,288,153	2.55%	1,218,863	2.51%	1,123,616	2.40%	989,814	2.11%	882,398	1.96%	835,438	1.91%
216,562	0.43%	211,277	0.44%	213,535	0.46%	194,865	0.42%	158,906	0.35%	122,357	0.28%
1,133	0.00%	715	0.00%	2,156	0.00%	4,691	0.01%	675	0.00%	61	0.00%
1,023,010	2.02%	960,065	1.98%	884,244	1.89%	852,431	1.82%	799,814	1.78%	758,810	1.74%
69,919	0.14%	71,001	0.15%	64,333	0.14%	57,180	0.12%	40,810	0.09%	43,528	0.10%
54,836	0.11%	71,528	0.15%	52,051	0.11%	85,280	0.18%	22,360	0.05%	86,618	0.20%
279,755	0.55%	251,958	0.52%	289,079	0.62%	271,720	0.58%	264,002	0.59%	231,319	0.53%
4,789,282	9.47%	4,629,764	9.55%	4,457,348	9.52%	4,293,021	9.16%	4,008,663	8.92%	3,900,648	8.93%
1,792,064	3.54%	1,762,280	3.64%	1,711,584	3.66%	1,631,985	3.48%	1,556,550	3.46%	1,519,925	3.48%
114,991	0.23%	124,613	0.26%	50,447	0.11%	35,182	0.08%	42,316	0.09%	41,735	0.10%
$ 50,556,503	100.0%	$ 48,486,438	100.0%	$ 46,805,488	100.0%	$ 46,883,049	100.0%	$ 44,936,984	100.0%	$ 43,669,183	100.0%

2018	2017	2016	2015	2014	2013
6.50% (General)	6.50% (General)	6.50% (General)	6.50% (General)	6.50% (General)	6.00% (General)
1.50% (Food)	1.50% (Food)	1.50% (Food)	1.50% (Food)	1.50% (Food)	1.50% (Food)
0.625% (Mfg util tax)	0.625% (Mfg util tax)	0.625% (Mfg util tax)	1.625% (Mfg util tax)	3.25% (Mfg util tax)	2.75% (Mfg util tax)
1.625% (Elec.)	1.625% (Elec.)	1.625% (Elec.)	.25% (Elec.) 1/1-12/31/1	3.25% (Electricity)	4.25% (Electricity)
5.50% (Mfg Repair)	5.50% (Mfg Repair)	5.50% (Mfg Repair)	1.625% (Elec.) 1/1/15		
0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project) 7/1/14		

Schedule 6
Revenue Payers (Unaudited)
Current Fiscal Year as Compared to 2013
(Expressed in thousands, except number of taxpayers)

Industry	2022 Sales tax collected	2022 Percent of total	2022 Number of taxpayers	2022 Percent of total	2013 Sales tax collected	2013 Percent of total	2013 Number of taxpayers	2013 Percent of total
Agriculture, forestry, fishing and hunting	$ 7,969	0.20%	751	0.96%	$ 6,908	0.29%	736	1.11%
Mining	11,988	0.31%	209	0.27%	15,349	0.64%	215	0.33%
Utilities	345,994	8.88%	741	0.95%	276,367	11.60%	720	1.09%
Construction	83,375	2.14%	3,546	4.54%	39,386	1.65%	2,348	3.55%
Manufacturing	273,557	7.02%	7,112	9.11%	195,595	8.21%	4,366	6.59%
Wholesale	364,978	9.37%	6,866	8.80%	246,751	10.36%	5,790	8.75%
Retail trade	1,772,372	45.50%	28,745	36.83%	998,518	41.91%	26,234	39.62%
Transportation and warehousing	33,503	0.86%	950	1.22%	13,440	0.56%	1,036	1.56%
Information	178,061	4.57%	1,379	1.77%	136,648	5.73%	964	1.46%
Finance and insurance	10,023	0.26%	390	0.50%	3,456	0.15%	333	0.50%
Real estate, rental and leasing	101,430	2.60%	1,821	2.33%	50,097	2.10%	1,464	2.21%
Professional, scientific and technical services	30,937	0.79%	2,697	3.46%	7,336	0.31%	1,842	2.78%
Management of companies and enterprises	338	0.01%	32	0.04%	3	0.00%	8	0.01%
Administrative, support, waste management and remediation services	87,930	2.26%	4,141	5.30%	45,512	1.91%	3,562	5.38%
Educational services	4,646	0.12%	415	0.53%	2,609	0.11%	293	0.44%
Health care and social services	4,129	0.11%	1,124	1.44%	5,164	0.22%	1,210	1.83%
Arts, entertainment and recreation	28,109	0.72%	1,398	1.79%	13,404	0.56%	1,049	1.58%
Accommodation and food services	395,486	10.15%	8,042	10.30%	232,617	9.76%	6,792	10.26%
Other services (except public administration)	152,806	3.92%	7,622	9.76%	91,104	3.82%	7,195	10.87%
Public administration	8,087	0.21%	78	0.10%	2,501	0.11%	55	0.08%
Total	$ 3,895,718	100.00%	78,059	100.00%	$ 2,382,765	100.00%	66,212	100.00%

Source: Department of Finance and Administration Revenue Division – Sales and Use Tax Section

Schedule 7
Ratios of Outstanding Debt by Type (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands, except per capita amount)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental										
General obligation bonds	$ 702,090	$ 881,565	$ 1,125,440	$ 1,250,480	$ 1,310,345	$ 1,447,370	$ 1,518,148	$ 1,602,810	$ 1,373,554	$ 812,213
Revenue bond guaranty fund								300	590	3,775
Add (deduct):										
Unamortized bond refunding loss (1)										(18,043)
Issuance premiums	67,047	88,281	70,541	82,687	94,654	108,042	112,405	123,199	84,980	43,406
Loan payable to component unit					4,200					
Notes payable to component unit	106,844	79,892	61,039	59,399	59,567	60,514	68,915	79,163	85,694	92,051
Notes payable to pension trust fund										
Revolving loan fund										
Capital leases (7)		51	551	1,039	1,499	1,891	2,202	2,581	2,947	3,245
Installment purchases with component unit (7)	139,259	149,909	127,740	127,387	110,185	109,493	114,926	123,076	129,017	129,855
Lease obligations (7)	65,382									
Installment sale with component unit									10,340	10,870
Total governmental activities debt	1,080,622	1,199,698	1,385,311	1,520,992	1,580,450	1,727,310	1,816,596	1,931,129	1,687,122	1,077,372
Business-Type										
Special obligation:										
War Memorial Stadium Commission							500	1,000	1,500	2,000
Construction Assistance Revolving Loan Fund			17,475	20,220	23,140	25,485	27,890	35,295	40,220	52,020
Safe Drinking Water Revolving Loan Fund			13,150	15,215	17,420	19,185	20,995	22,800	24,065	24,375
College & university revenue bonds	2,202,650	2,147,000	2,095,095	1,951,875	1,973,331	1,898,326	1,836,895	1,879,827	1,859,395	1,806,426
Revenue bonds from direct placement	7,880	8,443	12,547	10,957						
Add: issuance premiums	153,429	164,055	145,447	129,848	134,062	119,742	115,742	97,062	77,148	55,914
Notes payable from direct placement	113,325	95,642	95,223	66,038	69,155	66,945	83,988	92,045	98,305	118,465
Notes payable with component unit	7,512	8,021	8,517	8,998	9,466	9,921	10,137	134	561	1,083
Capital leases (7)		70,975	79,135	67,219	66,288	60,808	46,802	39,327	38,308	52,110
Installment purchases with component unit (7)	58,410									
Lease obligations (7)	105,942									
Total business-type activities debt	2,649,148	2,494,136	2,466,589	2,270,370	2,292,862	2,200,412	2,142,949	2,167,490	2,139,502	2,112,393
Total Primary Government Debt	3,729,770	3,693,834	3,851,900	3,791,362	3,873,312	3,927,722	3,959,545	4,098,619	3,826,624	3,189,765
Debt Ratios: Primary Government										
Ratio of primary government debt to personal income (2)	2.44%	2.49%	2.78%	2.88%	3.04%	3.18%	3.29%	3.50%	3.45%	2.94%
Per capita (3)	1,229	1,224	1,280	1,263	1,294	1,315	1,330	1,382	1,294	1,081
Net General Obligation Bonded Debt										
Gross bonded debt (4)	702,090	881,565	1,125,440	1,250,480	1,310,345	1,447,370	1,518,148	1,602,810	1,373,554	812,213
Less: debt service funds (5)	(221,540)	(187,416)	(182,986)	(168,094)	(197,637)	(245,864)	(58,985)	(235,713)	(287,305)	(299,325)
Net bonded debt	480,550	694,149	942,454	1,082,386	1,112,708	1,201,506	1,459,163	1,367,097	1,086,249	512,888
Per capita (3)	158	230	313	361	372	402	490	461	367	174
Supplementary Information										
Component Unit Debt										
Arkansas Development Finance Authority (6):										
Bonds payable	494,513	553,336	476,485	556,282	593,955	625,743	714,085	809,992	1,064,883	1,099,498
Notes payable from direct placement	8,003	9,442	20,141	11,640	29,441	82,656	66,906	70,421	24,582	1,223
Add: issuance premiums	(544)	(645)	(745)	109	152		104	315	642	555
Less: unamortized bond issuance cost						(1,046)	(1,146)	(1,247)	(1,347)	(5,135)
U of A Foundation annuity obligations	15,402	18,677	14,670	15,492	15,458	14,069	14,065	15,068	16,259	15,204
Total Component Unit Debt	517,374	580,810	510,551	583,523	639,006	721,422	794,014	894,549	1,105,019	1,111,345
Total Debt	$ 4,247,144	$ 4,274,644	$ 4,362,451	$ 4,374,885	$ 4,512,318	$ 4,649,144	$ 4,753,559	$ 4,993,168	$ 4,931,643	$ 4,301,110
Debt Ratios										
Ratio of total debt to personal income (2)	2.77%	2.88%	3.15%	3.32%	3.54%	3.77%	3.95%	4.27%	4.45%	3.97%
Per capita (3)	$ 1,399	$ 1,416	$ 1,450	$ 1,458	$ 1,507	$ 1,557	$ 1,597	$ 1,683	$ 1,667	$ 1,457

(1) Beginning in fiscal year 2014, the unamortized bond refunding loss was reclassified to a separately reported deferred outflow of resources in accordance with GASB Statement No. 65.
(2) Personal income data can be found in Schedule 9.
(3) Population can be found in Schedule 9.
(4) Bond detail can be found in Note 8 to the financial statements.
(5) As restated to reflect full accrual rather than modified accrual balances.
(6) As restated to reflect the merger of Student Loan Authority and Development Finance Authority in fiscal year 2018.
(7) Due to changes as a result of GASB 87: Leases.

Schedule 8
Pledged Revenue Bond Coverage (Unaudited)
Last Ten Years
(Expressed in thousands)

Colleges and Universities	Revenue Available for Debt Service (1)	Principal	Interest	Total Debt Service	Coverage
Refunding Bonds					
2022	$ 1,392,570	$ 41,878	$ 30,951	$ 72,829	19.12
2021	1,353,957	39,237	29,923	69,160	19.58
2020	1,280,786	34,084	29,383	63,467	20.18
2019	1,298,006	25,741	23,747	49,488	26.23
2018	1,219,331	22,950	23,469	46,419	26.27
2017	1,154,332	21,709	22,991	44,700	25.82
2016	1,109,845	22,100	23,213	45,313	24.49
2015	482,896	18,055	14,683	32,738	14.75
2014	438,138	15,866	13,867	29,733	14.74
2013	219,191	9,406	6,228	15,634	14.02
Housing Bonds					
2022	$ 100,644	$ 10,522	$ 7,912	$ 18,434	5.46
2021	101,528	8,560	7,922	16,482	6.16
2020	105,077	10,295	10,072	20,367	5.16
2019	87,094	8,795	9,354	18,149	4.80
2018	87,884	8,360	9,070	17,430	5.04
2017	72,549	9,264	9,816	19,080	3.80
2016	95,859	8,492	10,894	19,386	4.94
2015	49,479	6,840	9,149	15,989	3.09
2014	55,863	7,269	10,332	17,601	3.17
2013	31,803	5,013	7,387	12,400	2.56
Facilities Bonds					
2022	$ 769,015	$ 31,048	$ 36,770	$ 67,818	11.34
2021	711,031	33,553	39,591	73,144	9.72
2020	739,535	39,000	40,962	79,962	9.25
2019	793,099	43,395	46,314	89,709	8.84
2018	779,721	38,572	46,107	84,679	9.21
2017	757,397	38,645	41,486	80,131	9.45
2016	686,937	35,693	37,739	73,432	9.35
2015	1,196,485	38,710	50,003	88,713	13.49
2014	1,099,298	36,326	50,194	86,520	12.71
2013	1,223,066	39,196	55,601	94,797	12.90
General Revenue and Other Bonds					
2022	$ 18,033	$ 2,462	$ 2,109	$ 4,571	3.95
2021	12,906	5,505	2,096	7,601	1.70
2020	19,311	2,275	2,575	4,850	3.98
2019	11,116	2,300	2,860	5,160	2.15
2018	10,398	2,135	2,809	4,944	2.10
2017	17,005	3,035	3,075	6,110	2.78
2016	21,106	6,105	3,214	9,319	2.26
2015	19,377	3,585	4,040	7,625	2.54
2014	20,785	2,665	3,624	6,289	3.31
2013	10,277	2,575	3,047	5,622	1.83

(1) Revenue Available for Debt Service includes student tuition and fees, housing fees, rent, athletic fees, millage revenue, and other auxiliary revenues.

Schedule 9
Demographic and Economic Indicators (Unaudited)
Last Ten Years

Calendar Year		Total Population (in thousands)	Total Personal Income (in millions)	Per Capita Personal Income	Unemployment Rate
2022	(1)	3,036	$ 153,107	$ 50,435	3.4%
2021		3,019	148,480	49,179	5.2%
2020		3,009	138,482	46,016	4.9%
2019		3,001	131,868	43,939	3.6%
2018		2,994	127,414	42,551	3.7%
2017		2,986	123,434	41,335	3.8%
2016		2,976	120,479	40,486	4.3%
2015		2,966	117,036	39,455	5.5%
2014		2,958	110,872	37,477	6.5%
2013		2,952	108,439	36,730	7.2%

(1) Projected numbers

Note: Prior-year data may include revisions based on the latest available official release.

Source: Arkansas Department of Finance and Administration Economic Analysis and Tax Research

Schedule 10
Principal Employers (Unaudited)
Fiscal Year 2022 as Compared to 2013

2022	Employer	Total Employees	Percentage of Total Arkansas Employment
1	Walmart Inc.	55,504	4.2%
2	Arkansas State Government	24,635	1.9%
3	Tyson Foods Inc.	24,000	1.8%
4	U.S. Federal Government	20,605	1.6%
5	University of Arkansas for Medical Sciences (UAMS)	11,041	0.8%
6	Baptist Health	10,558	0.8%
7	J.B. Hunt Transport Services Inc.	7,904	0.4%
8	Mercy	5,610	0.4%
9	Simmons Foods Inc.	4,900	0.3%
10	Arkansas Children's Hospital	4,472	0.3%
		169,229	12.5%

2013	Employer	Total Employees	Percentage of Total Arkansas Employment
1	Arkansas State Government	57,421	4.8%
2	Walmart Inc.	47,774	4.0%
3	Tyson Foods, Inc.	23,300	2.0%
4	U.S. Federal Government	20,500	1.7%
5	Baptist Health	7,737	0.7%
6	Mercy	6,200	0.5%
7	Arkansas Children's Hospital	4,194	0.4%
8	Arvest Bank Group	3,470	0.3%
9	J.B. Hunt Transport Services Inc.	3,269	0.3%
10	Simmons Foods Inc.	3,264	0.3%
		177,129	15.0%

Source: Arkansas Business Publishing Group and Arkansas Department of Economic Development

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Schedule 11
State Employees by Function (Unaudited)
Last Ten Fiscal Years

Full-Time Employees

	2022	2021	2020	2019
Resource Development				
Agriculture Department	594	521	562	583
All other	601	567	582	563
Commerce				
Division of Workforce Services	769	919	963	928
All other	754	730	700	853
Law, Justice, and Public Safety				
Division of Correction	3,049	3,191	3,770	4,121
Department of the Military	442	457	1,401	725
Arkansas State Police	918	956	946	986
All other	2,770	2,767	2,754	2,591
Education				
Division of Elementary and Secondary Education	327	342	339	366
All other	657	595	635	628
General Government				
Department of Finance and Administration - Revenue	1,332	1,319	1,255	1,293
All other	2,140	2,087	2,111	2,169
Health and Human Services				
Department of Human Services	6,894	6,938	7,375	7,710
Department of Health	2,014	1,989	2,027	2,054
All other	865	840	836	827
Regulation of Business and Professionals				
Arkansas Public Service Commission	93	99	100	101
All other	306	227	297	314
Recreation and Tourism				
Department of Parks, Heritage, and Tourism	1,102	1,066	1,083	1,343
Arkansas Game and Fish Commission	680	658	642	686
All other	274	227	275	228
Transportation				
Department of Transportation	3,647	3,695	3,695	3,692
Proprietary Funds				
Colleges and Universities (1)	26,952	28,066	28,004	28,472
Workers' Compensation Commission	78	80	86	88
Office of the Arkansas Lottery	63	63	65	64
State Total	57,321	58,399	60,503	61,385

(1) Commencing in 2016, the educational institutions included part-time faculty and graduate assistants in their employee counts.

Source: Department of Transformation and Shared Services, Arkansas Department of Transportation; Arkansas Democrat-Gazette

2018	2017	2016	2015	2014	2013
572	561	558	566	563	577
600	584	582	608	620	629
914	878	893	941	1,023	1,066
848	876	888	932	873	927
4,098	4,072	4,143	4,102	4,011	4,169
512	725	1,046	978	987	595
968	958	997	995	971	958
2,617	2,536	2,478	2,224	2,191	2,223
369	383	374	401	394	399
716	779	777	793	727	812
1,297	1,354	1,338	1,385	1,389	1,415
2,175	2,245	2,277	2,321	2,291	2,461
7,882	8,039	7,772	7,852	7,878	7,923
2,028	2,117	2,362	2,633	2,657	2,724
845	830	826	829	778	663
103	106	105	104	103	107
293	288	293	291	299	307
1,365	1,385	1,384	1,403	1,357	1,356
689	677	694	671	711	702
234	251	260	267	298	268
3,701	3,671	3,715	3,634	3,531	3,511
28,577	27,050	26,893	22,861	23,107	23,442
90	89	96	101	104	107
66	66	65	64	81	80
61,559	60,520	60,816	56,956	56,944	57,421

Schedule 12
Operating Indicators by Function (Unaudited)
Last Ten Fiscal Years

	2022	2021	2020
General Government			
Department of Finance & Administration-Revenue			
Office of Driver Services			
Licenses and ID cards issued	554,738	495,969	780,643
Registered vehicles	4,803,804	4,728,319	4,950,287
Income Tax Administration			
Total electronic tax filers	1,451,121	1,521,123	1,263,203
EFT estimate payments by corporations	12,028	10,714	7,786
EFT withholding payments	827,151	755,330	722,082
Education			
Division of Elementary and Secondary Education			
All school districts			
Average daily membership	447,375	446,065	455,763
Number of certified personnel	35,615	35,385	36,460
Average salary of K-12 classroom full-time employees	$ 53,416	$ 52,552	$ 51,336
Per pupil expenditures	$ 12,203	$ 11,232	$ 10,155
Foundation aid per student	$ 7,182	$ 7,018	$ 6,899
Assessed valuation (in millions)	$ 56,735	$ 53,837	$ 51,718
Higher Education			
Public institutions			
Net enrollment	130,461	132,346	141,178
Undergraduate degrees awarded	39,459	37,335	37,854
Graduate degrees awarded	6,792	7,048	6,796
Private institutions			
Fall net enrollment	15,525	15,242	15,657
Undergraduate degrees awarded	2,457	2,633	2,559
Graduate degrees awarded	798	751	609
Health and Human Services			
Department of Human Services			
Foster care recipients	7,439	7,614	7,568
Percent of population	0.24%	0.25%	0.23%
SNAP recipients	462,877	510,941	496,712
Percent of population	15.22%	16.83%	15.11%
Medicaid recipients (1)	1,215,189	1,217,331	1,085,938
Percent of population	39.97%	40.10%	33.04%
Department of Health			
Women, Infants and Children Nutrition Program (WIC)			
Recipients	104,153	104,211	117,548
Percent of population	3.43%	3.43%	4.02%
Doses of vaccine administered	377,834	335,515	470,962

(1) In fiscal year 2016, the number of people who purchased health care through the Health Care Independence Act, commonly known as the Private Option, increased. As a result, the number of Medicaid recipients also increased as more people became eligible for Medicaid.

Sources: Arkansas State Police; Arkansas Game and Fish Commission; Department of Finance and Administration - Revenue Division; Department of Education; Department of Higher Education; Department of Health; Department of Human Services; Department of Transportation; Department of Correction; Department of Parks, Heritage and Tourism; and Department of Commerce

2019	2018	2017	2016	2015	2014	2013
903,612	863,312	932,555	912,820	893,069	930,474	789,172
4,306,610	4,377,091	4,334,774	4,252,854	4,149,491	4,082,014	3,990,259
1,302,435	1,218,689	1,152,797	1,137,497	1,106,280	1,059,101	991,465
8,030	7,211	6,619	6,123	5,616	5,200	4,399
685,368	647,558	613,249	577,097	539,549	435,403	460,028
456,479	459,275	459,774	459,858	460,693	461,597	460,019
36,610	36,581	36,238	36,028	36,260	36,380	36,436
$ 50,295	$ 49,840	$ 49,104	$ 48,976	$ 48,575	$ 48,060	$ 47,316
$ 10,229	$ 10,039	$ 9,807	$ 9,701	$ 9,365	$ 9,457	$ 9,324
$ 6,781	$ 6,713	$ 6,646	$ 6,584	$ 6,521	$ 6,393	$ 6,267
$ 50,347	$ 48,797	$ 47,624	$ 46,135	$ 45,163	$ 44,335	$ 43,027
143,474	145,973	148,604	149,477	150,758	153,256	156,520
37,348	33,938	33,324	33,343	33,183	32,251	29,995
6,832	7,012	6,991	6,081	5,598	5,423	5,760
15,988	16,024	16,528	16,611	16,494	16,102	16,601
2,725	2,637	2,757	2,781	2,845	2,709	2,613
626	603	637	600	582	605	568
7,673	8,358	9,032	8,555	7,686	7,513	7,701
0.24%	0.26%	0.28%	0.27%	0.25%	0.25%	0.26%
429,378	508,171	537,536	642,571	659,887	685,812	696,343
13.22%	15.82%	16.92%	20.46%	21.24%	22.54%	23.13%
1,086,485	824,868	1,164,197	1,085,787	933,033	902,378	777,922
33.44%	25.68%	36.65%	34.57%	30.03%	29.66%	25.83%
128,946	136,003	141,694	148,441	149,536	152,902	160,723
3.97%	4.23%	4.46%	4.73%	4.81%	5.03%	5.34%
498,515	504,859	554,079	663,689	665,550	630,304	580,498

Continued on the following page

Schedule 12
Operating Indicators by Function (Unaudited)
Last Ten Fiscal Years

Continued from previous page

	2022	2021	2020
Transportation			
Department of Transportation			
Miles of state highway maintained	16,451	16,451	16,465
Law, Justice and Public Safety			
Division of Correction			
Custody population count	14,775	14,110	15,762
Inmate cost per day	$ 66	$ 71	$ 64
Operating capacity	14,886	14,886	15,095
Inmate care/custody operating expenses (in thousands)	$ 357,967	$ 365,777	$ 369,247
Arkansas State Police			
Commissioned officers	515	533	544
Number of homicides investigated (2)	52	118	72
Total citations issued	133,263	135,092	186,734
Total motorist assists	21,471	24,989	21,876
Total number of traffic accidents	12,146	19,114	16,881
Total criminal investigations	1,200	1,653	1,670
Recreation and Tourism			
Department of Parks, Heritage and Tourism			
Acres of state parks maintained	55,007	54,770	54,770
Game and Fish Commission			
Fishing licenses sold	601,821	653,134	641,987
Hunting licenses sold	590,584	614,320	589,237
Lifetime licenses sold	22,351	27,060	23,786
Other licenses sold (3)	17,975	16,980	16,692
Commerce			
Department of Insurance			
Number of active licensed insurance agents	207,259	169,373	156,501
Total consumer complaints received	1,818	1,745	2,163
Total consumer complaints closed	1,752	1,782	2,195
Total dollars recovered for consumers (in thousands)	$ 5,557	$ 4,203	$ 3,885

(2) In fiscal year 2017, State Police started using a new reporting system that identifies cause of death by type (i.e., homicide, suicide, accidental death, and natural death) as determined by the State Medical Examiner's Office.

(3) In fiscal year 2016 and prior years, the quantity of reprinted license sales was reported as other licenses. In fiscal year 2017, a new process was implemented, and there is no longer a charge for reprinted licenses. As a result, the quantity of other licenses sold decreased.

Sources: Arkansas State Police; Arkansas Game and Fish Commission; Department of Finance and Administration - Revenue Division; Department of Education; Department of Higher Education; Department of Health; Department of Human Services; Department of Transportation; Department of Correction; Department of Parks, Heritage, and Tourism; and Department of Commerce

2019	2018	2017	2016	2015	2014	2013
16,465	16,466	16,449	16,431	16,424	16,418	16,411
15,594	15,637	15,885	16,050	15,410	14,558	14,061
$ 62	$ 61	$ 60	$ 60	$ 63	$ 64	$ 63
14,710	14,540	14,900	14,821	14,397	13,794	13,467
$ 354,108	$ 351,613	$ 346,549	$ 338,441	$ 336,640	$ 324,189	$ 318,689
535	532	526	559	553	528	524
80	63	73	200	246	198	239
195,127	179,863	162,928	222,922	230,655	227,756	232,158
26,039	27,522	27,064	26,872	26,552	30,374	30,447
18,201	18,778	19,862	18,962	17,853	20,983	16,050
1,712	1,682	1,712	1,820	1,870	2,614	2,818
54,769	54,680	54,643	54,602	54,466	54,372	54,358
593,556	648,985	647,888	681,493	653,598	689,698	667,536
580,096	615,322	506,497	505,058	515,307	502,568	488,217
22,955	21,404	30,826	28,997	28,643	28,922	29,380
15,773	15,954	21,349	36,873	36,347	36,291	35,776
138,665	130,144	123,313	119,066	110,192	101,089	88,910
2,267	2,270	2,409	2,437	2,417	2,376	2,100
2,381	2,301	2,386	2,218	2,310	2,209	1,923
$ 6,128	$ 4,822	$ 3,200	$ 3,557	$ 3,173	$ 3,578	$ 4,174

Schedule 13
Capital Asset Statistics by Function (Unaudited)
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
Department of Finance and Administration - Revenue										
Vehicles	156	151	152	176	177	183	170	191	179	172
Education										
Division of Elementary and Secondary Education										
Vehicles (1)	8	9	9	8	7	7	7	5	5	216
Higher Education										
Campuses (public institutions)	33	33	33	33	33	33	33	33	33	33
Health and Human Services										
Department of Human Services										
Buildings	424	436	458	451	450	448	448	444	442	446
Vehicles	588	603	571	565	618	635	617	606	572	595
Department of Health										
Buildings	9	9	8	8	8	7	7	7	7	7
Vehicles	133	130	124	129	134	136	140	139	137	142
Transportation										
Department of Transportation										
Passenger vehicles	2109	1861	1775	1820	1728	1841	1845	1761	1738	1729
Law, Justice and Public Safety										
Division of Correction										
Correctional units	21	21	21	21	20	21	21	21	19	19
Vehicles	412	427	441	457	414	414	421	422	429	417
Arkansas State Police										
Police stations	12	12	12	12	12	12	12	12	12	12
Vehicles	932	957	899	880	868	875	868	921	943	829
Recreation and Tourism										
Department of Parks, Heritage and Tourism										
State parks and museums	52	52	52	52	52	52	52	52	52	52
Vehicles	397	389	409	415	430	406	393	400	385	396
Game and Fish Commission										
Hatcheries	6	5	5	5	5	5	5	5	5	5
Vehicles	865	863	857	893	892	962	948	961	945	918
Boats	583	556	543	554	585	569	581	569	569	585
Regulation of Business and Professionals										
Vehicles	100	122	116	109	115	115	118	120	121	120

(1) The school buses formerly owned by this agency were used by the Pulaski County School District. After the School Desegregation Lawsuit was settled, the buses were transferred to the School District in fiscal year 2014.

Source: Arkansas State Police, Arkansas Game and Fish Commission, Arkansas Department of Transportation, Department of Finance and Administration Office of Accounting, Department of Education, Department of Correction, Department of Parks, Heritage and Tourism

ARKANSAS

Schedule 14
Miscellaneous Statistics (Unaudited)

State Capital	Little Rock
Statehood	June 15, 1836
Nickname	The Natural State
State Motto	Regnat populus (The people rule)
Land Area	34,034,560 Acres
Counties	75
Largest Cities	Little Rock, Fayetteville, Fort Smith, Springdale, and Jonesboro

Arkansas lies in the southeastern region of the United States. Its name was derived from the Osage Sioux language from the local Quapaw tribe which means "People of the South Wind". Arkansas offers beautiful rivers, hot springs, mountains, caves, and lakes. More than half of the State of Arkansas is covered by forestland with Ozark National Forest, the oldest national forest in the South, covering more than one million acres. It has over 600,000 acres of lakes, 9,700 miles of streams, and 82,366 miles of rivers. Visitors can mine for diamonds at the only diamond mine in the United States.

Agriculture continues to play an important part in Arkansas's economy:

- Arkansas's rice farmers are first in the nation in producing over 48% (203 million bushels) of rice.
- Arkansas is third in the nation for total pound of boiler meat produced yielding 7.5 billion pounds.
- Arkansas, at $6.5 billion, is consistently ranked in the top 10 in total wood fiber produced.

Arkansas is the birthplace of President Clinton, Johnny Cash, Paul "Bear" Bryant, Billy Bob Thornton, Jerry Van Dyke, and Milton Crenshaw.

Source: Arkansas Secretary of State and Arkansas General Assembly

ARKANSAS STATE GOVERNMENT

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