

**Arkansas State University System**

**Little Rock, Arkansas**

**Basic Financial Statements  
and Other Reports**

**June 30, 2025**

LEGISLATIVE JOINT AUDITING COMMITTEE

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# Arkansas



**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair

**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Arkansas State University System  
Legislative Joint Auditing Committee

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Arkansas State University System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2025, 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 Arkansas State University System Foundation, Inc. (System Foundation), the Arkansas State University Red Wolves Foundation, Inc. (Red Wolves Foundation), and the Henderson State University Foundation, Inc. (Henderson State Foundation), which represent 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the System Foundation, the Red Wolves Foundation, and the Henderson State Foundation is based solely on the report of the other auditors. The financial statements of the System Foundation, the Red Wolves Foundation, and the Henderson State Foundation 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 (*Government Auditing Standards*). 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 University 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 University'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 omissions, 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 judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment 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 University'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 University'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, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 7-33, 122-124, and 125-129 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 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 University's basic financial statements. The Schedule of Net Position by Campus (Schedule 2), the Schedule of Revenues, Expenses, and Changes in Net Position by Campus (Schedule 3), the Schedule of Cash Flows by Campus (Schedule 4), the Schedule of Fiduciary Net Position by Campus (Schedule 5), and the Schedule of Changes in Fiduciary Net Position by Campus (Schedule 6) 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 Schedule of Net Position by Campus, the Schedule of Revenues, Expenses, and Changes in Net Position by Campus, the Schedule of Cash Flows by Campus, the Schedule of Fiduciary Net Position by Campus, and the Schedule of Changes in Fiduciary Net Position by Campus 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 Schedule of Selected Information for the Last Five Years (Schedule 1) 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 November 17, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
November 17, 2025  
EDHE12525

# Arkansas



**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair

**Rep. Robin Lundstrum**  
House Chair  
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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

Arkansas State University System  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of the Arkansas State University System (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 17, 2025. Our report includes a reference to other auditors who audited the financial statements of the Arkansas State University System Foundation, Inc. (System Foundation), the Arkansas State University Red Wolves Foundation, Inc. (Red Wolves Foundation), and the Henderson State University Foundation, Inc. (Henderson State Foundation), as described in our report on the University's financial statements. The financial statements of the System Foundation, the Red Wolves Foundation, and the Henderson State Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the System Foundation, the Red Wolves Foundation, and the Henderson State Foundation, or that are reported on separately by those auditors who audited the financial statements of the System Foundation, the Red Wolves Foundation, and the Henderson State Foundation.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

#### **Report on Compliance and Other Matters**

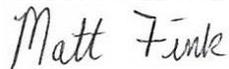
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the University in a separate letter dated November 17, 2025.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 17, 2025

# Arkansas



**Sen. Jim Petty**  
Senate Chair  
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## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

Arkansas State University System  
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2025, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	<u>Summer II Term</u> <u>2024</u>	<u>Fall Term</u> <u>2024</u>	<u>Spring Term</u> <u>2025</u>	<u>Summer I Term</u> <u>2025</u>
Student Headcount	8,777	29,135	27,790	11,452
Student Semester Credit Hours	36,769	290,072	273,079	55,686

During our review, nothing came to our attention that would cause us to believe that the student enrollment data was not substantially correct.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the governing board, University management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Handwritten signature of Matt Fink in cursive.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 17, 2025

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

## Financial Statement Presentation

This section of the Arkansas State University (The University) annual financial report presents discussion and analysis of the University's financial performance during the fiscal year ended June 30, 2025. This discussion and analysis is prepared by the University's financial administrators and is intended to provide information on the financial activities of the University that is both relevant and easily understandable. Information is also provided on the University's financial position as of June 30, 2024 as further explanation of the results of the year's financial activities. As shown in the information that follows, the overall financial position of the University has remained stable during the fiscal year.

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

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

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

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

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

In March 2016, the GASB issued Statement no. 81, *Irrevocable Split-Interest Agreements*. The statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance in which a government is a beneficiary of the agreement.

In January 2017, the GASB issued Statement no. 84, *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

In June 2017, the GASB issued Statement no. 87, *Leases*. This statement improves accounting and financial reporting for leases.

In June 2018, the GASB issued Statement no. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Additionally, it simplifies accounting for interest cost incurred before the end of a construction period.

In May 2020, the GASB issued Statement no. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

The University's financial statements for the year ended June 30, 2025 have been audited and Arkansas Legislative Audit has rendered the audit opinion contained herein. In accordance with Governmental Accounting Standards Board requirements, this analysis includes a discussion of the significant changes between the two fiscal years ended June 30, 2025 and 2024 where appropriate.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

## Statement Discussion

### Statement of Net Position

The Statement of Net Position is intended to display the financial position of the University. Its purpose is to present to the reader of the financial statements a benchmark from which to analyze the financial stability of the University. It is a "snapshot" of the University's assets, liabilities, deferred inflows, deferred outflows, and net position (assets and deferred outflows minus liabilities and deferred inflows) as of June 30, 2025, the last day of the fiscal year. Assets and liabilities are presented in two categories: current and noncurrent. Net position is presented in three categories: net investment in capital assets, restricted position, and unrestricted net position. Restricted net position is divided into two categories: nonexpendable and expendable. A more detailed explanation of these categories is found in the notes that accompany the financial statements. A condensed version of the Statement of Net Position is displayed below.

Readers of the Statement of Net Position can determine answers to the following key questions as of June 30, 2025:

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

<b>Condensed Statement of Net Position</b>				
	2025	2024	Increase/ (Decrease)	Percent Change
<b>Assets and Deferred Outflows:</b>				
Current Assets	\$ 155,430,645	\$ 148,265,001	\$ 7,165,644	4.83%
Capital Assets, net	556,765,617	539,115,940	17,649,677	3.27%
Other Noncurrent Assets	139,603,280	111,319,447	28,283,833	25.41%
<b>Total Assets</b>	<b>851,799,542</b>	<b>798,700,388</b>	<b>53,099,154</b>	<b>6.65%</b>
Deferred Outflows	6,653,232	9,152,160	(2,498,928)	(27.30%)
<b>Total Assets and Deferred Outflows</b>	<b>\$ 858,452,774</b>	<b>\$ 807,852,548</b>	<b>\$ 50,600,226</b>	<b>6.26%</b>
<b>Liabilities and Deferred Inflows:</b>				
Current Liabilities	\$ 62,812,350	\$ 53,409,872	\$ 9,402,478	17.60%
Noncurrent Liabilities	261,885,335	244,735,488	17,149,847	7.01%
<b>Total Liabilities</b>	<b>324,697,685</b>	<b>298,145,360</b>	<b>26,552,325</b>	<b>8.91%</b>
Deferred Inflows	20,261,425	24,139,556	(3,878,131)	(16.07%)
<b>Total Liabilities and Deferred Inflows</b>	<b>344,959,110</b>	<b>322,284,916</b>	<b>22,674,194</b>	<b>7.04%</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	343,970,007	322,536,473	21,433,534	6.65%
Restricted, Nonexpendable	18,281,736	17,081,236	1,200,500	7.03%
Restricted, Expendable	10,598,456	10,217,061	381,395	3.73%
Unrestricted	140,643,465	135,732,862	4,910,603	3.62%
<b>Total Net Position</b>	<b>513,493,664</b>	<b>485,567,632</b>	<b>27,926,032</b>	<b>5.75%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 858,452,774</b>	<b>\$ 807,852,548</b>	<b>\$ 50,600,226</b>	<b>6.26%</b>

#### **Assets and Deferred Outflows**

Total assets and deferred outflows increased by \$50.6 million.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Net Position (Continued)**

**Current Assets**

Current assets increased by \$7.2 million.

**Cash and Cash Equivalents**

Cash and cash equivalents decreased by \$5 million. There was a mixture of increases and decreases amongst the campuses, with the largest change occurring at the Jonesboro campus. Jonesboro had a decrease of nearly \$5.6 million due to higher accounts payable related to new construction projects for the Windgate Hall of Art and Innovation and the College of Veterinary Medicine buildings, as well as current debt and receivables in unexpended plant funds. Beebe purchased additional certificates of deposit which contributed to a \$1.1 million decrease. Three Rivers' decrease of \$141,000 was the result of additional expenses for their new athletics program, increased enterprise resource planning costs, and an increase in institutional scholarships. Newport purchased a new certificate of deposit in the amount of \$500,000 which was offset by a decrease in capital grants from the prior year, causing an overall decrease in cash of almost \$90,000. Mountain Home's increase of \$968,000 was the result of conservative budgeting and disciplined expense management, along with property tax revenues that significantly exceeded projections. Henderson State University increased tuition and fees by approximately 9% and reinstated the housing agreement for freshmen and sophomores. Furthermore, the campus continued to operate under the same expense budget even when revenue trended higher than budgeted. These factors contributed to an increase of \$568,000. Mid-South's increase in the amount of \$308,000 was partially due to a large carryforward balance in their General Adult Education Excess fund.

**Short-term Investments**

Short-term investments increased by \$4.5 million. Beebe and Newport were the only campuses with increases which were \$2.9 million and \$1.6 million, respectively. Beebe invested in additional certificates of deposit during the fiscal year. Newport purchased one new certificate of deposit for \$500,000 in order to maximize their return and reclassified \$1.2 million in investments from noncurrent to current. Mid-South and Mountain Home's balances remained the same when compared to the previous fiscal year, while the other campuses did not have short-term investments.

**Accounts Receivable**

Accounts receivable increased by approximately \$3.3 million. Gross receivables increased by \$4 million. Two of the campuses, Jonesboro and Mountain Home, had increases when compared to the total for 2024. Jonesboro had the largest increase of approximately \$5.4 million. This was a result of several reasons. First, the campus is constructing the Windgate Hall of Art of Innovation which is being built with funds from a private gift. At year end, there was a receivable of about \$2 million for construction costs related to this project. Additionally, the campus borrowed \$2.9 million to re-roof the Education/Communications building and to complete the phased roofing project at the student union that began towards the end of the fiscal year. Although the loan was finalized and payments were made in fiscal year 2025 for the loan; no cash had been received yet since the amounts are based on reimbursements for costs. Since the loan payback began during the fiscal year; the debt for the loan, as well as a receivable in the amount of \$2.9 million for the loan were recorded. Additionally, receivables related to students increased by nearly \$2.4 million. Receivables related to third parties, such as from other campuses, increased by around \$770,000. Mountain Home's increase of about \$418,000 is attributable to an outstanding grant receivable from the Arkansas Office of Skills Development and an increase in the property tax receivable. Of the remaining campuses, there was a decrease of \$2.5 million. The largest decrease was \$717,000 at the Mid-South campus. In the previous fiscal year, they had recorded amounts of \$508,000 for the Reynolds Center/University Center chiller project and \$122,000 for scholarships. Both of these amounts were received from their Foundation. Beebe had a decrease of \$666,000 related to receivables for tuition and fees. Henderson State University had a decline of \$453,000 for tuition and fees. This was attributed to their enhanced collection practices and expanded billing outreach efforts led by their Student Accounts office. Newport showed a decline of \$421,000. They had a decrease of \$574,000 related to removing old uncollectable amounts related to student accounts receivable. This decrease was offset by an increase related to their county sales tax receivable. Three Rivers had a decrease of \$273,000. Their prior year balance had shown a receivable related to the construction of the Ritz Theatre which was received in 2025. Overall, allowance for doubtful accounts increased by about \$722,000. Since each campus is unique; each campus develops and maintains their own criteria for the allowance for doubtful accounts calculation. The campuses are continuing to monitor the accounts receivable balances and continue to increase collection efforts. This has proven to be an effective method as accounts receivables balances are closely monitored and the allowance for doubtful accounts methodology is reviewed and revised. All campuses except one had increases. Henderson State University had the only decrease. They use a percentage allowance method. Since their receivables related to tuition and fees decreased; this amount also decreased. Of the remaining campuses, the Jonesboro campus had the largest increase of \$238,000. They also use a percentage allowance method. Since their receivables related to tuition and fees increased; this amount also increased. Newport had an increase of \$219,000. This was a result of reviewing their bad debt history and increasing their allowance to provide a more accurate amount. The remaining campuses had a combined total increase of \$351,000.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Net Position (Continued)**

**Current Assets (Continued)**

Inventories

Inventories decreased by about \$149,000; although only two campuses experienced decreases. Jonesboro's decrease of \$218,000 was mostly due to reductions in their museum, Facilities Management, and Information and Technology Services project supplies inventory levels. Henderson State University's aviation program had a minor decrease of \$2,500 resulting from the timing of their restocking cycle. Newport had the largest increase of \$32,000. This was primarily driven by higher stock levels at their bookstore for curriculum requirements and central supplies inventory, which was then offset by food service inventory dropping from \$15,000 to \$0 after it was contracted to an outside vendor. Three Rivers' increase of \$19,000 was attributable to additional inventory related to their athletics programs for uniforms, apparel, and equipment. Mid-South made a large purchase of promotional items in June 2025 to restock inventory which contributed to their increase of just under \$15,000. The Beebe and Mountain Home campuses also had small increases of \$4,000 and \$2,000, respectively.

Leases Receivable

During fiscal year 2022, the University implemented GASB Statement no. 87, *Leases*. The Jonesboro campus and Henderson State University are the only campuses with leases receivable. The Jonesboro campus has three lease agreements leasing ground owned by the campus. Henderson State University leases a building and then subleases two different spaces in the building. Additional information about these leases may be found in Note 6. The current portion of leases receivable increased from \$256,285 to \$268,164 due to scheduled increases in principal payments outlined in the lease amortization schedules.

Deposits with Trustees

Deposits with trustees increased by \$2.3 million. Of the six campuses having deposits with trustees, four had increases. The largest increase was \$2 million at Jonesboro due to funds related to the construction of the new College of Veterinary Medicine. The campus issued bonds in the amount of \$30,335,000 during fiscal year 2025 for the project. Henderson State University had an increase of \$232,000 due to receiving an IRS subsidy payment of \$98,000 into one of their accounts, payments that were transferred to the trustees at the end of the fiscal year, and higher interest rates. Mid-South had an increase of about \$18,000 which was related to the next fiscal year's principal and interest payments. The remaining campuses totaled around a \$1,300 decrease and was mainly related to the Beebe campus and the retirement of a bond issue from last year. Three Rivers does not have bonds issued and had no deposits with trustees.

Prepaid Expenses

Prepaid expenses increased by \$1.1 million. All campuses experienced increases except for Mid-South. The largest increase was at the Jonesboro campus in the amount of \$805,000. Payroll transferred funds early for the July 1 optional voluntary retirement incentive plan (OVRIP) payments for both Jonesboro and System Office employees. This was recorded as a prepaid expense and as a payable. Henderson State University had an increase of \$247,000, primarily due to the timing of a required payment under their Sodexo food service contract. Three Rivers' increase of \$69,000 was the result of software related subscriptions with annual terms beginning May 2025. The Newport campus purchased additional insurance required for their athletic program and saw higher costs in their Information and Technology Services area for licensing of platforms and software. This contributed to their overall increase of \$45,000. Beebe replenished their postage in June which led to an increase of about \$10,000. There was a minor increase of \$6,000 at the Mountain Home campus. The majority of Mid-South's \$35,000 decrease was from a change in the amount billed by SHI International Corporation for their Palo Alto network firewall security.

**Capital Assets, net**

Capital assets, net increased by about \$17.6 million. Accumulated depreciation/amortization increased from \$679,275,434 in 2024 to \$707,554,821 in 2025. This increase, of approximately \$28.3 million, is due to the recording of one additional year of depreciation/amortization for assets that have already been depreciating. Additionally, there was new equipment, new buildings, renovations to buildings, and other improvements/infrastructure that were added in 2024 and began depreciating in 2025. Also, accumulated depreciation on retirements was \$7,428,117. The increase in accumulated depreciation was offset by the addition of \$54.1 million in capital assets and the retirement of \$8.2 million in capital assets with accumulated depreciation of \$7.4 million. Of the \$54.1 million added to capital assets, \$32.8 million was construction in progress, \$2.5 million was buildings, \$3.2 million was improvements and infrastructure, and \$7.7 million was equipment. Additional information about capital assets may be found in the 'Capital Assets' section of this Management's Discussion and Analysis.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Net Position (Continued)**

**Other Noncurrent Assets**

Other noncurrent assets decreased by \$28.3 million.

*Noncurrent Cash*

Noncurrent cash decreased by \$914,000, while restricted cash increased by \$1.3 million. Only four campuses have a noncurrent cash balance; Jonesboro, Mid-South, Mountain Home, and Henderson State University. The largest decrease was at Jonesboro in the amount of \$5.1 million. Cash was transferred from unexpended plant funds at year end to cover deficits in auxiliaries and other unrestricted funds. Mountain Home had a modest decrease of \$19,000. Henderson State University had an increase of \$2.5 million primarily due to a transfer of excess cash to unrestricted reserves. Mid-South's cash balance in their excess millage fund increased, and they received reimbursements for their Reynolds Center/University Center chiller project that was completed in fiscal year 2024. These factors contributed to an increase of \$1.7 million. Jonesboro and Mid-South are the only campuses with a noncurrent restricted cash balance. Mid-South's millage received for debt service from April through June 2025 was not sent to US Bank until July 2025, resulting in an increase of roughly \$1.4 million. Jonesboro had a small decrease of \$66,000. Henderson State University had a noncurrent restricted cash balance of \$5,000 in the prior year, but it was brought to \$0 after conducting a review of funds from their legacy system and transferring cash balances from noncurrent to current.

*Endowment Investments*

Endowment investments increased by \$1.4 million. This was in large part due to Jonesboro's increase of \$1.4 million from higher interest earnings on their endowment funds. Beebe experienced a slight decrease of \$2,000. The other campuses did not have endowment investments.

*Leases Receivable*

During fiscal year 2022, the University implemented GASB Statement no. 87, *Leases*. The Jonesboro campuses and Henderson State University are the only campuses with leases receivable. The Jonesboro campus has three lease agreements leasing ground owned by the campus. Henderson State University leases a building and then subleases two different spaces in the building. Additional information about these leases may be found in Note 6. The noncurrent portion of leases receivable declined from \$11,457,700 to \$11,189,536 due to receiving fiscal year 2025 payments.

*Other Long-term Investments*

Other long-term investments decreased by approximately \$147,000. Jonesboro is the only campus with other long-term investments, and they experienced a decline in valuation when compared to the previous fiscal year.

*Irrevocable Split-Interest Agreement*

The Jonesboro campus implemented GASB no. 81, *Irrevocable Split-Interest Agreements*, which was effective July 1, 2017. There was an increase of \$106,000 during fiscal year 2025 as the trustee re-appraised the value of the asset.

*Deposits with Trustees*

Deposits with trustees increased significantly by \$25.6 million. Of the three campuses having deposits with trustees; one had an increase, one had a decrease and one (Henderson State University) was unchanged. The Jonesboro campus showed an increase of \$26.1 million. This was due to the bond issued in December 2024 for the construction of the new College of Veterinary Medicine. Construction began on the project in the spring of 2025 and the project is expected to be completed in June 2026 and begin offering classes in the fall of 2026. The Mid-South campus had a decrease in the amount of \$467,000. This was due to an excess millage in the fiscal year of \$712,000 and the transferring of more in property tax revenue of \$260,000 to the trustee.

**Deferred Outflows**

Deferred outflows decreased by approximately \$2.5 million. Roughly \$2.1 million of this decrease was due to a decreased amount of deferred outflows related to pensions. All of the campuses had decreases due to the adjustment of deferred outflows related to pensions for the 2025 fiscal year. Additional information about the deferred outflows related to pensions may be found in Note 9 and the Required Supplementary Information. Deferred outflows related to other postemployment benefits (OPEB) decreased by about \$89,000. Five of the seven campuses recorded decreases for the year. Additional information about the deferred outflows related to OPEB may be found in Note 13 and the Required Supplementary Information. Deferred outflows related to the recording of the deferred losses on bond refundings decreased by \$329,000. All the campuses had decreases due to the amortization of these amounts. Only one campus, Jonesboro, issued refunding bonds during fiscal year 2025. However, this refunding did not result in a deferred outflow.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Net Position (Continued)**

**Liabilities and Deferred Inflows**

Total liabilities and deferred inflows increased by \$22.7 million.

**Current Liabilities**

Current liabilities increased by \$9.4 million.

**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities increased by \$5.6 million. All campuses, apart from Beebe, had increases. Jonesboro had the largest increase of \$3.6 million, primarily due to \$2 million in construction related payables for two new buildings: the Windgate Hall of Art and Innovation and the College of Veterinary Medicine. There was also an increase in payables related to auxiliaries, specifically athletics, and payables for the July 1 OVRIP payments for both Jonesboro and System Office employees. Mid-South accumulated \$1.3 million of property tax millage from April through June 2025, but did not send the funds to US Bank until July 2025 which contributed to their overall increase of \$1.2 million. Much of Henderson State University's increase of \$486,000 was attributable to construction related payables to Nabholz Construction Corporation. Three Rivers also had construction expenses for their Ritz renovation project and new nursing building, resulting in an increase of \$161,000. Mountain Home and Newport's increases of \$187,000 and \$148,000, respectively, were mostly due to payroll and benefit accruals. Beebe's payables balance in fiscal year 2024 included construction of their nursing building which was completed during fiscal year 2025. This led to their decrease of \$147,000.

**Bonds, Notes, Leases, Installment Contracts, and SBITAs Payable**

Bonds, notes, leases, installment contracts, and SBITAs payable increased by \$2.9 million. All campuses had increases for the fiscal year. The largest increase was at Jonesboro in the amount of \$2.6 million and is a result of adding three SBITAs. Although the campus did issue construction bonds for the College of Veterinary Medicine which added \$425,000 to the current liability; this was offset by a decrease of \$400,000 from the prior year for the 2005 refunding bond issue which was paid off in 2025. Additionally, the campus had two new notes payable for renovations which increased the current portion of notes payable by about \$517,000 when compared to the amount for 2024. The campus also refunded one bond issue during the year. Henderson State University had an increase of \$133,000. The campus had one lease for office space that ended but also replaced it with a similar lease. Their increase is due to a larger amount of principal rather than interest being due on debt that is ongoing. The remaining campuses total a change of \$101,000 higher when compared to 2024. None of the other campuses recorded any new debt during the fiscal year. There were also no other debt retirements other than those at Jonesboro and Henderson State University. The following notes contain additional information about the details of each campus's bonds, notes, leases, installment contracts, and SBITAs payable. Additional information on the leases may be found in Note 5 and Note 6. Additional details on bonds, notes, and installment contracts may be found in Note 5. Additional information about the subscription-based information technology arrangements may be found in Note 5 and Note 7.

**Unearned Revenues**

Unearned revenues increased by roughly \$503,000. Five campuses saw increases this year. Henderson State University had the largest increase in the amount of \$347,000 due to the timing of their summer class offerings when compared to the previous fiscal year. Newport saw an increase of \$158,000 for student payments received for summer II and fall 2025 classes and an increase of \$80,000 in grant revenue received but not expended as of June 30, 2025. They also had a minimal amount of bookstore gift cards in their unearned revenue balance. This contributed to their overall increase of \$241,000. The bulk of Three Rivers' increase of \$200,000 is related to their nursing building construction grant. Mountain Home had a higher number of students register and pay for summer II classes prior to fiscal year end which led to their \$55,000 increase. The Beebe campus saw a trivial increase of less than \$500. Jonesboro and Mid-South were the only two campuses with decreases in the amounts of \$252,000 and \$88,000, respectively. Jonesboro experienced a decline in unearned revenue related to restricted grant funds. The majority of Mid-South's change came from their Ascendium grant. They spent \$158,000 in fiscal year 2025 compared to only \$53,000 in 2024, thereby recognizing more revenue.

**Deposits**

Deposits decreased by nearly \$345,000. Much of this decrease was recognized at the Jonesboro campus in the amount of \$320,000 which was primarily related to a reduction in international tuition deposits. Students enrolled in Henderson State University's aviation program pay deposits for flight hours. They saw a decrease of almost \$25,000. Newport had a slight decrease of \$200 because fewer students paid housing deposits for the fall 2025 term. Mid-South had a trivial decrease; while Beebe's deposits remained unchanged. Mountain Home and Three Rivers did not have any deposits.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Net Position (Continued)**

**Current Liabilities (Continued)**

**Other Postemployment Benefits (OPEB) Liability**

The current portion of this liability, an increase of about \$308,000, was recorded during the year in accordance with GASB no. 75. The current portion of this total liability represents the amount that is the expected employer contributions for fiscal year 2026. Additional information about OPEB may be found in Note 13 and the Required Supplementary Information.

**Noncurrent Liabilities**

Noncurrent liabilities increased by \$17.1 million.

**Bonds, Notes, Leases, Installment Contracts, and SBITAs Payable**

Bonds, notes, leases, installment contracts, and SBITAs payable increased by \$23.6 million. All campuses, other than Jonesboro, had decreases when compared to 2024. These decreases are a reflection of the reduction of principal amounts owed by the campuses for bonds, notes, leases, installment contracts, and SBITAs payable. As previously discussed, Jonesboro issued \$30,335,000 in construction bonds during 2025. Additionally, the campus recorded two new loans during the year as well as three subscription-based information technology arrangements. Henderson State University recorded one new lease during the year. Jonesboro and Henderson State University both had debt with a final payment in 2025. There was one bond and three leases payable that reached maturity during the fiscal year. Additionally, the Jonesboro campus did a refunding issue for a bond payable.

**Other Postemployment Benefits (OPEB) Liability**

The noncurrent portion of this liability decreased by about \$761,000 and was recorded during the year in accordance with GASB no. 75. Additional information about OPEB may be found below in the deferred inflows section, in Note 13, and the Required Supplementary Information.

**Net Pension Liability**

The University's portion of the net pension liability decreased by around \$3.9 million. These amounts were recorded in accordance with GASB no. 68. Additional information about the net pension liability may be found in Note 9 as well as the Required Supplementary Information.

**Deferred Inflows**

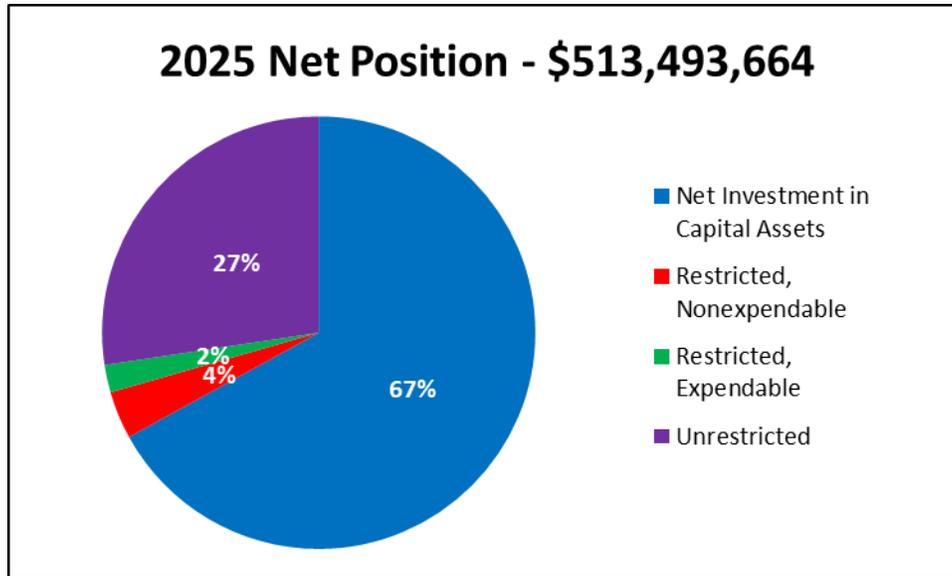
Deferred inflows decreased by almost \$3.9 million. Nearly all of this decrease, \$3.1 million, was the amount related to the recording of OPEB which was recognized in fiscal year 2025 in accordance with GASB no. 75. The deferred inflows are recorded in conjunction with the deferred outflows, current liability, and noncurrent liability related to OPEB discussed previously. The overall effect of recording the OPEB amounts showed a decrease of about \$3.5 million. There was also a decrease of about \$383,000 related to leases. As previously mentioned, Jonesboro and Henderson State University are the only campuses to record an amount related to leases receivable and there is also a deferred inflow amount related to those leases. Additional information on the leases may be found in Note 6. There was a decrease of \$526,000 related to pensions. The deferred inflows are recorded in conjunction with the deferred outflows and pension liability discussed previously. The only increase was minimal in the amount of \$174,000. \$106,000 was recorded as part of the irrevocable split-interest agreement at the Jonesboro campus as previously mentioned in the Noncurrent Asset section. Furthermore, the Jonesboro campus recorded a deferred gain related to the refunding of bonds in the amount of \$68,000. This amount will be amortized over the life of the bonds.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Net Position (Continued)**

**Net Position**

Total net position increased significantly by \$27.9 million. The percentage of each net position category is displayed in the chart below.



**Net investment in capital assets**

Net investment in capital assets increased by \$21.4 million. This increase was mainly attributable to the addition of capital assets. The campuses added \$54.1 million of capital assets during the year. In the previous year, there was \$23.1 million in capital asset additions. Also, in fiscal year 2024, the amount of depreciation and amortization exceeded the amount of capital asset additions. This was not the case for 2025. The amount of asset additions of \$54.1 million far exceeded the amount of depreciation and amortization of \$35.7 million. Additional details about capital assets, depreciation, and amortization may be found in the Capital Assets section that follow as well as Note 4, Note 6, and Note 7. There was about \$28.6 million of debt paid during the year. In comparison, \$55 million in new debt was added. Additional details about long-term debt may be found in the Debt Administration section and Note 5.

**Restricted, Nonexpendable**

Restricted, nonexpendable net position increased by \$1.2 million.

- *Scholarships and Fellowships* — Restricted, nonexpendable net position for scholarships and fellowships increased by \$477,000. This was due to the Jonesboro and Beebe campus's increases in the fair value of endowment investments held by the Arkansas State University Foundation for scholarship purposes.
- *Renewal and Replacement* — The Mid-South campus has restricted, nonexpendable net position for renewal and replacement. There were no changes to the net position during the fiscal year.
- *Loans* — The restricted, nonexpendable net position for loans decreased by \$20,000. The Beebe campus no longer uses a travel advance fund which brought their balance from \$20,000 in fiscal year 2024 to \$0 in 2025.
- *Other* — Restricted, nonexpendable net position for other purposes than those mentioned above increased by \$744,000. This was due to an increase in investment earnings during the year on endowments for purposes other than scholarships.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Net Position (Continued)**

**Net Position (Continued)**

Restricted, Expendable

Restricted, expendable net position increased by \$381,000.

- *Scholarships and Fellowships* — Restricted, expendable net position for scholarships and fellowships increased by roughly \$43,000. Jonesboro had an increase of \$38,000; while Beebe had a decrease of \$8,000. This was due to changes in the fair value of endowment investments held by the Arkansas State University Foundation for scholarship purposes. Mid-South's increase of \$12,000 was mainly attributable to higher investment earnings on their nursing scholarship fund held at Bank of New York Mellon.
- *Research* — The restricted, expendable net position for research increased by \$68,000. The Jonesboro campus was the only campus to have net position from restricted grants for the purpose of research. Although the campus had research grants last year; this year resulted in a positive net position related to those grants.
- *Capital Projects* — Restricted, expendable net position for capital projects increased by \$125,000. The Newport campus was the only campus with net position related to a capital project. This was a result of funds received at the end of the year from Jackson County for the Health Sciences Building.
- *Debt Service* — The restricted, expendable net position for debt service increased by \$1.9 million. Henderson State University began classifying deposits with trustees in this category which increased the amount by \$1.6 million. The Jonesboro campus also reclassified amounts from net investment in plant to restricted for debt service resulting in a \$331,000 increase. Mid-South had a decrease of \$11,000 for their principal and interest payments due for bonds and notes.
- *Renewal and Replacement* — The Mid-South campus has restricted, expendable net position for renewal and replacement. Their decrease of \$226,000 was the net result of reducing their investment account balance by \$483,000 to reimburse for their Reynolds Center/University Center chiller project, recording investment earnings of \$127,000, and transferring annual reserve requirements of \$130,000.
- *Other* — The restricted, expendable net position for other purposes than those listed above decreased by approximately \$1.6 million. Henderson State University conducted a review of fund balances previously transferred from their legacy system and determined that these balances should be moved to unrestricted net position which caused a decrease of \$2.2 million. Restricted funds previously reported in this category for Newport were either closed or expended to \$0 during fiscal year 2025 leading to a decrease of \$138,000. Beebe's \$88,000 decrease was due to increased grant expenditures throughout the year. Jonesboro had a higher amount of net position related to grants classified as other, and research was not reclassified and offset to this category as was done during fiscal year 2024. This contributed to an increase of \$726,000. Mid-South's Adult Education Excess fund and carryforward funds increased by \$60,000, and they received a \$10,000 grant from Complete College America. This was offset by a decrease of \$22,000 in the Parents as Teachers (PAT) Blue and You Foundation grant balance, resulting in an overall increase of about \$48,000. Mountain Home had a small increase of \$33,000. Three Rivers does not have a balance for this category.

Unrestricted

Unrestricted net position increased by \$4.9 million. There was a mixture of increases and decreases amongst the campuses. Henderson State University's increase of nearly \$5 million was partially related to revenue coming in almost 10% above projections, while expenses remained within current budgets. In addition to this, they moved roughly \$2.2 million of fund balances previously transferred from their legacy system from restricted, expendable net position to unrestricted net position. The majority of Mid-South's \$2.5 million increase was due to the receipt of excess millage in the amount of \$3 million which was then used to purchase a certificate of deposit for \$1 million. They also received a \$483,000 reimbursement from Bank of New York Mellon for their Reynolds Center/University Center chiller project. Beebe had an increase of \$2 million which arose from an increase in tuition and fees, livestock sales, host fees, and other operating grants. Mountain Home used conservative budgeting and maintained expenses within that framework, while property tax revenues significantly exceeded projections. This contributed to a \$1.2 million increase. Jonesboro had the largest decrease in the amount of \$5.3 million which was primarily due to capital projects, most notably the construction of the College of Veterinary Medicine. The campus also experienced higher expenses for supplies and services, personal services, and self-insurance. Three Rivers experienced higher than budgeted expenses for their share of enterprise resource planning costs and institutional scholarships which led to a decrease of \$363,000. Newport had a small decrease of \$167,000.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

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

The net position as presented on the Statement of Net Position is based in part on the financial activities that occurred during the fiscal year as presented in the Statement of Revenues, Expenses, and Changes in Net Position. This statement's purpose is to present the revenues generated and received by the University, both operating and nonoperating, the expenses incurred by the University, both operating and nonoperating, and all other financial gains or losses experienced by the University during the fiscal year ended June 30, 2025.

Generally, revenues from operations are received in exchange for the University providing services or products to students and other constituencies. Operating expenses are those costs paid or incurred in producing those services or products or in carrying out the mission of the University. Nonoperating revenues are financial inflows to the University resulting from nonexchange transactions; that is, the University does not provide a specific service or product in exchange for them. For example, appropriations from the state are considered nonoperating revenue because the legislature does not receive a direct and commensurate benefit from the University in exchange for providing the appropriation. A condensed Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2025 compared to fiscal year 2024 is shown on the next page.

<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>				
	2025	2024	Increase/ (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees, Net	\$ 76,931,461	\$ 71,882,368	\$ 5,049,093	7.02%
Grants and Contracts	48,212,958	43,281,658	4,931,300	11.39%
Auxiliary Enterprises, Net	38,269,428	35,743,178	2,526,250	7.07%
Other	12,963,881	12,775,448	188,433	1.47%
Total Operating Revenues	<u>176,377,728</u>	<u>163,682,652</u>	<u>12,695,076</u>	7.76%
Operating Expenses	418,267,285	395,561,153	22,706,132	5.74%
Nonoperating Revenues (Expenses)				
State Appropriations	136,937,358	137,773,485	(836,127)	(0.61%)
Grants and Contracts	79,086,289	60,493,321	18,592,968	30.74%
Interest on Capital Asset - Related Debt	(9,059,797)	(8,250,404)	(809,393)	9.81%
Other	35,582,699	33,492,334	2,090,365	6.24%
Total Nonoperating Revenues (Expenses)	<u>242,546,549</u>	<u>223,508,736</u>	<u>19,037,813</u>	8.52%
Income Before Other Revenues, Expenses, Gains or Losses	<u>656,992</u>	<u>(8,369,765)</u>	<u>9,026,757</u>	(107.85%)
Capital Appropriations	4,973,870	3,370,213	1,603,657	47.58%
Capital Grants and Gifts	22,353,029	3,618,132	18,734,897	517.81%
Other	(57,859)	1,155,097	(1,212,956)	(105.01%)
Total	<u>27,269,040</u>	<u>8,143,442</u>	<u>19,125,598</u>	
Increase (Decrease) in Net Position	<u>\$ 27,926,032</u>	<u>\$ (226,323)</u>	<u>\$ 28,152,355</u>	(12,439.02%)
Net Position, Beginning of Year	\$ 485,567,632	\$ 485,793,955	\$ (226,323)	(0.05%)
Net Position, End of Year	\$ 513,493,664	\$ 485,567,632	\$ 27,926,032	5.75%

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Revenues**

Total revenues increased by approximately \$32.8 million.

**Operating Revenues**

Total operating revenues increased by \$12.7 million.

**Tuition and Fees, net**

Net tuition and fees increased by \$5 million. Gross tuition and fee revenue increased by \$12.8 million. Jonesboro saw the largest increase in the amount of \$2.5 million which was primarily due to increased enrollment. The Mountain Home campus hired Ferrilli Higher Education consultants in fiscal year 2024 to review and write a report for scholarship allowances which were much higher than the prior year. Errors were discovered in the report and corrected during fiscal year 2025. Although gross tuition and fees only increased by \$242,000, net tuition and fees increased by \$1.5 million after the report adjustment. Newport and Beebe experienced higher enrollment which led to increases of \$668,000 and \$435,000, respectively. In addition to this, Beebe raised tuition by 4%. Henderson State University increased student charges by roughly 9% which contributed to their increase of \$249,000. Mid-South implemented a new scholarship allowance report that was developed by Ferrilli Higher Education consultants to more accurately calculate their allowance amount. Their scholarship allowance increased by \$792,000, but gross tuition and fee revenue only increased by \$463,000, resulting in a net decrease of \$329,000. Three Rivers had a trivial decrease. Jonesboro and Henderson State University awarded a higher number of institutional scholarships, and many campuses saw a rise in Pell funds awarded, resulting in an overall increase in scholarship allowances. Scholarship allowances increased by \$7.8 million.

**Grants and Contracts**

Operating grants and contracts increased by \$4.9 million. All campuses experienced increases except for Mid-South. Jonesboro had the largest increase in the amount of \$2.1 million. The campus is putting a stronger focus on research grants, resulting in a higher number of active grants in 2025 compared to prior years. The Arkansas Division of Higher Education (ADHE) awarded Higher Industry Readiness through Educational Development (HIRED) grants to Jonesboro and Newport for food and steel advanced manufacturing, to Beebe for precision agriculture, and to Three Rivers' Saline County Career and Technical Center in the aerospace and defense industry. Jonesboro, Beebe, and Henderson State University also received Arkansas Linking Industry to Growing Nurses (ALIGN) grants from the Department of Commerce to help attract, prepare, and retain nurses in the state. These new grants resulted in Three Rivers, Beebe, and Newport's increases of \$1.2 million, \$1.1 million, and \$301,000, respectively. In addition to the ALIGN grant, Henderson State University also received a grant from the Arkansas Department of Elementary and Secondary Education to host a Special Education Resource Endorsement Academy. The academy is designed for currently licensed teachers to add an endorsement in special education resource, allowing them to teach students with exceptionalities in inclusive settings. These new awards contributed to their increase of \$206,000. Mountain Home had an increase of \$216,000 due to the addition of a Drug Free Communities grant and an Arkansas Office of Skills Development grant. Mid-South's decrease of \$194,000 is primarily attributable to reclassifying gifts from the Arkansas State University System Foundation from operating to nonoperating. Overall, the change across the campuses was an increase of 11.39%. There will continue to be fluctuations in the amount of operating grants and contracts revenue as more colleges and universities compete for these dollars. Additionally, timing issues of receipts and expenses also plays a role in the ending balances for grants and contracts.

**Sales and Services**

Sales and services increased by \$166,000. There were three campuses with increases this year. Beebe experienced a rise in livestock sales which led to an increase of \$97,000. Jonesboro had an increase of \$73,000 primarily due to higher sales from agriculture's meat lab, the Ecotoxicology Research Facility, and the Office of Behavioral Research and Evaluation. Henderson State University's increase of \$17,000 was mostly from an increase in non-student aviation income. Mountain Home and Newport had decreases in the amounts of \$12,000 and \$9,000, respectively. Ticket sales for Mountain Home's Performing Arts group were down when compared to the previous year. Newport's revenue from their cosmetology program declined by almost 25%. The campus also sold straw from their agriculture program in the prior year, but these sales were discontinued in 2025. Mid-South and Three Rivers do not have sales and services operating revenue.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Operating Revenues (Continued)**

Auxiliary Enterprises, net

Auxiliary enterprises, net increased by \$2.5 million. There were increases at each campus, other than Beebe. Henderson State University had the largest increase in the amount of \$1.6 million which was attributable to higher student housing revenue driven by new requirements, along with changes related to their food service contract. Jonesboro had an increase in enrollment which affected revenue in many auxiliary areas, such as housing, food service, student union, bookstore, vending, and parking. This resulted in an increase of \$808,000. As previously discussed, the scholarship allowances report Mountain Home used in 2024 that was developed by Ferrilli Higher Education consultants contained errors that were corrected in 2025. Although gross auxiliary revenue decreased by \$68,000, net auxiliary revenue increased by \$96,000 after the report adjustment. Three Rivers' increase of \$58,000 is related to athletics gifts received during the year. Newport's food service was contracted to an outside vendor during the last quarter of fiscal year 2025 which caused food service revenue to drop when compared to the previous year. However, this decline was offset by a rise in bookstore and housing revenue, resulting in an overall increase of \$17,000. Mid-South's Café Grill was closed for part of fiscal year 2024 for their Reynolds Center/University Center chiller project, so sales increased when the restaurant was back open for a full year during 2025. Their bookstore commissions were higher as well, causing an overall increase of \$16,000. Beebe's scholarship allowances applied to auxiliary charges increased by \$84,000 which contributed to their decrease in net auxiliary enterprises of \$48,000. In addition to the increased revenues, scholarship allowances related to auxiliaries increased by roughly \$490,000.

Self-Insurance

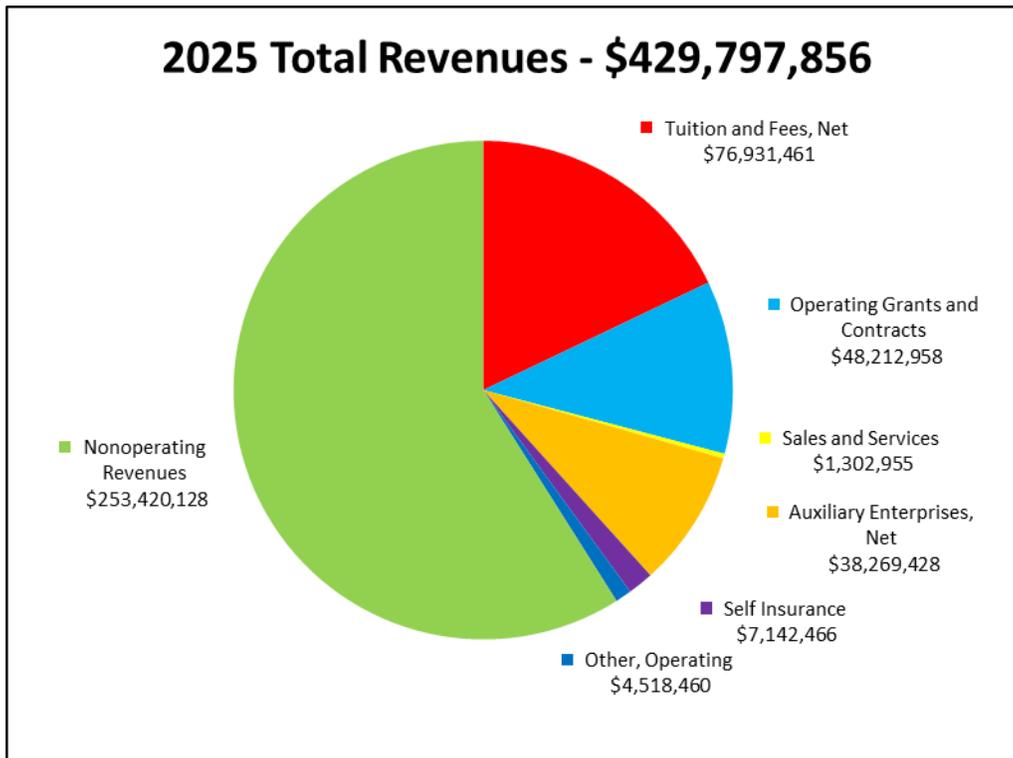
Self-insurance revenues increased by \$232,000. There was an increase beginning in January for the employee portion of self-insurance. These amounts varied based on the type of plan and coverage. Additional annual amounts paid by employees for health insurance ranged from an additional \$12 per year to \$180 per year.

Other

Other operating revenues decreased by nearly \$210,000. The largest change was Jonesboro's decrease of \$233,000 which was primarily due to receiving fewer fees from the Arkansas State University Querétaro campus. In 2024, Henderson State University and Newport's other operating revenues included one-time funding proceeds which were absent in 2025. This led to decreases in the amounts of \$161,000 and \$70,000, respectively. The other four campuses saw increases during the year. Mountain Home and Beebe's increases of \$101,000 and \$45,000 were mainly due to receiving host fees from the Jonesboro campus. Mid-South received \$99,000 in University Center revenue, their rental income increased by \$17,000, and other income decreased by \$33,000. These factors led to an overall increase of \$83,000. Three Rivers had an increase of \$26,000 due to facilities rental revenue from the Saline County Career Technical Campus in Benton.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**



**Nonoperating Revenues**

Total nonoperating revenues increased by \$20.1 million.

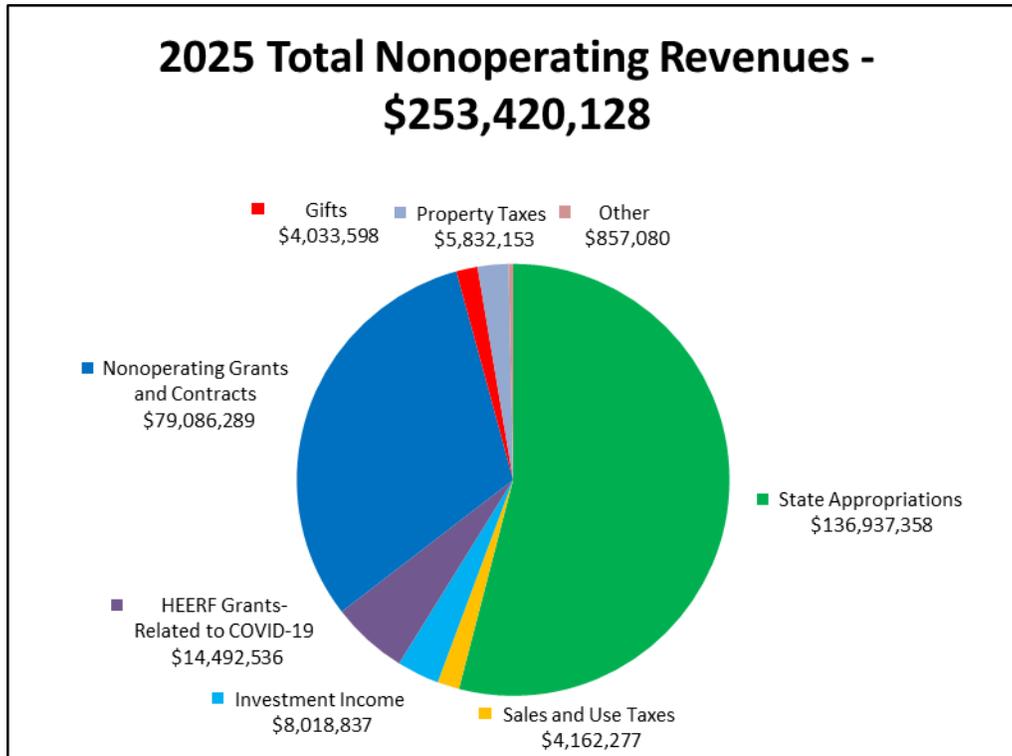
**State Appropriations**

State appropriations decreased by approximately \$836,000 overall. Three campuses experienced decreases, three campuses experienced increases, and Three Rivers remained the same. Jonesboro had the largest decrease of \$584,000; while Mountain Home had the largest increase of \$132,000. The increases and decreases at the campuses were due to variances in general appropriation funding and miscellaneous appropriations that are received in one year, but not another. Act 148 of 2017 repealed the needs-based and outcome-centered funding and directed the Arkansas Higher Education Coordinating Board to adopt policies developed by the Arkansas Division of Higher Education (ADHE) necessary to implement a productivity-based funding model for state-supported institutions of higher education. Productivity-based funding is a mechanism to align institutional funding with statewide priorities for higher education by incentivizing progress toward statewide goals. At the same time, such models encourage accountability to students and policymakers by focusing on the success of students through the achievement of their educational goals. The new funding model is built around a set of shared principles developed by institutions and aligned with goals and objectives for post-secondary attainment in the state.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Nonoperating Revenues (Continued)**



**Grants and Contracts**

Nonoperating grants and contracts increased by \$18.6 million. All campuses had increases when compared to 2024. Jonesboro had the largest increase in the amount of \$11.3 million; while Three Rivers had the smallest increase in the amount of \$176,000. Most increases were the result of more Pell funding, whether it was from higher enrollment or more eligible students due to the simplification of the Free Application for Federal Student Aid (FAFSA). Beebe, Mid-South, Mountain Home, and Three Rivers also saw sizable increases in state scholarships.

**HEERF Grants-Related to COVID-19**

The Coronavirus Aid, Relief, and Economic Security Act or, CARES Act, was passed by Congress on March 27, 2020. This bill allotted \$2.2 trillion to provide fast and direct economic aid to the American people negatively impacted by the COVID-19 pandemic. Of that money, approximately \$14 billion was given to the Office of Postsecondary Education as the Higher Education Emergency Relief Fund, or HEERF (now referred to as HEERF I). The campuses recorded almost \$18.3 million related to this in fiscal year 2020. A portion of these funds (the student portion) stipulated that the amount would be used to provide emergency grants to students. Once those funds had been expended; the institution may then receive the institutional portion of HEERF I. The total HEERF award for the student portion and the institutional portion were equal awards to institutions. Most of the student payments were made in 2020, however, \$1.2 million was paid during 2021.

In addition to HEERF I, the Higher Education Emergency Relief Fund II (HEERF II) was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and was signed into law on December 27, 2020. In total, the CRRSAA authorized \$81.88 billion in support for education.

The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, and was signed into law on March 11, 2021. This provided \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. ARP funds are in addition to funds authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and the Coronavirus Aid, Recovery, and Economic Security (CARES) Act, Public Law 116-136.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Nonoperating Revenues (Continued)**

As with HEERF I, both HEERF II and HEERF III provided a portion of institutional funds and a portion of funds dedicated to students. During fiscal year 2022, there were \$306,000 in direct payments to students from HEERF II funds and about \$29 million in direct payments to students from HEERF III funds. All of the direct payments to student were made in fiscal years 2020, 2021, and 2022.

Additionally, the campuses qualified for either SIP (Strengthening Institutions Program) funds or MSI (Minority Serving Institutions) funds. Mid-South was the only campus to receive MSI funds; the remaining campuses received SIP funds. Both the institutional portion of HEERF I, HEERF II, HEERF III, SIP and the MSI awards were used to provide relief to institutions for reimbursement items such as, room and board refunds to students, purchases of equipment related to moving to online learning, provide additional emergency payments to students, and provide funds for lost revenue.

During 2025, there was a small increase of about \$480,000 in HEERF funds across the campuses. Only two campuses, Jonesboro, and Henderson State University had HEERF revenue during 2025. The funds that were received in 2025 were grants received through various agencies with HEERF funding. During 2025, Jonesboro had a \$3.1 million increase in these grants. The campus received a three-year \$25 million project from the Division of Elementary and Secondary Education to oversee the ARP ESSER III subawards for afterschool, summer, and extended year learning programs to support student learning and social emotional development. Fiscal year 2025 was the last year for this grant. Additionally, the campus was awarded a \$31.2 million grant from the Arkansas Department of Human Services to partner on several key initiatives aimed at strengthening Home and Community Based Services (HCBS) for Medicaid beneficiaries. Henderson State University had a decrease of \$2.4 million in HEERF grants. This was due to the closing out of grants awarded in prior fiscal years. All of their grant awards, other than the Special Education Academy, did not get refunded.

Sales and Use Taxes

Sales and use taxes increased slightly by \$17,000. Beebe saw an increase of \$37,000; while Newport saw a decrease of \$20,000. Local consumer spending habits vary from year to year.

Property Taxes

Property tax revenues increased by about \$392,000. Mid-South had an increase of \$275,000, and Mountain Home had an increase of \$117,000.

Gifts

Revenue from gifts increased by roughly \$157,000. Mid-South's increase of \$153,000 included a reclassification of \$130,000 from operating to nonoperating for payments from the Arkansas State University Foundation for scholarships and an increase in Goldsby scholarship awards by \$23,000. Jonesboro saw a rise in funds received from the Arkansas State University Foundation, resulting in an increase of \$147,000. The Henderson State University Foundation has been funding different levels of positions at Henderson State University after the campus entered financial exigency in fiscal year 2022. During 2025, the campus rebuilt some of those positions back into their budget which reduced the amount they received in gifts. This contributed to their decrease of \$142,000. Mountain Home had a trivial decrease of \$100. Beebe, Three Rivers, and Newport did not receive any gifts during the year; although Newport received two minor gifts totaling \$900 in the previous year.

Investment Income

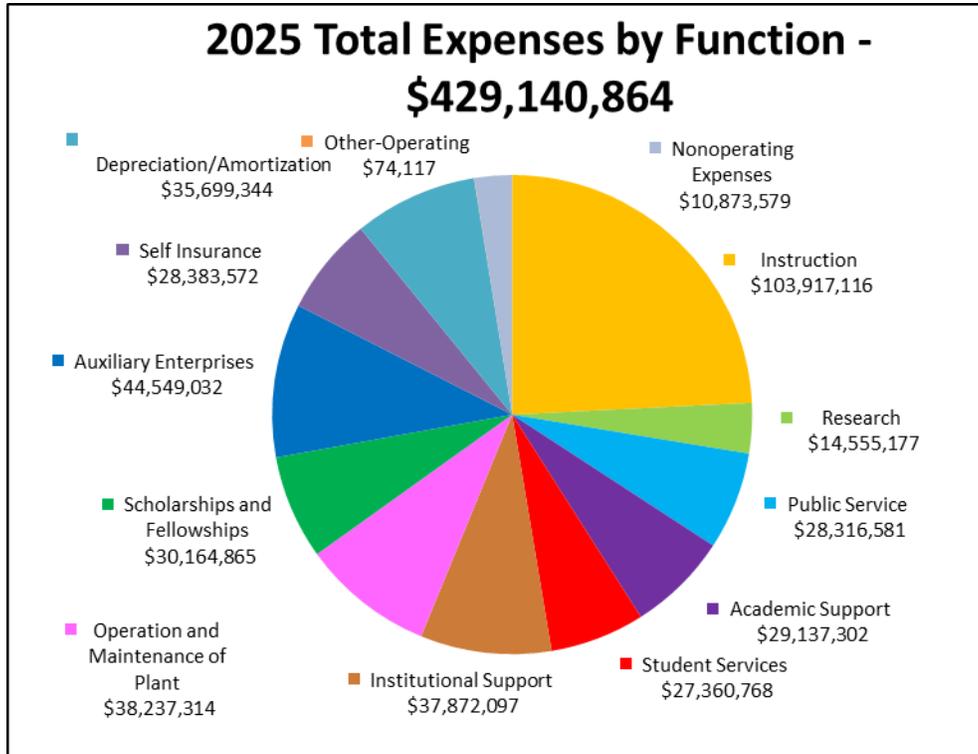
Investment income increased by \$1.3 million. All campuses saw increases except for Mountain Home and Three Rivers who experienced lower interest rates. Jonesboro had the largest increase in the amount of \$991,000; while Three Rivers had the largest decrease in the amount of \$5,000. Jonesboro, Beebe, and Newport purchased additional certificates of deposit during the year which led to higher earnings. Jonesboro also invested income from their bond issue for the construction of the College of Veterinary Medicine. Henderson State University and Mid-South experienced higher interest rates on existing accounts.

ARKANSAS STATE UNIVERSITY SYSTEM  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Expenses**

Total expenses increased by \$23.8 million.



**Operating Expenses**

Total operating expenses increased by \$22.7 million.

Additional information on operating expenses can be found in the tables and charts that follow.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Operating Expenses (Continued)**

Personal Services

Personal services increased by approximately \$7.5 million. All the campuses showed increases over the prior year. Jonesboro had an increase of about \$3 million. The campus provided faculty promotions, a 2% merit raise for faculty and non-classified employees, and a 10% increase in graduate assistant stipends. In addition to this, the campus also offered an optional voluntary retirement incentive program in 2024 (Note 18) which added about \$687,000 in costs for fiscal year 2025. Additionally, the System Office offered an optional voluntary retirement incentive program in 2025 (Note 18). This added about \$222,000 in costs for the year. Henderson State University had an increase of roughly \$1.5 million. This was a result of restaffing and rebalancing the campus after recovering from a period of financial exigency. Henderson State University was unable to provide a cost of living increase to faculty and staff for 2025. After a rigorous review of natural attrition, current open positions, reallocation of departmental funds based on a thorough review of departmental expenses and institutional priorities, and an 8% increase in tuition rates, it was determined that an across-the-board raise for HSU personnel was not economically feasible for fiscal year 2025. Beebe showed an increase of nearly \$1.1 million. The campus provided \$1,500 plus a 2% cost of living adjustment to their faculty and staff for 2025. Newport had \$569,000 more in personal services when compared to the previous year. They had a 1% cost of living increase for faculty and staff for fiscal year 2025. Also, new faculty positions were added to support new degree offerings in high demand programs. They also continued the performance bonus program for all full-time employees of up to 2% based on key performance indicators. Mid-South showed an increase of \$567,000. They provided a minimum of a 1% cost of living adjustment for all eligible employees, supported their faculty rank and promotion program, and raised the minimum salary levels for all full-time employees to \$14.50 per hour. Mountain Home had an increase of about \$488,000. The campus provided \$500 plus a 1% raise for faculty and staff. They also increased the minimum rate of pay for all full-time positions to \$13.50 per hour. Three Rivers had an increase of \$283,000 when compared to last year. The campus had a salary base increase for faculty. Another reason for the increase in personal services was the change in compensated absences. For fiscal year 2025, there was an increase in \$378,000 for the campuses combined. Six of the seven campuses had increases for the fiscal year. This is a combination of higher salaries for employees as well as an increase in the number of hours at June 30. Another factor in the amount of personal expenses for the year is OPEB and pension expenses. Overall, both of these decreased when compared to 2024. All of the campuses had lower expenses in both of these categories when compared to fiscal year 2024. The entries related to the pension liability decreased by \$2.3 million. More information on this may be found in Note 9. Entries related to OPEB decreased by about \$3.5 million. More information on this may be found in Note 13.

Scholarships and Fellowships

Scholarships and fellowships increased by \$9.4 million. Gross scholarships and fellowships increased by \$17.7 million. All campuses showed increases except for Mid-South whose decrease was \$115,000. Jonesboro and Mountain Home both had the largest increase in the amount of \$2.5 million each. Although federal and state financial aid fluctuates throughout the years, the campuses continue to offer competitive institutional scholarships to students. The institutional scholarships continue to increase at each campus and displays the University's commitment to students.

Supplies and Services

Supplies and services increased by \$3.5 million. All campuses, other than Three Rivers, saw increases when compared to the prior year. Jonesboro had the largest increase at \$2 million. Although the campus had the largest increase; this was only a 3% increase from the prior year amount of supplies and services for the campus. While several areas within the University experienced lower supplies and services expenses compared to the prior year; a few had significantly higher expenses. Auxiliaries had an increase of \$3.5 million when compared to 2024. This was a result of increased spending during the year as well as higher travel costs. Athletics spent about \$1.7 million more in supplies and services and \$1.3 more in travel. Athletic travel will vary from year to year depending on where and how much travel the athletic teams have. Additionally, \$1.7 million, was seen in restricted funds related to grants and contracts. As previously mentioned, the campus was the recipient of grants related to HEERF funds. While this increases the nonoperating revenue amount the campus receives; the grants also increase the expenses to the University. Henderson State University had an increase of \$857,000. Their increase was due to the increased costs of goods and services. The Beebe campus had an increase of \$657,000. This was due to an increase of expenses related to the operation and maintenance of plant as well as from their ALIGN grant they were awarded. Mid-South saw an increase of approximately \$449,000. Their increase was due to an increased amount of their custodial contract. Also, they had an increase in non-capital equipment purchases for information technology. Mountain Home's increase of \$172,000 was a minimal increase for them. Newport's supplies and services were essentially the same as the prior year with only an increase of \$862. Three Rivers, the only campus with a decrease, amounted to a difference of \$681,000 compared to 2024. This decrease was related to lower non-capital equipment costs, lower expenses related to the TANF (Temporary Assistance for Needy Families) grant, and lower Workforce training materials expenses.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Operating Expenses (Continued)**

Self-Insurance

Self-insurance expenses increased by \$1.2 million. Medical claims, as well as administration fees related to self-insurance, rose during 2025. Claims related to pharmaceutical expenses decreased slightly. Additionally, the unpaid claims liability recorded at year end was \$91,000 higher than in the previous year.

Depreciation and Amortization

Depreciation and amortization expenses increased by \$1.5 million. Four of the campuses experienced increases when compared to 2024. The largest increase was Jonesboro in the amount of \$1.6 million due to the addition of assets in fiscal year 2024 that began depreciating in fiscal year 2025. The three other campuses with increases, Mid-South, Newport, and Three Rivers, totaled around \$422,000. As with Jonesboro, these campuses had new projects that were completed and began depreciating in 2025. The remaining three campuses had a combined decrease of \$579,000. The increase in depreciation and amortization expense was expected due to the \$26.4 million additions in fixed assets in fiscal year 2024 that had a full year of depreciation in 2025. Additionally, as new projects were completed in 2025, depreciation expense will increase next year as a result of these. The amount of completed projects in 2025 was \$36.6 million; depreciation expense will continue to increase each year as new buildings and renovations are completed and begin depreciating.

Other

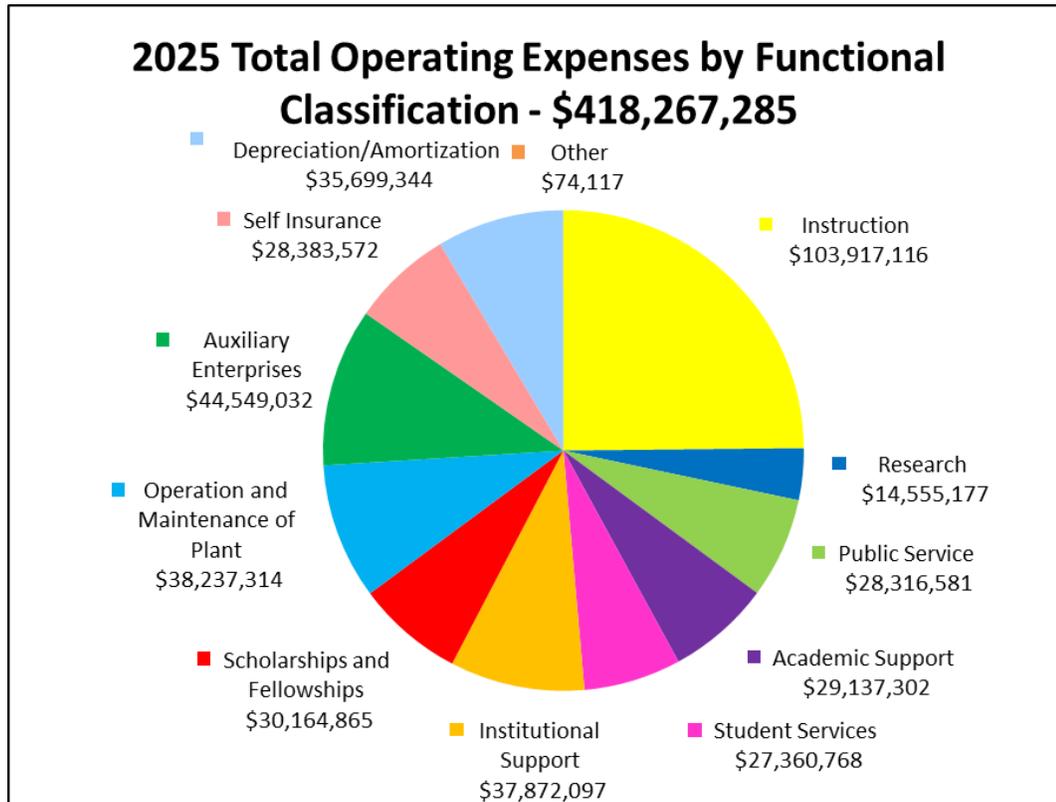
Other operating expenses decreased by \$289,000. These expenses are related to the Federal Perkins Loan program on the Jonesboro campus and Henderson State University. Henderson State University brought their balance to \$0 in 2025.

<b>Operating Expenses by Function</b>				
	<u>2025</u>	<u>2024</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Instruction	\$ 103,917,116	\$ 102,921,028	\$ 996,088	0.97%
Research	14,555,177	7,410,852	7,144,325	96.40%
Public Service	28,316,581	32,807,311	(4,490,730)	(13.69%)
Academic Support	29,137,302	25,312,464	3,824,838	15.11%
Student Services	27,360,768	27,490,516	(129,748)	(0.47%)
Institutional Support	37,872,097	34,505,173	3,366,924	9.76%
Scholarships and Fellowships	30,164,865	21,212,705	8,952,160	42.20%
Operation and Maintenance of Plant	38,237,314	42,438,618	(4,201,304)	(9.90%)
Auxiliary Enterprises	44,549,032	39,658,960	4,890,072	12.33%
Self Insurance	28,383,572	27,229,356	1,154,216	4.24%
Depreciation/Amortization	35,699,344	34,211,386	1,487,958	4.35%
Other	74,117	362,784	(288,667)	(79.57%)
<b>Total Operating Expenses</b>	<u><u>\$ 418,267,285</u></u>	<u><u>\$ 395,561,153</u></u>	<u><u>\$ 22,706,132</u></u>	5.74%

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Operating Expenses (Continued)**

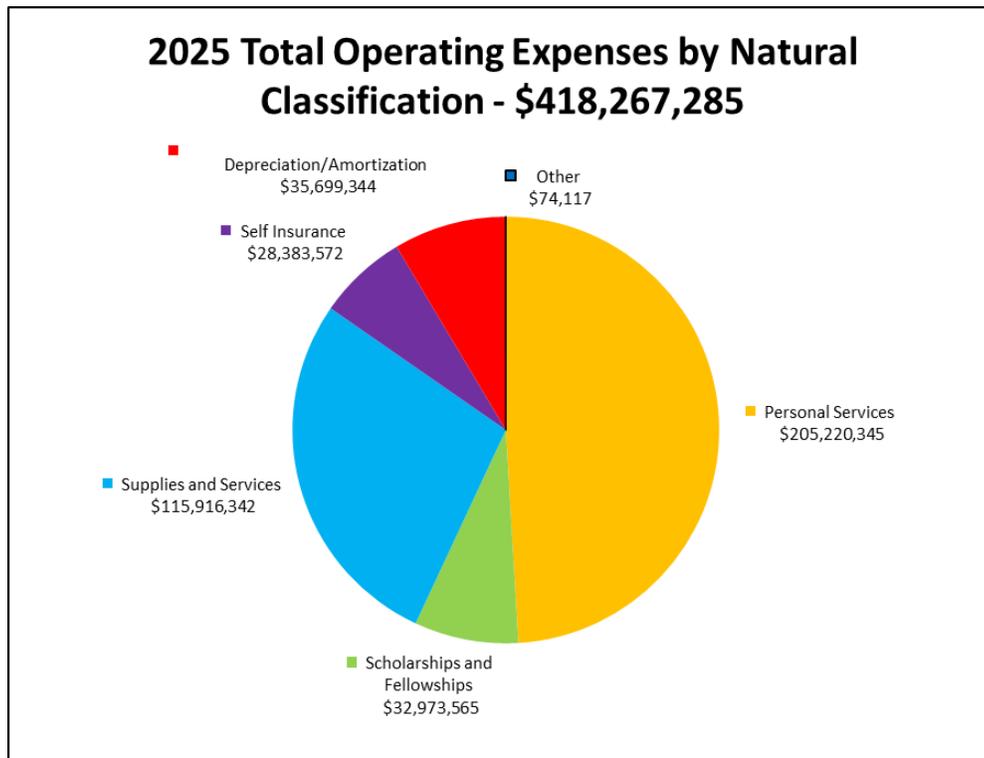


<b>Operating Expenses by Natural Classifications</b>				
	2025	2024	Increase/ (Decrease)	Percent Change
Personal Services	\$ 205,220,345	\$ 197,737,819	\$ 7,482,526	3.78%
Scholarships and Fellowships	32,973,565	23,563,383	9,410,182	39.94%
Supplies and Services	115,916,342	112,456,425	3,459,917	3.08%
Self Insurance	28,383,572	27,229,356	1,154,216	4.24%
Depreciation/Amortization	35,699,344	34,211,386	1,487,958	4.35%
Other	74,117	362,784	(288,667)	(79.57%)
<b>Total Operating Expenses</b>	<b>\$ 418,267,285</b>	<b>\$ 395,561,153</b>	<b>\$ 22,706,132</b>	<b>5.74%</b>

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Operating Expenses (Continued)**



**Nonoperating Expenses**

Total nonoperating expenses increased by \$1.1 million.

**Interest**

Interest expense increased by about \$809,000. All the campuses, other than Jonesboro, showed decreases. Jonesboro experienced a \$1 million increase due to additional debt. As previously mentioned, the campus issued bonds for the construction of the new College of Veterinary Medicine. The bonds were issued in December 2024 and there was one interest payment in the amount of \$789,000 for the fiscal year. Additionally, of the three SBITAs, two of them had interest in the amount of \$472,000. As mentioned earlier, the only other new debt during fiscal year 2025 was a new lease to replace one that had ended for Henderson State University. The added interest expense for this lease is minimal. The lower interest expense for the year for the remaining six campuses is expected due to minimum interest being added and the fact that more of the payments are being applied to principal rather than interest. Additional information on debt administration may be found in the Debt Administration section that follows.

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

During the fiscal year, the University had a loss of \$434,000 on capital assets compared to a loss of \$478,000 in fiscal year 2024. There were four campuses that showed losses for the year. Jonesboro showed a loss of about \$277,000. During the fiscal year, the campus demolished a building that had been purchased at the end of fiscal year 2023. The building was purchased along with an adjacent building to move the campus's Parking Services department to a more central location for students, faculty, and staff. The remaining building was renovated for this use and the demolished building provides space for a parking lot for customers. In addition to this demolition, the campus demolished a non-functioning athletic marquee close to the football stadium. The campus has been working through a backlog of equipment disposals as well and showed a net of about \$64,000 removed for equipment and about \$18,000 received for the sale of the equipment. Henderson State University sold a building with a value of \$353,000 for \$214,000, which accounts for their loss for the year. Mid-South had a small loss of around \$11,000. This was due to their equipment disposals during the year. Newport had a minimal loss of nearly \$6,000 which resulted from equipment disposals in health sciences due to the equipment being obsolete. One of these items, a nursing simulator system was not fully depreciated and created the loss for the year.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Other Changes**

Other revenues, expenses, gains and losses totaled \$27.3 million. This amount increased by \$19.1 million.

**Capital Appropriations**

Capital appropriations increased by \$1.6 million. Jonesboro, Henderson State University and Three Rivers were the only campuses with capital appropriations in 2025. Jonesboro received about \$1.8 million for the Southern Tenant Farmers Museum grain bin project. The museum is located in the historic Mitchell-East Building in Tyronza, Arkansas. The Southern Tenant Farmers Museum enhances knowledge and understanding of tenant farming and agricultural labor movements in the Mississippi River Delta, in an effort to preserve the history and promote the legacy of sharecropping, tenant farming and the farm labor movement. The grain bin will be renovated and serve as a large-scale exhibit of agricultural history. Additionally, the campus was awarded a \$10 million congressional appropriation led by U.S. Senator John Boozman. The funding will be used to invest in high-tech equipment for a multimillion-dollar facility that will advance the rapidly growing steel industry in the Arkansas Delta and throughout Northeast Arkansas. During 2025, the campus received about \$176,000 related to reimbursements for equipment purchases made thus far. Henderson State University received around \$2.4 million for five projects on their campus. One million was received for the Caddo Center Renovation, the University's front door and welcome center. When completed, this building will serve as a consolidated center for student services. The front entrance hallway will be a permanent space for exhibiting artifacts in the JEC Hodges collection and interpreting Caddo Indian history in the local area. Additionally, Henderson State University received about \$661,000 for the Barkman House project. Barkman House was constructed around 1860 and is an example of a transitional Greek and Gothic Revival-style house. Barkman House was added to the National Register of Historic Places in 1974. Barkman House currently includes office space for the Henderson Foundation and the University's alumni, development, and marketing and communications teams. About \$447,000 was received for the Russell Fine Arts restoration. The building opened in 1964 and is home to the campus's music department and digital media production's podcast studio. Harwood Recital Hall, the music department's primary performance venue, will undergo improvements, along with Evanson Band Hall and the choir room. New flooring will be installed throughout the building, along with fresh paint. About \$152,000 was received for Mooney Hall. Mooney Hall, which houses the College of Business, University Police Department, and Student Health and Wellness, will receive a new roof and exterior repairs, including the cleaning and repair of the building's facade. Mooney opened in 1933 as a student housing facility. Much of the repair work is related to the intricate and architecturally distinctive wood elements and clay tile roofing. Around \$128,000 was received for the renovations of Smith Hall. Funds for Smith Hall will cover costs to replace and repair mechanical and electrical elements, including the cooling tower. Smith Hall has served as a primary residence hall since its completion in 1965. Three Rivers received about \$608,000 for the Ritz Theatre renovation. The campus has been receiving phased funding for this project and received their fifth phase in 2025. Other than the congressional appropriation, all of these projects were funded by the Arkansas Natural and Cultural Resources Council (ANCRC) which was established by Arkansas Act 729 of 1987. Its grants and trust fund are managed for the acquisition, management and stewardship of state-owned lands, or the preservation of state-owned historic sites, buildings, structures or objects which the ANCRC determines to be of value for recreation or conservation purposes. The properties are to be used, preserved and conserved for the benefit of present and future generations.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**

**Other Changes (Continued)**

*Capital Grants and Gifts*

Capital grants and gifts increased by \$18.7 million. Four of the campuses had increases while the remaining three had decreases. The Jonesboro campus accounted for the largest increase of around \$10.5 million. The majority of this increase was for the Windgate Hall of Art and Innovation. During 2025, construction began on this building which is funded through a \$25 million gift from the Windgate Foundation. Of the \$25 million, \$20 million will be used for construction and \$5 million will be used for future building maintenance. The 38,887 square-foot building will house spaces for the Department of Art and Design and the College of Engineering and Computer Science, which will be used to support creative and learning activities for students. Additionally, the campus received about \$763,000 in renovations to the baseball stadium and \$732,000 in equipment for athletics. Both of these capital gifts were from the University's athletic foundation. Three Rivers had an increase of \$6.5 million from last year. This was money received for their new nursing building. The campus received a capital grant from the U. S. Department of Human Services for the construction of this building. Mountain Home had an increase of \$1.8 million. During 2025, the ASU System Foundation transferred the Robert L. Myers Technical Center property to the campus. The Technical Center has programs of study that include advanced manufacturing, automotive service technology, construction technology, emergency services, nursing services, and welding. The campus also received works of art for the Dale Rogers Art Walk collection. Beebe had an increase of \$703,000 related to a grant from the Health Resources and Service Administration. Mid-South had a decline of about \$513,000. In 2024, they had a \$508,000 gift from their Foundation for the Reynolds Center/University Center chiller project, as well as gifts for library holdings in the amount of \$5,000. During 2025, their only gift was a \$400 library holdings donation. Newport had a decrease of \$266,000. In 2024, the campus had two capital grants. A Regional Workforce Transportation grant was awarded to construct additions and improvements in the commercial driver training program. \$340,000 was received in 2024 for this. Another grant was received for the memorial walking trail in the amount of \$50,000. Newport did not receive any capital grants in 2025, but they did receive \$125,000 gift from Jackson County for the construction of the future health sciences building. Henderson State University was the only campus to have no capital grants or capital gifts in 2025.

**Statement of Cash Flows**

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

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Capital Assets**

Capital assets, net of accumulated depreciation, at June 30, 2025 and June 30, 2024 were as follows:

<b>Capital Assets (net of accumulated depreciation and amortization)</b>				
	2025	2024	Increase/ (Decrease)	Percent Change
Land and land improvements	\$ 22,811,431	\$ 22,657,931	\$ 153,500	0.68%
Works of art/Historical treasures	90,000		90,000	100.00%
Construction in progress	33,957,030	16,786,598	17,170,432	102.29%
Livestock	209,658	231,541	(21,883)	(9.45%)
Intangibles-Easements	2,675,000	2,675,000	-	0.00%
Intangibles-Software	5,098,974	6,030,986	(932,012)	(15.45%)
Buildings	273,533,446	280,957,629	(7,424,183)	(2.64%)
Improvements and infrastructure	179,092,031	177,892,599	1,199,432	0.67%
Equipment	21,853,790	18,599,220	3,254,570	17.50%
Library/audiovisual holdings	3,143,841	3,672,745	(528,904)	(14.40%)
Right to use assets-Buildings	6,913,478	7,445,480	(532,002)	(7.15%)
Leases-Office/Daycare Center space	829,556	1,100,579	(271,023)	(24.63%)
Leases-Airport	7,730	26,578	(18,848)	(70.92%)
Leases-Equipment	117,938	171,759	(53,821)	(31.34%)
Leases-Airplanes	619,497	867,295	(247,798)	(28.57%)
SBITAs	5,812,217	-	5,812,217	100.00%
<b>Total</b>	<b>\$ 556,765,617</b>	<b>\$ 539,115,940</b>	<b>\$ 17,649,677</b>	<b>3.27%</b>

Land

The University had one addition of land and land improvements during the year. The Mountain Home campus received a capital gift of land in the amount of \$153,500. This land was transferred to the University from the ASU System Foundation and is the site of the Robert L. Myers Technical Center. The Center serves as a secondary center for area high school students. The location opened in fall 2014 and provides training for area high school juniors and seniors with the opportunity to earn college credit while still in high school. There were no deletions of land during the year.

Works of art/Historical treasures

The University had one addition of works of art/historical treasures during the year. The Mountain Home campus received a capital gift in the amount of \$90,000. The campus received artwork for the Dale Rogers Art Walk collection. There were no deletions of works of art/historical treasures during the year.

Construction in progress

Construction in progress increased significantly for the year (102.29%). Of the seven campuses, five had increases and two had decreases. Jonesboro had an overall increase of \$15.7 million. There were additions of \$22.6 million for the year. Some of the ongoing projects on the campus include: Windgate Hall of Art and Innovation, College of Veterinary Medicine, additions to the walking loop trail, renovations to the grain bin at the Southern Tenant Farmers' Museum, replacement of the turf at the baseball field, and renovations for the Parking Services department. There was \$6.9 million of completed projects during the year. These included the Village apartments renovations, First National Bank Arena air handler unit replacement, and First National Bank Arena heating, ventilation, and air conditioning upgrades. There were three projects totaling about \$43,000 that were removed from construction in progress due to the projects either not moving forward or not meeting the threshold for capitalization. Mid-South had an increase of about \$89,000. This was due to their Adult Education repair and Athletic Weight training room projects.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

## Capital Assets (Continued)

### Construction in progress (Continued)

Mountain Home's increase was due to phase two of the campus's walking trail project. Newport's increase of around \$315,000 was a combination of \$808,000 in additions for their health sciences building and their walking trail at their Marked Tree campus. The campus also completed about \$494,000 for a new parking lot at their Center for the Arts. Three Rivers had increases for their new nursing building and for their Ritz Theatre project. The Ritz Theatre was completed during the fiscal year. Henderson State University had additions of around \$2.1 million which included Russell Fine Arts, Mooney Hall, Smith Hall, and renovations to a chemistry lab. Also included were two projects which were completed at \$4.4 million. These projects were renovations to Barkman House and the Caddo Center. Beebe had additions of almost \$7,000 for the Precision AG building. The campus also completed their nursing renovation at \$437,000.

### Livestock

The change of (9.45%) is attributable to an increase of the Jonesboro campus livestock herds of \$12,395 and a decrease of the Beebe campus's herds in the amount of \$34,278.

### Intangibles-Easements

The University had no additions or disposals of easements during fiscal year 2025.

### Intangibles-Software

The University's had no additions and disposals of software during fiscal year 2025. The decrease of \$932,012 was the amortization for the software. In fiscal year 2023, Henderson State University and the Beebe, Mid-South, and Newport campuses completed their new ERP (Enterprise Resource Planning) system. All campuses are now using the same ERP and two of the campuses (Mountain Home and Three Rivers) did not meet the threshold to record their ERP costs.

### Buildings

The University experienced a decrease of \$7.4 million in the total value of buildings. This is a result of depreciation expense exceeding the amount of building additions during the year. All campuses, with the exception of Mountain Home and Three Rivers, had an overall decrease. Mountain Home recorded the transfer of the Robert L. Myers Technical Center campus. This amount increased their value of buildings by about \$2.2 million. Three Rivers added amounts for the completion of the Ritz Theatre renovations. The campus also did a small amount of general building improvements. Two campuses had retirements during 2025. Jonesboro demolished one building to build a parking lot. The property had been purchased in fiscal year 2023 with an adjacent building and was purchased for the location. Henderson State University sold their Hickory House building. The building had a net value of about \$229,000. There was an increase from 2024 to 2025 in depreciation expense related to buildings. In 2024, the total was about \$11.7 million. In 2025, this total increased to \$12.6 million. The increase is due to building additions during 2024 that began depreciating in 2025.

### Improvements and infrastructure

The 0.67%, or \$1,199,432, increase in improvements and infrastructure is minimal for the year. There were six campuses with additions or transfers to improvements and infrastructure. Three Rivers had no additions or transfers for the year. These projects totaled about \$15.1 million. Projects that were completed at Jonesboro accounted for a little over half of the increase and included Village apartments renovations, security access to the student union and library, renovations to First National Bank Arena, renovation of the kitchen area at the armory, roof replacements, and classroom renovations. The campus also received capital gift improvements at the baseball stadium. Henderson State University recorded transfers from construction in progress for the completion of the Caddo Center and Barkman House. Beebe completed renovations to their nursing building. Mid-South completed a roof replacement for their University Center. Newport added an irrigation system to their softball field. Additionally, they transferred from construction in progress the completed parking lot at the Center for the Arts. Both Jonesboro and Henderson State University had retirements for improvements and infrastructure. The Jonesboro campus demolished a non-working athletic marquee. Henderson State University had improvements related to the sale of Hickory House that were deleted from their fixed assets. Fiscal year 2024 depreciation was about \$13.9 million compared to \$14.3 million in 2025.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

## Capital Assets (Continued)

### Equipment

Equipment increased by 17.50%, or \$3,254,570, during the year. Equipment additions increased from \$4,099,583 in 2024 to \$7,977,535 in 2025; an increase of about \$3.9 million. Of the additions for fiscal year 2025, \$732,275 were capital gifts received by the campuses and noted on the Cash Flow Statement as a noncash transaction. The majority of the increase can be attributed to several purchases made during the fiscal year. Jonesboro added about \$4.8 million in equipment. The University added several assets during 2025 including equipment for research, athletics, First National Bank Arena, and several academic departments. Henderson State University added two vehicles and two ice machines. Beebe had almost \$922,000 equipment additions. These were due to equipment purchased from grant funds. Mid-South purchased an ambulance simulator and two new vehicles. Mountain Home added nursing equipment purchased from their Arkansas Office of Skills Development grant. Newport added learning systems, computer equipment, a bus, a generator and a golf cart during 2025. The campus at Three Rivers added equipment related to athletics and nursing. They also made purchases for items located at the Ritz Theatre and the Saline County Career Technical Campus. Depreciation expense increased from \$4,394,067 in 2024 to \$4,510,768 in 2025. The campuses disposed of equipment during the year with a net value of \$80,491.

### Library/Audiovisual Holdings

The University's decrease of \$528,904, or 14.40%, is due to the amount of depreciation exceeding the amount of purchases during the year. Total purchases continue to decrease as online formats become in greater demand. All campuses, other than Jonesboro and Newport, had additions to library/audiovisual holdings. During the fiscal year, there were \$73,984 in purchases compared to \$108,537 in 2024. Depreciation expense decreased from \$611,939 in 2024 to \$584,827 in 2025. Library holdings that were removed during the year were fully depreciated.

### Right to use assets-Buildings

There was a decrease of \$532,002 compared to last year. This amount represents the annual amortization that was recorded for the right to use assets. In 2022, Jonesboro recorded two right to use assets. These included the Welcome Center and the North End Zone which is part of the football stadium. During 2023, the campus purchased a 37.37% ownership in the North End Zone which removed a portion of the right to use asset. The amount removed was \$5.1 million with \$586,000 in amortization. In 2025, \$532,002 was recorded in amortization for the Welcome Center and the remaining 62.63% of the North End Zone. More information may be found on these right to use assets in Note 20.

### Leases-Office/Daycare Center space

There was a slight decrease of about \$271,023 or 24.63% when compared to 2024. Both Jonesboro and Henderson State University lease portions of buildings used for office space. The Jonesboro campus also leases space for one of the daycare center sites. The Jonesboro campus did not record any new leases for space, but there were two leases for space that ended during the fiscal year. Both of these are space the System Office leases. New leases related to this were begun after year end and details can be found in Note 21. Henderson State University had one lease for office space end during the year and started a new lease for this space as well. Additional information on these leases may be found in Note 4, Note 5, and Note 6.

### Leases-Airport

Henderson State University leases space at an airport as part of their aviation program. This lease began during fiscal year 2024 and will end December 31, 2025.

### Leases-Equipment

Jonesboro and Mid-South have leases for equipment. There were no new leases that started during 2025. Jonesboro had one lease end during the fiscal year. This was a lease for farm equipment. Jonesboro has one other lease for a painting robot. Mid-South had leases for printers and copiers.

### Leases-Airplanes

In 2024, Henderson State University began to lease two airplanes as part of their aviation program. The lease started in January and will end December 31, 2027.

### Subscription-based information technology arrangements (SBITA)

There are three SBITAs that Jonesboro recorded during 2025. Two of these are related to the ERP system and one is for Dell. The three totaled \$7,505,929 and amortization of \$1,693,712 was recorded for the year. Additional information may be found in Note 7.

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

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

**Debt Administration**

The University's financial statements indicate \$192,084,801 in bonds payable, \$35,732,839 in notes payable, \$1,630,884 in leases payable, \$18,168,344 in installment contracts payable, and \$5,820,789 in SBITAs at June 30, 2025. There were no changes to the University's credit rating for 2025. The University maintained an A1 credit rating by Moody's Investors Service.

The Jonesboro campus was the only campus to issue bonds during 2025. There was one construction bond and one refunding bond:

\$30,335,000	Series 2024A Taxable Student Fee Revenue Bonds
\$10,360,000	Series 2024B Student Fee Refunding Revenue Bonds

The bond refunded with the above issue is:

\$11,250,000	Series 2013B Student Fee Revenue Bonds
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There was one bond at Jonesboro that reached its maturity date during the fiscal year. The 2005 refunding bond issue had a final payment in 2025. The bond was originally issued in September 2005 and was a refinancing issue for the construction of the student union, issued in 1999 and the construction of the parking garage, issued in 2000.

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

The \$35,732,839 in notes payable consists of four notes for the Jonesboro campus. These include \$604,000 and \$600,000 notes for energy improvement projects through the state's sustainable revolving loan fund, and a \$1,000,000 note for renovations to the Armory. The campus also recorded a \$2.9 million loan for roof replacements for the Education/Communications building and the student union. The campus has benefited from securing zero interest rates for each of these notes. In addition to these four, the System Office also recorded a new note for \$2.9 million for renovations which may be used by any campus in the System. The interest rate is very low for this note (0.20%) and has been recorded at the Jonesboro campus since all the System Office accounting records are currently maintained by the Jonesboro campus. At June 30, 2025, the outstanding amounts for these notes were \$30,200, \$30,000, \$299,774, \$2,755,000, and \$2,900,000 respectively. Henderson State University has \$27,687,299 in notes payable outstanding at June 30, 2025. These seven notes payable include: \$2,750,000 for the Honors Hall, \$2,366,268 for energy savings, \$1,100,000 for energy savings related to an auxiliary renovation, \$6,513,437 for energy savings, a 2019 \$6,000,000 loan from the state of Arkansas used to assist with cash shortfalls for that year, \$15,996,406 for property renovations, and \$996,450 for renovations. At June 30, 2025, the outstanding amounts for these notes were \$1,822,348, \$402,550, \$274,641, \$5,895,465, \$5,450,000, \$13,112,821, and \$646,450 respectively. The Beebe, Mid-South, and Newport campuses have notes payable related to their energy performance improvements and are paid with savings from utility billings. These amounts at the end of 2025 are \$55,757, \$1,108,413, and \$557,556, respectively. The notes payable for the Three Rivers campus include \$565,000 for the remodel and expansion of the cosmetology building and \$1,000,000 for the purchase and renovation of the Applied Science Technology building. Both notes were secured through Arkansas Higher Education Coordinating Boards' College Savings Bond Revolving Loan Fund at exceptionally low interest rates. The outstanding amounts for these notes were \$38,648 and \$270,192 respectively.

The campuses recorded leases payable in accordance with GASB statement no. 87 during fiscal year 2022. Three campuses have leases payable at June 30, 2025. The Jonesboro campus has three leases payable for office space, daycare center space, and equipment. The outstanding amount of these leases is \$235,987. During the year, the campus had three leases that ended. Two of these leases were for office space for the System Office and the third lease was for farm equipment. No new leases were recorded for the campus during the year. Henderson State University has four leases in total. These leases are for office space, space at the airport for their aviation program, and for airplanes. The total outstanding amount is \$1,301,371. The campus had a lease end for office space during 2025 but also began a new lease for the same space. The new lease ends on December 31, 2026. The Mid-South campus has two leases for copiers and printers with a total outstanding amount of \$93,526. Additional information on the types and terms of each lease may be found in Note 5 and Note 6.

ARKANSAS STATE UNIVERSITY SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025

### **Debt Administration (Continued)**

The Jonesboro campus issued an installment contract payable during 2016 in the amount of \$15,226,080 for energy savings projects on the campus. The savings from utility billings is used to pay the debt. Principal payments began in 2019 and the current balance of the debt is \$11,581,558. The Beebe and Newport campuses added installment contracts payable in the amounts of \$4,930,498 and \$2,951,079, respectively, during fiscal year 2018. Both of these installment contracts payable were for energy performance improvements and are paid with savings from utility billings. These balances are \$4,120,503 and \$2,466,283, respectively at June 30, 2025.

The Jonesboro campus recorded three SBITAs payable during 2025. These were related to the ERP system and cloud storage. The amounts for these are \$1,661,139, \$4,107,252, and \$1,737,538. The current balance of the debt is \$1,183,547, \$3,255,392, and \$1,381,850, respectively.

Additional information on the University's debt may be found in Notes 5, 6, 7, 16, and 21 in the notes to the financial statements.

### **Economic Outlook**

The economic outlook of the University remains sound.

The Federal Open Market Committee's (FOMC) preferred inflation measure is the personal consumption expenditures price index (PCE inflation). Median PCE inflation is projected to be nearly 3.0% by the end of 2025 which is higher than the 2024 rate of 2.5%. However, it is projected to decline steadily until reaching the Federal Reserve's target rate of 2.0% by 2028.

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

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

The University continues to maintain a strong credit rating of A1 by Moody's Investors Service. Achieving and maintaining this credit rating provides the University with significant flexibility in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable the University to provide the necessary resources to support a consistent level of excellence in service to students, the local communities, the state and the nation.

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

The University strategically and prudently manages its financial resources. Capital investments are extensively reviewed at the board and executive level, strategic cost containment and resource allocation remain high priorities of the University, and budgets are carefully developed, monitored, controlled, and adjusted as warranted. These efforts will continue as the University strategically manages the challenges and opportunities posed by the current economic environment and the furtherance of its mission.

ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF NET POSITION  
JUNE 30, 2025

Exhibit A

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Current Assets:	
Cash and cash equivalents	\$ 99,322,950
Short-term investments	16,626,623
Accounts receivable (less allowances of \$3,205,218)	29,733,351
Leases receivable	268,164
Notes and deposits receivable (less allowances of \$61,020)	312,767
Accrued interest and late charges	142,229
Inventories	1,751,021
Deposits with trustees	4,138,057
Deposit with paying agent	1,277,392
Unamortized bond insurance	76,124
Prepaid expenses	1,781,967
Total Current Assets	<u>155,430,645</u>
Noncurrent Assets:	
Cash and cash equivalents	42,583,520
Restricted cash and cash equivalents	3,353,298
Unrestricted investments	8,487,599
Restricted investments	5,483,329
Endowment investments	18,893,223
Other long-term investments	15,783,800
Irrevocable split-interest agreement	2,378,549
Accrued interest and late charges	424,803
Deposits with trustees	28,506,920
Accounts receivable	2,049,374
Leases receivable	11,189,536
Notes and deposits receivable (less allowances of \$90,466)	469,329
Capital assets (net of accumulated depreciation and amortization of \$707,554,821)	556,765,617
Total Noncurrent Assets	<u>696,368,897</u>
TOTAL ASSETS	<u>851,799,542</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred losses on bond refunding	3,567,932
Pensions	2,489,922
Other postemployment benefits (OPEB)	595,378
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>858,452,774</u>

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

Current Liabilities:	
Accounts payable and accrued liabilities	20,734,965
Bonds, notes, leases, installment contracts, and SBITAs payable	18,936,429
Compensated absences	7,449,101
Unearned revenue	10,805,764
Deposits	1,668,840
Interest payable	2,239,917
Other postemployment benefits (OPEB) liability	977,334
Total Current Liabilities	<u>62,812,350</u>
Noncurrent Liabilities:	
Accounts payable and accrued liabilities	111,046
Bonds, notes, leases, installment contracts, and SBITAs payable	234,501,228
Compensated absences	5,187,481
Other postemployment benefits (OPEB) liability	8,606,409
Net pension liability	11,443,988
Deposits	570,150
Refundable federal advances	1,465,033
Total Noncurrent Liabilities	<u>261,885,335</u>
TOTAL LIABILITIES	<u>324,697,685</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF NET POSITION  
JUNE 30, 2025

Exhibit A

**DEFERRED INFLOWS OF RESOURCES**

Deferred gains on bond refunding	\$	67,882
Pensions		4,681,576
Other postemployment benefits (OPEB)		2,037,035
Irrevocable split-interest agreement		2,378,549
Leases		11,096,383

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		344,959,110
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**NET POSITION**

Net investment in capital assets		343,970,007
Restricted for:		
Nonexpendable:		
Scholarships and fellowships		7,020,377
Renewal and replacement		967,261
Other-College and Department Purposes		10,294,098
Expendable:		
Scholarships and fellowships		1,159,240
Research		67,980
Loans		10,000
Capital projects		125,000
Debt service		3,672,621
Renewal and replacement		1,725,004
Other		3,838,611
Unrestricted		140,643,465

TOTAL NET POSITION		\$ 513,493,664
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The accompanying notes are an integral part of these financial statements.

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2025

Exhibit A-1

**ASSETS**

Cash and cash equivalents	\$ 36,533,272
Certificates of deposit	3,233,543
Prepaid expenses	176,995
Contributions receivable, net	3,425,128
Investments, at fair value	146,334,388
Property and equipment, net	5,531,849
Other assets	<u>140,763</u>
 Total Assets	 <u><u>\$ 195,375,938</u></u>

**LIABILITIES**

Accounts payable	\$ 134,052
Refundable advance	14,079
Due to Arkansas State University campuses	97,627
Amounts held on behalf of Arkansas State University related entities	<u>16,833,107</u>
Total Liabilities	<u><u>17,078,865</u></u>

**NET ASSETS**

Without donor restrictions	
Undesignated	3,303,207
Board designated	<u>8,896,348</u>
Total without donor restrictions	<u><u>12,199,555</u></u>
 With donor restrictions	
Restricted as to purposes	36,468,202
Restricted in perpetuity	<u>129,629,316</u>
Total with donor restrictions	<u><u>166,097,518</u></u>
 Total Net Assets	 <u><u>178,297,073</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 195,375,938</u></u>

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2025

Exhibit A-2

**ASSETS**

**Current Assets**

Cash	\$	2,676,039
Cash - restricted		376,342
Cash - board restricted		2,006,575
Investment securities - board restricted		2,680,977
Receivables, current portion		2,176,723
		9,916,656

**Property and Equipment**

Buildings		18,730,414
Furniture and equipment		666,450
Parking lot		57,005
		19,453,869
<b>Less accumulated depreciation</b>		<b>(2,974,276)</b>
		<b>16,479,593</b>

**Other Assets**

Receivables, net of current portion and amortization		12,025,201
Real estate		206,100
Construction in progress		107,935
		12,339,236

**Endowment Investments, at fair value - restricted**

2,267,231

**Total Assets**

**\$ 41,002,716**

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable	\$	1,250
Accrued interest payable		29,744
Current portion long-term debt		1,129,721
Current portion deferred revenue		3,438,129
		4,598,844

**Long-Term Liabilities**

Long-Term Debt, net of current portion		16,026,294
Deferred revenue, net of current portion		14,650,185
		30,676,479

**Total Liabilities**

35,275,323

**Net Assets**

Without donor restrictions		
Undesignated		2,217,751
Designated as board restricted		1,101,427
With donor restrictions		2,408,215
		5,727,393

**Total Liabilities and Net Assets**

**\$ 41,002,716**

HENDERSON STATE UNIVERSITY FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2025

Exhibit A-3

**ASSETS**

Cash and cash equivalents	\$ 1,935,237
Investments	30,849,422
Contributions receivable, net	<u>74,524</u>

**TOTAL ASSETS**

\$ 32,859,183

**LIABILITIES AND NET ASSETS**

**Liabilities**

Total Liabilities	<u>\$ -</u>
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**Net Assets**

Without donor restrictions	410,970
With donor restrictions	<u>32,448,213</u>
Total Net Assets	<u>32,859,183</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 32,859,183

ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit B

OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of \$75,012,709)	\$ 76,931,461
Grants and contracts	48,212,958
Sales and services	1,302,955
Auxiliary enterprises (net of scholarship allowances of \$11,473,098)	38,269,428
Self-insurance	7,142,466
Other operating revenues	4,518,460
TOTAL OPERATING REVENUES	<u>176,377,728</u>
OPERATING EXPENSES	
Personal services	205,220,345
Scholarships and fellowships	32,973,565
Supplies and services	115,916,342
Self-insurance	28,383,572
Depreciation and amortization	35,699,344
Other	74,117
TOTAL OPERATING EXPENSES	<u>418,267,285</u>
OPERATING INCOME (LOSS)	<u>(241,889,557)</u>
NON-OPERATING REVENUES (EXPENSES)	
Federal appropriations	
State appropriations	136,937,358
Grants and contracts	79,086,289
HEERF Grants-Related to COVID-19	14,492,536
Sales and use taxes	4,162,277
Property taxes	5,832,153
Gifts	4,033,598
Investment income	8,018,837
Interest on capital asset - related debt	(9,059,797)
Gain or loss on disposal on capital assets	(434,403)
Payment of student activity fee/other amounts to fiduciary accounts	(322,211)
Refunds to grantors	(687,761)
Amortization of leases receivable	382,679
Interest earned on leases	474,401
Other nonoperating revenues (expenses)	(369,407)
NET NON-OPERATING REVENUES (EXPENSES)	<u>242,546,549</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES	656,992
Capital appropriations	4,973,870
Capital grants and gifts	22,353,029
Additions to endowments	5,625
Adjustments to capital assets	(85,481)
Capitalization of library holdings at rate per volume	9,602
Livestock additions	12,395
INCREASE (DECREASE) IN NET POSITION	<u>27,926,032</u>
NET POSITION - BEGINNING OF YEAR	485,567,632
NET POSITION - END OF YEAR	<u>\$ 513,493,664</u>

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

ARKANSAS STATE UNIVERSITY SYSTEM FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit B-1

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and other support</b>			
Contributions	\$ 368,241	\$ 18,088,378	\$ 18,456,619
Contributions of nonfinancial assets	9,269	27,687	36,956
Investment return, net	1,649,011	14,707,286	16,356,297
Other income	363,791	447,763	811,554
Net assets released from restrictions	14,992,470	(14,992,470)	-
<b>Total Revenue and Other Support</b>	<b>17,382,782</b>	<b>18,278,644</b>	<b>35,661,426</b>
<b>Expenses</b>			
Program services	15,237,131		15,237,131
Management and general supporting services	280,332		280,332
<b>Total Expenses</b>	<b>15,517,463</b>	<b>-</b>	<b>15,517,463</b>
<b>Increase in net assets</b>	<b>1,865,319</b>	<b>18,278,644</b>	<b>20,143,963</b>
<b>Net assets at beginning of year</b>	<b>10,082,417</b>	<b>147,818,874</b>	<b>157,901,291</b>
<b>Services rendered from personnel of an affiliate</b>	<b>251,819</b>		<b>251,819</b>
<b>Net assets at end of year</b>	<b>\$ 12,199,555</b>	<b>\$ 166,097,518</b>	<b>\$ 178,297,073</b>

ARKANSAS STATE UNIVERSITY RED WOLVES FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit B-2

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Support</b>			
Contributions	\$ 5,420,320	\$ 334,197	\$ 5,754,517
In-kind contributions	140,300		140,300
Special events/fundraising	214,918	426,904	641,822
Other income	3,380,369		3,380,369
Investment income	294,743	272,822	567,565
Net assets released from restrictions	757,950	(757,950)	-
	<u>10,208,600</u>	<u>275,973</u>	<u>10,484,573</u>
<b>Expenses</b>			
General and administrative	849,158		849,158
Athletic program services	5,862,953		5,862,953
Special events/fundraising	19,595		19,595
Total expenses	<u>6,731,706</u>		<u>6,731,706</u>
<b>Transfers</b>			
ASU athletic program	-	61,579	61,579
ASU other	1,670,618	860,443	2,531,061
	<u>1,670,618</u>	<u>922,022</u>	<u>2,592,640</u>
<b>Increase (decrease) in net assets</b>	<u>1,806,276</u>	<u>(646,049)</u>	<u>1,160,227</u>
Beginning Net Assets	1,512,902	3,054,264	4,567,166
<b>Ending Net Assets</b>	<u>\$ 3,319,178</u>	<u>\$ 2,408,215</u>	<u>\$ 5,727,393</u>

HENDERSON STATE UNIVERSITY FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit B-3

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

**Support and Revenue Without Donor Restrictions**

Investment return, net	\$ 4,473
Contributions of cash and other financial assets	390
Net assets released from restrictions	2,699,920
	<hr/>
Total Support and Revenue Without Donor Restrictions	<u>2,704,783</u>

**Expenses**

Program services	2,390,050
General and administrative supporting services	308,586
	<hr/>
Total Expenses	<u>2,698,636</u>

<b>Increase in Net Assets Without Donor Restrictions</b>	<u>6,147</u>
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**CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

Contributions of cash and other financial assets	2,084,996
Investment return, net	3,633,649
Net assets released from restrictions	(2,699,920)
	<hr/>

<b>Increase in Net Assets With Donor Restrictions</b>	<u>3,018,725</u>
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<b>Increase in Total Net Assets</b>	<u>3,024,872</u>
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<b>Net Assets, Beginning of Year</b>	<u>29,740,871</u>
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<b>Services Received from Personnel of an Affiliate</b>	<u>93,440</u>
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<b>Net Assets, End of Year</b>	<u>\$ 32,859,183</u>
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ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit C

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student tuition and fees	\$ 78,490,312
Grants and contracts	47,857,989
Auxiliary enterprises revenues	37,951,220
Sales and services	1,300,955
Self-insurance program receipts	7,084,520
Collection of principal and interest related to student loans	75,826
Other receipts	3,591,508
Payments to employees	(180,745,426)
Payments for employee benefits	(30,863,956)
Payments to suppliers	(113,097,619)
Scholarships and fellowships	(32,972,065)
Self-insurance program payments	(27,922,527)
Other payments	(137,693)
Net cash provided (used) by operating activities	(209,386,956)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State appropriations	135,410,358
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners	1,527,000
Grants and contracts	78,853,596
HEERF Grants-Related to COVID-19	15,131,918
Private gifts and grants	4,658,104
Sales and use taxes	4,032,468
Property taxes	5,652,382
Direct lending, PLUS and FFEL loan receipts	127,494,285
Direct lending, PLUS and FFEL loan payments	(126,556,696)
Payment of student activity fee/other amounts to fiduciary accounts	(322,211)
Refunds to grantors	(710,518)
Net cash provided (used) by noncapital financing activities	245,170,686
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	2,900,000
Proceeds from lease arrangements	897,353
Proceeds from trustee of bond proceeds and interest earnings	2,359,499
Capital appropriations	5,569,340
Capital gifts and grants	16,081,483
Proceeds from sale of capital assets	232,500
Purchases of capital assets	(40,918,748)
Payments to trustees for bond principal	(10,234,998)
Payments to trustees for bond interest and fees	(6,101,282)
Payments to trustees/paying agent for next fiscal year	(1,592,371)
Payments to debt holders for principal (other than bonds)	(5,830,777)
Payments to debt holders for interest and fees (other than bonds)	(2,196,649)
Property taxes remitted to bond trustees	(3,808,315)
Distribution of excess property taxes from bond trustees	3,087,347
Net cash provided (used) by capital and related financing activities	(39,555,618)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	15,155,690
Interest on investments (net of fees)	4,588,997
Purchases of investments	(20,644,910)
Net cash provided (used) by investing activities	(900,223)
Net increase (decrease) in cash and cash equivalents	(4,672,111)
Cash and cash equivalents - beginning of year	149,931,879
Cash and cash equivalents - end of year	\$ 145,259,768

ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit C

Reconciliation of Cash and Cash Equivalents

Current Assets:	
Cash and Cash Equivalents	\$ 99,322,950
Noncurrent Assets:	
Cash and Cash Equivalents	42,583,520
Restricted Cash and Cash Equivalents	3,353,298
Total cash and cash equivalents	\$ 145,259,768

Reconciliation of net operating revenues (expenses)  
to net cash provided (used) by operating activities:

Operating income (loss)	\$ (241,889,557)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	35,699,344
Change in assets and liabilities:	
Receivables, net	446,980
Inventories	149,429
Prepaid expenses	(1,129,482)
Accounts and salaries payable	3,445,472
Other postemployment benefits (OPEB)	(3,506,133)
Pension obligations	(2,318,266)
Unearned revenue	790,733
Deposits	(374,430)
Refundable federal advances	(1,078,705)
Compensated absences	377,659
Net cash provided (used) by operating activities	\$ (209,386,956)

NONCASH TRANSACTIONS

**JONESBORO**

The University issued bonds for construction. Payment of \$30,007,846 was remitted to the bond escrow account directly from the bond proceeds. Bond issuance costs of \$327,154 were paid directly from the bond proceeds.

The University issued refunding bonds of \$10,360,000, at a premium of \$1,024,032. The proceeds of this issue were utilized as follows: \$11,268,789 were remitted to an escrow agent and \$115,243 was used to pay the bond issuance costs.

Building improvements-capital gift of \$762,745

Equipment-capital gifts of \$732,275

Value of equipment received from vendor discounts-\$18,550

Interest earned on reserve accounts held by trustee-\$479,155

Interest paid from accounts held by trustee-\$33,461

Amount earned on investments-\$1,905,290

New subscription-based information technology arrangement-\$1,661,139

New subscription-based information technology arrangement-\$4,107,252

New subscription-based information technology arrangement-\$1,737,538

Amount of interest earned on CD's reinvested with CD's-\$27,003

ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit C

**HENDERSON STATE UNIVERSITY**

Interest earned on reserve accounts held by trustee-\$54,319  
Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-\$255,000  
Interest paid from accounts held by trustee-\$18,658  
Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-\$60,589  
Fees paid from accounts held by trustee from cash transferred in the prior fiscal year-\$2,383  
New lease for office space-\$20,556  
Principal payment on loan withheld from state appropriation-\$300,000

**BEEBE**

Interest earned on reserve accounts held by trustee-\$13,064  
Interest paid from accounts held by trustee-\$14,369  
Amount of interest earned on CD's reinvested with CD's-\$272,821

**MID-SOUTH**

Library holdings-capital gift of \$400  
Interest earned on reserve accounts held by trustee-\$140,423  
Trustee payments for retirement of bond principal-\$655,000  
Trustee payment for bond interest-\$650,940  
Trustee payment for bond fees-\$4,890  
Amount earned on investments-\$380,827

**MOUNTAIN HOME**

Works of art/historical treasures-capital gift of \$90,000  
Building-capital gift of \$2,186,152  
Land-capital gift of \$153,500  
Interest earned on reserve accounts held by trustee-\$70  
Interest paid from accounts held by trustee-\$95

**NEWPORT**

Interest earned on reserve accounts held by trustee-\$317  
Interest paid from accounts held by trustee-\$304  
Amount of interest earned on CD's reinvested with CD's-\$12,533

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

ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2025

Exhibit D

**ASSETS**

Cash and cash equivalents	\$ 1,456,503
Accounts receivable	<u>115,410</u>
TOTAL ASSETS	<u>1,571,913</u>

**LIABILITIES**

Accounts payable	<u>60,365</u>
TOTAL LIABILITIES	<u>60,365</u>

**NET POSITION**

Restricted for:	
Individuals and organizations	<u>1,511,548</u>
TOTAL NET POSITION	<u><u>\$ 1,511,548</u></u>

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

ARKANSAS STATE UNIVERSITY SYSTEM  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit E

**ADDITIONS**

Gifts	\$ 43,781
Contributions	5,187,391
Transfer from Student Activity Fee/Other	322,211
Other	20
Prior Year Correction	1,102
<b>TOTAL ADDITIONS</b>	<b>5,554,505</b>

**DEDUCTIONS**

Salaries	\$ 3,580
Supplies	627,214
Travel	53,863
Scholarships	5,034,642
<b>TOTAL DEDUCTIONS</b>	<b>5,719,299</b>

<b>INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<b>(164,794)</b>
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<b>NET POSITION-BEGINNING OF YEAR</b>	1,676,342
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<b>NET POSITION-END OF YEAR</b>	<b>\$ 1,511,548</b>
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The accompanying notes are an integral part of these financial statements.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

**Jonesboro**

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

**Henderson State University**

Henderson State University was founded in 1890 as a four-year coeducational baccalaureate liberal arts college and was named Arkadelphia Methodist College. The name was changed to Henderson College in 1904 to honor Charles Christopher Henderson, a trustee and prominent local businessman. In 1911, the name was amended to Henderson-Brown College to honor Walter William Brown, who was also a trustee. The Arkansas General Assembly enacted legislation to establish a standard teachers' college in Arkadelphia and the institution was transferred to the State of Arkansas in 1929. The name then was changed to Henderson State Teachers College. In 1967, the name was changed to Henderson State College and in 1975 to Henderson State University. The University is the only Arkansas university which has been controlled by both church and State and is the only public one named for an individual. Of the ten Arkansas public universities, Henderson State University is one of only two originally established as a four-year, degree-conferring institution and is the second oldest university under state control. Effective January 1, 2021, under the provisions of Ark. Code Ann. § 6-60-102, Henderson State University merged with the Arkansas State University System.

**Beebe**

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

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

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

**Mountain Home**

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

**Newport**

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

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

**Mid-South**

Mid-South Vocational Technical School, an institution of higher education of the State of Arkansas and located in West Memphis, began operations January 18, 1982. Effective July 1, 1991, the College's name was changed to Mid-South Technical College under the provision of Ark. Code Ann. § 6-53-301. On February 16, 1993, the voters approved a four mill property tax for the creation of the community college. During April 1993, the Arkansas State Board of Higher Education approved the change in status of Mid-South Technical College to Mid-South Community College. Effective July 1, 2015, under the provisions of Ark. Code Ann. § 6-60-102, Mid-South Community College merged with the Arkansas State University System to become Arkansas State University Mid-South.

**Three Rivers**

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

**System**

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

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

**Component Units**

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

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

During the year ended June 30, 2025, the ASU Foundation transferred property, equipment and funds of \$13,055,662 to the University for academic support. Complete financial statements for the ASU Foundation may be obtained from the ASU Foundation at P.O. Box 1990, State University, AR 72467-1990.

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

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

The Arkansas State University Red Wolves Foundation, Inc. (the RW Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The RW Foundation is dedicated to aid, assist, and promote the development of intercollegiate athletics at the Jonesboro campus and to work with the University's administration in serving the institution. The RW Foundation's support comes primarily through donor contributions. The RW Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the RW Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2025, the RW Foundation transferred property, equipment and funds of \$2,592,640 to the University for support. Complete financial statements for the RW Foundation may be obtained from the RW Foundation at P.O. Box 2219, State University, AR 72467-1990.

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

**Henderson State University Foundation, Inc.**

The Henderson State University Foundation, Inc. (the HSU Foundation) is a legally separate, tax-exempt component unit of Arkansas State University (the University). The HSU Foundation operates for charitable educational purposes, including administering and investing gifts and other amounts received directly or indirectly for the benefit of Henderson State University. The board of directors consist of 12 members including 2 members who are members of the former Henderson State University Board of Trustees, and two ex-officio members who are also employees of the University. The HSU Foundation is considered a component unit of the University under the guidelines established by Governmental Accounting Standards Board (GASB) Statement no. 39, *Determining Whether Certain Organizations are Component Units*. Accordingly, the financial statements of the RW Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.

During the year ended June 30, 2025, the HSU Foundation transferred property, equipment and funds of \$2,390,050 to the University for academic support. Complete financial statements for the HSU Foundation may be obtained from the HSU Foundation at 324 North 12<sup>th</sup> Street, Arkadelphia, AR 71923.

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

Financial Statement Presentation

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

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

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

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

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

In March 2016, the GASB issued Statement no. 81, *Irrevocable Split-Interest Agreements*. The statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance in which a government is a beneficiary of the agreement.

In January 2017, the GASB issued Statement no. 84, *Fiduciary Activities*. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

In June 2017, the GASB issued Statement no. 87, *Leases*. This statement improves accounting and financial reporting for leases.

In June 2018, the GASB issued Statement no. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. Additionally, it simplifies accounting for interest cost incurred before the end of a construction period.

In May 2020, the GASB issued Statement no. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

Basis of Accounting

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

The consolidated University financial statements were prepared from the separate statements of the seven (7) campuses. Financial transactions among the campuses were not considered material in amount or consequence and, accordingly, were not eliminated from the consolidated statements.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

Land, buildings, improvements and infrastructure, equipment, audiovisual holdings and construction in progress are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Livestock held for educational purposes is recorded at cost or estimated acquisition value. Library holdings are recorded at cost or a stated rate per volume. For the campuses that record library holdings at a stated rate per volume, the additions for the fiscal year are displayed as a separate line item on the Statement of Revenues, Expenses and Changes in Net Position. Library holdings that are capitalized do not include periodicals, microfilm, microfiche and government documents. The University follows capitalization guidelines established by the State of Arkansas. The University's capitalization policy for equipment is to record, as assets, any items with a unit cost of more than \$5,000 and an estimated useful life greater than one year. Improvements to buildings, infrastructure, and land that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense when incurred. Interest costs incurred are no longer capitalized during the period of construction.

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

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

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

At Henderson State University, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 30 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 7 years for equipment, and 7 years for software. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. No depreciation is taken the year of disposal.

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

At the Mid-South campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 50 years for buildings, 20 years for mobile classrooms and metal structures, 20 years for improvements and infrastructure, 15 years for library and audiovisual holdings, 20 years for leasehold improvements, 3 to 15 years for equipment, and 7 years for software. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is started in the month of acquisition. No depreciation is taken the year of disposal.

At the Mountain Home campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 15 years for leasehold improvements, and 3 to 7 years for equipment. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. Depreciation is taken the year of disposal.

At the Newport campus, depreciation is calculated using the straight-line method over the estimated lives of the assets, generally 15 to 30 years for buildings, 15 years for improvements and infrastructure, 10 years for library and audiovisual holdings, 3 to 15 years for equipment, and 7 years for software. Capital assets are presented net of accumulated depreciation where applicable. Depreciation is begun the fiscal year following the date of acquisition. Depreciation is taken the year of disposal.

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Right to Use Assets

The University has accounted for the authority to use these assets as on the Statement of Net Position and amortizes them over the term of the contract. These include the Welcome Center and the North End Zone of the Football Stadium.

Leases Payable

The University has leases including those for land, office space, and equipment. The leased asset is recorded on the Statement of Net Position and amortized over the term of the contract. The amount payable over the contract is recorded as a lease payable on the Statement of Net Position.

Detailed information on leases payable can be found in Note 4 and Note 6.

Software Subscriptions

The University has software subscriptions from external parties for various terms under long-term, noncancelable subscription arrangements. These subscriptions are recorded on the Statement of Net Position and amortized over the term of the contract. The amount payable over the contract is recorded as a lease payable on the Statement of Net Position.

Detailed information on software subscriptions can be found in Note 4 and in Note 7.

Operating and Nonoperating Revenues

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

**Operating Revenues:** Operating revenues result from activities that have characteristics of exchange transactions; that is, the University receives payment in exchange for providing services or products to students or other constituencies. Student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary operations, net of scholarship discounts and allowances, and most federal, state, local and private grants are the main categories of operating revenues for the University.

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

Cash Equivalents

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

Accounts Receivable

Accounts receivable consists of assets the University is legally entitled to, but for which payment has not been received as of the close of the fiscal year at June 30, 2025. The various sources of the University's receivables are detailed in a subsequent note. Receivables are presented net of any estimated uncollectible amounts in accordance with generally accepted accounting principles.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Investments

An investment is a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. The University accounts for its investments, except for nonparticipating contracts, at fair value in accordance with GASB Statement no. 72, *Fair Value Measurement and Application*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost in accordance with GASB Statement no. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

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

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

Leases Receivable

The University has certain contractual agreements with outside parties to receive an amount regularly over the term of a contract. These agreements are recorded on the Statement of Net Position as a lease receivable and a deferred inflow.

Detailed information on leases receivable can be found in Note 6.

Inventories

Inventories are valued at cost. The Jonesboro, Beebe, Mountain Home, Newport, and Three Rivers campuses use a first-in, first-out basis. Henderson State University uses a last-in, first-out basis and the Mid-South campus uses an average cost basis.

Noncurrent Cash and Investments

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

Restricted/Unrestricted Resources

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

Unearned Revenues

Unearned revenues consist primarily of amounts received prior to the end of the fiscal year for tuition and fees and certain auxiliary activities that relate to a subsequent accounting period. For example, payments for tuition and fees for the second summer term or season football tickets for the upcoming fall season received prior to June 30, 2025 are treated as unearned revenues. They are considered liabilities of the University until earned.

Compensated Absences Payable

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Deposits with Trustees

Deposits with trustees are externally restricted and held by various banks for the University. They are maintained in order to make debt service payments, to maintain sinking or reserve funds as required by bond covenants, or to purchase or construct capital assets.

Noncurrent Liabilities

Noncurrent liabilities include (1) the amount of the optional voluntary retirement incentive program (Note 18); (2) principal amounts of bonds payable, notes payable, lease obligations with contractual maturities greater than one year, and installment contracts payable; (3) estimated amounts for accrued compensated absences and related matching costs and other liabilities that will not be paid within the next fiscal year; (4) other postemployment benefits; (5) net pension liability; (6) estimated amounts for deposits held that will not be paid within the next fiscal year; and (7) the refundable federal portion of the Perkins Loan Program.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System (APERS) and Arkansas Teacher Retirement System (ARTRS) and additions to/deductions from their respective fiduciary net position have been determined on the same basis as they are reported by each retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes

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

Sales and Use Taxes

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

Fiduciary Activities

The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University. These amounts are not University funds and are shown in separate statements. The fiduciary financial statements have been presented using the economic resources focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Net Position

The University's net position is classified as follows:

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

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

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

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

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

Scholarship Discounts and Allowances

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

NOTE 2: Public Fund Deposits and Investments

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 6,614,855	\$ 6,627,093
Insured (SIPC)	182,485	182,485
Collateralized:		
Collateral held by the pledging bank or pledging bank's agent in the University's name	162,944,918	161,010,694
Total Deposits	\$ 169,742,258	\$ 167,820,272

The insured (FDIC) balances include \$1,870,146 of funds placed through Certificate of Deposit Account Registry Service (CDARS). CDARS purchases certificates of deposit in various banks which are insured by FDIC. The above deposits do not include cash on hand maintained by the University in the amount of \$43,391 at June 30, 2025. Also, the above amount does not include \$75,148 in cash and cash equivalents and \$400,000 in certificates of deposits held by the ASU Foundation for license plate scholarships classified as restricted investments and \$654,033 of money market funds classified as cash and cash equivalents. The above total deposits include certificates of deposits of \$23,798,559 reported as investments and classified as nonnegotiable certificates of deposit. Additionally, the deposits do not include money market checking accounts of \$367,294 reported as deposits with trustees. The above total deposits include cash held for fiduciary activities of \$1,456,503 reported on the Statement of Fiduciary Net Position.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's policy states that investments made by the University, excluding those funds donated for endowment purposes, should be secure with no risk of loss. All investments must be fully collateralized with such collateral being evidenced by a bonded, third-party custody receipt provided to the campus making the investment. Collateral may be of three types including: (a) United States government securities, (b) securities of government agencies of the United States, or (c) general obligation bonds of cities, counties, or school districts of the state of Arkansas. The University's bank balance of \$167,820,272 was fully collateralized at June 30, 2025.

Deposits with Trustees

At June 30, 2025, the University's deposits with trustees totaled \$32,644,977. Other than the money market checking accounts of \$367,294, the details of the deposits with trustee by campus are below.

Arkansas State University Jonesboro

At June 30, 2025, the University's deposits with trustees of \$28,410,882 were primarily invested in:

- U.S. Treasury Notes, Bonds, and Bills
- Dreyfus Treasury Securities, a government money market fund consisting primarily of repurchase agreements and short-term U.S. Treasury securities
- Federated Hermes Treasury Obligations Fund, a money market treasury fund consisting primarily of repurchase agreements and short-term U.S. Treasury securities
- Federated Hermes U.S. Treasury Cash Reserves, a money market treasury fund consisting primarily of short-term U.S. Treasury securities
- Federated Hermes Government Obligations Fund, a money market mutual fund consisting primarily of repurchase agreements and short-term U.S. Treasury securities

These funds were rated Aaa-mf by Moody's Investors Service. The weighted average maturity was approximately:

- |  |         |
|--|---------|
| • Dreyfus Treasury Securities                  | 48 days |
| • Federated Hermes Treasury Obligations Fund   | 40 days |
| • Federated Hermes U.S. Treasury Cash Reserves | 40 days |
| • Federated Hermes Government Obligations Fund | 37 days |

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

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

The fair value of the deposits with trustees at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
<u>\$ 28,410,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,410,882</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Henderson State University

At June 30, 2025, the University's deposits with trustee of \$1,263,050 were primarily invested in the Federated Hermes U.S. Treasury Cash Reserves, a money market treasury fund and the Federated Hermes Government Obligations Fund, a money market mutual fund. These funds were rated Aaa-mf by Moody's Investors Service. The Federated Hermes U.S. Treasury Cash Reserves consisted primarily of short-term U.S. Treasury securities. The weighted average maturity was approximately 40 days.

The Federated Hermes Government Obligations Fund consisted of short-term U.S. Treasury securities and had a weighted average maturity of 37 days.

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

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

The fair value of the deposits with trustee at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
<u>\$ 1,263,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,263,050</u>

Arkansas State University Mid-South

At June 30, 2025, the University's deposits with trustee of \$2,603,696 were invested by US Bank. The fund invests solely in First American Government Obligations, a money market treasury fund. This fund was rated Aaa-mf by Moody's Investors Service. The effective average maturity was approximately 42 days.

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

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

The fair value of the deposits with trustee at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
<u>\$ 2,603,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,603,696</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mountain Home

At June 30, 2025, the University's deposits with trustee of \$55 were invested in Morgan Stanley Government Portfolio, a money market treasury fund. This fund was rated Aaa-mf by Moody's Investors Service and consisted of Treasury bills, bonds and notes. The effective average maturity was approximately 32 days.

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

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

The fair value of the deposits with trustee at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 55</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55</u>

University Investments (Excluding Endowment Funds)

At June 30, 2025, the University's investments, excluding endowment funds, consisted of corporate bonds of \$1,681,157, U.S. government agencies of \$13,616,885, U.S. Treasury notes of \$4,851,616, and municipal bonds of \$2,033,134. Details of the investments by campus are below.

Arkansas State University Jonesboro

At June 30, 2025, the University's investments, excluding endowment funds, consisted of corporate bonds of \$233,717, U.S. government agencies of \$13,516,950, and municipal bonds of \$2,033,134.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
<u>\$ 233,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,717</u>

The U.S. government agencies will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
<u>\$ 4,482,990</u>	<u>\$ 9,033,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,516,950</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Jonesboro (Continued)

The municipal bonds will mature as follows:

<u>Less than one year</u>	<u>1 to 5 years</u>	<u>6 to 10 years</u>	<u>Greater than 10 years</u>	<u>Total</u>
\$ 249,159	\$ 1,578,698	\$ -	\$ 205,277	\$ 2,033,134

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 0.458 years at June 30, 2025. The U.S. government agencies had an estimated weighted average maturity of 2.240 years at June 30, 2025. The municipal bonds had an estimated weighted average maturity of 4.474 years at June 30, 2025. The University's investment policy does not specifically limit operating investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment policy states the portfolio shall be designed to attain an above market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and cash flow requirements.

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

<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Not Rated</u>	<u>Total</u>
\$ -	\$ 233,717	\$ -	\$ -	\$ -	\$ 233,717

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

<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Not Rated</u>	<u>Total</u>
\$ -	\$ 13,516,950	\$ -	\$ -	\$ -	\$ 13,516,950

The credit quality ratings of the municipal bonds by Moody's Investor Service are shown below:

<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Not Rated</u>	<u>Total</u>
\$ 249,158	\$ 1,578,698	\$ 205,278	\$ -	\$ -	\$ 2,033,134

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

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of its investments. At June 30, 2025, none of the University's investments were exposed to custodial credit risk.

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Jonesboro (Continued)

The fair value of the corporate bonds at June 30, 2025 are shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ -</u>	<u>\$ 233,717</u>	<u>\$ -</u>	<u>\$ 233,717</u>

The fair value of the U.S. government agencies at June 30, 2025 are shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 13,516,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,516,950</u>

The fair value of the municipal bonds at June 30, 2025 are shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ -</u>	<u>\$ 2,033,134</u>	<u>\$ -</u>	<u>\$ 2,033,134</u>

Arkansas State University Mid-South

At June 30, 2025, the University's investments consisted of corporate bonds of \$1,447,440, U.S. government agencies of \$99,935, and U.S. Treasury notes of \$4,851,616.

The corporate bonds will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
<u>\$ 200,069</u>	<u>\$ 1,019,247</u>	<u>\$ 228,124</u>	<u>\$ -</u>	<u>\$ 1,447,440</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mid-South (Continued)

The U.S. government agencies will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
\$ 99,935	\$ -	\$ -	\$ -	\$ 99,935

The U.S Treasury notes will mature as follows:

Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
\$ 997,218	\$ 2,649,698	\$ 1,204,700	\$ -	\$ 4,851,616

Interest rate risk - The corporate bonds had an estimated weighted average maturity of 3.670 years at June 30, 2025. The U.S. government agencies had an estimated weighted average maturity of 0.160 years at June 30, 2025. The U.S. Treasury notes had an estimated weighted average maturity of 3.720 years at June 30, 2025. The University's investment policy does not specifically limit operating investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investment policy states the portfolio shall be designed to attain an above market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and cash flow requirements.

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

Aaa	Aa	A	Baa	Not Rated	Total
\$ 146,538	\$ 497,705	\$ 803,197	\$ -	\$ -	\$ 1,447,440

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

Aaa	Aa	A	Baa	Not Rated	Total
\$ -	\$ 99,935	\$ -	\$ -	\$ -	\$ 99,935

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

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

The fair value of the corporate bonds at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ -	\$ 1,447,440	\$ -	\$ 1,447,440

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Arkansas State University Mid-South (Continued)

The fair value of the U.S. government agencies at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 99,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,935</u>

The fair value of the U.S. Treasury notes at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
<u>\$ 4,851,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,851,616</u>

Endowment Investments

Except for the endowment investments of the R.E. Lee Wilson, Sr. Trust and the V.C. and Bertie H. Kays Educational Trust, all remaining endowment funds are included in an investment pool administered by the Arkansas State University Foundation, Inc. Endowment investments totaling \$5,547,655 were exposed to custodial credit risk because they were uninsured securities held by the Counterparty Trust Department or Agent and not in the University's name.

The Jonesboro campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 8.10% or \$12,453,537 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	\$ 2,341,373
Cash/Cash Equivalents	954,867
Domestic Equity Mutual Funds	1,060,220
Domestic Equities	3,142,195
Global Equity Funds	706,291
Hedge Fund	489,703
International Equities	1,253,763
International Equity Mutual Funds	1,782,852
Real Estate	40,177
Real Estate Funds	113,621
Venture Capital and Partnerships	568,475
Total	<u>\$ 12,453,537</u>

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

The fair value of the investments at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
<u>\$ 11,355,182</u>	<u>\$ -</u>	<u>\$ 1,098,355</u>	<u>\$ 12,453,537</u>

The Beebe campus's portion of the investment pool administered by the Arkansas State University Foundation, Inc. was 0.61% or \$892,031 and consisted of the following types of investments:

Type	Amount
Bonds/Fixed Income Mutual Funds	\$ 176,893
Cash/Cash Equivalents	23,295
Domestic Equity Mutual Funds	80,101
Domestic Equities	237,396
Global Equity Funds	53,362
Hedge Fund	36,997
International Equities	94,723
International Equity Mutual Funds	134,696
Real Estate	3,035
Real Estate Funds	8,584
Venture Capital and Partnerships	42,949
Total	<u>\$ 892,031</u>

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

The fair value of the investments at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	Total
<u>\$ 809,050</u>	<u>\$ -</u>	<u>\$ 82,981</u>	<u>\$ 892,031</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

R.E. Lee Wilson, Sr. Trust Investments

The R.E. Lee Wilson, Sr. Trust of \$3,787,574 consisted of the following types of investments held in trust by a third party for the Jonesboro campus:

Type	Amount
Corporate Bonds	\$ 373,233
Equities	2,491,729
Mutual Funds	285,692
Short-Term and Cash Equivalents	183,529
U.S. Government Agencies	278,539
U.S. Treasuries	174,852
<b>Total</b>	<b>\$ 3,787,574</b>

The corporate bonds, U.S. government agencies, and U.S. treasuries will mature as follows:

	Less than one year	1 to 5 years	6 to 10 years	Greater than 10 years	Total
Corporate Bonds	\$ 92,480	\$ 205,791	\$ 25,523	\$ 49,439	\$ 373,233
U.S. Government Agencies	154	8,400	28,802	241,183	278,539
U.S. Treasuries	8,004	49,112	24,619	93,117	174,852
<b>Total</b>	<b>\$ 100,638</b>	<b>\$ 263,303</b>	<b>\$ 78,944</b>	<b>\$ 383,739</b>	<b>\$ 826,624</b>

Interest rate risk – The trust portfolio consists of corporate bonds, U.S. government agencies, and U.S. treasuries had an estimated weighted average maturity of 4.990, 22.493 and 14.080 years, respectively, at June 30, 2025.

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

	Aaa	Aa	A	Baa	Not Rated	Total
Corporate Bonds	\$ -	\$ 42,100	\$199,263	\$123,924	\$ 7,946	\$ 373,233
U.S. Government Agencies	-	15,873	-	-	262,666	278,539
<b>Total</b>	<b>\$ -</b>	<b>\$ 57,973</b>	<b>\$199,263</b>	<b>\$123,924</b>	<b>\$270,612</b>	<b>\$ 651,772</b>

The fair value of the investments at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ 3,414,341	\$ 373,233	\$ -	\$ 3,787,574

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 2: Public Fund Deposits and Investments (Continued)

Endowment Investments (Continued)

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

The V.C. and Bertie H. Kays Educational Trust of \$1,760,081 consisted of the following types of investments held in trust by a third party:

Type	Amount
Short-Term and Cash Equivalents	\$ 79,971
U.S. Government Agencies	126,460
U.S. Treasuries	78,679
Mutual Funds	151,955
Corporate Bonds	172,788
Equities	1,145,127
Other	5,101
<b>Total</b>	<b>\$ 1,760,081</b>

The corporate bonds, U.S. government agencies, and U.S. treasuries will mature as follows:

	Less than one year	1 to 5 years	6-10 years	Greater than 10 years	Total
Corporate Bonds	\$ 43,307	\$ 96,546	\$ 11,401	\$ 21,534	\$ 172,788
U.S. Government Agencies	56	6,440	10,390	109,574	126,460
U.S. Treasuries	4,003	21,604	10,832	42,240	78,679
<b>Total</b>	<b>\$ 47,366</b>	<b>\$ 124,590</b>	<b>\$32,623</b>	<b>\$ 173,348</b>	<b>\$ 377,927</b>

Interest rate risk – The trust portfolio consists of corporate bonds, U.S. government agencies, and U.S. treasuries had an estimated weighted average maturity of 4.884, 20.471, and 14.120 years, respectively, at June 30, 2025.

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

	Aaa	Aa	A	Baa	Not Rated	Total
Corporate Bonds		\$ 18,337	\$ 88,492	\$ 61,986	\$ 3,973	\$ 172,788
U.S. Government Agencies	\$ 642	7,937	-	-	117,881	126,460
<b>Total</b>	<b>\$ 642</b>	<b>\$ 26,274</b>	<b>\$ 88,492</b>	<b>\$ 61,986</b>	<b>\$ 121,854</b>	<b>\$ 299,248</b>

The fair value of the investments at June 30, 2025 is shown below:

Level 1	Level 2	Level 3	Total
Quoted prices for identical investments in active markets	Quoted prices for similar investments in active markets	Prices determined from the University's data	
\$ 1,582,192	\$ 177,889	\$ -	\$ 1,760,081

NOTE 3: Income Taxes

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4: Capital Assets

Following are the changes in capital assets for the year ended June 30, 2025:

Arkansas State University Jonesboro					
	Balance July 1, 2024	Additions	Transfers	Retirements	Balance June 30, 2025
Nondepreciable capital assets:					
Land and improvements	\$ 8,246,624				\$ 8,246,624
Livestock for educational purposes	130,520	\$ 12,395			142,915
Construction-in-progress	8,239,759	22,590,084	\$ (6,885,215)	\$ (43,043)	23,901,585
Intangibles-Easements	2,675,000				2,675,000
Total nondepreciable capital assets	<u>\$ 19,291,903</u>	<u>\$ 22,602,479</u>	<u>\$ (6,885,215)</u>	<u>\$ (43,043)</u>	<u>\$ 34,966,124</u>
Other capital assets:					
Improvements and infrastructure	\$ 199,067,368	\$ 1,651,221	\$ 6,597,757	\$ (328,522)	\$ 206,987,824
Buildings	386,264,720			(81,377)	386,183,343
Equipment	52,683,191	4,484,819	287,458	(5,407,972)	52,047,496
Library/audiovisual holdings	11,587,302			(180,236)	11,407,066
Intangibles-software	6,960,645				6,960,645
Right to use assets-buildings	9,614,019				9,614,019
Leases-office space/daycare center space	1,027,944			(612,814)	415,130
Leases-equipment	118,112			(43,428) ***	74,684
SBITA**	-	7,505,929			7,505,929
Total other capital assets	<u>667,323,301</u>	<u>13,641,969</u>	<u>6,885,215</u>	<u>(6,654,349)</u>	<u>681,196,136</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	86,660,581	9,020,238 *		(177,949)	95,502,870
Buildings	217,441,303	6,058,706		(1,629)	223,498,380
Equipment	44,437,690	2,280,455		(5,343,519)	41,374,626
Library/audiovisual holdings	11,202,828	34,910		(180,236)	11,057,502
Intangibles-software	6,055,017	75,469			6,130,486
Right to use assets-buildings	2,168,539	532,002			2,700,541
Leases-office space/daycare center space	698,499	148,437		(612,814)	234,122
Leases-equipment	63,700	13,647		(43,117) ****	34,230
SBITA**	-	1,693,712			1,693,712
Total accumulated depreciation/amortization	<u>368,728,157</u>	<u>19,857,576</u>	<u>-</u>	<u>(6,359,264)</u>	<u>382,226,469</u>
Other capital assets, net	<u>\$ 298,595,144</u>	<u>\$ (6,215,607)</u>	<u>\$ 6,885,215</u>	<u>\$ (295,085)</u>	<u>\$ 298,969,667</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 19,291,903	\$ 22,602,479	\$ (6,885,215)	\$ (43,043)	\$ 34,966,124
Other capital assets, at cost	667,323,301	13,641,969	6,885,215	(6,654,349)	681,196,136
Total cost of capital assets	<u>686,615,204</u>	<u>36,244,448</u>	<u>-</u>	<u>(6,697,392)</u>	<u>716,162,260</u>
Less accumulated depreciation/amortization	<u>368,728,157</u>	<u>19,857,576</u>	<u>-</u>	<u>(6,359,264)</u>	<u>382,226,469</u>
Capital assets, net	<u>\$ 317,887,047</u>	<u>\$ 16,386,872</u>	<u>\$ -</u>	<u>\$ (338,128)</u>	<u>\$ 333,935,791</u>

\*Includes \$8,160 for prior year depreciation for improvements and infrastructure; \*\*Subscription-based information technology arrangement; \*\*\*Leases-equipment retirement of \$43,428 includes \$34,470 for retirement of leased equipment and \$8,958 of prior year correction for leased equipment; \*\*\*\*Leases-equipment amortization retirement of \$43,117 includes \$34,470 for retirement of leased equipment and \$8,647 of prior year correction for leased equipment.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4: Capital Assets (Continued)

Henderson State University

	Balance July 1, 2024	Additions	Transfers	Retirements	Balance June 30, 2025
Nondepreciable capital assets:					
Land and improvements	\$ 1,972,792				\$ 1,972,792
Construction-in-progress	3,555,113	\$ 2,054,564	(4,381,596)		1,228,081
Total nondepreciable capital assets	<u>\$ 5,527,905</u>	<u>\$ 2,054,564</u>	<u>\$ (4,381,596)</u>	<u>\$ -</u>	<u>\$ 3,200,873</u>
Other capital assets:					
Improvements and infrastructure	\$ 95,948,174		\$ 4,381,596	\$ (148,557)	\$ 100,181,213
Buildings	84,271,057			(391,001)	83,880,056
Equipment	6,208,515	67,152		(168,889)	6,106,778
Library holdings	15,212,326	3,850			15,216,176
Intangibles-software	2,225,796				2,225,796
Leases-office space	1,337,281	20,556		(37,696)	1,320,141
Leases-airport	36,002				36,002
Leases-airplanes	991,194				991,194
Total other capital assets	<u>206,230,345</u>	<u>91,558</u>	<u>4,381,596</u>	<u>(746,143)</u>	<u>209,957,356</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	48,105,174	2,747,110		(21,748)	50,830,536
Buildings	42,720,391	1,158,475		(162,033)	43,716,833
Equipment	5,663,351	118,398		(168,889)	5,612,860
Library holdings	12,531,830	438,758			12,970,588
Intangibles-software	317,971	317,971			635,942
Leases-office space	566,147	143,142		(37,696)	671,593
Leases-airport	9,424	18,848			28,272
Leases-airplanes	123,899	247,798			371,697
Total accumulated depreciation/amortization	<u>110,038,187</u>	<u>5,190,500</u>	<u>-</u>	<u>(390,366)</u>	<u>114,838,321</u>
Other capital assets, net	<u>\$ 96,192,158</u>	<u>\$ (5,098,942)</u>	<u>\$ 4,381,596</u>	<u>\$ (355,777)</u>	<u>\$ 95,119,035</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 5,527,905	\$ 2,054,564	\$ (4,381,596)	\$ -	\$ 3,200,873
Other capital assets, at cost	206,230,345	91,558	4,381,596	(746,143)	209,957,356
Total cost of capital assets	211,758,250	2,146,122	-	(746,143)	213,158,229
Less accumulated depreciation/amortization	110,038,187	5,190,500	-	(390,366)	114,838,321
Capital assets, net	<u>\$ 101,720,063</u>	<u>\$ (3,044,378)</u>	<u>\$ -</u>	<u>\$ (355,777)</u>	<u>\$ 98,319,908</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4: Capital Assets (Continued)

Arkansas State University Beebe

	Balance July 1, 2024	Additions	Transfers	Retirements	Balance June 30, 2025
Nondepreciable capital assets:					
Land and improvements	\$ 3,370,634				\$ 3,370,634
Livestock for educational purposes	101,021			\$ (34,278)	66,743
Construction-in-progress	436,629	\$ 6,834	\$ (436,629)		6,834
Total nondepreciable capital assets	<u>\$ 3,908,284</u>	<u>\$ 6,834</u>	<u>\$ (436,629)</u>	<u>\$ (34,278)</u>	<u>\$ 3,444,211</u>
Other capital assets:					
Improvements and infrastructure	\$ 22,591,955	\$ 1,298,627	\$ 436,629		\$ 24,327,211
Buildings	67,022,124				67,022,124
Equipment	8,433,340	921,531		\$ (477,551)	8,877,320
Library/audiovisual holdings	2,813,450	34,353		(12,717)	2,835,086
Intangibles-software	1,168,830				1,168,830
Total other capital assets	<u>102,029,699</u>	<u>2,254,511</u>	<u>436,629</u>	<u>(490,268)</u>	<u>104,230,571</u>
Less accumulated depreciation for:					
Improvements and infrastructure	16,571,863	1,261,743			17,833,606
Buildings	41,486,409	1,778,735			43,265,144
Equipment	5,732,635	560,648		(477,551)	5,815,732
Library/audiovisual holdings	2,475,588	69,019		(12,717)	2,531,890
Intangibles-software	166,975	166,976			333,951
Total accumulated depreciation/amortization	<u>66,433,470</u>	<u>3,837,121</u>	<u>-</u>	<u>(490,268)</u>	<u>69,780,323</u>
Other capital assets, net	<u>\$ 35,596,229</u>	<u>\$ (1,582,610)</u>	<u>\$ 436,629</u>	<u>\$ -</u>	<u>\$ 34,450,248</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 3,908,284	\$ 6,834	\$ (436,629)	\$ (34,278)	\$ 3,444,211
Other capital assets, at cost	102,029,699	2,254,511	436,629	(490,268)	104,230,571
Total cost of capital assets	<u>105,937,983</u>	<u>2,261,345</u>		<u>(524,546)</u>	<u>107,674,782</u>
Less accumulated depreciation/amortization	66,433,470	3,837,121		(490,268)	69,780,323
Capital assets, net	<u>\$ 39,504,513</u>	<u>\$ (1,575,776)</u>	<u>\$ -</u>	<u>\$ (34,278)</u>	<u>\$ 37,894,459</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4: Capital Assets (Continued)

Arkansas State University Mid-South

	Balance July 1, 2024	Additions	Transfers	Retirements	Balance June 30, 2025
Nondepreciable capital assets:					
Land and improvements	\$ 3,898,076				\$ 3,898,076
Construction-in-progress	-	\$ 89,100			89,100
Total nondepreciable capital assets	<u>\$ 3,898,076</u>	<u>\$ 89,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,987,176</u>
Other capital assets:					
Improvements and infrastructure	\$ 12,190,469	\$ 219,063			\$ 12,409,532
Buildings	58,672,548				58,672,548
Equipment	11,764,052	304,320		\$ (48,463)	12,019,909
Library/audiovisual holdings	762,795	5,325		(39,221)	728,899
Intangibles-software	1,167,425				1,167,425
Leases-equipment	165,539				165,539
Total other capital assets	<u>84,722,828</u>	<u>528,708</u>	<u>-</u>	<u>(87,684)</u>	<u>85,163,852</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	5,818,091	438,290			6,256,381
Buildings	30,768,454	1,164,277			31,932,731
Equipment	10,446,416	360,008		(37,958)	10,768,466
Library/audiovisual holdings	672,939	10,770		(39,221)	644,488
Intangibles-software	180,673	166,775			347,448
Leases-equipment	48,192	39,863			88,055
Total accumulated depreciation/amortization	<u>47,934,765</u>	<u>2,179,983</u>	<u>-</u>	<u>(77,179)</u>	<u>50,037,569</u>
Other capital assets, net	<u>\$ 36,788,063</u>	<u>\$ (1,651,275)</u>	<u>\$ -</u>	<u>\$ (10,505)</u>	<u>\$ 35,126,283</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 3,898,076	\$ 89,100	\$ -	\$ -	\$ 3,987,176
Other capital assets, at cost	84,722,828	528,708	-	(87,684)	85,163,852
Total cost of capital assets	<u>88,620,904</u>	<u>617,808</u>	<u>-</u>	<u>(87,684)</u>	<u>89,151,028</u>
Less accumulated depreciation/amortization	<u>47,934,765</u>	<u>2,179,983</u>	<u>-</u>	<u>(77,179)</u>	<u>50,037,569</u>
Capital assets, net	<u>\$ 40,686,139</u>	<u>\$ (1,562,175)</u>	<u>\$ -</u>	<u>\$ (10,505)</u>	<u>\$ 39,113,459</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4: Capital Assets (Continued)

Arkansas State University Mountain Home

	Balance July 1, 2024	Additions	Transfers	Retirements	Balance June 30, 2025
Nondepreciable capital assets:					
Land and improvements	\$ 2,934,808	\$ 153,500			\$ 3,088,308
Works of art/historical treasures	-	90,000			90,000
Construction-in-progress	18,550	15,509			34,059
Total nondepreciable capital assets	<u>\$ 2,953,358</u>	<u>\$ 259,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,212,367</u>
Other capital assets:					
Improvements and infrastructure	\$ 3,131,540	\$ 19,990			\$ 3,151,530
Buildings	40,094,784	2,258,132			42,352,916
Equipment	3,838,557	252,043			4,090,600
Library/audiovisual holdings	924,030	5,752			929,782
Total other capital assets	<u>47,988,911</u>	<u>2,535,917</u>	<u>-</u>	<u>-</u>	<u>50,524,828</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	2,354,220	57,203			2,411,423
Buildings	35,554,988	1,357,676			36,912,664
Equipment	2,762,621	281,651			3,044,272
Library/audiovisual holdings	834,461	14,877			849,338
Total accumulated depreciation/amortization	<u>41,506,290</u>	<u>1,711,407</u>	<u>-</u>	<u>-</u>	<u>43,217,697</u>
Other capital assets, net	<u>\$ 6,482,621</u>	<u>\$ 824,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,307,131</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 2,953,358	\$ 259,009	\$ -	\$ -	\$ 3,212,367
Other capital assets, at cost	47,988,911	2,535,917	-	-	50,524,828
Total cost of capital assets	<u>50,942,269</u>	<u>2,794,926</u>			<u>53,737,195</u>
Less accumulated depreciation/amortization	41,506,290	1,711,407			43,217,697
Capital assets, net	<u>\$ 9,435,979</u>	<u>\$ 1,083,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,519,498</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4: Capital Assets (Continued)

Arkansas State University Newport

	Balance July 1, 2024	Additions	Transfers	Retirements	Balance June 30, 2025
Nondepreciable capital assets:					
Land and improvements	\$ 1,444,735				\$ 1,444,735
Construction-in-progress	808,723	\$ 808,448	\$ (493,659)		1,123,512
Total nondepreciable capital assets	<u>\$ 2,253,458</u>	<u>\$ 808,448</u>	<u>\$ (493,659)</u>	<u>\$ -</u>	<u>\$ 2,568,247</u>
Other capital assets:					
Improvements and infrastructure	\$ 8,765,575	\$ 12,679	\$ 493,659		\$ 9,271,913
Buildings	31,691,566				31,691,566
Equipment	9,333,176	728,982		\$ (116,573)	9,945,585
Library/audiovisual holdings	503,885				503,885
Intangibles-software	1,433,747				1,433,747
Total other capital assets	<u>51,727,949</u>	<u>741,661</u>	<u>493,659</u>	<u>(116,573)</u>	<u>52,846,696</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	4,490,171	741,765	(647,503) *		4,584,433
Buildings	22,916,158	936,025	497,736 *		24,349,919
Equipment	6,215,893	545,636	131,706 *	(111,040)	6,782,195
Library/audiovisual holdings	445,241	10,579	18,061 *		473,881
Intangibles-software	204,821	204,821			409,642
Total accumulated depreciation/amortization	<u>34,272,284</u>	<u>2,438,826</u>	<u>-</u>	<u>(111,040)</u>	<u>36,600,070</u>
Other capital assets, net	<u>\$ 17,455,665</u>	<u>\$ (1,697,165)</u>	<u>\$ 493,659</u>	<u>\$ (5,533)</u>	<u>\$ 16,246,626</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 2,253,458	\$ 808,448	\$ (493,659)	\$ -	\$ 2,568,247
Other capital assets, at cost	51,727,949	741,661	493,659	(116,573)	52,846,696
Total cost of capital assets	53,981,407	1,550,109	-	(116,573)	55,414,943
Less accumulated depreciation/amortization	34,272,284	2,438,826	-	(111,040)	36,600,070
Capital assets, net	<u>\$ 19,709,123</u>	<u>\$ (888,717)</u>	<u>\$ -</u>	<u>\$ (5,533)</u>	<u>\$ 18,814,873</u>

\*During fiscal year 2025, prior year corrections were made to accumulated depreciation for improvements and infrastructure, buildings, equipment and library/audiovisual holdings.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 4: Capital Assets (Continued)

Arkansas State University Three Rivers

	Balance July 1, 2024	Additions	Transfers	Retirements	Balance June 30, 2025
Nondepreciable capital assets:					
Land and improvements	\$ 790,262				\$ 790,262
Construction-in-progress	3,727,824	\$ 7,254,873	\$ (3,408,838)		7,573,859
Total nondepreciable capital assets	<u>\$ 4,518,086</u>	<u>\$ 7,254,873</u>	<u>\$ (3,408,838)</u>	<u>\$ -</u>	<u>\$ 8,364,121</u>
Other capital assets:					
Improvements and infrastructure	\$ 514,224				\$ 514,224
Buildings	10,160,396	\$ 275,837	\$ 3,408,838		13,845,071
Equipment	4,815,381	931,230			5,746,611
Library/audiovisual holdings	527,270	24,704			551,974
Total other capital assets	<u>16,017,271</u>	<u>1,231,771</u>	<u>3,408,838</u>	<u>-</u>	<u>20,657,880</u>
Less accumulated depreciation/amortization for:					
Improvements and infrastructure	316,606	15,561			332,167
Buildings	6,331,863	106,644			6,438,507
Equipment	3,218,386	363,972			3,582,358
Library/audiovisual holdings	495,426	5,914			501,340
Total accumulated depreciation/amortization	<u>10,362,281</u>	<u>492,091</u>	<u>-</u>	<u>-</u>	<u>10,854,372</u>
Other capital assets, net	<u>\$ 5,654,990</u>	<u>\$ 739,680</u>	<u>\$ 3,408,838</u>	<u>\$ -</u>	<u>\$ 9,803,508</u>
Capital asset summary:					
Nondepreciable capital assets	\$ 4,518,086	\$ 7,254,873	\$ (3,408,838)	\$ -	\$ 8,364,121
Other capital assets, at cost	16,017,271	1,231,771	3,408,838	-	20,657,880
Total cost of capital assets	20,535,357	8,486,644	-	-	29,022,001
Less accumulated depreciation/amortization	10,362,281	492,091	-	-	10,854,372
Capital assets, net	<u>\$ 10,173,076</u>	<u>\$ 7,994,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,167,629</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities

A summary of long-term debt is as follows:

Arkansas State University Jonesboro

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2025</u>	<u>Maturities To June 30, 2025</u>
3/1/2012	3/1/2034	2 - 3.6%	\$ 2,775,000	\$ 1,230,001	\$ 1,544,999
3/1/2012	3/1/2037	2 - 4%	3,425,000	2,045,000	1,380,000
12/1/2012	3/1/2037	1.375 - 3.375%	1,500,000	870,000	630,000
3/1/2013	3/1/2034	1 - 5%	28,895,000	14,990,000	13,905,000
11/1/2015	11/1/2025	0.00%	600,000	30,000	570,000
11/1/2015	11/1/2025	0.00%	604,000	30,200	573,800
12/17/2015	12/1/2035	3.21%	15,226,080	11,581,558	3,644,522
11/17/2016	3/1/2037	3 - 4%	13,870,000	9,215,000	4,655,000
11/17/2016	3/1/2037	2 - 4%	23,150,000	12,460,000	10,690,000
12/20/2017	3/1/2039	3 - 4%	11,740,000	7,375,000	4,365,000
7/25/2018	5/25/2028	0.00%	1,000,000	299,774	700,226
12/18/2019	3/1/2030	2 - 3%	1,640,000	720,000	920,000
12/18/2019	3/1/2042	2.004 - 3.651%	3,750,000	2,995,000	755,000
3/15/2021	3/1/2042	0.515 - 2.794%	11,670,000	9,745,000	1,925,000
4/28/2022	12/1/2038	2.25 - 4.15%	13,015,000	10,965,000	2,050,000
9/29/2022	9/29/2028	6.25%	74,684	39,910	34,774
11/1/2022	10/31/2027	6.25%	319,746	161,635	158,111
7/1/2023	6/30/2026	8.25%	95,384	34,442	60,942
8/30/2024	7/1/2034	0.00%	2,900,000	2,755,000	145,000
7/1/2024	6/30/2027	8.50%	1,661,139	1,183,547	477,592
7/1/2024	6/30/2029	8.50%	4,107,252	3,255,392	851,860
8/1/2024	7/31/2029	4.79%	1,737,538	1,381,850	355,688
9/1/2024	9/1/2034	0.20%	2,900,000	2,900,000	-
12/12/2024	12/1/2054	4.80 - 5.77%	30,335,000	30,335,000	-
12/12/2024	12/1/2043	5.00%	10,360,000	10,360,000	-
Unamortized discount			(90,264)	(67,021)	(23,243)
Unamortized premium			5,688,006	3,487,767	2,200,239
Totals			<u>\$ 192,948,565</u>	<u>\$ 140,379,055</u>	<u>\$ 52,569,510</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Henderson State University

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2025	Maturities To June 30, 2025
8/31/2011	8/30/2036	5.74%	\$ 2,750,000	\$ 1,822,348	\$ 927,652
7/23/2012	7/23/2026	3.08%	2,366,268	402,550	1,963,718
2/14/2014	2/14/2028	4.98%	1,100,000	274,641	825,359
11/1/2014	11/1/2039	2 - 5%	33,000,000	23,860,000	9,140,000
6/1/2015	7/1/2026	1 - 3.2%	3,780,000	535,000	3,245,000
6/30/2015	6/1/2035	4.12%	6,513,437	5,895,465	617,972
2/3/2016	1/1/2032	2 - 3%	6,465,000	3,390,000	3,075,000
9/19/2017	7/15/2035	2 - 3.25%	7,005,000	4,665,000	2,340,000
10/3/2017	9/1/2035	1.25 - 3.25%	3,315,000	2,195,000	1,120,000
7/1/2019	12/1/2029	0.00%	6,000,000	5,450,000	550,000
8/20/2019	11/1/2039	3.73%	15,996,406	13,112,821	2,883,585
7/1/2020	3/31/2030	4.00%	1,299,585	717,557	582,028
7/1/2021	7/1/2031	0.00%	996,450	646,450	350,000
1/1/2024	12/31/2025	8.50%	36,002	9,513	26,489
1/1/2024	12/31/2027	8.50%	991,194	558,600	432,594
1/1/2025	12/31/2026	7.50%	20,556	15,701	4,855
Unamortized discount			(49,704)	(27,362)	(22,342)
Unamortized premium-bonds			783,471	437,503	345,968
Unamortized premium-note			115,848	83,024	32,824
Totals			<u>\$ 92,484,513</u>	<u>\$ 64,043,811</u>	<u>\$ 28,440,702</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Beebe

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2025	Maturities To June 30, 2025
12/1/2012	12/1/2032	1 - 3%	\$ 1,890,000	\$ 865,000	\$ 1,025,000
4/1/2015	4/1/2039	1 - 3.625%	8,005,000	5,330,000	2,675,000
5/1/2015	12/1/2035	2 - 4%	12,930,000	7,895,001	5,034,999
6/1/2015	9/1/2035	2 - 4%	9,185,000	5,590,000	3,595,000
8/8/2017	7/1/2032	1.31%	100,000	55,757	44,243
10/18/2017	10/1/2037	3.04%	4,930,498	4,120,503	809,995
Unamortized discount			(91,432)	(47,954)	(43,478)
Unamortized premium			404,190	195,305	208,885
Totals			<u>\$ 37,353,256</u>	<u>\$ 24,003,612</u>	<u>\$ 13,349,644</u>

Arkansas State University Mid-South

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2025	Maturities To June 30, 2025
8/26/2010	2/1/2040	2 - 4.7%	\$ 5,180,000	\$ 3,465,000	\$ 1,715,000
8/1/2012	2/1/2042	1 - 4%	18,510,000	12,395,000	6,115,000
3/15/2018	3/15/2038	3.30%	1,537,658	1,108,413	429,245
9/1/2022	8/31/2025	2.99%	50,666	6,365	44,301
10/1/2023	9/30/2028	2.00%	114,873	87,161	27,712
Unamortized discount			(47,842)	(23,925)	(23,917)
Unamortized premium			112,689	63,859	48,830
Totals			<u>\$ 25,458,044</u>	<u>\$ 17,101,873</u>	<u>\$ 8,356,171</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mountain Home

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2025</u>	<u>Maturities To June 30, 2025</u>
12/18/2019	12/1/2032	2.004 - 3.119%	\$ 4,885,000	\$ 2,960,000	\$ 1,925,000
Totals			<u>\$ 4,885,000</u>	<u>\$ 2,960,000</u>	<u>\$ 1,925,000</u>

Arkansas State University Newport

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2025</u>	<u>Maturities To June 30, 2025</u>
12/1/2012	5/1/2028	0.666 - 3.82%	\$ 3,740,000	\$ 759,999	\$ 2,980,001
12/1/2012	12/1/2032	1 - 3%	1,875,000	865,000	1,010,000
8/8/2017	7/1/2032	1.31%	1,000,000	557,556	442,444
10/18/2017	10/1/2037	3.04%	2,951,079	2,466,283	484,796
Unamortized discount			<u>(22,328)</u>	<u>(8,372)</u>	<u>(13,956)</u>
Totals			<u>\$ 9,543,751</u>	<u>\$ 4,640,466</u>	<u>\$ 4,903,285</u>

Arkansas State University Three Rivers

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2025</u>	<u>Maturities To June 30, 2025</u>
2/28/2011	3/1/2026	0.37%	\$ 565,000	\$ 38,648	\$ 526,352
4/25/2014	5/1/2029	0.24%	1,000,000	270,192	729,808
Totals			<u>\$ 1,565,000</u>	<u>\$ 308,840</u>	<u>\$ 1,256,160</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

The changes in long-term liabilities are as follows:

Arkansas State University Jonesboro					
	Balance			Balance	Amounts
	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within
					One Year
Bonds payable	\$ 92,538,821	\$ 41,719,032	\$ 17,532,106 *	\$ 116,725,747	\$ 6,380,513
Notes payable	580,374	5,800,000	365,400	6,014,974	737,600
Leases payable	409,066		173,079	235,987	113,352
Installment contracts payable	12,320,486		738,928	11,581,558	817,457
SBITA	-	7,505,929	1,685,140	5,820,789	1,891,134
Compensated absences	7,270,717	5,723,374	5,558,054	7,436,037	5,209,417
<b>Totals</b>	<b><u>\$113,119,464</u></b>	<b><u>\$ 60,748,335</u></b>	<b><u>\$ 26,052,707</u></b>	<b><u>\$147,815,092</u></b>	<b><u>\$ 15,149,473</u></b>

\*Includes refunding of \$11,250,000 with an unamortized premium of \$86,368

Henderson State University					
	Balance			Balance	Amounts
	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within
					One Year
Bonds payable	\$ 37,474,229		\$ 2,419,088	\$ 35,055,141	\$ 2,484,088
Notes payable and bonds from direct placement	29,668,015		1,980,716	27,687,299	2,685,772
Leases payable	1,629,983	\$ 20,556	349,168	1,301,371	365,328
Compensated absences	1,435,666	646,019	549,462	1,532,223	525,134
<b>Totals</b>	<b><u>\$ 70,207,893</u></b>	<b><u>\$ 666,575</u></b>	<b><u>\$ 5,298,434</u></b>	<b><u>\$ 65,576,034</u></b>	<b><u>\$ 6,060,322</u></b>

Arkansas State University Beebe					
	Balance			Balance	Amounts
	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within
					One Year
Bonds payable	\$ 21,217,274		\$ 1,389,922	\$ 19,827,352	\$ 1,434,923
Notes payable	62,326		6,569	55,757	6,656
Installment contracts payable	4,281,823		161,320	4,120,503	178,257
Compensated absences	1,209,801	\$ 1,240,159	1,212,179	1,237,781	928,336
<b>Totals</b>	<b><u>\$ 26,771,224</u></b>	<b><u>\$ 1,240,159</u></b>	<b><u>\$ 2,769,990</u></b>	<b><u>\$ 25,241,393</u></b>	<b><u>\$ 2,548,172</u></b>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mid-South

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Bonds payable	\$ 16,557,096		\$ 657,162	\$ 15,899,934	\$ 682,162
Notes payable	1,175,843		67,430	1,108,413	69,656
Leases payable	129,868		36,342	93,526	26,439
Compensated absences	645,700	\$ 45,951	71,366	620,285	51,946
<b>Totals</b>	<b>\$ 18,508,507</b>	<b>\$ 45,951</b>	<b>\$ 832,300</b>	<b>\$ 17,722,158</b>	<b>\$ 830,203</b>

Arkansas State University Mountain Home

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Bonds payable	\$ 3,365,000		\$ 405,000	\$ 2,960,000	\$ 415,000
Compensated absences	448,773	\$ 77,396	69,629	456,540	685
<b>Totals</b>	<b>\$ 3,813,773</b>	<b>\$ 77,396</b>	<b>\$ 474,629</b>	<b>\$ 3,416,540</b>	<b>\$ 415,685</b>

Arkansas State University Newport

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Bonds payable	\$ 1,985,510		\$ 368,883	\$ 1,616,627	\$ 368,884
Notes payable	623,257		65,701	557,556	66,561
Installment contracts payable	2,562,840		96,557	2,466,283	106,694
Compensated absences	840,132	\$ 794,927	719,024	916,035	714,507
<b>Totals</b>	<b>\$ 6,011,739</b>	<b>\$ 794,927</b>	<b>\$ 1,250,165</b>	<b>\$ 5,556,501</b>	<b>\$ 1,256,646</b>

Arkansas State University Three Rivers

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Notes payable	\$ 414,491		\$ 105,651	\$ 308,840	\$ 105,953
Compensated absences	408,134	\$ 272,894	243,347	437,681	19,076
<b>Totals</b>	<b>\$ 822,625</b>	<b>\$ 272,894</b>	<b>\$ 348,998</b>	<b>\$ 746,521</b>	<b>\$ 125,029</b>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Total long-term debt principal and interest payments for bonds, notes, leases, installment contracts, and SBITAs are as follows:

Arkansas State University Jonesboro

Bonds payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 6,380,513 *	\$ 4,694,458 **	\$ 11,074,971
2027	6,525,513	4,453,891	10,979,404
2028	6,755,513	4,234,356	10,989,869
2029	6,985,513	4,005,567	10,991,080
2030	7,255,513	3,742,306	10,997,819
2031 - 2035	35,526,552	14,606,931	50,133,483
2036 - 2040	21,187,892	8,981,652	30,169,544
2041 - 2045	10,193,738	5,702,125	15,895,863
2046 - 2050	6,825,000	3,633,852	10,458,852
2051 - 2055	9,090,000	1,371,818	10,461,818
Totals	<u>\$ 116,725,747 ***</u>	<u>\$ 55,426,956</u>	<u>\$ 172,152,703</u>

\*Includes discount amortization of \$5,064 and premium amortization of \$275,577.

\*\*Includes interest payable of \$926,384 recorded as a current liability at June 30, 2025.

\*\*\*Total principal of \$116,725,747 includes discount amortization of \$67,021 and premium amortization of \$3,487,767.

Arkansas State University Jonesboro

Notes payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 737,600	\$ 5,800 *	\$ 743,400
2027	677,974	5,225	683,199
2028	678,325	4,649	682,974
2029	579,127	4,072	583,199
2030	579,706	3,494	583,200
2031 - 2035	2,762,242	8,170	2,770,412
Totals	<u>\$ 6,014,974</u>	<u>\$ 31,410</u>	<u>\$ 6,046,384</u>

\*Includes interest payable of \$4,833 recorded as a current liability at June 30, 2025.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Jonesboro

Leases payable*			
Year ended June 30,	Principal	Interest	Total
2026	\$ 113,352	\$ 12,274	\$ 125,626
2027	83,963	5,663	89,626
2028	38,672	1,203	39,875
Totals	<u>\$ 235,987</u>	<u>\$ 19,140</u>	<u>\$ 255,127</u>

\*Additional information on leases payable can be found in Note 4 and Note 6.

Arkansas State University Jonesboro

Installment contracts payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 817,457	\$ 360,008 *	\$ 1,177,465
2027	835,512	332,815	1,168,327
2028	787,155	307,389	1,094,544
2029	869,557	280,926	1,150,483
2030	957,518	251,737	1,209,255
2031 - 2035	6,404,064	711,689	7,115,753
2036	910,295	8,542	918,837
Totals	<u>\$ 11,581,558</u>	<u>\$ 2,253,106</u>	<u>\$ 13,834,664</u>

\*Includes interest payable of \$30,981 recorded as a current liability at June 30, 2025.

Arkansas State University Jonesboro

SBITAs payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 1,891,134	\$ 372,436	\$ 2,263,570
2027	2,143,402	233,420	2,376,822
2028	849,564	100,644	950,208
2029	936,689	53,875	990,564
Totals	<u>\$ 5,820,789</u>	<u>\$ 760,375</u>	<u>\$ 6,581,164</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Henderson State University

Bonds payable

Year ended June 30,	Principal		Interest		Total
2026	\$ 2,484,088	*	\$ 1,196,603	**	\$ 3,680,691
2027	2,558,030		1,119,866		3,677,896
2028	2,373,030		1,037,205		3,410,235
2029	2,443,030		954,599		3,397,629
2030	2,523,030		868,119		3,391,149
2031 - 2035	12,333,233		3,030,497		15,363,730
2036 - 2040	<u>10,340,700</u>		<u>981,281</u>		<u>11,321,981</u>
Totals	<u>\$ 35,055,141</u>	***	<u>\$ 9,188,170</u>		<u>\$ 44,243,311</u>

\*Includes discount amortization of \$2,719 and premium amortization of \$24,632.

\*\*Includes interest payable of \$293,790 recorded as a current liability at June 30, 2025.

\*\*\*Total principal of \$35,055,141 includes discount amortization of \$27,362 and premium amortization of \$437,503.

Henderson State University

Notes payable

Year ended June 30,	Principal		Interest		Total
2026	\$ 2,685,772	*	\$ 874,440	**	\$ 3,560,212
2027	2,734,209		808,052		3,542,261
2028	2,573,554		740,918		3,314,472
2029	2,518,574		675,701		3,194,275
2030	3,219,217		614,788		3,834,005
2031 - 2035	8,350,602		2,095,587		10,446,189
2036 - 2040	<u>5,605,371</u>		<u>623,459</u>		<u>6,228,830</u>
Totals	<u>\$ 27,687,299</u>	***	<u>\$ 6,432,945</u>		<u>\$ 34,120,244</u>

\*Includes premium amortization of \$5,792.

\*\*Includes interest payable of \$399,794 recorded as a current liability at June 30, 2025.

\*\*\*Total principal of \$27,687,299 includes premium amortization of \$83,024.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Henderson State University			
Leases payable*			
Year ended June 30,	Principal	Interest	Total
2026	\$ 365,328	\$ 66,739	\$ 432,067
2027	377,075	41,722	418,797
2028	273,103	17,769	290,872
2029	160,003	8,543	168,546
2030	<u>125,862</u>	<u>2,107</u>	<u>127,969</u>
Totals	<u>\$ 1,301,371</u>	<u>\$ 136,880</u>	<u>\$ 1,438,251</u>

\*Additional information on leases payable can be found in Note 4 and Note 6.

Arkansas State University Beebe			
Bonds payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 1,434,923 *	\$ 679,782 **	\$ 2,114,705
2027	1,489,922	628,225	2,118,147
2028	1,539,923	577,136	2,117,059
2029	1,599,923	524,014	2,123,937
2030	1,649,923	468,609	2,118,532
2031 - 2035	8,887,413	1,440,563	10,327,976
2036 - 2039	<u>3,225,325</u>	<u>188,744</u>	<u>3,414,069</u>
Totals	<u>\$ 19,827,352 ***</u>	<u>\$ 4,507,073</u>	<u>\$ 24,334,425</u>

\*Includes discount amortization of \$3,996 and premium amortization of \$18,919.

\*\*Includes interest payable of \$144,017 recorded as a current liability at June 30, 2025.

\*\*\*Total principal of \$19,827,352 includes discount amortization of \$47,954 and premium amortization of \$195,305.

Arkansas State University Beebe			
Notes payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 6,656	\$ 730	\$ 7,386
2027	6,743	643	7,386
2028	6,832	555	7,387
2029	6,921	465	7,386
2030	7,012	375	7,387
2031 - 2033	<u>21,593</u>	<u>568</u>	<u>22,161</u>
Totals	<u>\$ 55,757</u>	<u>\$ 3,336</u>	<u>\$ 59,093</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Beebe

Installment contracts payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 178,257	\$ 125,263 *	\$ 303,520
2027	197,894	119,843	317,737
2028	216,934	113,827	330,761
2029	228,326	107,233	335,559
2030	249,044	100,292	349,336
2031 - 2035	1,716,370	371,771	2,088,141
2036 - 2038	<u>1,333,678</u>	<u>78,816</u>	<u>1,412,494</u>
Totals	<u>\$ 4,120,503</u>	<u>\$ 1,017,045</u>	<u>\$ 5,137,548</u>

\*Includes interest payable of \$93,947 recorded as a current liability at June 30, 2025.

Arkansas State University Mid-South

Bonds payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 682,162 *	\$ 626,507 **	\$ 1,308,669
2027	707,162	604,033	1,311,195
2028	732,162	576,912	1,309,074
2029	757,162	550,000	1,307,162
2030	787,162	521,662	1,308,824
2031 - 2035	4,410,810	2,133,159	6,543,969
2036 - 2040	5,350,810	1,191,250	6,542,060
2041 - 2042	<u>2,472,504</u>	<u>148,800</u>	<u>2,621,304</u>
Totals	<u>\$ 15,899,934 ***</u>	<u>\$ 6,352,323</u>	<u>\$ 22,252,257</u>

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

\*\*Includes interest payable of \$258,176 recorded as a current liability at June 30, 2025.

\*\*\*Total principal of \$15,899,934 includes discount amortization of \$23,925 and premium amortization of \$63,859.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Mid-South

Notes payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 69,656	\$ 36,578 *	\$ 106,234
2027	71,954	34,279	106,233
2028	74,329	31,904	106,233
2029	76,782	29,451	106,233
2030	79,315	26,918	106,233
2031 - 2035	437,609	93,557	531,166
2036 - 2038	<u>298,768</u>	<u>19,934</u>	<u>318,702</u>
Totals	<u>\$ 1,108,413</u>	<u>\$ 272,621</u>	<u>\$ 1,381,034</u>

\*Includes interest payable of \$10,752 recorded as a current liability at June 30, 2025.

Arkansas State University Mid-South

Leases payable*			
Year ended June 30,	Principal	Interest	Total
2026	\$ 26,439	\$ 19,189	\$ 45,628
2027	25,457	13,421	38,878
2028	32,286	6,592	38,878
2029	<u>9,344</u>	<u>376</u>	<u>9,720</u>
Totals	<u>\$ 93,526</u>	<u>\$ 39,578</u>	<u>\$ 133,104</u>

\*Additional information on leases payable can be found in Note 4 and Note 6.

Arkansas State University Mountain Home

Bonds payable			
Year ended June 30,	Principal	Interest	Total
2026	\$ 415,000	\$ 78,684 *	\$ 493,684
2027	420,000	67,198	487,198
2028	430,000	55,507	485,507
2029	445,000	43,471	488,471
2030	445,000	31,229	476,229
2031 - 2033	<u>805,000</u>	<u>38,129</u>	<u>843,129</u>
Totals	<u>\$ 2,960,000</u>	<u>\$ 314,218</u>	<u>\$ 3,274,218</u>

\*Includes interest payable of \$6,798 recorded as a current liability at June 30, 2025.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Newport

Bonds payable

Year ended June 30,	Principal	Interest	Total
2026	\$ 368,884 *	\$ 52,610 **	\$ 421,494
2027	388,884	39,546	428,430
2028	298,884	25,777	324,661
2029	103,884	15,375	119,259
2030	112,209	12,150	124,359
2031 - 2033	343,882	15,900	359,782
Totals	<u>\$ 1,616,627 ***</u>	<u>\$ 161,358</u>	<u>\$ 1,777,985</u>

\*Includes discount amortization of \$1,116.

\*\*Includes interest payable of \$6,907 recorded as a current liability at June 30, 2025.

\*\*\*Total principal of \$1,616,627 includes discount amortization of \$8,372.

Arkansas State University Newport

Notes payable

Year ended June 30,	Principal	Interest	Total
2026	\$ 66,561	\$ 7,304 *	\$ 73,865
2027	67,433	6,432	73,865
2028	68,317	5,549	73,866
2029	69,212	4,654	73,866
2030	70,118	3,747	73,865
2031 - 2033	215,915	5,682	221,597
Totals	<u>\$ 557,556</u>	<u>\$ 33,368</u>	<u>\$ 590,924</u>

\*Includes interest payable of \$7,304 recorded as a current liability at June 30, 2025.

Arkansas State University Newport

Installment contracts payable

Year ended June 30,	Principal	Interest	Total
2026	\$ 106,694	\$ 74,975 *	\$ 181,669
2027	118,448	71,731	190,179
2028	129,844	68,131	197,975
2029	136,663	64,183	200,846
2030	149,064	60,029	209,093
2031 - 2035	1,027,320	222,520	1,249,840
2036 - 2038	798,250	47,174	845,424
Totals	<u>\$ 2,466,283</u>	<u>\$ 608,743</u>	<u>\$ 3,075,026</u>

\*Includes interest payable of \$56,078 recorded as a current liability at June 30, 2025.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 5: Long-Term Liabilities (Continued)

Arkansas State University Three Rivers

Year ended June 30,	Notes payable		
	Principal	Interest	Total
2026	\$ 105,953	\$ 791 *	\$ 106,744
2027	67,467	487	67,954
2028	67,629	325	67,954
2029	67,791	163	67,954
Totals	\$ 308,840	\$ 1,766	\$ 310,606

\*Includes interest payable of \$156 recorded as a current liability at June 30, 2025.

Refunding of Debt

Arkansas State University Jonesboro

On December 12, 2024, the University issued \$10,360,000 in refunding bonds for the Jonesboro campus with an interest rate of 5 percent to refund \$11,250,000 of outstanding bonds (Series 2013B) dated December 1, 2013 with interest rates of 2 to 5 percent. Net proceeds of \$11,268,789 after payment of \$115,243 for bond issuance costs and a premium of \$1,024,032 were remitted to an escrow agent to provide for all future payments of the defeased bonds. U.S. Treasury obligations of \$11,266,652 purchased by the escrow agent, were pledged for the retirement of these bonds. As a result of this refunding, the 2013B Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The 2013B bonds were called on January 13, 2025. The University refunded the bonds to reduce its total debt service payments by \$1,213,697 over the next nineteen (19) years and to obtain an economic gain of \$873,349. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$69,716. This difference, reported in the accompanying financial statements as a deferred inflow of resources, will be amortized through the year 2044 using the straight-line method.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 6: Leases

A. Leases Payable

The net value of assets held under leases totaled \$1,574,721 at June 30, 2025. Leases are amortized using the straight-line method. The details of the leases are as follows:

Arkansas State University Jonesboro

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Equipment	9/29/2022	9/29/2028	6.25%	\$ 74,684	\$ 34,230	\$ 40,454
Office space	11/1/2022	10/31/2027	6.25%	319,745	170,532	149,213
Daycare center space	7/1/2023	6/30/2026	8.25%	95,385	63,590	31,795
Total				\$ 489,814	\$ 268,352	\$ 221,462

Henderson State University

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Office space	7/1/2020	3/31/2030	4.00%	\$ 1,299,585	\$ 666,454	\$ 633,131
Airport	1/1/2024	12/31/2025	8.50%	36,002	28,272	7,730
Airplanes	1/1/2024	12/31/2027	8.50%	991,194	371,697	619,497
Office space	1/1/2025	12/31/2026	7.50%	20,556	5,139	15,417
Total				\$ 2,347,337	\$ 1,071,562	\$ 1,275,775

Arkansas State University Mid-South

Type of Asset	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
Printers	9/1/2022	8/31/2025	2.99%	\$ 50,666	\$ 47,851	\$ 2,815
Copiers	10/1/2023	9/30/2028	2.00%	114,873	40,204	74,669
Total				\$ 165,539	\$ 88,055	\$ 77,484

B. Leases Receivable

Arkansas State University Jonesboro

The University has three ground leases with outside parties. The deferred inflow for the leases are amortized using the straight-line method. Below are the details of each lease and a summary of the amounts:

On February 26, 2016, the University entered into a ground lease agreement with Hotel Partners, LLC to construct and operate a hotel, convention center, and restaurant on approximately 11 acres of land owned by the University. Hotel Partners, LLC is responsible for all construction costs, maintenance costs and operational costs of the project.

The University began receiving rent annually for the use of the land beginning in fall 2022. The University will receive \$416,650 annually for two years and then will receive \$250,000 for each of the following years. The term of the lease is fifty years plus four (4) options for an additional ten (10 years) each.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 6: Leases (Continued)

B. Leases Receivable (Continued)

Arkansas State University Jonesboro (Continued)

On July 21, 2016, the University entered into an agreement with ZP NO. 315, LLC (Zimmer) to construct and operate undergraduate and graduate student housing facilities on approximately 13 acres of land owned by the University. Zimmer is responsible for all construction costs, maintenance costs and operational costs of the housing. The University began receiving rent annually for the use of the land beginning in fall 2017. The term of the lease is thirty-five years. The lease provides an option for the University, not an obligation, to acquire Zimmer's interest in the property from and after the tenth anniversary of the rent commencement date. On the fifth (5th) anniversary of the rent commencement date and every five years thereafter, base rent shall be increased on a percentage basis equal to the lesser of five percent or the average percentage increase of rents payable by tenants across all on-campus apartment housing. In fiscal year 2023, the amount received annually for the undergraduate housing increased from \$200,004 to \$210,000. In fiscal year 2023, the amount received annually for the graduate housing increased from \$105,000 to \$110,256.

The amount of principal and interest and amortization of deferred inflows for the next five years and in five year increments are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2026	\$ 131,978	\$ 438,278	\$ 249,120
2027	136,735	433,521	249,120
2028	141,665	428,591	249,120
2029	146,773	423,483	249,120
2030	152,066	418,190	249,120
2031 - 2035	846,689	2,004,591	1,245,600
2036 - 2040	1,010,945	1,840,335	1,245,600
2041 - 2045	1,207,239	1,644,041	1,245,600
2046 - 2050	1,441,864	1,409,417	1,245,604
2051 - 2055	710,899	1,179,615	698,371
2056 - 2060	117,488	1,132,512	333,545
2061 - 2065	148,169	1,101,831	333,545
2066 - 2070	186,866	1,063,134	333,545
2071 - 2075	235,667	1,014,333	333,545
2076 - 2080	297,215	952,785	333,549
2081 - 2085	374,835	875,165	333,550
2086- 2090	472,726	777,274	333,550
2091 - 2095	596,183	653,817	333,550
2096 - 2100	751,883	498,117	333,550
2101 - 2105	948,245	301,755	333,550
2106- 2108	684,014	65,986	200,129
Totals	<u>\$ 10,740,144</u>	<u>\$ 18,656,771</u>	<u>\$ 10,461,983</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 6: Leases (Continued)

B. Leases Receivable (Continued)

Henderson State University

The University has two building subleases with outside parties. The deferred inflow for the leases are amortized using the straight-line method. Below are the details of each lease and a summary of the amounts:

On July 1, 2020, the University entered into a building sublease agreement with the Arkansas Department of Commerce-Division of Workforce Services-Rehabilitation Services to sublease 5,462 square feet of a building that Henderson State University leases. The University will receive \$857,370 over the term of the lease. The lease ends on March 31, 2030.

On September 1, 2020, the University entered into a building sublease agreement with the Arkansas Department of Commerce-Division of Workforce Services to sublease 4,501 square feet of a building that Henderson State University leases. The University will receive \$703,731 over the term of the lease. The lease ends on March 31, 2030.

The amount of principal and interest and amortization of deferred inflows for the next five years and in five year increments are:

Year ended June 30,	Principal	Interest	Amortization of Deferred Inflow
2026	\$ 136,186	\$ 26,224	\$ 133,558
2027	143,781	20,658	133,558
2028	151,725	14,742	133,558
2029	160,003	8,543	133,558
2030	125,861	2,107	100,168
Totals	<u>\$ 717,556</u>	<u>\$ 72,274</u>	<u>\$ 634,400</u>

NOTE 7: Subscription-Based Information Technology Arrangements (SBITA)

Arkansas State University Jonesboro

The University has software subscriptions from external parties for various terms under long-term, noncancelable subscription arrangements. In accordance with GASB Statement No. 96, the University records right of use assets and subscription liabilities based on the present value of expected payments over the subscription term of the respective software.

The net value of assets held under subscriptions totaled \$5,812,217 at June 30, 2025. Subscriptions are amortized using the straight-line method. The details of the SBITAs are as follows:

Type	Issue Date	Maturity Date	Rate of Interest	Asset Amount	Amortization	Net Amount
ERP Managed Cloud Services	7/1/2024	6/30/2027	8.50%	\$ 1,661,139	\$ 553,713	\$ 1,107,426
ERP Software and Support	7/1/2024	6/30/2029	8.50%	4,107,252	821,450	3,285,802
Dell APEX	8/1/2024	7/31/2029	4.79%	1,737,538	318,549	1,418,989
Total				<u>\$ 7,505,929</u>	<u>\$ 1,693,712</u>	<u>\$ 5,812,217</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 8: Commitments

The University was contractually obligated for the following construction contracts at June 30, 2025:

Project Title	Estimated Completion Date	Contract Balance
<u>Arkansas State University Jonesboro</u>		
Broiler House ADA Improvements	August 2025	\$ 134,005
Chick-fil-a Renovations	August 2025	762,595
Education/Communication Building Rooms 206 - 208 Renovations	August 2025	154,937
Fowler Center Cooling Tower Replacement	August 2025	249,180
Pavilion ADA Improvements	August 2025	766,565
Sign Replacements for Campus Buildings	September 2025	56,274
Library Fire Sprinkler Pump Replacement	September 2025	60,330
Nursing Building Room 202 Renovations	September 2025	67,315
Pavilion Remodel	September 2025	923,190
Student Union 2nd Floor Atrium Painting	September 2025	99,740
Business Building Furniture Replacement	September 2025	68,480
Sun Belt Lounge and Study Room Furniture Replacement	September 2025	97,754
Arkansas Hall Furniture Replacement	October 2025	78,575
Living Learning Community Buildings 1 - 4 Furniture Replacement	October 2025	221,504
Parking Services Renovation	November 2025	261,863
Campus Fiber Loop Phase II	December 2025	103,489
Arkansas Hall Fan Coils	December 2025	209,026
Business Building Elevator Repairs	December 2025	61,796
Collegiate Park Exterior Renovations	December 2025	599,432
Collegiate Park Flooring	December 2025	245,379
Education/Communication Building Restroom ADA Renovations	December 2025	173,374
Education/Communication Building Roof Replacement	December 2025	618,687
President's Home Maintenance	December 2025	95,809
Provost Office Remodel	December 2025	63,343
Red Wolf Den Building 1 Exterior Repairs and Painting	December 2025	224,429
Southern Tenant Farmers Museum Grain Bin Restoration	December 2025	281,001
Student Union Roof Replacement	December 2025	1,396,608
University Hall Fan Coils	December 2025	129,545
Loop Trail E-Phones	February 2026	383,703

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 8: Commitments (Continued)

Continued

Project Title	Estimated Completion Date	Contract Balance
<u>Arkansas State University (Continued)</u>		
Administration Building Cooling Tower Replacement	March 2026	\$ 226,270
Chilled Water Loop Addition	May 2026	1,660,127
Windgate Hall Of Art and Innovation	May 2026	13,945,620
Library Clock Tower Upgrades	June 2026	140,452
College of Veterinary Medicine	June 2026	24,701,545
Chilled Water Loop Electrical Upgrades	June 2026	159,157
<u>Henderson State University</u>		
Russell Fine Arts Restoration	September 2025	800,000
Mooney Restoration	September 2025	700,000
Smith Hall Restoration	September 2025	400,000
Wells Restoration	June 2026	1,356,418
<u>Arkansas State University Beebe</u>		
Precision AG Building	September 2025	454,307
<u>Arkansas State University Mid-South</u>		
Adult Education Foundation Project	August 2025	218,471
<u>Arkansas State University Three Rivers</u>		
Ritz Theatre Renovation Phase V	December 2025	506,933
Nursing Building	December 2025	1,080,127
Workforce Building Expansion Design	December 2026	168,000

NOTE 9: Retirement Plans

**Defined Contribution Plans**

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

Plan Description

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

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The Mid-South campus contributes 14% of earnings for employees hired prior to July 1, 2016. The Three Rivers campus contributes 14% of earnings for all eligible employees. Employees may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2025, \$731,421 of forfeitures were applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2025 were \$14,647,626 and \$11,147,663 respectively.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 9: Retirement Plans (Continued)

**Defined Contribution Plans (Continued)**

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

Plan Description

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

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The Three Rivers campus contributes 14% of earnings for all eligible employees. Current participants may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2025, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2025 were \$899,853 and \$704,532, respectively.

**VOYA**

Plan Description

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

Funding Policy

The mandatory employee contribution is 6%, and the University contributes 10% of earnings for all eligible employees. The campus contributes 14% of earnings for employees hired prior to July 1, 2016. Employees may also make voluntary contributions to the plan subject to current regulations. Employees vest after one year of service. For employees who do not meet the vesting requirement; the employer contributions are considered forfeited and are used to offset future employer contributions. During fiscal year 2025, there were no forfeitures applied to employer contributions. The University's and participants' contributions for the year ended June 30, 2025 were \$88,060 and \$44,672, respectively.

**Defined Benefit Pension Plans**

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

**Plan Descriptions**

Arkansas Teacher Retirement System

The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 266 of 1937. The general administration and responsibility for the proper operation of the System is vested in the fifteen members of the Board of Trustees of the Arkansas Teacher Retirement System. Detailed information about ATRS's fiduciary net position is available in the separately issued ATRS Financial Report available at <http://www.arters.gov/publications>.

Arkansas Public Employees Retirement System

The University (other than the Mid-South and Mountain Home campuses) contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings. The general administration and responsibility for the proper operation of the System is vested in the thirteen members of the Board of Trustees of the Arkansas Public Employees Retirement System. Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org/publications>.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 9: Retirement Plans (Continued)

**Defined Benefit Pension Plans (Continued)**

**Benefits Provided**

Arkansas Teacher Retirement System

Benefit provisions are set forth in Arkansas Code Annotated, Chapter 24 and may only be amended by the Arkansas General Assembly. ATRS provides retirement, disability and death benefits. Members are eligible for full retirement benefits at age 60 with five or more years of actual and reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual and reciprocal service who have not attained age 60 may receive an annuity reduced by 10/12 of 1% multiplied by the number of months by which the early retirement precedes the earlier of (1) completion of 28 years of credited service or (2) attainment of age 60. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average salary (effective July 1, 2018, computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) and (2) the number of years of service. For active members, as of June 30, 2018, a benchmark 3-year FAS was established as a minimum FAS.

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

Act 1096 of 1995 created a teacher deferred retirement option plan (T-DROP) for members with 30 or more years of service credit. Effective September 1, 2003, Act 992 of 2003 requires employers to make contributions on behalf of all members participating in T-DROP at rates established by the Board of Trustees. Member contributions and accumulation of service credit will cease once a member enters T-DROP. During participation in T-DROP, ATRS will credit the member account with plan deposits and interest. The plan deposits will be calculated beginning with the member's plan benefit reduced by 1% for each year of credited service. The Board of Trustees may authorize early participation in T-DROP for members with at least 28 years but less than 30 years of credited service. The plan deposit for early participation will be calculated the same as the regular T-DROP deposit with a further reduction of at least .5% but not more than 1% for each month of credited service under 30 years. The T-DROP account accrues interest at a variable rate that is set annually by the ATRS Board of Trustees. T-DROP deposits into member accounts cease at the completion of 10 years of participation in the program; however, a member may continue employment and will continue to receive interest on the account balance at the 10-year plus interest rate that is also set annually by the Board of Trustees. When T-DROP participation ceases, the member may receive the T-DROP distribution as a lump-sum cash payment or an annuity, roll it into another tax-deferred account, or defer the distribution into a T-DROP cash balance account held by ATRS.

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

Survivor benefits are payable to qualified survivors upon the death of an active, vested member. Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years or more of actual service. The minimum benefit amount is \$6,667 and an additional amount is provided based on the member's retirement date and years of contributory service up to a \$10,000 maximum.

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

The University reported payables to ATRS in the amount of \$67,004 as of June 30, 2025. This amount has been reported on the Statement of Net Position as a current liability.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 9: Retirement Plans (Continued)

**Defined Benefit Pension Plans (Continued)**

**Benefits Provided** (Continued)

Arkansas Public Employees Retirement System

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

- At any age with 28 years of credited service,
- At age 65 with 5 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
- At age 55 with 35 years of credited service as an elected or public safety member.

The normal retirement benefit, paid monthly, 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. The plan also provides for disability and survivor benefits.

The University no longer offers new employees the option of electing Arkansas Public Employees Retirement System as a retirement plan. Employees who had already elected this option will continue to participate in the plan. This became effective on January 1, 2012 for the Jonesboro, Beebe, Mountain Home and Newport campuses. This was effective for Henderson State University on July 1, 2018 and the Three Rivers campus on December 31, 2019. The Mid-South campus did not participate in this plan.

The University reported payables to APERS in the amount of \$27,959 as of June 30, 2025. This amount has been reported on the Statement of Net Position as a current liability.

**Contributions**

Arkansas Teacher Retirement System

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of ATRS. The noncontributory plan became available July 1, 1986. Act 907 of 1999, effective July 1, 1999, requires all new under contract for 181 or more days to be contributory. Act 443 of 2021, effective July 1, 2021, increased the required number of contract days to 185 or more days. Act 385 of 2005 allows noncontributory members to make and irrevocable election to become contributory on July 1 of each fiscal year.

ATRS's funding policy provides for periodic employer contributions at statutorily-established rates based on annual actuarial valuations. The employer contribution rate was 15% for the fiscal year ending June 30, 2025. Contributory members are required to contribute 7% of gross wages to ATRS. Employee contributions are refundable if ATRS-covered employment terminates before a monthly benefit is payable. Employee contributions remaining on deposit with ATRS for a period of one or more years earn interest credits, which are included in the refund.

Arkansas Public Employees Retirement System

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan.

The public employees retirement plan was established as contributory. Act 793 of 1977 allowed existing and previous members to become noncontributory members. Anyone joining after January 1, 1978 was automatically enrolled as a noncontributory member. Act 2084 of 2005 established a new contributory requirement for all covered employees first hired on or after July 1, 2005. Employees hired prior to this date that are noncontributory have the option to become a contributory member at any time.

Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2025.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 9: Retirement Plans (Continued)

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

The collective net pension liability of \$6,768,187,098 (\$4,280,065,186 related to ATRS and \$2,488,121,912 related to APERS) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

At June 30, 2025, the University reported a liability of \$11,443,988 (\$6,368,636 related to ATRS and \$5,075,352 related to APERS) for its proportionate share of the net pension liability. At June 30, 2024, the University's proportion of the collective net pension liability was 0.15% for ATRS and 0.20% for APERS.

For the year ended June 30, 2025, the University recognized total pension expense of (\$848,344). (\$253,658) of this amount was related to ATRS and (\$594,686) was related to APERS. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>ATRS</b>		
Differences between expected and actual experience	\$ 185,738	\$ 4,473
Changes of assumptions	309,397	
Net difference between projected and actual earnings on pension plan investments		703,340
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,034	2,129,179
Contributions subsequent to the measurement date	829,349	
<b>Totals</b>	<b>\$ 1,325,518</b>	<b>\$ 2,836,992</b>
<b>APERS</b>		
Differences between expected and actual experience	\$ 196,964	\$ 207,508
Changes of assumptions	176,874	
Net difference between projected and actual earnings on pension plan investments	147,233	
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,760	1,637,076
Contributions subsequent to the measurement date	640,573	
<b>Totals</b>	<b>\$ 1,164,404</b>	<b>\$ 1,844,584</b>
<b>Totals</b>		
Differences between expected and actual experience	\$ 382,702	\$ 211,981
Changes of assumptions	486,271	-
Net difference between projected and actual earnings on pension plan investments	147,233	703,340
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,794	3,766,255
Contributions subsequent to the measurement date	1,469,922	
<b>Totals</b>	<b>\$ 2,489,922</b>	<b>\$ 4,681,576</b>

The above amount of \$1,469,922 was reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	ATRS	APERS	Total
2026	\$ (1,258,361)	\$ (1,050,084)	\$ (2,308,445)
2027	1,596	175,380	176,976
2028	(678,714)	(324,582)	(1,003,296)
2029	(405,344)	(121,467)	(526,811)

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 9: Retirement Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2024 for both ATRS and APERS. The significant assumptions used in the valuation and adopted by the ATRS Board of Trustees and the APERS Board of Trustees were as follows:

	<u>ATRS</u>	<u>APERS</u>
Actuarial cost method	Entry age normal; funding to retirement	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll, closed
Remaining amortization period	30 years	16 years
Asset valuation method	4-year smoothed market for funding purposes; 20% corridor	4-year smoothed market; 25% corridor
Discount rate	7.25%	7.00%
Wage inflation	2.75%	3.25%
Salary increases	2.75 – 5.75%	3.25 – 11.00%
Investment rate of return	7.25%	7.00%*

\*Net of investment and administrative expenses

Mortality rate table

**ATRS**

Pub-2010 Healthy Retired, General Disabled Retiree, and General Employee Mortality weighted tables were used for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

<u>Table</u>	<u>Scaling Factor</u>	
	<u>Males</u>	<u>Females</u>
Healthy Retirees	105%	105%
Disabled Retirees	104%	104%
Active Members	100%	100%

**APERS**

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The pre-retirement mortality tables used were 75% of the PubG-2010 Amount-Weighted Below-Median General Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables.

The actuarial assumptions used in the June 30, 2024 valuation for ATRS were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

All other actuarial assumptions used in the June 30, 2024 valuation for APERS were based on the results of an actuarial experience study for the period from July 1, 2017 through June 30, 2022, and were applied to all prior periods included in the measurement.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 9: Retirement Plans (Continued)

**Investment Rate of Return**

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

**Arkansas Teacher Retirement System**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	48%	4.7%
Fixed income	20%	2.4%
Alternatives	5%	4.5%
Real assets	15%	4.6%
Private equity	12%	6.9%
Cash equivalents	0%	1.8%
Total	<u>100%</u>	

**Arkansas Public Employees Retirement System**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2024 - 2033 were based upon Gabriel, Roeder, Smiths' 2024 Capital Market Assumptions Modeler. For each major asset class included in the plan's current asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	39%	5.03%
International equity	17%	6.34%
Real assets	16%	4.51%
Private equity	5%	9.00%
Hedge funds	2%	3.63%
Domestic fixed	21%	3.38%
Total	<u>100%</u>	

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 9: Retirement Plans (Continued)

**Discount Rate**

**Arkansas Teacher Retirement System**

A single discount rate of 7.25% 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 7.25%. 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 of 7% and that employer contributions will continue at the rate of 15%. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Arkansas Public Employees Retirement System**

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

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

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

	Rate	1% Decrease	Rate	Current Discount Rate	Rate	1% Increase
University's proportionate share of the net pension liability						
ATRS	6.25%	\$ 11,326,136	7.25%	\$ 6,368,636	8.25%	\$ 2,258,920
APERS	6.00%	\$ 8,660,379	7.00%	\$ 5,075,352	8.00%	\$ 2,119,760

NOTE 10: Natural Classifications by Function

The University's operating expenses by function for the year ended June 30, 2025, were as follows:

	Personal Services	Scholarships and Fellowships	Supplies and Services	Self- Insurance	Depreciation and Amortization	Other	Total
Instruction	\$ 88,698,331	\$ 516,516	\$ 14,702,269				\$ 103,917,116
Research	5,631,549	94,811	8,828,817				14,555,177
Public service	16,843,455	78,584	11,394,542				28,316,581
Academic support	20,010,227	39,449	9,087,626				29,137,302
Student services	21,386,751	129,626	5,844,391				27,360,768
Institutional support	28,110,425	3,019	9,758,653				37,872,097
Scholarships and fellow ships		30,164,865					30,164,865
Operation and maintenance of plant	12,173,069		26,064,245				38,237,314
Auxiliary enterprises	12,366,538	1,946,695	30,235,799				44,549,032
Self-insurance				\$ 28,383,572			28,383,572
Depreciation and amortization					\$ 35,699,344		35,699,344
Other						\$ 74,117	74,117
<b>Totals</b>	<b>\$ 205,220,345</b>	<b>\$ 32,973,565</b>	<b>\$ 115,916,342</b>	<b>\$ 28,383,572</b>	<b>\$ 35,699,344</b>	<b>\$ 74,117</b>	<b>\$ 418,267,285</b>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 11: Receivable and Payable Balances

Accounts Receivables at June 30, 2025 as reported in the Statement of Net Position, were as follows:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Student receivables, net	\$ 4,866,494		\$ 4,866,494
Grants and contracts	4,528,919		4,528,919
Construction projects	4,910,097		4,910,097
Travel advances/repayments	3,234		3,234
Auxiliary enterprises	1,448,210		1,448,210
Direct lending	109,742		109,742
Sales tax rebates/refunds	10,803		10,803
Self-insurance	396,699		396,699
Due from Foundations	3,262		3,262
Due from campuses	1,211,420		1,211,420
Third-party receivables	129,003		129,003
Miscellaneous	919,995		919,995
<b>Totals</b>	<b>\$ 18,537,878</b>	<b>\$ -</b>	<b>\$ 18,537,878</b>

Henderson State University

	Current	Noncurrent	Total
Student receivables, net	\$ 2,236,242		\$ 2,236,242
Grants and contracts	310,566		310,566
Auxiliary enterprises	6,627		6,627
Direct lending	50,870		50,870
Due from Foundations	43,007		43,007
State Board of Collection Agencies	100,000		100,000
Miscellaneous	5,628	\$ 104,054	109,682
<b>Totals</b>	<b>\$ 2,752,940</b>	<b>\$ 104,054</b>	<b>\$ 2,856,994</b>

Arkansas State University Beebe

	Current	Noncurrent	Total
Student receivables, net	\$ 330,137		\$ 330,137
Grants and contracts	520,220		520,220
Sales tax/use tax	226,271		226,271
<b>Totals</b>	<b>\$ 1,076,628</b>	<b>\$ -</b>	<b>\$ 1,076,628</b>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 11: Receivable and Payable Balances (Continued)

Accounts Receivable (Continued)

Arkansas State University Mid-South

	Current	Noncurrent	Total
Student receivables, net	\$ 157,678		\$ 157,678
Grants and contracts	883,829		883,829
Property tax accrual		\$ 1,945,320	1,945,320
Auxiliary enterprises	17,650		17,650
Sales tax rebates/refunds	24,455		24,455
Due from Foundation	1,612		1,612
Miscellaneous	41,527		41,527
<b>Totals</b>	<b>\$ 1,126,751</b>	<b>\$ 1,945,320</b>	<b>\$ 3,072,071</b>

Arkansas State University Mountain Home

	Current	Noncurrent	Total
Student receivables, net	\$ 211,965		\$ 211,965
Grants and contracts	502,747		502,747
Property tax accrual	1,095,766		1,095,766
Sales tax rebates/refunds	7,445		7,445
Due from Foundations	37,125		37,125
State Board of Collection Agencies	250,000		250,000
Miscellaneous	38,833		38,833
<b>Totals</b>	<b>\$ 2,143,881</b>	<b>\$ -</b>	<b>\$ 2,143,881</b>

Arkansas State University New port

	Current	Noncurrent	Total
Student receivables, net	\$ 1,961,293		\$ 1,961,293
Grants and contracts	253,074		253,074
Sales tax/use tax	242,116		242,116
Third-party receivables	37,319		37,319
Miscellaneous	1,598		1,598
<b>Totals</b>	<b>\$ 2,495,400</b>	<b>\$ -</b>	<b>\$ 2,495,400</b>

Arkansas State University Three Rivers

	Current	Noncurrent	Total
Student receivables, net	\$ 699,116		\$ 699,116
Grants and contracts	837,395		837,395
Miscellaneous	63,362		63,362
<b>Totals</b>	<b>\$ 1,599,873</b>	<b>\$ -</b>	<b>\$ 1,599,873</b>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 11: Receivable and Payable Balances (Continued)

Accounts Receivable (Continued)

Arkansas State University System			
	Current	Noncurrent	Total
Student receivables, net	\$ 10,462,925		\$ 10,462,925
Grants and contracts	7,836,750		7,836,750
Sales tax/use tax	468,387		468,387
Construction projects	4,910,097		4,910,097
Travel advances/repayments	3,234		3,234
Property tax accrual	1,095,766	\$ 1,945,320	3,041,086
Auxiliary enterprises	1,472,487		1,472,487
Direct lending	160,612		160,612
Sales tax rebates/refunds	42,703		42,703
Self-insurance	396,699		396,699
Due from Foundations	85,006		85,006
Due from campuses	1,211,420		1,211,420
Third-party receivables	166,322		166,322
State Board of Collection Agencies	350,000		350,000
Miscellaneous	1,070,943	104,054	1,174,997
	<u>\$ 29,733,351</u>	<u>\$ 2,049,374</u>	<u>\$ 31,782,725</u>

Accounts receivable from students are reported net of allowances for doubtful accounts. This amount was \$3,205,218 at June 30, 2025. Grants and contracts receivable are comprised of amounts due for sponsored research projects, scholarships and other restricted activities. Construction projects receivable are comprised of amounts due as reimbursement from third parties for renovation projects. Auxiliary enterprises receivables consist of amounts due at year for vending, bookstore and other types of auxiliaries. Direct lending receivables are federal loans that have been disbursed to students but the University has not yet received the cash. Amounts due from campuses are mainly a result of shared expenses paid from one campus that is being reimbursed by another campus.

Notes and Deposits Receivable at June 30, 2025 were as follows:

Arkansas State University Jonesboro			
	Current	Noncurrent	Total
Notes receivable, net	\$ 312,677	\$ 463,570	\$ 776,247
Deposits receivable	88	5,759	5,847
	<u>\$ 312,765</u>	<u>\$ 469,329</u>	<u>\$ 782,094</u>

Henderson State University			
	Current	Noncurrent	Total
Deposits receivable	\$ 2		\$ 2
	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 11: Receivable and Payable Balances (Continued)

Notes and Deposits Receivable (Continued)

Arkansas State University System

	Current	Noncurrent	Total
Notes receivable, net	\$ 312,677	\$ 463,570	\$ 776,247
Deposits receivable	90	5,759	5,849
<b>Totals</b>	<b>\$ 312,767</b>	<b>\$ 469,329</b>	<b>\$ 782,096</b>

Notes receivable pertains to loans awarded to students through the Federal Perkins Loan Program. Notes receivable at June 30, 2025 was reduced by an allowance for doubtful accounts of \$61,020 for the current portion and \$90,466 for the noncurrent portion.

Accounts Payable and Accrued Liabilities at June 30, 2025 are detailed below:

Arkansas State University Jonesboro

	Current	Noncurrent	Total
Vendors	\$ 8,349,189		\$ 8,349,189
Health claims	2,199,300		2,199,300
Salaries and other payroll related items	2,137,549		2,137,549
Optional Voluntary Retirement Incentive Program	798,540	\$ 111,046	909,586
Unclaimed property	68,820		68,820
Miscellaneous	639		639
<b>Totals</b>	<b>\$ 13,554,037</b>	<b>\$ 111,046</b>	<b>\$ 13,665,083</b>

Henderson State University

	Current	Noncurrent	Total
Vendors	\$ 1,054,446		\$ 1,054,446
Salaries and other payroll related items	508,054		508,054
Miscellaneous	21,679		21,679
<b>Totals</b>	<b>\$ 1,584,179</b>	<b>\$ -</b>	<b>\$ 1,584,179</b>

Arkansas State University Beebe

	Current	Noncurrent	Total
Vendors	\$ 166,871		\$ 166,871
Students	215,318		215,318
Sales tax/use tax	4		4
Salaries and other payroll related items	356,323		356,323
<b>Totals</b>	<b>\$ 738,516</b>	<b>\$ -</b>	<b>\$ 738,516</b>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 11: Receivable and Payable Balances (Continued)

Accounts Payable and Accrued Liabilities (Continued)

Arkansas State University Mid-South

	Current	Noncurrent	Total
Vendors	\$ 1,823,019		\$ 1,823,019
Sales tax/use tax	5,000		5,000
Arkansas Delta Training and Education Consortium	262,923		262,923
Salaries and other payroll related items	532,812		532,812
Refund to grantor	30,382		30,382
Unclaimed property	66,590		66,590
	<u>\$ 2,720,726</u>	<u>\$ -</u>	<u>\$ 2,720,726</u>

Arkansas State University Mountain Home

	Current	Noncurrent	Total
Vendors	\$ 206,860		\$ 206,860
Students	4,537		4,537
Sales tax/use tax	1,011		1,011
Salaries and other payroll related items	338,894		338,894
	<u>\$ 551,302</u>	<u>\$ -</u>	<u>\$ 551,302</u>

Arkansas State University Newport

	Current	Noncurrent	Total
Vendors	\$ 147,323		\$ 147,323
Students	15,492		15,492
Sales tax/use tax	1,474		1,474
Salaries and other payroll related items	197,484		197,484
Refund to grantor	26,280		26,280
	<u>\$ 388,053</u>	<u>\$ -</u>	<u>\$ 388,053</u>

Arkansas State University Three Rivers

	Current	Noncurrent	Total
Vendors	\$ 900,391		\$ 900,391
Salaries and other payroll related items	297,761		297,761
	<u>\$ 1,198,152</u>	<u>\$ -</u>	<u>\$ 1,198,152</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 11: Receivable and Payable Balances (Continued)

Accounts Payable and Accrued Liabilities (Continued)

Arkansas State University System			
	Current	Noncurrent	Total
Vendors	\$ 12,648,099		\$ 12,648,099
Students	235,347		235,347
Sales tax/use tax	7,489		7,489
Health claims	2,199,300		2,199,300
Arkansas Delta Training and Education Consortium	262,923		262,923
Salaries and other payroll related items	4,368,877		4,368,877
Optional Voluntary Retirement Incentive Program	798,540	\$ 111,046	909,586
Refund to grantor	56,662		56,662
Unclaimed property	135,410		135,410
Miscellaneous	22,318		22,318
	\$ 20,734,965	\$ 111,046	\$ 20,846,011
Totals			

NOTE 12: Museum Collection

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

NOTE 13: Other Postemployment Benefits (OPEB)

Plan Description

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

Benefits Provided

For campuses other than Henderson State University, employees shall become eligible for early retirement benefits at the earlier of (1) age sixty (60) with ten (10) years of continuous service or (2) age fifty-five (55) and at least seventy (70) age plus continuous service points. For Henderson State University, employees shall become eligible for early retirement benefits at age fifty-five (55) and at least seventy (70) age plus continuous service points. Certain employees who retiree under a voluntary retirement window approved by the Board of Trustees of Arkansas State University are also eligible for benefits.

Benefits Provided

Employees electing retirement will receive the following benefits:

- Medical benefits – Pre-Medicare benefits are available to retirees and their eligible dependents (if covered at the time the employee retires) under the Arkansas Blue Advantage Plan.
- Life insurance benefits – The beneficiary of a retiree who dies prior to age 65 receives an amount equal to 1.5 times the retiree's final salary immediately prior to retirement, rounded to the next highest multiple of \$1,000. The maximum benefit is \$50,000. Benefits are not payable to a beneficiary of a retiree who dies after attaining age 65. Certain retirees from the Mid-South campus are eligible for a life insurance benefit that continues beyond age 65 for the lifetime of the retiree. For Henderson State University employees retiring prior to January 1, 2022, the beneficiary of a retiree who dies prior to age 65 receives \$20,000. After age 65 but before age 70, retirees can elect to pay the full cost of life insurance benefits. Dependents of retirees are eligible for a death benefit of \$2,000. Benefits are not payable after the retiree attains age 65.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 13: Other Postemployment Benefits (OPEB) (Continued)

Medical contributions are set based on campus and retirement date as shown below. For Henderson State employees retiring prior to July 1, 2022, benefits end for both the retiree and spouse when the retiree reaches Medicare eligibility. For all others, spouses may continue coverage beyond the retiree's Medicare eligibility until the spouse becomes Medicare-eligible by paying 100% of the employee plus employer cost for Employee Only coverage. The 2025 monthly retiree contributions by plan are shown below.

Plan	Retiree only	Retiree plus spouse	Spouse only
<u>Non-Henderson State Retirees</u>			
Classic Plan	\$ 330.00	\$ 652.00	\$ 660.00
Premier Plan	\$ 341.00	\$ 672.00	\$ 682.00
HSA Plan	\$ 298.50	\$ 591.00	\$ 597.00
<u>Henderson State employees retiring prior to July 1, 2022</u>			
Classic Plan	\$ 111.00	\$ 403.00	n/a
Premier Plan	\$ 133.00	\$ 443.00	n/a
HSA Plan	\$ 48.00	\$ 281.00	n/a
<u>Henderson State employees retiring on or after July 1, 2022</u>			
Classic Plan	\$ 660.00	\$ 1,304.00	\$ 660.00
Premier Plan	\$ 682.00	\$ 1,344.00	\$ 682.00
HSA Plan	\$ 597.00	\$ 1,182.00	\$ 597.00

No contributions are required for the life insurance benefit.

For campuses other than Henderson State University and Three Rivers, employees hired on or after January 1, 2019 are not eligible to receive these postemployment benefits. For Henderson State University, employees hired after July 1, 2015 are not eligible to receive these postemployment benefits. For Three Rivers, employees hired after January 1, 2020 are not eligible to receive these postemployment benefits.

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

	<u>Medical benefits</u>	<u>Life insurance benefits*</u>
<u>Active employees</u>		
Fully eligible	435	
Not yet fully eligible	656	
	<u>1,091</u>	
<u>Retired employees</u>		
Retirees	111	167
Spouses	24	94
Surviving spouses	11	n/a
	<u>146</u>	<u>261</u>
Totals	<u><u>1,237</u></u>	<u><u>261</u></u>

\*All active eligible employees are assumed to be in the retiree life insurance program.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 13: Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

The University's total OPEB liability of \$9,583,743 was measured as of June 30, 2025 and determined by an actuarial valuation dated January 1, 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability for June 30, 2025 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.21% for June 30, 2024 measurement date and fiscal 2025 expense determination  4.81% for June 30, 2025 measurement date
Inflation rate	2.00%
Salary increases	4.00% per year
Mortality rate table	Pub-2016 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees.  Mortality includes a generational projection for future mortality improvements using Scale MP-2021.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the rates shown below.

Year	Medical	Rx	Blended
2025	5.90%	9.80%	6.90%
2026	5.80%	8.80%	6.60%
2027	5.70%	8.00%	6.30%
2028	5.50%	7.70%	6.10%
2029	5.30%	7.50%	5.90%
2030	5.10%	7.30%	5.70%
2031	4.90%	7.00%	5.50%
2032	4.70%	6.80%	5.30%
2033	4.60%	6.30%	5.10%
2034 - 2035	4.60%	5.30%	4.80%
2036 - 2049	4.60%	4.90%	4.70%
2050 and beyond	4.60%	4.60%	4.60%

The discount rate is based on the S & P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Mortality rates were selected based on recent research by the Society of Actuaries (SOA) since plan experience alone is not credible.

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

The salary scale was set based on plan sponsor expectations of future payroll increases.

The retirement rates, termination rates, spousal coverage, participation, and lapse rates were set based on a review of plan experience from 2020 to 2024.

Aging factors were set based on a combination of Lockton proprietary data and SOA research "Health Care Costs – From Birth to Death".

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 13: Other Postemployment Benefits (OPEB) (Continued)

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study from January 1, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2024	\$ 10,035,820
Changes for the year:	
Service cost	262,818
Interest	408,175
Differences between expected and actual experience	555,640
Changes in assumptions or other inputs*	(459,615)
Benefit payments	(1,219,095)
Net changes	(452,077)
Balance, June 30, 2025	\$ 9,583,743

\*The discount rate was updated from 4.21% as of June 30, 2024 to 4.81% as of June 30, 2025 to reflect the current economic environment, and is based on the S & P Municipal 20 Year High Grade Rate Index as of the measurement date.

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

The following presents the total OPEB liability of the University using the discount rate of 4.81%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.81%) or 1 percentage point higher (5.81%) than the current rate:

	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
Total OPEB Liability	\$ 10,156,102	\$ 9,583,743	\$ 9,055,286

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the University using the healthcare (medical and pharmacy) cost trend rate of 6.90% decreasing to 4.60%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90% decreasing to 3.60%) or 1 percentage point higher (7.90% decreasing to 5.60%) than the current rate:

	1% Decrease  (5.90% decreasing to 3.60%)	Current Healthcare Cost Trend Rates  (6.90% decreasing to 4.60%)	1% Increase  (7.90% decreasing to 5.60%)
Total OPEB Liability	\$ 8,978,436	\$ 9,583,743	\$ 10,265,894

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 13: Other Postemployment Benefits (OPEB) (Continued)

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

For the year ended June 30, 2025, the University recognized OPEB expense of \$(2,287,038). At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 584,552	\$ (1,021,029)
Changes of assumptions or other inputs	10,826	(1,016,006)
Net difference between projected and actual earnings on OPEB plan investments		
Contributions subsequent to the measurement date		
Totals	\$ 595,378	\$ (2,037,035)

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

Fiscal Year Ending June 30,	Amount
2026	\$ (1,340,663)
2027	(117,332)
2028	15,625
2029	713
Total	\$ (1,441,657)

NOTE 14: Self-insurance Program

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

At June 30, 2025, approximately 4,414 active employees, their dependents, former employees and retirees were participating in the program. The University offers three health plans: the Classic Plan which uses the Arkansas True-Blue network, the Premier Plan, and the Health Savings Plan which both use the Arkansas True-Blue network and the National Blue Care network. For those participating in single coverage, the University pays 84% of the total premium. The University pays 74% of the total premium for those participating in full family coverage, 70% for those participating in employee and spouse coverage, and 69% for those participating in employee and children coverage. Retirees (for campuses other than Henderson State University), including early retirees, pay 50% of their coverage and the University covers the other 50%. Henderson State University retirees pay the same rates as active employees. The University does not offer insurance to retirees or their spouses who are eligible for Medicare. A retiree's spouse can continue coverage after the retiree becomes eligible for Medicare at a cost of 100% of the single coverage rate until they too are eligible for Medicare.

The University estimates its unpaid health claims liability at June 30, 2025 to be \$2,199,300 with Arkansas Blue Advantage Administrators. This liability is established for incurred but not reported medical claims and is based on the calculation prepared by Lockton. Details of this liability are shown below.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 14: Self-insurance Program (Continued)

Unpaid Claims Liability	<u>FY 2025</u>	<u>FY 2024</u>
Unpaid claims and claims adjustment expenses at beginning of year	\$ 1,790,200	\$ 1,650,500
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current year	21,291,085	19,206,359
Adjustment in provision for insured events of prior years		
Total incurred claims and claim adjustment expenses	<u>23,081,285</u>	<u>20,856,859</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current year	19,161,785	17,416,159
Claims and claim adjustment expenses attributable to insured events of prior years	1,720,200	1,650,500
Total payments	<u>20,881,985</u>	<u>19,066,659</u>
Total unpaid claims and claims adjustment expenses at end of year	<u>\$ 2,199,300</u>	<u>\$ 1,790,200</u>

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

NOTE 15: Endowment Funds

Arkansas State University Jonesboro

The University has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships and other purposes. All endowment funds are maintained as cash or investments. Investments reported at fair value, include bonds/fixed income securities, mutual funds and other managed investments. The endowment net position at June 30, 2025 was \$16,820,683. Of this amount, \$15,536,888 was nonexpendable and the remaining \$1,283,795 was expendable.

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

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

Arkansas State University Beebe

The University has donor-restricted endowment funds. Investment income on the amount endowed is restricted for scholarships and other purposes. All endowment funds are maintained as investments. Investments reported at fair value, include bonds/fixed income, mutual funds and other managed investments. The endowment net assets at June 30, 2025 were \$892,031. Of this amount, \$799,367 was nonexpendable and the remaining \$92,664 was expendable.

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

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 16: Pledged Revenues

The University's pledged revenues at June 30, 2025 are as follows:

Arkansas State University Jonesboro

	Issue				
	Series 2005 Refunding	Series 2012C Student Fee	Series 2012B Refunding	Series 2012D Student Fee	Series 2013 Refunding
<b>Issue Date</b>	9/15/2005	3/1/2012	3/1/2012	12/1/2012	3/1/2013
<b>Maturity Date</b>	4/1/2025	3/1/2037	3/1/2034	3/1/2037	3/1/2034
<b>Purpose</b>	Refinance Student Union and Parking Garage	Renovation of Kays Hall	Refinance Series 2004 Student Fee-Refinance Library/Physical Plant, Demolition of Delta Hall, Chickasaw Building renovations and utility infrastructure improvements	Renovation of Kays Hall	Refinance Series 2004 Housing- Construction of Northpark Quads residence hall and Construction of Family Housing Phase II
<b>Type of Revenue Pledged</b>	Student Union Fee/Parking Fees	Housing Fees	Gross Tuition and Fees	Housing Fees	Housing Fees
<b>2025 Gross Revenue</b>	\$ 3,583,943	\$ 1,704,606	see below	\$ 1,704,606	\$ 6,193,382
<b>Amount Issued</b>	19,230,000	3,425,000	\$ 2,775,000	1,500,000	28,895,000
<b>2025 Principal Paid</b>	400,000	135,000	120,000	60,000	1,380,000
<b>2025 Interest Paid</b>	20,000	81,581	43,806	28,706	621,750
<b>Principal Outstanding</b>	-	2,045,000	1,230,001	870,000	14,990,000
<b>Interest Outstanding</b>	-	525,757	216,819	193,500	2,990,675
<b>Percent of Revenue Pledged</b>	11.72%	12.71%	0.16%	5.20%	32.32%

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 16: Pledged Revenues (Continued)

Arkansas State University Jonesboro (Continued)

	Issue					
	Series 2016 Refunding	Series 2016 Housing Refunding	Series 2017 Housing Refunding	Series 2019 Refunding	Series 2019 Taxable Housing Refunding	Series 2021 Taxable Housing Refunding
<b>Issue Date</b>	11/17/2016	11/17/2016	12/20/2017	12/18/2019	12/18/2019	3/15/2021
<b>Maturity Date</b>	3/1/2037	3/1/2037	3/1/2039	3/1/2030	3/1/2042	3/1/2042
<b>Purpose</b>	Refinance Series 2007 Student Fee-Construction of Recreation Center	Refinance Series 2007 Housing-Construction of Honors Hall, Red Wolf Den apartments, and housing deferred maintenance	Refinance Series 2009 and Series 2010 Refunding-Construction of Living Learning Community, Red Wolf Den Commons, housing deferred maintenance and refinancing Family Housing Phase I (Series 2001)	Refinance Series 2010A Refunding-Track Facility (Series 2001)	Refinance Series 2012C Taxable Housing-Construction of sorority housing	Refinance Series 2012A Taxable Housing-Construction of sorority housing and refinance Series 2012B and Series 2012D Housing-construction of honors housing
<b>Type of Revenue Pledged</b>	Recreation Center Fee	Housing Fees	Housing Fees	Gross Tuition and Fees	Housing Fees	Housing Fees
<b>2025 Gross Revenue</b>	\$ 1,582,976	\$ 1,842,321	\$ 1,996,072	see below	\$ 858,588	\$ 1,320,695
<b>Amount Issued</b>	13,870,000	23,150,000	11,740,000	\$ 1,640,000	3,750,000	11,670,000
<b>2025 Principal Paid</b>	595,000	795,000	615,000	160,000	130,000	485,000
<b>2025 Interest Paid</b>	352,156	502,713	290,175	20,794	104,337	230,873
<b>Principal Outstanding</b>	9,215,000	12,460,000	7,375,000	720,000	2,995,000	9,745,000
<b>Interest Outstanding</b>	2,169,932	3,163,075	1,727,120	49,232	1,031,844	2,376,735
<b>Percent of Revenue Pledged</b>	59.83%	70.44%	45.35%	0.17%	27.29%	54.20%

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 16: Pledged Revenues (Continued)

Arkansas State University Jonesboro (Continued)

	Issue			
	Series 2022 Taxable Student Fee Refunding	Series 2024A Taxable Student Fee	Series 2013B Student Fee	Series 2024B Student Fee Refunding
<b>Issue Date</b>	4/28/2022	12/12/2024	Refunded-see Series 2024B	12/12/2024
<b>Maturity Date</b>	12/1/2038	12/1/2054	Refunded-see Series 2024B	12/1/2043
<b>Purpose</b>	Refinance Series 2004 Student Fee- Property Purchases and Refinance Series 2013A Student Fee- Construction of Student Activities Center	Construction of the College of Veterinary Medicine	Construction of Humanities and Social Sciences building	Refinance Series 2013B Student Fee-Construction of Humanities and Social Sciences building
<b>Type of Revenue Pledged</b>	Gross Tuition and Fees	Gross Tuition and Fees	Gross Tuition and Fees	Gross Tuition and Fees
<b>2025 Gross Revenue</b>	see below	see below	see below	see below
<b>Amount Issued</b>	\$ 13,015,000	\$ 30,335,000	\$ 14,685,000	\$ 10,360,000
<b>2025 Principal Paid</b>	710,000	-	365,000	-
<b>2025 Interest Paid</b>	405,736	788,515	276,850	243,172
<b>Principal Outstanding</b>	10,965,000	30,335,000	-	10,360,000
<b>Interest Outstanding</b>	2,865,337	32,455,430	-	5,661,500
<b>Percent of Revenue Pledged</b>	1.06%	0.75%	0.61%	0.23%

Note: Issues with Tuition and Fees pledged, 2025 Gross Revenue--\$104,901,463

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 16: Pledged Revenues (Continued)

Henderson State University

	Issue				
	Series 2014 Auxiliary Building	Series 2015 Refunding	Series 2016 Refunding	Series 2017A Auxiliary Refunding	Series 2017B Auxiliary Refunding
<b>Issue Date</b>	11/1/2014	6/1/2015	2/3/2016	9/19/2017	10/3/2017
<b>Maturity Date</b>	11/1/2039	7/1/2026	1/1/2032	7/15/2035	9/1/2035
<b>Purpose</b>	Purchase of an existing apartment complex, construction of two new residence halls, renovation of the football stadium, baseball and softball fields, construction of an intramural field, renovation of residence halls, and construction of parking lots	Renovation of Arkansas Hall, Mooney Hall, and Proctor Hall, property purchases, campus chiller replacements, campus lighting, and other capital improvements	Refinance Series 2007- Construction of parking and the student recreation center	Construction of two new residence halls	Construction of a residence hall
<b>Type of Revenue Pledged</b>	Auxiliary Revenue	Gross Tuition and Fees	Gross Tuition and Fees	Auxiliary Revenue	Auxiliary Revenue
<b>2025 Gross Revenue</b>	see below	see below	see below	see below	see below
<b>Amount Issued</b>	\$ 33,000,000	\$ 3,780,000	\$ 6,465,000	\$ 7,005,000	\$ 3,315,000
<b>2025 Principal Paid</b>	1,160,000	255,000	440,000	360,000	175,000
<b>2025 Interest Paid</b>	929,231	20,491	106,413	144,444	68,097
<b>Principal Outstanding</b>	23,860,000	535,000	3,390,000	4,665,000	2,195,000
<b>Interest Outstanding</b>	7,520,091	17,165	406,060	846,791	398,063
<b>Percent of Revenue Pledged</b>	20.80%	1.49%	2.95%	5.02%	2.42%

Note: Issues with Tuition and Fees pledged, 2025 Gross Revenue--\$18,521,123  
Issues with Auxiliary Revenue pledged, 2025 Revenue--\$10,045,892

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 16: Pledged Revenues (Continued)

Arkansas State University Beebe

	Issue			
	Series 2012 Refunding	Series 2015 Refunding Auxiliary Enterprises	Series 2015 Refunding	Series 2015B Refunding
<b>Issue Date</b>	12/1/2012	4/1/2015	5/1/2015	6/1/2015
<b>Maturity Date</b>	12/1/2032	4/1/2039	12/1/2035	9/1/2035
<b>Purpose</b>	Refinance Series 2008 Student Fee-Renovation of main building at the Searcy campus	Refinance Series 2010 Auxiliary Enterprises-Construction of new residence halls	Refinance Series 2005B Student Fee-Construction of academic and administrative buildings at the Heber Springs campus	Refinance Series 2006 Student Fee-Construction of math and science building
<b>Type of Revenue Pledged</b>	Gross Tuition and Fees	Housing Fees	Gross Tuition and Fees	Gross Tuition and Fees
<b>2025 Gross Revenue</b>	see below	\$ 748,467	see below	see below
<b>Amount Issued</b>	\$ 1,890,000	8,005,000	\$ 12,930,000	\$ 9,185,000
<b>2025 Principal Paid</b>	95,000	300,000	584,999	395,000
<b>2025 Interest Paid</b>	26,072	192,873	284,756	227,575
<b>Principal Outstanding</b>	865,000	5,330,000	7,895,001	5,590,000
<b>Interest Outstanding</b>	106,350	1,508,071	1,602,852	1,289,800
<b>Percent of Revenue Pledged</b>	1.28%	65.85%	9.20%	6.58%

Note: Issues with Tuition and Fees pledged, 2025 Gross Revenue--\$9,456,015

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 16: Pledged Revenues (Continued)

Arkansas State University Mid-South

	Issue	
	Series 2010 Construction	Series 2012 Construction
<b>Issue Date</b>	8/26/2010	8/1/2012
<b>Maturity Date</b>	2/1/2040	2/1/2042
<b>Purpose</b>	Construction of Facilities	Construction of Facilities and Refunding
<b>Type of Revenue Pledged</b>	Property Tax Millage	Property Tax Millage
<b>2025 Gross Revenue</b>	\$ 3,917,663	\$ 3,917,663
<b>Amount Issued</b>	5,180,000	18,510,000
<b>2025 Principal Paid</b>	135,000	520,000
<b>2025 Interest Paid</b>	163,120	487,820
<b>Principal Outstanding</b>	3,465,000	12,395,000
<b>Interest Outstanding</b>	1,591,615	4,760,708
<b>Percent of Revenue Pledged</b>	7.61%	25.73%

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 16: Pledged Revenues (Continued)

Arkansas State University Mountain Home

	Issue
	<b>Series 2019 Refunding</b>
<b>Issue Date</b>	12/18/2019
<b>Maturity Date</b>	12/1/2032
<b>Purpose</b>	Refinance Series 2012 Student Fee Refunding- Construction of Community Development Center
<b>Type of Revenue Pledged</b>	Gross Tuition and Fees
<b>2025 Gross Revenue</b>	\$ 4,769,717
<b>Amount Issued</b>	4,885,000
<b>2025 Principal Paid</b>	405,000
<b>2025 Interest Paid</b>	89,963
<b>Principal Outstanding</b>	2,960,000
<b>Interest Outstanding</b>	314,218
<b>Percent of Revenue Pledged</b>	10.38%

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 16: Pledged Revenues (Continued)

Arkansas State University Newport

	Issue	
	Series 2012A Taxable Refunding	Series 2012B Refunding
<b>Issue Date</b>	12/1/2012	12/1/2012
<b>Maturity Date</b>	5/1/2028	12/1/2032
<b>Purpose</b>	Refinance Series 2008 Building- Construction of Student Community Building	Refinance Series 2008 Building-Construction of Transportation Technology Center building
<b>Type of Revenue Pledged</b>	Gross Tuition and Fees	Gross Tuition and Fees
<b>2025 Gross Revenue</b>	see below	see below
<b>Amount Issued</b>	\$ 3,740,000	\$ 1,875,000
<b>2025 Principal Paid</b>	275,000	94,999
<b>2025 Interest Paid</b>	39,300	26,006
<b>Principal Outstanding</b>	759,999	865,000
<b>Interest Outstanding</b>	55,008	106,350
<b>Percent of Revenue Pledged</b>	4.08%	1.57%

Note: Issues with Tuition and Fees pledged, 2025 Gross Revenue-\$7,695,600.

NOTE 17: Risk Management

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

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

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

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 17: Risk Management (Continued)

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

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

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

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

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

NOTE 18: Optional Voluntary Retirement Incentive Program

System

During fiscal year 2025, the System Office offered an optional voluntary retirement incentive program to certain employees. To be eligible, an employee must have completed 10 years of continuous full-time employment as of June 30, 2025, and must meet the retirement eligibility requirements of any state-sponsored retirement program. Under the program, employees will receive 50% of their salary over a period of two years. Additionally, an annual payment will be made to the employee's retirement fund in July 2025 and again in July 2026. The University has accrued the payable for the four (4) employees who elected to participate in the program. As of June 30, 2025, the liability totaling \$222,092 has been recorded on the University's financial statements with \$111,046 recorded as a current liability and the remaining \$111,046 as a noncurrent liability.

Arkansas State University Jonesboro

During fiscal year 2024, the campus offered an optional voluntary retirement incentive program to certain employees. To be eligible, an employee must have been 60 years of age with 10 years of continuous full-time employment as of June 30, 2024. Employees will receive 25% of their salary for a period of two years. A payment was made to the employee's retirement fund in July 2024 and will be made again in July 2025. The University has accrued the payable for the thirty-nine (39) employees who elected to participate in the program. As of June 30, 2025, the liability totaling \$687,494 has been recorded on the University's financial statements as a current liability.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 19: Lease Obligations with Red Wolves Foundation

Arkansas State University Jonesboro

In January 2015, the University entered into an agreement with the Red Wolves Foundation. This lease agreement allowed the Red Wolves Foundation to obtain a loan to complete the expansion of the football stadium and press box (Centennial Bank Stadium). The facility belongs to the University and the agreement allows the Red Wolves Foundation to utilize the space. The term of the lease was ten years.

A new lease is currently being prepared. Until the new lease is in effect, both parties have agreed to extend the previous lease.

NOTE 20: Right to Use Assets

Arkansas State University Jonesboro

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

The University has recorded the transaction as a right to use asset over the life of the agreement in the amount of \$1,013,300. This amount is amortized annually using the straight-line method. Accumulated amortization as of June 30, 2025, is \$243,192.

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

The University has recorded the transaction as a right to use asset over the life of the agreement in the amount of \$13,732,587. This amount is amortized annually using the straight-line method. During fiscal year 2023, the University paid the Red Wolves Foundation \$9.1 million for 37.37% ownership of the building. The University's portion for the value of the building was determined to be \$10.6 million. The University has recorded a gift from the Red Wolves Foundation for the difference between the purchase price and the value (\$1.5 million). Additionally, 37.37% of the right to use asset and proportionate amortization was removed during the fiscal year. Accumulated amortization as of June 30, 2025, is \$2,457,349.

NOTE 21: Subsequent Events

System

On May 5, 2025, the University entered into a lease for office space. The lease begins July 1, 2025, and ends on June 30, 2027, with payments commencing July 1, 2025. The amount of the lease is \$49,403 with an interest rate of 7.50%.

On May 5, 2025, the University entered into a lease for office space. The lease begins July 1, 2025, and ends on June 30, 2027, with payments commencing July 1, 2025. The amount of the lease is \$205,457 with an interest rate of 7.50%.

Jonesboro

On August 7, 2025, the University entered into an agreement with the city of Jonesboro for transportation services. The city of Jonesboro operates a public transportation service in Jonesboro and the three-year pilot program provides fare free transportation for students, faculty, and staff to 9 fixed route bus stops and one will-call bus stop on the University campus. The University will pay the city \$518,282 annually for this service. The contract begins August 16, 2025, and ends on August 15, 2028.

ARKANSAS STATE UNIVERSITY SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 21: Subsequent Events (Continued)

Arkansas State University Mid-South

The current lease for printers and maintenance ended September 30, 2025. A new lease with another vendor began October 1, 2025 with a lower annual cost.

An Athletic Weight/Training Room renovation project began in August 2025. This project updated the mezzanine area in the Workforce Technology Center to a weight/training room for the baseball and softball programs. Construction costs were approximately \$452,000. This project was completed in October 2025.

Arkansas State University Mountain Home

On March 30, 2025, the campus experienced a hailstorm. Even though the roofs of all buildings on the campus sustained sufficient damage for the insurance company to authorize roof repairs; the buildings are functional with temporary repairs. The estimated total cost as of April 29, 2025, is \$975,000. As of November 17, 2025, no contracts have been signed.

On August 18, 2025, the Arkansas Department of Transportation approved a proposal to award a construction contract in the amount of \$398,012. This project is a TAP (Transportation Alternatives Program) grant-funded project for the Walking Trail Lighting and Landscaping Project.

Arkansas State University Newport

On June 30, 2025, Dr. Johnny M. Moore announced his resignation as Chancellor of ASU-Newport. On July 28, 2025, the Arkansas State University System appointed Ike Wheeler to serve as Interim Chancellor. Dr. Moore's last day was July 31, 2025.

ARKANSAS STATE UNIVERSITY SYSTEM  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 JUNE 30, 2025

Postemployment Benefits Other Than Pensions (OPEB)

Schedule of Changes in the University's Total OPEB Liability and Related Ratios

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability*</b>								
Service cost	\$ 262,818	\$ 393,315	\$ 377,137	\$ 578,805	\$ 1,132,078	\$ 1,426,881	\$ 1,521,697	\$ 1,433,006
Interest	408,175	446,638	428,262	259,201	457,646	839,994	743,196	671,522
Changes of benefit terms					14,863	999,479		
Differences between expected and actual experience	555,640	131,290	339,216	(371,524)	(1,755,623)	(10,257,463)	3,151,798	
Changes in assumptions or other inputs	(459,615)	(795,889)	36,599	(1,749,839)	(5,386,746)	(519,149)	594,755	324,555
Benefit payments	(1,219,095)	(1,110,158)	(602,750)	(293,803)	(232,232)	(148,694)	(766,360)	(948,092)
<b>Net change in total OPEB liability</b>	<b>(452,077)</b>	<b>(934,804)</b>	<b>578,464</b>	<b>(1,577,160)</b>	<b>(5,770,014)</b>	<b>(7,658,952)</b>	<b>5,245,086</b>	<b>1,480,991</b>
Total OPEB liability, beginning of year	10,035,820	10,970,624	10,392,160	11,969,320	17,739,334	25,398,286	20,153,200	18,672,209
<b>Total OPEB liability, end of year</b>	<b>\$ 9,583,743</b>	<b>\$ 10,035,820</b>	<b>\$ 10,970,624</b>	<b>\$ 10,392,160</b>	<b>\$ 11,969,320</b>	<b>\$ 17,739,334</b>	<b>\$ 25,398,286</b>	<b>\$ 20,153,200</b>
Covered-employee payroll	\$ 81,515,424	\$ 85,567,115	\$ 98,300,197	\$ 97,905,505	\$ 125,853,377	\$ 123,777,641	\$ 115,592,428	\$ 117,067,546
Total OPEB liability as a percentage of covered-employee payroll	11.76%	11.73%	11.16%	10.61%	9.51%	14.33%	21.97%	17.22%

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

\*No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement no. 75.

<sup>a</sup>The plan experienced a small demographic loss during fiscal year 2024, which resulted in the net differences between expected and actual experience of \$131,290.

<sup>b</sup>The plan experienced a demographic loss during fiscal year 2025, which resulted in the net differences between expected and actual experience of \$555,640.

ARKANSAS STATE UNIVERSITY SYSTEM  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 JUNE 30, 2025

Notes to Required Supplementary Information  
 Postemployment Benefits Other Than Pensions (OPEB)

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

A. Changes in benefit terms

There were no significant changes in benefit terms for the year ended June 30, 2025.

B. Changes in assumptions

- The discount rate was updated to reflect the current economic environment.
- Healthcare and administrative expense trend rates were updated to reflect anticipated future experience.
- Mortality rates were updated based on a recent SOA study.
- Per capita claim costs and administrative expenses were updated to reflect recent plan experience.
- Aging factors were updated based on a recent Lockton study.
- Salary scale was updated on recent plan experience.

C. Method and assumptions used in calculations

Valuation date	January 1, 2025
Measurement date	June 30, 2025
Discount rate	4.21% for June 30, 2024 measurement date and fiscal 2025 expense determination  4.81% for June 30, 2025 measurement date
Inflation rate	2.00%
Salary increases	4.00% per year
Mortality rate table	Pub-2016 Headcount-Weighted Mortality Tables for General Employees, separately for males and females, and separately for employees and retirees.  Mortality includes a generational projection for future mortality improvements using Scale MP-2021.
Healthcare cost trend rates	Healthcare costs are assumed to increase each year according to the rates shown below.

Year	Medical	Rx	Blended
2025	5.90%	9.80%	6.90%
2026	5.80%	8.80%	6.60%
2027	5.70%	8.00%	6.30%
2028	5.50%	7.70%	6.10%
2029	5.30%	7.50%	5.90%
2030	5.10%	7.30%	5.70%
2031	4.90%	7.00%	5.50%
2032	4.70%	6.80%	5.30%
2033	4.60%	6.30%	5.10%
2034 - 2035	4.60%	5.30%	4.80%
2036 - 2049	4.60%	4.90%	4.70%
2050 and beyond	4.60%	4.60%	4.60%

ARKANSAS STATE UNIVERSITY SYSTEM  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 JUNE 30, 2025

Pension Plans

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

	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025*	0.15%	\$ 6,368,636	\$ 5,213,179	122.16%	83.93%
2024*	0.17%	8,602,815	5,791,273	148.55%	79.94%
2023*	0.19%	10,280,864	6,360,511	161.64%	78.85%
2022*	0.23%	6,256,752	7,157,217	87.42%	88.58%
2021*	0.26%	14,459,284 <sup>c</sup>	7,646,671	189.09%	74.91%
2020*	0.27%	11,226,933 <sup>b</sup>	8,157,125	137.63%	80.96%
2019*	0.25%	9,255,617	7,547,210	122.64%	82.78%
2018*	0.29%	12,297,190	8,589,558	143.16%	79.48%
2017*	0.32%	14,053,207	9,199,761	152.76%	76.75%
2016*	0.35%	11,434,400 <sup>a</sup>	10,241,904	111.64%	82.20%

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

<sup>a</sup>Mid-South Community College merged with the Arkansas State University System effective July 1, 2015.

<sup>b</sup>College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

<sup>c</sup>Henderson State University merged with the Arkansas State University System effective January 1, 2021.

ARKANSAS STATE UNIVERSITY SYSTEM  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 JUNE 30, 2025

Schedule of University Contributions

Arkansas Teacher Retirement System

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 829,349	\$ 821,135	\$ 886,189	\$ 1,022,726	\$ 1,100,000	\$ 1,063,230	\$ 955,533	\$ 1,085,490	\$ 1,211,404	\$ 1,305,613
Contributions in relation to the contractually required contribution	(829,349)	(821,135)	(886,189)	(1,022,726)	(1,100,000)	(1,063,230)	(955,533)	(1,085,490)	(1,211,404)	(1,305,613)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,304,780	\$ 5,213,179	\$ 5,791,273	\$ 6,360,511	\$ 7,157,217	\$ 7,028,649	\$ 6,715,577	\$ 7,547,210	\$ 8,589,558	\$ 9,199,761
Contributions as a percentage of covered payroll	15.63%	15.75%	15.30%	16.08%	15.37%	15.13%	14.23%	14.38%	14.10%	14.19%

ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2025

Notes to Required Supplementary Information  
Pension Plans  
Arkansas Teacher Retirement System

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

A. Changes in benefit terms

There were no significant changes in benefit terms for the year ended June 30, 2024.

B. Changes in assumptions

There were no significant changes in assumptions for the year ended June 30, 2024.

C. Methods and assumptions used in calculations of actuarially determined contributions

Valuation date: June 30, 2022

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

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

Actuarial cost method	Entry age normal; funding to retirement
Amortization method	Level percentage of payroll
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market for funding purposes; 20% corridor
Salary increases	2.75 – 5.75% including inflation
Investment rate of return	7.25%
Mortality table	Pub-2010 General Healthy Retired, General Disabled Retiree, and General Employee Mortality amount weighted tables were used for males and females. Mortality rates adjusted for future mortality improvements using project scale MP-2020 from 2010.

ARKANSAS STATE UNIVERSITY SYSTEM  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 JUNE 30, 2025

Schedule of the University's Proportionate Share of the Net Pension Liability

Arkansas Public Employees Retirement System

	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025*	0.20%	\$ 5,075,352	\$ 4,676,637	108.53%	81.61%
2024*	0.23%	6,713,952	5,259,716	127.65%	77.94%
2023*	0.32%	8,596,787	5,656,833	151.97%	78.31%
2022*	0.39%	3,032,949	7,886,602	38.46%	93.57%
2021*	0.45%	12,858,706 <sup>b</sup>	8,500,187	151.28%	75.38%
2020*	0.28%	6,750,262 <sup>a</sup>	5,391,683	125.20%	78.55%
2019*	0.28%	6,214,764	5,102,828	121.79%	79.59%
2018*	0.33%	8,480,922	5,769,334	147.00%	75.65%
2017*	0.36%	8,493,072	6,303,819	134.73%	75.50%
2016*	0.39%	7,228,228	6,903,139	104.71%	80.39%

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

<sup>a</sup>College of the Ouachitas merged with the Arkansas State University System effective January 1, 2020.

<sup>b</sup>Henderson State University merged with the Arkansas State University System effective January 1, 2021.

ARKANSAS STATE UNIVERSITY SYSTEM  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 JUNE 30, 2025

Schedule of University Contributions

Arkansas Public Employees Retirement System

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 640,573	\$ 706,861	\$ 781,854	\$ 1,021,161	\$ 1,215,029	\$ 778,595	\$ 727,761	\$ 771,954	\$ 858,174	\$ 928,244
Contributions in relation to the contractually required contribution	(640,573)	(706,861)	(781,854)	(1,021,161)	(1,215,029)	(778,595)	(727,761)	(771,954)	(858,174)	(928,244)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,031,980	\$ 4,676,637	\$ 5,259,716	\$ 5,656,833	\$ 7,886,602	\$ 5,009,381	\$ 4,797,303	\$ 5,102,828	\$ 5,769,334	\$ 6,303,819
Contributions as a percentage of covered payroll	15.89%	15.11%	14.86%	18.05%	15.41%	15.54%	15.17%	15.13%	14.87%	14.73%

ARKANSAS STATE UNIVERSITY SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2025

Notes to Required Supplementary Information  
Pension Plans  
Arkansas Public Employees Retirement System

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

A. Changes in benefit terms

There were no changes in benefit terms.

B. Changes in assumptions

There were no changes in economic or non-economic assumptions.

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

Valuation date: June 30, 2021

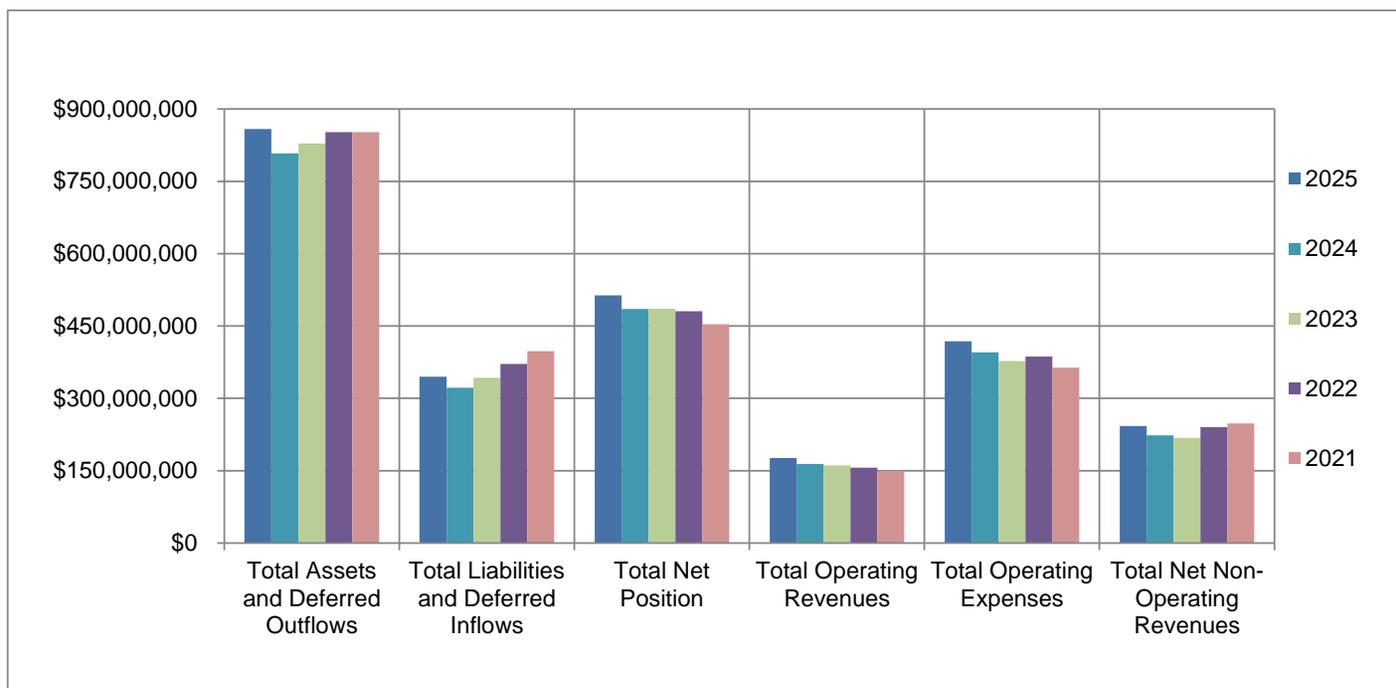
The actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

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

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	16 years
Asset valuation method	4 year smoothed market; 25% corridor
Investment rate of return	7.15%
Salary increases	3.25 – 9.85%
Inflation rate	3.25% wage inflation, 2.50% price inflation
Mortality table	Based on RP-2006 Healthy Annuitant benefit 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 improvement using Scale MP-2017.

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS  
FOR THE YEAR ENDED JUNE 30, 2025  
(Unaudited)

	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets and Deferred Outflows	\$ 858,452,774	\$ 807,852,548	\$ 828,401,674	\$ 852,122,088	\$ 851,753,665
Total Liabilities and Deferred Inflows	344,959,110	322,284,916	342,607,719	371,185,772	398,066,174
Total Net Position	513,493,664	485,567,632	485,793,955	480,936,316	453,687,491
Total Operating Revenues	176,377,728	163,682,652	160,776,872	156,406,743	148,405,029
Total Operating Expenses	418,267,285	395,561,153	377,483,705	386,473,481	363,809,589
Total Net Non-Operating Revenues	242,546,549	223,508,736	217,789,551	240,495,357	248,086,762
Total Other Revenues, Expenses, Gains or Losses	27,269,040	8,143,442	3,774,921	16,556,002	11,198,066



ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF NET POSITION BY CAMPUS  
JUNE 30, 2025

Schedule 2

	Jonesboro June 30, 2025	Henderson June 30, 2025	Beebe June 30, 2025	Mid-South June 30, 2025	Mountain Home June 30, 2025	Newport June 30, 2025	Three Rivers June 30, 2025	Total June 30, 2025
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
Current Assets:								
Cash and cash equivalents	\$ 45,712,401	\$ 11,546,149	\$ 21,417,545	\$ 6,473,087	\$ 4,660,347	\$ 6,875,732	\$ 2,637,689	\$ 99,322,950
Short-term investments			6,714,090	2,000,000	5,000,000	2,912,533		16,626,623
Accounts receivable (less allowances of \$3,205,218)	18,537,878	2,752,940	1,076,628	1,126,751	2,143,881	2,495,400	1,599,873	29,733,351
Leases receivable	131,978	136,186						268,164
Notes and deposits receivable (less allowances of \$61,020)	312,765	2						312,767
Accrued interest and late charges	90,980		21,191	6,585	12,324	11,149		142,229
Inventories	1,209,891	9,386	37,784	32,405	2,897	307,354	151,304	1,751,021
Deposits with trustees	2,029,526	1,164,381	3,507	940,338	55	250		4,138,057
Deposit with paying agent	1,277,392							1,277,392
Unamortized bond insurance	25,994	31,513	6,027			12,590		76,124
Prepaid expenses	823,043	305,637	22,817	208,293	30,598	242,325	149,254	1,781,967
Total Current Assets	<u>70,151,848</u>	<u>15,946,194</u>	<u>29,299,589</u>	<u>10,787,459</u>	<u>11,850,102</u>	<u>12,857,333</u>	<u>4,538,120</u>	<u>155,430,645</u>
Noncurrent Assets:								
Cash and cash equivalents	29,075,487	1,819,557		9,181,456	2,507,020			42,583,520
Restricted cash and cash equivalents	1,637,447			1,715,851				3,353,298
Unrestricted investments	2,027,003			4,375,832	2,084,764			8,487,599
Restricted investments	400,000			5,083,329				5,483,329
Endowment investments	18,001,192		892,031					18,893,223
Other long-term investments	15,783,800							15,783,800
Irrevocable split-interest agreement	2,378,549							2,378,549
Accrued interest and late charges	363,673			61,130				424,803
Deposits with trustees	26,381,356	462,206		1,663,358				28,506,920
Accounts receivable		104,054		1,945,320				2,049,374
Leases receivable	10,608,166	581,370						11,189,536
Notes and deposits receivable (less allowances of \$90,466)	469,329							469,329
Capital assets (net of accumulated depreciation and amortization of \$707,554,821)	333,935,791	98,319,908	37,894,459	39,113,459	10,519,498	18,814,873	18,167,629	556,765,617
Total Noncurrent Assets	<u>441,061,793</u>	<u>101,287,095</u>	<u>38,786,490</u>	<u>63,139,735</u>	<u>15,111,282</u>	<u>18,814,873</u>	<u>18,167,629</u>	<u>696,368,897</u>
<b>TOTAL ASSETS</b>	<b><u>511,213,641</u></b>	<b><u>117,233,289</u></b>	<b><u>68,086,079</u></b>	<b><u>73,927,194</u></b>	<b><u>26,961,384</u></b>	<b><u>31,672,206</u></b>	<b><u>22,705,749</u></b>	<b><u>851,799,542</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred losses on bond refunding	2,802,067	194,955	473,038	41,032	38,732	18,108		3,567,932
Pensions	1,366,471	335,418	300,021	14,622	15,906	132,436	325,048	2,489,922
Other postemployment benefits (OPEB)	360,310	30,940	72,773	23,796	38,145	43,764	25,650	595,378
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>515,742,489</u></b>	<b><u>117,794,602</u></b>	<b><u>68,931,911</u></b>	<b><u>74,006,644</u></b>	<b><u>27,054,167</u></b>	<b><u>31,866,514</u></b>	<b><u>23,056,447</u></b>	<b><u>858,452,774</u></b>

ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF NET POSITION BY CAMPUS  
JUNE 30, 2025

Schedule 2

	Jonesboro June 30, 2025	Henderson June 30, 2025	Beebe June 30, 2025	Mid-South June 30, 2025	Mountain Home June 30, 2025	Newport June 30, 2025	Three Rivers June 30, 2025	Total June 30, 2025
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>								
Current Liabilities:								
Accounts payable and accrued liabilities	13,554,037	1,584,179	738,516	2,720,726	551,302	388,053	1,198,152	20,734,965
Bonds, notes, leases, installment contracts, and SBITAs payable	9,940,056	5,535,188	1,619,836	778,257	415,000	542,139	105,953	18,936,429
Compensated absences	5,209,417	525,134	928,336	51,946	685	714,507	19,076	7,449,101
Unearned revenue	8,893,628	765,714	156,446	182,545	182,498	276,499	348,434	10,805,764
Deposits	1,531,671	133,263	3,615	91		200		1,668,840
Interest payable	962,198	693,584	237,964	268,928	6,798	70,289	156	2,239,917
Other postemployment benefits (OPEB) liability	591,462	50,789	119,460	39,062	62,616	71,839	42,106	977,334
Total Current Liabilities	<u>40,682,469</u>	<u>9,287,851</u>	<u>3,804,173</u>	<u>4,041,555</u>	<u>1,218,899</u>	<u>2,063,526</u>	<u>1,713,877</u>	<u>62,812,350</u>
Noncurrent Liabilities:								
Accounts payable and accrued liabilities	111,046							111,046
Bonds, notes, leases, installment contracts, and SBITAs payable	130,438,999	58,508,623	22,383,776	16,323,616	2,545,000	4,098,327	202,887	234,501,228
Compensated absences	2,226,620	1,007,089	309,445	568,339	455,855	201,528	418,605	5,187,481
Other postemployment benefits (OPEB) liability	5,208,417	447,249	1,051,964	343,982	551,395	632,619	370,783	8,606,409
Net pension liability	6,112,640	1,571,390	1,460,930	73,629	69,526	630,102	1,525,771	11,443,988
Deposits	570,150							570,150
Refundable federal advances	1,465,033							1,465,033
Total Noncurrent Liabilities	<u>146,132,905</u>	<u>61,534,351</u>	<u>25,206,115</u>	<u>17,309,566</u>	<u>3,621,776</u>	<u>5,562,576</u>	<u>2,518,046</u>	<u>261,885,335</u>
TOTAL LIABILITIES	<u>186,815,374</u>	<u>70,822,202</u>	<u>29,010,288</u>	<u>21,351,121</u>	<u>4,840,675</u>	<u>7,626,102</u>	<u>4,231,923</u>	<u>324,697,685</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred gains on bond refunding	67,882							67,882
Pensions	1,811,367	1,297,173	491,522	201,511	13,658	339,655	526,690	4,681,576
Other postemployment benefits (OPEB)	1,232,771	105,859	248,987	81,416	130,509	149,733	87,760	2,037,035
Irrevocable split-interest agreement	2,378,549							2,378,549
Leases	10,461,983	634,400						11,096,383
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>202,767,926</u>	<u>72,859,634</u>	<u>29,750,797</u>	<u>21,634,048</u>	<u>4,984,842</u>	<u>8,115,490</u>	<u>4,846,373</u>	<u>344,959,110</u>
<b>NET POSITION</b>								
Net investment in capital assets	227,982,918	39,921,052	14,363,885	22,052,618	7,598,230	14,192,515	17,858,789	343,970,007
Restricted for:								
Nonexpendable:								
Scholarships and fellowships	6,221,010		799,367					7,020,377
Renewal and replacement				967,261				967,261
Other-College and Department Purposes	10,294,098							10,294,098
Expendable:								
Scholarships and fellowships	786,151		92,664	241,622			38,803	1,159,240
Research	67,980							67,980
Loans							10,000	10,000
Capital projects						125,000		125,000
Debt service	331,277	1,626,587		1,714,757				3,672,621
Renewal and replacement				1,725,004				1,725,004
Other	1,532,401	35,461	293,273	372,905	1,604,571			3,838,611
Unrestricted	<u>65,758,728</u>	<u>3,351,868</u>	<u>23,631,925</u>	<u>25,298,429</u>	<u>12,866,524</u>	<u>9,433,509</u>	<u>302,482</u>	<u>140,643,465</u>
TOTAL NET POSITION	<u>\$ 312,974,563</u>	<u>\$ 44,934,968</u>	<u>\$ 39,181,114</u>	<u>\$ 52,372,596</u>	<u>\$ 22,069,325</u>	<u>\$ 23,751,024</u>	<u>\$ 18,210,074</u>	<u>\$ 513,493,664</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY CAMPUS  
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 3

	Jonesboro 2025	Henderson 2025	Beebe 2025	Mid-South 2025	Mountain Home 2025	Newport 2025	Three Rivers 2025	Total 2025
<b>OPERATING REVENUES</b>								
Student tuition and fees (net of scholarship allowances of \$75,012,709)	\$ 54,639,817	\$ 7,450,179	\$ 4,823,762	\$ 871,011	\$ 2,864,397	\$ 4,382,003	\$ 1,900,292	\$ 76,931,461
Grants and contracts	23,303,947	2,687,519	6,371,880	4,136,658	1,935,138	2,909,035	6,868,781	48,212,958
Sales and services	1,009,502	61,752	143,532		64,144	24,025		1,302,955
Auxiliary enterprises (net of scholarship allowances of \$11,473,098)	27,690,245	8,173,577	879,737	86,021	323,184	695,027	421,637	38,269,428
Self-insurance	7,142,466							7,142,466
Other operating revenues	2,907,749	402,457	154,787	332,889	125,174	471,504	123,900	4,518,460
<b>TOTAL OPERATING REVENUES</b>	<b>116,693,726</b>	<b>18,775,484</b>	<b>12,373,698</b>	<b>5,426,579</b>	<b>5,312,037</b>	<b>8,481,594</b>	<b>9,314,610</b>	<b>176,377,728</b>
<b>OPERATING EXPENSES</b>								
Personal services	123,742,476	20,316,410	19,764,192	9,450,024	8,282,993	13,714,805	9,949,445	205,220,345
Scholarships and fellowships	13,330,353	2,904,663	7,347,508	1,319,760	3,684,337	3,610,953	775,991	32,973,565
Supplies and services	70,826,731	17,607,929	7,955,293	5,639,534	3,900,836	5,602,220	4,383,799	115,916,342
Self-insurance	28,383,572							28,383,572
Depreciation and amortization	19,849,416	5,190,500	3,837,121	2,179,983	1,711,407	2,438,826	492,091	35,699,344
Other	74,117							74,117
<b>TOTAL OPERATING EXPENSES</b>	<b>256,206,665</b>	<b>46,019,502</b>	<b>38,904,114</b>	<b>18,589,301</b>	<b>17,579,573</b>	<b>25,366,804</b>	<b>15,601,326</b>	<b>418,267,285</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(139,512,939)</b>	<b>(27,244,018)</b>	<b>(26,530,416)</b>	<b>(13,162,722)</b>	<b>(12,267,536)</b>	<b>(16,885,210)</b>	<b>(6,286,716)</b>	<b>(241,889,557)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
State appropriations	75,066,799	22,257,378	14,514,876	7,738,337	4,844,783	7,977,439	4,537,746	136,937,358
Grants and contracts	44,617,615	7,736,709	10,222,290	2,777,101	4,938,409	6,694,276	2,099,889	79,086,289
HEERF Grants-Related to COVID-19	13,518,011	974,525						14,492,536
Sales and use taxes			2,718,557			1,443,720		4,162,277
Property taxes				3,917,663	1,914,490			5,832,153
Gifts	3,035,209	346,940		275,212	376,237			4,033,598
Investment income	5,354,231	513,805	708,831	715,118	423,976	258,982	43,894	8,018,837
Interest on capital asset - related debt	(4,975,964)	(2,244,148)	(879,057)	(709,325)	(94,229)	(156,053)	(1,021)	(9,059,797)
Gain or loss on disposal of capital assets	(276,858)	(141,506)		(10,505)		(5,534)		(434,403)
Payment of student activity fee/other amounts to fiduciary accounts	(277,250)						(44,961)	(322,211)
Refund to grantors	(507,181)	(3,615)	(37,282)	(30,230)	(62,035)		(47,418)	(687,761)
Amortization of leases receivable	249,121	133,558						382,679
Interest earned on leases	442,869	31,532						474,401
Other nonoperating revenues (expenses)	(539,010)	185,243	(8,250)	(4,890)	(1,500)	(1,000)		(369,407)
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<b>135,707,592</b>	<b>29,790,421</b>	<b>27,239,965</b>	<b>14,668,481</b>	<b>12,340,131</b>	<b>16,211,830</b>	<b>6,588,129</b>	<b>242,546,549</b>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	<b>(3,805,347)</b>	<b>2,546,403</b>	<b>709,549</b>	<b>1,505,759</b>	<b>72,595</b>	<b>(673,380)</b>	<b>301,413</b>	<b>656,992</b>
Capital appropriations	1,939,098	2,427,104					607,668	4,973,870
Capital grants and gifts	11,615,569		1,139,189	400	2,644,949	125,000	6,827,922	22,353,029
Additions to endowments			5,625					5,625
Adjustments to capital assets	(51,203)		(34,278)					(85,481)
Capitalization of library holdings at rate per volume		3,850			5,752			9,602
Livestock additions	12,395							12,395
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>9,710,512</b>	<b>4,977,357</b>	<b>1,820,085</b>	<b>1,506,159</b>	<b>2,723,296</b>	<b>(548,380)</b>	<b>7,737,003</b>	<b>27,926,032</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>303,264,051</b>	<b>39,957,611</b>	<b>37,361,029</b>	<b>50,866,437</b>	<b>19,346,029</b>	<b>24,299,404</b>	<b>10,473,071</b>	<b>485,567,632</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$312,974,563</b>	<b>\$44,934,968</b>	<b>\$39,181,114</b>	<b>\$52,372,596</b>	<b>\$ 22,069,325</b>	<b>\$23,751,024</b>	<b>\$18,210,074</b>	<b>\$513,493,664</b>

ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF CASH FLOWS BY CAMPUS  
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 4

	Jonesboro 2025	Henderson 2025	Beebe 2025	Mid-South 2025	Mountain Home 2025	Newport 2025	Three Rivers 2025	Total 2025
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Student tuition and fees	\$ 54,252,067	\$ 8,045,268	\$ 5,387,342	\$ 954,700	\$ 2,928,393	\$ 5,125,888	\$ 1,796,654	\$ 78,490,312
Grants and contracts	22,812,578	2,607,394	6,379,383	4,113,549	1,907,832	3,067,239	6,970,014	47,857,989
Auxiliary enterprises revenues	27,369,365	8,186,529	883,343	67,257	328,156	694,933	421,637	37,951,220
Sales and services	1,007,502	61,752	143,532		64,144	24,025		1,300,955
Self-insurance program receipts	7,084,520							7,084,520
Collection of principal and interest related to student loans	75,826							75,826
Other receipts	2,226,062	176,328	154,128	342,032	125,174	444,881	122,903	3,591,508
Payments to employees	(116,068,460)	(16,902,875)	(15,657,002)	(7,513,649)	(6,378,459)	(10,584,256)	(7,640,725)	(180,745,426)
Payments for employee benefits	(12,312,720)	(4,406,645)	(4,675,407)	(1,979,825)	(1,772,808)	(3,153,006)	(2,563,545)	(30,863,956)
Payments to suppliers	(69,503,138)	(17,333,386)	(7,864,095)	(4,442,300)	(3,880,235)	(5,687,203)	(4,387,262)	(113,097,619)
Scholarships and fellowships	(13,328,853)	(2,904,663)	(7,347,508)	(1,319,760)	(3,684,337)	(3,610,953)	(775,991)	(32,972,065)
Self-insurance program payments	(27,922,527)							(27,922,527)
Other payments	(137,693)							(137,693)
<b>Net cash provided (used) by operating activities</b>	<b>(124,445,471)</b>	<b>(22,470,298)</b>	<b>(22,596,284)</b>	<b>(9,777,996)</b>	<b>(10,362,140)</b>	<b>(13,678,452)</b>	<b>(6,056,315)</b>	<b>(209,386,956)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
State appropriations	75,066,799	22,257,378	14,514,876	6,211,337	4,844,783	7,977,439	4,537,746	135,410,358
Funding from state treasury funds for the Arkansas Delta Training and Education Consortium (ADTEC) - University Partners				1,527,000				1,527,000
Grants and contracts	44,540,470	7,794,635	10,139,077	2,757,605	4,879,597	6,642,323	2,099,889	78,853,596
HEERF Grants-Related to COVID-19	13,881,348	1,250,570						15,131,918
Private gifts and grants	3,584,395	336,577		396,020	341,112			4,658,104
Sales and use taxes			2,715,252			1,317,216		4,032,468
Property taxes				3,808,315	1,844,067			5,652,382
Direct lending, PLUS and FFEL loan receipts	104,903,831	10,624,272	4,632,980		1,784,206	3,582,502	1,966,494	127,494,285
Direct lending, PLUS and FFEL loan payments	(103,915,372)	(10,675,142)	(4,632,980)		(1,784,206)	(3,582,502)	(1,966,494)	(126,556,696)
Payment of student activity fee/other amounts to fiduciary accounts	(277,250)						(44,961)	(322,211)
Refunds to grantors	(507,181)	(3,615)	(30,827)	(30,230)	(91,247)		(47,418)	(710,518)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>137,277,040</b>	<b>31,584,675</b>	<b>27,338,378</b>	<b>14,670,047</b>	<b>11,818,312</b>	<b>15,936,978</b>	<b>6,545,256</b>	<b>245,170,686</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from capital debt	2,900,000							2,900,000
Proceeds from lease arrangements	736,923	160,430						897,353
Proceeds from trustee of bond proceeds and interest earnings	2,359,499							2,359,499
Capital appropriations	1,858,446	2,427,104					1,283,790	5,569,340
Capital gifts and grants	7,668,352		1,285,601	508,000		125,000	6,494,530	16,081,483
Proceeds from sale of capital assets	18,228	214,272						232,500
Purchases of capital assets	(25,115,370)	(2,252,933)	(2,483,575)	(793,291)	(356,592)	(1,571,100)	(8,345,887)	(40,918,748)
Payments to trustees for bond principal	(5,950,000)	(2,135,000)	(1,374,999)		(405,000)	(369,999)		(10,234,998)
Payments to trustees for bond interest and fees	(4,009,553)	(1,208,898)	(725,157)		(91,368)	(66,306)		(6,101,282)
Payments to trustees/paying agent for next fiscal year	(1,277,392)	(314,979)						(1,592,371)
Payments to debt holders for principal (other than bonds)	(2,953,588)	(2,337,619)	(167,889)	(103,772)		(162,258)	(105,651)	(5,830,777)
Payments to debt holders for interest and fees (other than bonds)	(878,327)	(1,031,828)	(130,984)	(68,340)		(86,075)	(1,095)	(2,196,649)
Property taxes remitted to bond trustees				(3,808,315)				(3,808,315)
Distribution of excess property taxes from bond trustees				3,087,347				3,087,347
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(24,642,782)</b>	<b>(6,479,451)</b>	<b>(3,597,003)</b>	<b>(1,178,371)</b>	<b>(852,960)</b>	<b>(2,130,738)</b>	<b>(674,313)</b>	<b>(39,555,618)</b>

ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF CASH FLOWS BY CAMPUS  
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 4

	Jonesboro 2025	Henderson 2025	Beebe 2025	Mid-South 2025	Mountain Home 2025	Newport 2025	Three Rivers 2025	Total 2025
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sales and maturities of investments	\$ 6,087,440			\$ 1,391,584	\$ 4,000,000	\$ 3,676,666		\$ 15,155,690
Interest on investments (net of fees)	2,793,633	\$ 459,485	\$ 391,165	298,575	346,543	255,702	\$ 43,894	4,588,997
Purchases of investments	(7,814,370)		(2,599,999)	(2,080,541)	(4,000,000)	(4,150,000)		(20,644,910)
Net cash provided (used) by investing activities	<u>1,066,703</u>	<u>459,485</u>	<u>(2,208,834)</u>	<u>(390,382)</u>	<u>346,543</u>	<u>(217,632)</u>	<u>43,894</u>	<u>(900,223)</u>
Net increase (decrease) in cash and cash equivalents	(10,744,510)	3,094,411	(1,063,743)	3,323,298	949,755	(89,844)	(141,478)	(4,672,111)
Cash and cash equivalents - beginning of year	87,169,845	10,271,295	22,481,288	14,047,096	6,217,612	6,965,576	2,779,167	149,931,879
Cash and cash equivalents - end of year	<u>\$ 76,425,335</u>	<u>\$ 13,365,706</u>	<u>\$ 21,417,545</u>	<u>\$ 17,370,394</u>	<u>\$ 7,167,367</u>	<u>\$ 6,875,732</u>	<u>\$ 2,637,689</u>	<u>\$ 145,259,768</u>
<b>Reconciliation of Cash and Cash Equivalents</b>								
Current Assets:								
Cash and Cash Equivalents	45,712,401	11,546,149	21,417,545	6,473,087	4,660,347	6,875,732	2,637,689	99,322,950
Noncurrent Assets:								
Cash and Cash Equivalents	29,075,487	1,819,557	-	9,181,456	2,507,020	-	-	42,583,520
Restricted Cash and Cash Equivalents	1,637,447	-	-	1,715,851	-	-	-	3,353,298
Total cash and cash equivalents	<u>76,425,335</u>	<u>13,365,706</u>	<u>21,417,545</u>	<u>17,370,394</u>	<u>7,167,367</u>	<u>6,875,732</u>	<u>2,637,689</u>	<u>145,259,768</u>
<b>Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:</b>								
Operating income (loss)	\$ (139,512,939)	\$ (27,244,018)	\$ (26,530,416)	\$ (13,162,722)	\$ (12,267,536)	\$ (16,885,210)	\$ (6,286,716)	\$ (241,889,557)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization expense	19,849,416	5,190,500	3,837,121	2,179,983	1,711,407	2,438,826	492,091	35,699,344
Change in assets and liabilities:								
Receivables, net	(1,471,047)	788,436	506,872	131,777	(38,694)	599,516	(69,880)	446,980
Inventories	218,484	2,536	(3,987)	(14,766)	(1,880)	(31,789)	(19,169)	149,429
Prepaid expenses	(804,750)	(230,421)	(9,969)	35,537	(5,830)	(44,921)	(69,128)	(1,129,482)
Accounts and salaries payable	907,999	616,781	199,012	1,319,917	212,865	168,819	20,079	3,445,472
Other postemployment benefits (OPEB)	(2,448,705)	(378,991)	(375,002)	(66,003)	(31,591)	(75,332)	(130,509)	(3,506,133)
Pension obligations	(706,703)	(883,477)	(248,353)	(88,514)	(3,503)	(165,064)	(222,652)	(2,318,266)
Unearned revenue	28,140	354,016	458	(87,758)	54,855	241,000	200,022	790,733
Deposits	(349,265)	(24,933)	-	(32)	-	(200)	-	(374,430)
Refundable federal advances	(321,421)	(757,284)	-	-	-	-	-	(1,078,705)
Compensated absences	165,320	96,557	27,980	(25,415)	7,767	75,903	29,547	377,659
Net cash provided (used) by operating activities	<u>\$ (124,445,471)</u>	<u>\$ (22,470,298)</u>	<u>\$ (22,596,284)</u>	<u>\$ (9,777,996)</u>	<u>\$ (10,362,140)</u>	<u>\$ (13,678,452)</u>	<u>\$ (6,056,315)</u>	<u>\$ (209,386,956)</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF CASH FLOWS BY CAMPUS  
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 4

NONCASH TRANSACTIONS

JONESBORO

The University issued bonds for construction. Payment of \$30,007,846 was remitted to the bond escrow account directly from the bond proceeds. Bond issuance costs of \$327,154 were paid directly from the bond proceeds.

The University issued refunding bonds of \$10,360,000, at a premium of \$1,024,032. The proceeds of this issue were utilized as follows: \$11,268,789 were remitted to an escrow agent and \$115,243 was used to pay the bond issuance costs.

Building improvements-capital gift of \$762,745

Equipment-capital gifts of \$732,275

Value of equipment received from vendor discounts-\$18,550

Interest earned on reserve accounts held by trustee-\$479,155

Interest paid from accounts held by trustee-\$33,461

Amount earned on investments-\$1,905,290

New subscription-based information technology arrangement-\$1,661,139

New subscription-based information technology arrangement-\$4,107,252

New subscription-based information technology arrangement-\$1,737,538

Amount of interest earned on CD's reinvested with CD's-\$27,003

HENDERSON

Interest earned on reserve accounts held by trustee-\$54,319

Principal paid from accounts held by trustee from cash transferred in the prior fiscal year-\$255,000

Interest paid from accounts held by trustee-\$18,658

Interest paid from accounts held by trustee from cash transferred in the prior fiscal year-\$60,589

Fees paid from accounts held by trustee from cash transferred in the prior fiscal year-\$2,383

New lease for office space-\$20,556

Principal payment on loan withheld from state appropriation-\$300,000

ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF CASH FLOWS BY CAMPUS  
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 4

NONCASH TRANSACTIONS (Continued)

BEEBE

Interest earned on reserve accounts held by trustee-\$13,064

Interest paid from accounts held by trustee-\$14,369

Amount of interest earned on CD's reinvested with CD's-\$272,821

MID-SOUTH

Library holdings-capital gift of \$400

Interest earned on reserve accounts held by trustee-\$140,423

Trustee payments for retirement of bond principal-\$655,000

Trustee payment for bond interest-\$650,940

Trustee payment for bond fees-\$4,890

Amount earned on investments-\$380,827

MOUNTAIN HOME

Works of art/historical treasures-capital gift of \$90,000

Building-capital gift of \$2,186,152

Land-capital gift of \$153,500

Interest earned on reserve accounts held by trustee-\$70

Interest paid from accounts held by trustee-\$95

NEWPORT

Interest earned on reserve accounts held by trustee-\$317

Interest paid from accounts held by trustee-\$304

Amount of interest earned on CD's reinvested with CD's-\$12,533

ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF FIDUCIARY NET POSITION BY CAMPUS  
JUNE 30, 2025

Schedule 5

	<u>Jonesboro</u> <u>June 30,</u> <u>2025</u>	<u>Henderson</u> <u>June 30,</u> <u>2025</u>	<u>Beebe</u> <u>June 30,</u> <u>2025</u>	<u>Mid-South</u> <u>June 30,</u> <u>2025</u>	<u>Mountain Home</u> <u>June 30,</u> <u>2025</u>	<u>Newport</u> <u>June 30,</u> <u>2025</u>	<u>Three Rivers</u> <u>June 30,</u> <u>2025</u>	<u>Total</u> <u>June 30,</u> <u>2025</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 915,607	\$ 249,860	\$ 92,726	\$ 34,023	\$ 51,456		\$ 112,831	\$ 1,456,503
Accounts receivable					7,282	\$ 108,128		115,410
<b>TOTAL ASSETS</b>	<u>915,607</u>	<u>249,860</u>	<u>92,726</u>	<u>34,023</u>	<u>58,738</u>	<u>108,128</u>	<u>112,831</u>	<u>1,571,913</u>
<b>LIABILITIES</b>								
Accounts payable	6,500		7,192	80	3,368	37,319	5,906	60,365
<b>TOTAL LIABILITIES</b>	<u>6,500</u>		<u>7,192</u>	<u>80</u>	<u>3,368</u>	<u>37,319</u>	<u>5,906</u>	<u>60,365</u>
<b>NET POSITION</b>								
Restricted for:								
Individuals and organizations	909,107	249,860	85,534	33,943	55,370	70,809	106,925	1,511,548
<b>TOTAL NET POSITION</b>	<u>\$ 909,107</u>	<u>\$ 249,860</u>	<u>\$ 85,534</u>	<u>\$ 33,943</u>	<u>\$ 55,370</u>	<u>\$ 70,809</u>	<u>\$ 106,925</u>	<u>\$ 1,511,548</u>

ARKANSAS STATE UNIVERSITY SYSTEM  
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY CAMPUS  
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 6

	Jonesboro June 30, 2025	Henderson June 30, 2025	Beebe June 30, 2025	Mid-South June 30, 2025	Mountain Home June 30, 2025	Newport June 30, 2025	Three Rivers June 30, 2025	Total June 30, 2025
<b>ADDITIONS</b>								
Gifts					\$ 915		\$ 42,866	\$ 43,781
Contributions	\$ 2,225,480	\$ 2,098,824	\$ 47,843	\$ 6,840	303,212	\$ 505,192		5,187,391
Transfer from Student Activity Fee/Other	277,250						44,961	322,211
Other	20							20
Prior Year Correction						1,102		1,102
<b>TOTAL ADDITIONS</b>	<u>2,502,750</u>	<u>2,098,824</u>	<u>47,843</u>	<u>6,840</u>	<u>304,127</u>	<u>506,294</u>	<u>87,827</u>	<u>5,554,505</u>
<b>DEDUCTIONS</b>								
Salaries							3,580	3,580
Supplies	154,644	360,934	17,396	4,614	9,047	7,456	73,123	627,214
Travel	17,149	8,229	24,440	182			3,863	53,863
Scholarships	2,237,601	2,050,686		500	297,875	447,980		5,034,642
<b>TOTAL DEDUCTIONS</b>	<u>2,409,394</u>	<u>2,419,849</u>	<u>41,836</u>	<u>5,296</u>	<u>306,922</u>	<u>455,436</u>	<u>80,566</u>	<u>5,719,299</u>
<b>INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<u>93,356</u>	<u>(321,025)</u>	<u>6,007</u>	<u>1,544</u>	<u>(2,795)</u>	<u>50,858</u>	<u>7,261</u>	<u>(164,794)</u>
<b>NET POSITION-BEGINNING OF YEAR</b>	815,751	570,885	79,527	32,399	58,165	19,951	99,664	1,676,342
<b>NET POSITION-END OF YEAR</b>	<u>\$ 909,107</u>	<u>\$ 249,860</u>	<u>\$ 85,534</u>	<u>\$ 33,943</u>	<u>\$ 55,370</u>	<u>\$ 70,809</u>	<u>\$ 106,925</u>	<u>\$ 1,511,548</u>