

**Arkansas Tech University**

**Russellville, Arkansas**

**Basic Financial Statements  
and Other Reports**

**June 30, 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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ARKANSAS TECH UNIVERSITY  
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JUNE 30, 2021

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# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Nelda Speaks**  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Arkansas Tech University  
Legislative Joint Auditing Committee

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Arkansas Tech University (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., which represents 100% of the assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Prior Year Comparative Information*

We have previously audited the University's 2020 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units in our report dated November 12, 2020. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *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 6-18, 84-85, and 86-87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Selected Information for the Last Five Years (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Selected Information for the Last Five Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
November 3, 2021  
EDHE13021

# Arkansas

**Sen. Ronald Caldwell**  
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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 Tech University  
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, the financial statements of the business-type activities and the aggregate discretely presented component units of Arkansas Tech University (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2021, 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 3, 2021. Our report includes a reference to other auditors who audited the financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., as described in our report on the University's financial statements. The financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., 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 Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc., or that are reported on separately by those auditors who audited the financial statements of the Arkansas Tech University Foundation, Inc. and Arkansas Tech University Facilities Development Foundation Inc.

#### **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 may exist that have not been identified.

#### **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 certain matters that we reported to management of the University in a separate letter dated November 3, 2021.

**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 University'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 3, 2021

# Arkansas

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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

Arkansas Tech University  
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with University officials during the course of our audit fieldwork and at the exit conference.

On February 25, 2021, after an employee contacted the University about not receiving his payroll direct deposit, the University personnel discovered that multiple employees' direct deposits had been fraudulently diverted to another bank account. On February 12, 2021 and February 15, 2021, an unauthorized individual made changes to several employees' bank account information. These transactions resulted in a \$128,064 loss to the University, of which \$19,314 was recovered on the date discovered. Per University officials, an insurance claim has been filed to seek reimbursement for the fraudulent transactions.

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, 2021, 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>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	2020	2020	2021	2021
Student Headcount	1,328	10,829	9,253	1,756
Student Semester Credit Hours	5,453	117,342	98,270	8,398

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 3, 2021



Management's  
Discussion  
And  
Analysis  
(Unaudited)



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



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## Introduction

Arkansas Tech University (the University) is proud to present its consolidated financial statements for fiscal year 2020-21. The University's financial statements, notes to financial statements and discussion and analysis are the responsibility of, and prepared by management. Management's discussion and analysis as required by Governmental Accounting Standards Board (GASB) Statements 34 and 35 are to be read in conjunction with the financial statements and notes.

## Overview of Financial Statements and Financial Analysis

Arkansas Tech University completed the FY 21 fiscal year with an overall increase in net position. This was primarily due to a decrease in liabilities, which was the result of the refunding of bonds. The student population totaled 10,829 for the fall 2020, an 8.4% decrease from fall 2019.

The University's fiscal year 2020-21 state appropriations of \$38,502,198 slightly increased compared to previous years. Major emphasis has been placed on the management of expenses and this was even more crucial this year, as COVID-19 required the University to stretch in many new ways.

Other impacts to the University's financial net position included the adoption of two Governmental Accounting Standards Board Statements, no. 68, *Accounting and Financial Reporting for Pensions* and no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Please refer to Notes 15 and 21 for a detailed analysis of these required changes to the financial statements.

Due to the net impact of the student population growth and prudent management of resources, the following FY20-21 financial results occurred:

- Transfer \$348,881 to Funded Depreciation.
- Transfer of \$2,127,674, from the sale of Lake Point facility, to the payment of bonds.
- Refunded outstanding principal of \$42,006,831 on general obligation bonds

There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows.



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## Condensed Statement of Net Position

The Statement of Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the University at the end of the fiscal year. The purpose of this statement is to show the financial position on a certain date in time and to present to readers a fiscal snapshot of Arkansas Tech University at year-end. The Statement of Net Position presents year-end data concerning assets (current and noncurrent) plus deferred outflows of resources, liabilities (current and noncurrent) plus deferred inflows of resources, and net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources). The difference between current and noncurrent assets is discussed in the footnotes to the financial statements. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) and of their availability for expenditure by the institution.

Net Position is divided into three major categories. The first category—net investment in capital assets—provides information on the institution's equity in property, plant and equipment. The next net position category—restricted assets—is divided into two categories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes.

Restricted expendable net position is available for expenditure by the institution but must be spent for purposes subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. The final category, unrestricted net position, is not subject to externally-imposed stipulations, but can be used at the discretion of the governing board to meet current expenses for any purpose if not limited by contractual agreements with outside parties.

Although unrestricted net position is not subject to externally-imposed restrictions, the majority of the University's unrestricted net position is subject to internal designations to meet various specific commitments. These commitments include reserves established for Russellville and Ozark campus operations, capital projects, scholarships, and other academic priorities; working capital for auxiliary enterprises; and reserves for the continued recognition of OPEB and pension obligations.

Overall, the University's total net position increased by \$2,359,686 from fiscal year 2020. A review of the Statement of Net Position reveals a decrease overall in total assets and deferred outflows of resources by \$357,751 and liabilities and deferred inflows of resources decreased by \$2,717,437. The most significant changes occurred in noncurrent assets, bonds, and deferred outflows of resources.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



**Condensed Statement of Net Position (continued)**

Condensed Statement of Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets:		
Current assets	\$66,530,151	\$61,670,613
Noncurrent assets	44,404,191	47,201,092
Capital assets, net	140,297,311	144,669,325
Total Assets	<u>251,231,653</u>	<u>253,541,030</u>
Deferred Outflows of Resources	<u>9,908,069</u>	<u>7,956,443</u>
Total Assets and Deferred Outflows of Resources	<u>261,139,722</u>	<u>261,497,473</u>
Liabilities:		
Current liabilities	12,219,404	13,512,103
Noncurrent liabilities	101,340,164	102,639,691
Total Liabilities	<u>113,559,568</u>	<u>116,151,794</u>
Deferred Inflows of Resources	<u>3,728,295</u>	<u>3,853,506</u>
Total Liabilities and Deferred Inflows of Resources	<u>117,287,863</u>	<u>120,005,300</u>
Net Position:		
Net Investment in Capital Assets	74,902,960	77,575,076
Restricted - nonexpendable	245,697	278,332
Restricted - expendable	11,829,633	9,313,266
Unrestricted	56,873,569	54,325,499
Total Net Position	<u>\$ 143,851,859</u>	<u>\$ 141,492,173</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



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## Condensed Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, both operating and nonoperating, and any other revenues, expenses, gains and losses received or expended by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. (For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.)

### Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Operating revenues	\$ 74,831,110	\$ 80,035,237
Operating expenses	(140,134,021)	(135,683,024)
Operating loss	(65,302,911)	(55,647,787)
Nonoperating revenues and expenses	<u>62,748,112</u>	<u>57,749,148</u>
Income (loss) before other revenues, expenses, gains, or losses	(2,554,799)	2,101,361
Other revenues, expenses, gains or losses	4,914,485	19,229,896
Increase (Decrease) in Net Position	<u>2,359,686</u>	<u>21,331,257</u>
Net Position at beginning of year	<u>141,492,173</u>	<u>120,160,916</u>
Net Position at end of year	<u>\$ 143,851,859</u>	<u>\$ 141,492,173</u>

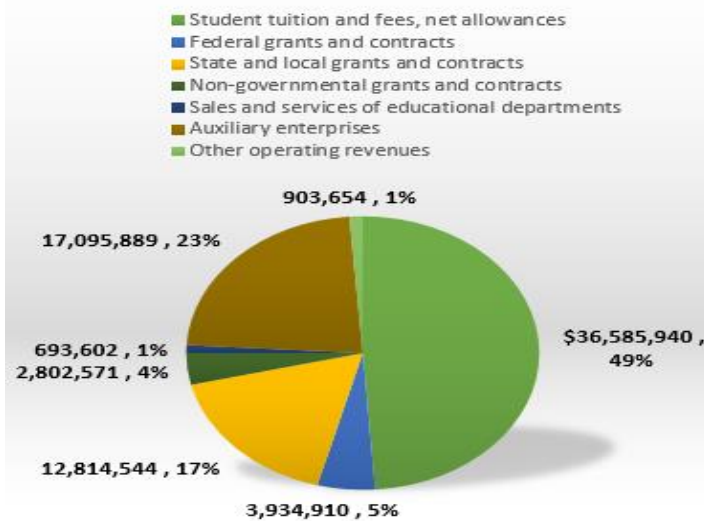
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



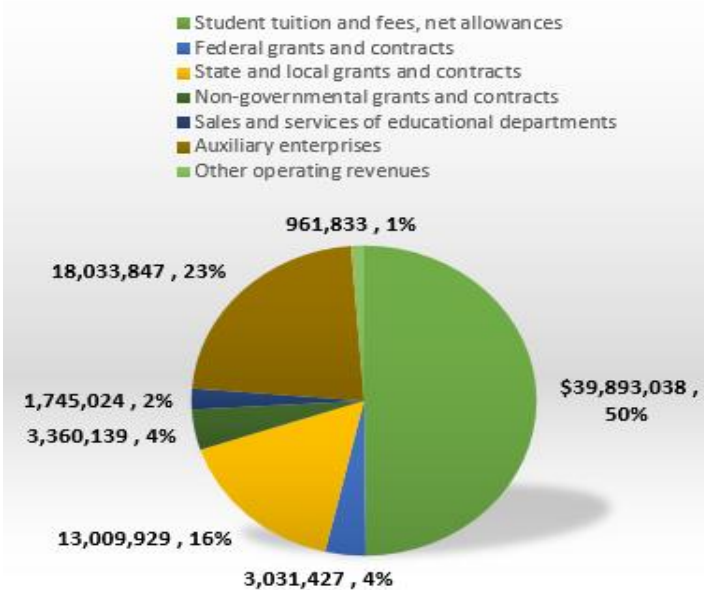
**Condensed Statement of Revenues, Expenses and Changes in Net Position (Continued)**

The FY21 operating revenues of \$74,831,110 compared to last year's \$80,035,237 had a decrease of \$5,204,127. Noted decreases were in student tuition and fees, non-governmental grants and contracts, and sales and services of educational departments. Noted decreases were in auxiliaries, and state and local grants and contracts.

**FY 2021 Operating Revenues**



**FY 2020 Operating Revenues**



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



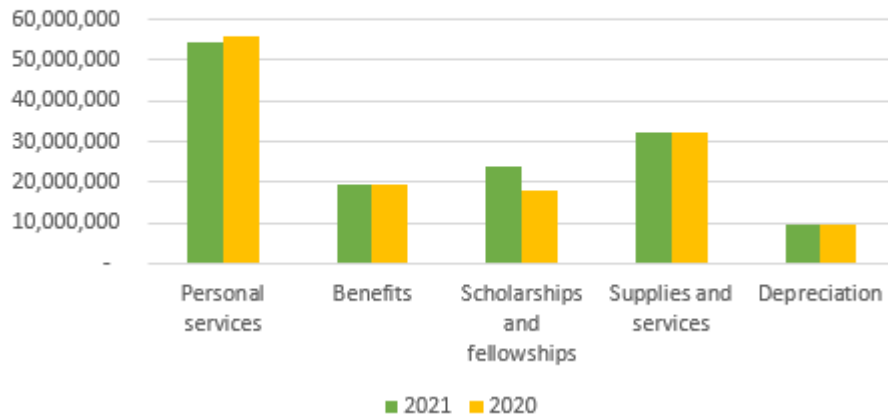
**Condensed Statement of Revenues, Expenses and Changes in Net Position (Continued)**

The FY21 nonoperating revenues and expenditures totaled \$62,748,112 compared to \$57,749,148 last year. The biggest gains were in state appropriations and governmental grants.



The operating expenditures of \$140,134,021 increased by \$4,450,997 from last year, primarily due to scholarship and fellowships.

**FY 2021 and FY 2020 Operating Expenses by Natural Classification**



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



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## Condensed Statement of Cash Flows

The final statement presented by Arkansas Tech University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. The FY21 cash balance totaled \$93,334,640 compared to \$92,108,371 from last year. The increase was in part due to insurance proceeds from the Williamson fire event and proceeds from the sale of property. The statement is divided into five sections on Exhibit C. The first section shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities and specifically reflects the cash received and spent for nonoperating, noninvesting and noncapital financing purposes. The third section deals with the cash flows from capital and related financing activities. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. The condensed statement is shown below and includes a summary version of the cash flow.

### Condensed Statement of Cash Flows

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash provided (used) by:		
Operating activities	\$ (55,166,596)	\$ (43,802,002)
Noncapital financing activities	60,819,227	57,762,440
Capital and related financing activities	(8,339,449)	(11,609,974)
Investing activities	<u>3,913,087</u>	<u>2,295,993</u>
Net Change in Cash	1,226,269	4,646,457
Cash, beginning of year	<u>92,108,371</u>	<u>87,461,914</u>
Cash, end of year	<u>\$ 93,334,640</u>	<u>\$ 92,108,371</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



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**Capital Asset and Debt Administration**

At June 30, 2021, the University had \$294,472,566 invested in capital assets, less accumulated depreciation of \$154,175,255. Depreciation charges total \$9,868,534 for the current fiscal year. Details of these assets are shown below.

<u>Capital Asset (Net)</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Land, improvements and infrastructure	\$ 9,184,532	\$ 10,916,736
Buildings	115,814,402	122,999,368
Construction in progress	11,412,721	6,732,860
Furniture, fixtures and equipment	2,949,729	2,939,424
Library holdings	764,862	870,727
Livestock for educational purposes	171,065	210,210
Total	<u>\$ 140,297,311</u>	<u>\$ 144,669,325</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



**Capital Asset and Debt Administration (continued)**

Major capital additions completed this year, and the source of the funding used for their acquisition, include:

	June 30, 2021	June 30, 2020
Ozark Walking Trail - Grants and University Funds	\$ 153,621	
Paine Hall - University Funds	136,837	
Witherspoon Elevator - University Funds	171,820	
McEver Hoods - University Funds	149,947	
ResLife WIFI - University Funds	271,029	
McEver Lab - University Funds	59,202	
Family Restroom Renovation	117,560	
404 N El Paso Building and Land - University Funds		\$ 741,594
Nutt Hall - University Funds		633,986
Brown Hall - University Funds		402,896
Women's Sports Complex - University Funds		206,496
<b>Total</b>	<b>\$ 1,060,016</b>	<b>\$ 1,984,972</b>

More detailed information about the University's capital assets is presented in Note 8 and Note 13 of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
For the year ended June 30, 2021



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## Capital Asset and Debt Administration (continued)

### Debt

At June 30, 2021, the University had \$68,292,263 in debt outstanding versus \$74,016,059 the previous year. The decrease is primarily due to the refunding of outstanding principal of \$42,006,831 in bonds and the use of the proceeds from the sale of Lake Point Conference Center to pay down refunding bonds. The lower interest will provide long-term savings for the University as well as reduced annual payments. Principal payments on general obligation bonds during the year were \$3,365,000 and direct placement payments were \$97,100. The table below summarizes these amounts by type of debt instrument. Moody's Investor Service continued its rating of A1 with a stable outlook.

<u>Outstanding Debt</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Educational and general revenue bonds	\$ 29,715,000	\$33,863,953
Auxiliary facility revenue bonds	35,735,000	37,935,000
Notes payable from direct placement	910,620	975,274
Unamortized bond discount	(17,943)	(80,068)
Unamortized bond premium	1,949,586	1,321,900
<b>Total</b>	<b>\$ 68,292,263</b>	<b>\$74,016,059</b>

More detailed information about the University's long-term liabilities is presented in Notes 10, 11 and 12 of the financial statements.

## Economic Conditions and Other Significant Factors

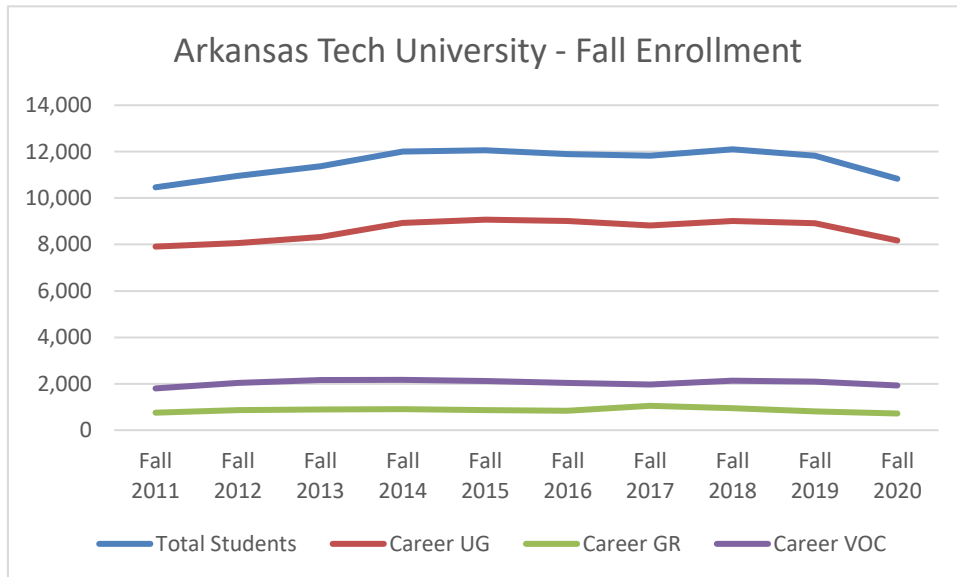
State government's financial and political support remain integral to the continued financial sustainability of the institution. The University's fiscal year 2021 state appropriations remained strong, even though COVID-19 impacted the entire fiscal year. The State Legislature uses funding categories to maintain a balanced budget. In FY 21 some of the University's treasury funds were in category B-D, and were not initially budgeted by the University. Due to better than expected conditions, these categories were released by the State later in the fiscal year.



**Economic Conditions and Other Significant Factors (continued)**

On March 11, 2020 the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordering the Arkansas Department of Health to take action to prevent the spread of coronavirus disease (COVID-19). Various other Executive Orders followed. The emergency order remained in effect until it expired May 30, 2021, per Executive Order 21-07. During FY21 the campus moved to a blended instructional format. It included online, hybrid, and in class instruction. A similar format is planned for FY22, but with more emphasis on in class instruction. Note 23 addresses the COVID-19 event. The long-term effects remain unknown. The Federal government provided CARES Act funding, through the Higher Education Emergency Relief Fund (HEERF), to address some of the vital needs. The American Rescue Plan funding was also added. Management continues to monitor the situation and adjust using the recommendations of the campus COVID Task Force. The future impact will depend upon the significance and duration of the event, as well as the University's ability to adapt.

The "every student counts" guiding principle frames the strategic direction of managing cost of attendance, so tuition and fees remain affordable, while delivering quality academic programs and University experiences. For FY 22 the Russellville Campus tuition rates for undergraduate and graduate increased by 3.0%. The Ozark Campus adopted a tuition rate that was 2.3% higher than the prior year. The increase was necessary to support the University mission of student success, access, and excellence. Below is a graph of fall enrollment from 2011 to 2020 categorized by student classification. The FY 22 budget included a predicted decline in enrollment. Preliminary fall 2021 enrollment numbers appear to reflect slightly higher than predicted decline in enrollment.





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### **Economic Conditions and Other Significant Factors (continued)**

Prior to the pandemic, ATU yielded the largest enrollment in the history of the institution with enrollment of 12,101 students in fall 2018. Although the total enrollment dipped during the pandemic, the budget has been adjusted and remains viable. During FY21, the University focused on a restructuring activity and implemented a five year budget plan. This plan included projection of enrollments. For FY22, the University budgeted an anticipated decline in enrollment. This projection was based upon expectation of the COVID impact and many other factors. The University continues to focus efforts on student success initiatives, student recruitment, and retention in order to achieve enrollment projections.

The University's overall financial position remains strong. We continue to strive for excellence and monitor our efforts to bring innovative programs to our students while we exercise prudent financial management. We remain optimistic for the University's operations during fiscal year 2021-22 and beyond. The adopted five-year budget model has laid the groundwork for a strong future. Management will continue to align resources and make adjustments as necessary to assure the continued financial integrity of Arkansas Tech University.

*Laury Fiorello*

Vice President for Administration and Finance

ARKANSAS TECH UNIVERSITY  
COMPARATIVE STATEMENT OF NET POSITION  
JUNE 30, 2021

Exhibit A

	June 30, 2021	June 30, 2020
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 60,591,381	\$ 56,931,951
Accounts receivable <i>(less allowance of \$1,335,281 and \$1,138,370, respectively)</i>	3,708,922	3,281,907
Notes receivable <i>(less allowance of \$40,456 and \$18,401, respectively)</i>	32,567	12,461
Inventories	59,592	47,636
Prepaid expenses	2,137,689	1,396,658
Total Current Assets	66,530,151	61,670,613
Noncurrent Assets:		
Cash and cash equivalents	32,743,259	35,176,420
Deposits with trustee	309,487	1,794,307
Endowment investments	9,921,062	6,084,185
Investments	1,090,279	3,752,452
Notes receivable <i>(less allowance of \$422,485 and \$581,377, respectively)</i>	340,104	393,728
Capital assets <i>(net of accumulated depreciation of \$154,175,255 and \$148,405,393, respectively)</i>	140,297,311	144,669,325
Total Noncurrent Assets	184,701,502	191,870,417
TOTAL ASSETS	251,231,653	253,541,030
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources-Refunding	951,767	786,483
Deferred Outflows of Resources-OPEB	1,860,547	1,127,212
Deferred Outflows of Resources-Pensions	7,095,755	6,042,748
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,908,069	7,956,443
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 261,139,722	\$ 261,497,473
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 3,320,555	\$ 4,209,286
Bonds and notes payable	3,447,926	3,642,163
Compensated absences payable	628,138	641,495
Total other postemployment benefit liability	426,051	457,019
Unearned revenue	3,849,366	3,568,867
Funds held in trust for others	454,177	914,256
Other liabilities	93,191	79,017
Total Current Liabilities	12,219,404	13,512,103
Noncurrent Liabilities:		
Accounts payable and accrued liabilities	254,893	309,088
Bonds and notes payable	64,844,337	70,373,896
Compensated absences	1,787,779	1,825,794
Total other postemployment benefit liability	8,624,370	8,235,016
Net pension liability	25,329,514	21,186,066
Refundable federal advances	499,271	709,831
Total Noncurrent Liabilities	101,340,164	102,639,691
TOTAL LIABILITIES	113,559,568	116,151,794
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources-OPEB	2,712,057	2,284,224
Deferred Inflows of Resources-Pensions	1,016,238	1,569,282
TOTAL DEFERRED INFLOWS OF RESOURCES	3,728,295	3,853,506
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 117,287,863	\$ 120,005,300

ARKANSAS TECH UNIVERSITY  
 COMPARATIVE STATEMENT OF NET POSITION  
 JUNE 30, 2021

Exhibit A

	June 30, 2021	June 30, 2020
NET POSITION		
Net Investment in capital assets:	\$ 74,902,960	\$ 77,575,076
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	155,929	155,929
Loans	89,768	122,403
Expendable:		
Scholarships and fellowships	3,624,822	1,370,589
Capital projects		298
Debt service	1,830,854	3,146,065
Education and general departments	6,373,957	4,796,314
Unrestricted:	56,873,569	54,325,499
 TOTAL NET POSITION	 143,851,859	 141,492,173
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, and NET POSITION	 \$ 261,139,722	 \$ 261,497,473

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

ARKANSAS TECH UNIVERSITY FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT  
JUNE 30, 2021 AND 2020

Exhibit A-1

	June 30, 2021	June 30, 2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 848,429	\$ 1,346,813
Unconditional promises to give, net	787,338	1,209,535
Investments		
Marketable securities	46,729,890	35,983,697
Annuities	453,623	364,658
Cash surrender value of life insurance	1,320,052	1,273,224
Limited partnerships	2,924,288	2,711,190
Total investments	51,427,853	40,332,769
Deferred compensation trust	216,162	102,412
<b>TOTAL ASSETS</b>	<b>\$ 53,279,782</b>	<b>\$ 42,991,529</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 206,380	\$ 22,846
University funds under management	9,870,594	6,085,187
Reserve for annuities payable	51,295	55,240
Deferred compensation payable	216,162	102,412
Total liabilities	10,344,431	6,265,685
<b>NET ASSETS</b>		
Without donor restrictions	10,763,894	6,431,186
With donor restrictions	32,171,457	30,294,658
Total net assets	42,935,351	36,725,844
<b>Total liabilities and net assets</b>	<b>\$ 53,279,782</b>	<b>\$ 42,991,529</b>

ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.  
 STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT  
 JUNE 30, 2021 AND 2020

Exhibit A-2

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
ASSETS		
Current assets:		
Cash in bank	\$ 2,261,212	\$ 1,953,589
Total current assets	<u>2,261,212</u>	<u>1,953,589</u>
 LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Accounts payable	<u>4,166</u>	
Total current liabilities	<u>4,166</u>	
Unrestricted net assets	<u>2,257,046</u>	<u>1,953,589</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,261,212</u>	<u>\$ 1,953,589</u>



ARKANSAS TECH UNIVERSITY  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Year Ended June 30 2021	Year Ended June 30 2020
<b>OPERATING REVENUES</b>		
Student tuition and fees (net of scholarship allowance of \$26,985,993 and \$30,100,698, respectively)	\$ 36,585,940	\$ 39,893,038
Federal grants and contracts	3,934,910	3,031,427
State and local grants and contracts	12,814,544	13,009,929
Non-governmental grants and contracts	2,802,571	3,360,139
Sales and services of educational departments	693,602	1,745,024
Auxiliary enterprises:		
Athletics (net of scholarship allowance of \$1,404,720 and \$1,398,453, respectively)	4,603,291	4,973,231
Residence life (net of scholarship allowance of \$4,456,123 and \$4,737,997, respectively)	6,041,336	6,279,359
Bookstore	287,018	364,801
Food service (net of scholarship allowance of \$2,691,438 and \$3,314,192, respectively)	3,519,623	3,953,667
Student Union	1,050,659	701,613
Health Services	1,593,962	1,761,176
Other operating revenues	903,654	961,833
<b>TOTAL OPERATING REVENUES</b>	<b>74,831,110</b>	<b>80,035,237</b>
<b>OPERATING EXPENSES</b>		
Personal services	54,332,176	55,990,486
Benefits	19,723,301	19,442,390
Scholarships and fellowships	23,844,260	18,173,113
Supplies and services	32,365,750	32,293,665
Depreciation	9,868,534	9,783,370
<b>TOTAL OPERATING EXPENSES</b>	<b>140,134,021</b>	<b>135,683,024</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(65,302,911)</b>	<b>(55,647,787)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	38,502,198	36,760,998
Governmental grants	25,429,447	21,869,232
Investment income (net of investment expense of \$39,232 and \$22,060, respectively)	2,356,541	1,851,295
Interest on capital asset - related debt	(1,831,504)	(2,703,403)
Bond issuance costs	(862,292)	
Paying agents fees capital asset related debt	(30,070)	(32,116)
Gain or (loss) on disposal of capital assets	(313,093)	114,719
Other revenues (expenses)	(503,115)	(111,577)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>62,748,112</b>	<b>57,749,148</b>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>	<b>(2,554,799)</b>	<b>2,101,361</b>
Capital appropriations		487,945
Capital grants and gifts	2,666,892	16,388,759
Insurance proceeds	2,097,577	1,228,717
Proceeds from sale of property		552,080
Proceeds from energy project		460,575
Increase in valuation of livestock	(56,080)	(39,612)
Adjustments to prior year revenues and expenses	206,096	151,432
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>2,359,686</b>	<b>21,331,257</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>141,492,173</b>	<b>120,160,916</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 143,851,859</b>	<b>\$ 141,492,173</b>

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

ARKANSAS TECH UNIVERSITY FOUNDATION, INC.  
 STATEMENTS OF ACTIVITIES - COMPONENT UNIT  
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Exhibit B-1

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support revenues and reclassifications:						
Contributions and revenues	\$ 21,809	\$ 1,971,796	\$ 1,993,605	\$ 612,914	\$ 4,430,907	\$ 5,043,821
Investment income, net	5,311,348	1,122,690	6,434,038	1,156,482	413,618	1,570,100
Net assets released from restrictions:						
Satisfaction of Program or time restrictions	1,217,687	(1,217,687)		786,044	(786,044)	
Uncollectible promises to give				8,333	(8,333)	
Total net assets released from restrictions	<u>1,217,687</u>	<u>(1,217,687)</u>		<u>794,377</u>	<u>(794,377)</u>	
Total public support, revenues and reclassifications	<u>6,550,844</u>	<u>1,876,799</u>	<u>8,427,643</u>	<u>2,563,773</u>	<u>4,050,148</u>	<u>6,613,921</u>
Expenses:						
Program services:						
Scholarships	531,905		531,905	550,324		550,324
Amount paid to benefit Arkansas Tech University	959,660		959,660	1,087,291		1,087,291
Supporting services:						
Management and general	138,486		138,486	100,774		100,774
Fundraising	588,085		588,085	684,557		684,557
Uncollectible promise to give			-	8,333		8,333
Total expenses	<u>2,218,136</u>		<u>2,218,136</u>	<u>2,431,279</u>		<u>2,431,279</u>
Changes in net assets	4,332,708	1,876,799	6,209,507	132,494	4,050,148	4,182,642
Net assets at beginning of year	<u>6,431,186</u>	<u>30,294,658</u>	<u>36,725,844</u>	<u>6,298,692</u>	<u>26,244,510</u>	<u>32,543,202</u>
Net assets at end of year	<u>\$ 10,763,894</u>	<u>\$ 32,171,457</u>	<u>\$ 42,935,351</u>	<u>\$ 6,431,186</u>	<u>\$ 30,294,658</u>	<u>\$ 36,725,844</u>

ARKANSAS TECH UNIVERSITY FACILITIES DEVELOPMENT FOUNDATION, INC.  
 STATEMENTS OF ACTIVITIES - COMPONENT UNIT  
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Exhibit B-2

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Income:		
Interest	\$ 2,427	\$ 23,267
Total Income	<u>2,427</u>	<u>23,267</u>
Expenses:		
Legal and audit	8,279	6,200
Insurance	1,966	
Miscellaneous		1,577
Total expenses	<u>10,245</u>	<u>7,777</u>
Increase in unrestricted net assets	<u>(7,818)</u>	<u>15,490</u>
Unrestricted net assets at beginning of year	1,953,589	5,984,119
Cash contribution from Arkansas Tech University	311,275	
Property distribution to Arkansas Tech University		<u>(4,046,020)</u>
Unrestricted net assets at end of year	<u>\$ 2,257,046</u>	<u>\$ 1,953,589</u>

ARKANSAS TECH UNIVERSITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	June 30, 2021	June 30, 2020
<b>Cash Flows from Operating Activities:</b>		
Tuition and fees	\$ 36,192,727	\$ 39,087,173
Grants and contracts	19,552,025	19,401,495
Payments to suppliers	(33,892,548)	(31,995,937)
Payments for personnel services	(54,332,176)	(55,990,486)
Payments for benefits	(17,184,392)	(16,871,839)
Payments for scholarships and fellowships	(23,844,260)	(18,173,113)
Payments for grants and contracts	(351,117)	
Auxiliary enterprises:		
Residential life	6,041,336	6,279,359
Food service	3,519,623	3,953,667
Bookstore	287,018	364,801
Athletics	4,603,291	4,973,231
Health services	1,593,962	1,761,176
Student union	1,050,659	701,613
Sales and service of educational departments	693,602	1,745,024
Other receipts (payments)	903,654	961,834
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(55,166,596)</b>	<b>(43,802,002)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
State appropriations	38,502,198	36,760,998
Direct loan receipts	28,132,343	33,668,320
Direct loan payments	(28,132,343)	(33,668,320)
Non-capital grants and gifts received	25,429,447	21,869,232
Deletions to endowment funds	(2,652,339)	(628,982)
Student organization/agency transactions (net)	(460,079)	35,240
Refund of Federal Perkins Loan Funds		(274,048)
<b>Net Cash Provided (Used) by Noncapital Financial Activities</b>	<b>60,819,227</b>	<b>57,762,440</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital appropriations		487,945
Capital grants and gifts received	2,691,983	127,862
Purchases of capital assets	(2,701,022)	(1,230,872)
Construction in progress expenditures	(4,932,679)	(6,862,788)
Vendor rebates received for related debt payments		460,575
Proceeds from sales of property	2,127,674	504,947
Payment to Issuer Equity Contribution	(2,127,674)	
Insurance proceeds received	2,097,577	1,228,717
Received from bond trustees - new bond issuance		918,235
Received from note trustee - held in trust		2,749
Payments to note trustee - note principal	(64,655)	(63,115)
Payments to note trustee - held in trust	(23,797)	
Payments to bond trustees for bond principal	(3,461,525)	(4,436,047)
Payments to bond trustees for interest and fees	(1,945,331)	(2,748,182)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(8,339,449)</b>	<b>(11,609,974)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	2,662,173	323,365
Investment income	1,250,914	1,972,628
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>3,913,087</b>	<b>2,295,993</b>
<b>Net Increase in Cash</b>	<b>1,226,269</b>	<b>4,646,457</b>
Cash - beginning of the year	92,108,371	87,461,914
<b>Cash - end of year</b>	<b>\$ 93,334,640</b>	<b>\$ 92,108,371</b>

ARKANSAS TECH UNIVERSITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	June 30, 2021	June 30, 2020
Reconciliation of net operating revenues expenses to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (65,302,911)	\$ (55,647,787)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	9,868,534	9,783,370
Federal grants and contracts	(351,117)	
Changes in assets and liabilities:		
Receivables	(475,068)	(385,840)
Student loan receivables	(212,818)	272,686
Inventories	(11,955)	(6,863)
Prepaid expenses	(741,031)	(286,047)
Payables	(773,812)	590,639
Unapplied student aid	9,708	10,260
Unclaimed property	4,466	
Unearned revenue	280,499	(702,971)
Compensated absences	(51,372)	297,712
Other post employment benefits	52,884	(234,162)
Pension liability	2,537,397	2,507,001
Net cash provided (used) by operating activities	\$ (55,166,596)	\$ (43,802,002)
Noncash transactions:		
Donated capital assets	\$ 1,338	\$ 16,260,897
Gain (Loss) on disposal	313,093	114,719
Increase(Decrease) in market valuation of investments	149,051	182,279
Unrealized gain (loss) on livestock valuation	(56,080)	(39,612)
(Increase) Decrease in Note Receivables allowance for bad debt	136,837	157,401
Costs of student loan principal and interest canceled	(32,056)	(52,439)
Interest, fees, principal on long-term debt paid directly from deposit with trustee	62,564	
Proceeds and net premium from refunding bond issues deposited with trustee	39,091,186	
Deposit with trustee utilized to refund bonds	1,405,422	
Issuance costs on refunding bonds paid from bond proceeds	(428,665)	
Underwriter's discount paid from bond proceeds	(433,627)	

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



# Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 1: Summary of Significant Accounting Policies**

Nature of Operations: Arkansas Tech University is a multi-purpose, state-supported institution of higher education dedicated to providing an opportunity for higher education to the people of Arkansas and to serving the intellectual and cultural needs of the region in which it is located.

Reporting Entity: The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement no. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

Arkansas Tech University is governed by a Board of Trustees. The State of Arkansas allocates and allots funds to each agency separately and requires that the funds be maintained accordingly. Because of this requirement, separate accounts are maintained for each agency.

Arkansas Tech University was created in 1909 by Act 100 of the Arkansas General Assembly. Under the provisions of this Act, the State was divided into four agricultural school districts. The General Assembly in 1925 changed the name from the Second District Agriculture College to Arkansas Polytechnic College with power to grant degrees. In 1948, the Board of Trustees converted the college from a junior college to a degree-granting institution. In accordance with Act 343 of the Arkansas General Assembly of 1975, the name was changed to Arkansas Tech University effective July 9, 1976. The Institution's programs are now divided into the College of Education, Professional Studies and Community Outreach, Business, Arts and Humanities, Natural and Health Sciences, Applied Sciences and Graduate Studies.

Arkansas Valley Vocational Technical Institute (AVTI) merged with Arkansas Tech University effective July 1, 2003. Act 260 of 2007 changed the name of Arkansas Valley Technical Institute of Arkansas Tech University to Arkansas Tech University – Ozark Campus. The Ozark Campus of ATU is located 50 miles west of Russellville. Enrollment for fall is 1,933 students and the Ozark Campus offers twenty-two associate degree programs, as well as thirty-nine technical and vocational programs.

Arkansas Tech University – Ozark Campus acquired the Arkansas Tech University Career Center effective July 1, 2011. It is located in Russellville, Arkansas, and offers programs in ten career and technical areas. There are satellite offices located in Paris and Clarksville, Arkansas, as well. The enrollment is approximately 771 students from eleven area high schools.

The University is an institution of higher education of the State of Arkansas and is included in the financial statements of the State of Arkansas.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 1: Summary of Significant Accounting Policies (continued)**

The Arkansas Tech University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The 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 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 Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by donors. Because these restricted resources held by the Foundation may only be used by, or for the benefit of the University, the 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 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, 2021, the Foundation transferred equipment and funds of \$251,572 to the University for proper accountability and academic support. Complete financial statements for the Foundation may be obtained from the Foundation at P. O. Box 8820, Russellville, AR 72801.

The Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial statements.

The Arkansas Tech University Facilities Development Foundation Inc. (the Facilities Development Foundation) is a legally separate, tax-exempt component unit of Arkansas Tech University (the University). The Facilities Development 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 five member board of the Facilities Development 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 Facilities Development Foundation, all resources, or income thereon, which the Facilities Development Foundation holds and invests are restricted to the activities of the University by donors. Because these restricted resources held by the Facilities Development Foundation may only be used by, or for the benefit of the University, the Facilities Development 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 Facilities Development Foundation are discretely presented in the University's financial statements in accordance with the provisions of GASB Statement no. 39.



NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 1: Summary of Significant Accounting Policies (continued)**

Complete financial statements for the Foundation may be obtained from the Facilities Development Foundation at 1509 North Boulder Avenue, Administration Room 206, Russellville, AR 72801.

The Facilities Development Foundation reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Development Foundation's financial information in the University's financial statements.

Financial Statement Presentation: In June 1999, the GASB issued Statement no. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement no. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As an institution of higher education of the State of Arkansas, the University was required to adopt GASB Statements no. 34 and no. 35. The financial statement presentation required by GASB Statements 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. This replaces the fund-group perspective previously required.

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 resource management focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

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.

Investments: The University accounts for its investments at fair market value in accordance with GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported separately in the Statement of Revenues, Expenses and Changes in Net Position. Nonparticipating contracts are reported at cost.

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement no. 3*. This accounting standard establishes more comprehensive disclosure requirements related to investment and deposit risks, but does not affect reported amounts of investments, net position, or changes in net position.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 1: Summary of Significant Accounting Policies (continued)**

The University has implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Further information can be found in Note 3.

Accounts Receivables: Accounts receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivables also include amounts due from the Federal Government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts.

Inventories: Inventories are carried at cost with cost being determined on a first-in, first-out (FIFO) basis.

Capital Assets: Capital assets are recorded at cost on the date of acquisition or, in the case of gifts, acquisition value on the date of donation. Livestock for educational purposes is recorded at estimated fair market value. The University's capitalization policy is to include all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year, including renovations to buildings, infrastructure, and land improvements that significantly increase the value and efficiency or extend the life of the structure. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method using the mid-month convention over the estimated useful lives of the assets, generally 30 years for buildings, 15 years for infrastructure, and land improvements, 10 years for library books, and 4 to 7 years for equipment and intangible assets. Depreciation expense includes the depreciation of assets recorded under capital leases.

The University has implemented GASB Statement no. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 1: Summary of Significant Accounting Policies (continued)**

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee annual and sick leave 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.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued uncompensated absences and other liabilities that will not be paid within the next fiscal year.

Pensions: The University has implemented GASB Statement no. 68, *Accounting and Financial Reporting for Pensions*, as amended. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Arkansas Teacher Retirement System (ATRS) and Arkansas Public Employees Retirement System (APERS) and additions to and deductions from ATRS and APERS fiduciary net positions have been determined on the same basis as they are reported by ATRS and APERS. 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. Further information can be found in Note 21.

**Net Position**: The University's net position is classified as follows:

*Net Investment in capital assets*: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. Amounts to the extent debt has been incurred but not yet expended for capital assets are not included as a component of invested in capital assets.

*Restricted – expendable*: Restricted expendable net position include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Restricted – nonexpendable*: Nonexpendable net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal be maintained inviolate and in perpetuity and be invested for the purpose of producing present and future income that may either be expended or added to principal.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 1: Summary of Significant Accounting Policies (continued)**

Net Position: (Continued)

*Unrestricted:* Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operation of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises that are substantially self-supporting activities providing services for students, faculty, and staff.

Income Taxes: The University, as a political subdivision of the State of Arkansas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

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

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, state, and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement no. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement no. 34, such as state appropriations, and investment income.

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 1: Summary of Significant Accounting Policies (continued)**

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.

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.

Funds Held in Trust for Others: The University holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the University.

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.

**NOTE 2: Cash and Cash Equivalents**

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

	Carrying Value	Bank Balance
<b>Insured (FDIC)</b>	\$ 1,713,433	\$ 1,679,369
<b>Collateralized:</b>		
Collateral held by the pledging bank or pledging bank's trust department in the University's name.	91,028,392	92,664,527
<b>Total Deposits</b>	<u>\$ 92,741,825</u>	<u>\$ 94,343,896</u>

The above deposits do not include cash on hand maintained by the University in the amount \$13,725. In addition, the above deposits do not include cash in state treasury of \$1,669,369. The above deposits include certificates of deposits of \$1,090,279 reported as investments and classified as nonparticipating contracts.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 2: Cash and Cash Equivalents (continued)**

Custodial credit risk for deposits is the risk that the University’s deposits may not be returned in the event of a bank or depository failure. The State Treasurer requires that all state funds be either insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank.

The University’s deposits with the State Treasurer are pooled with funds of other State Agencies and then, in accordance with statutory limitations, placed in financial institutions or invested, as the Treasurer may determine, in the State’s name. It is the University’s policy to require collateralization of 105 percent of the total bank deposits.

**NOTE 3: Investments**

The University has implemented GASB Statement no. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement no. 3*. The new accounting standard establishes more comprehensive disclosure requirements related to investment risks, but does not affect reported amounts of investments, net position, or changes in net position.

Credit risk for investments is the risk that an issuer or counterparty to the investment will not fulfill its obligations. Interest rate risk is the risk that interest rate fluctuations will adversely affect the fair value of an investment. The risks for the University’s investments including the external investment pool and deposits with trustee are shown separately below:

External Investment Pool: The University has investments with the Arkansas Tech University Foundation, Inc. (ATUF) that are pooled with other ATUF funds. The pool was originally established in 1999 and the funds were invested in the Common Fund. In 2003, the funds were moved under the management of Monroe Vos Consulting Group. The total amount of the pool is \$44,646,671 and Arkansas Tech University owns approximately 22 percent of that amount. The funds are invested based on the ATUF Board’s approved policy of no more than five percent of the portfolio can be invested in one company. This policy reduces the concentration of credit risk.

The following table contains information on the risk disclosure for the external investment pool:

Type of Investment	Market Value	AAA	AA	A	<B	NR
US Stocks	\$4,187,680					\$4,187,680
Non-US Stocks	1,263,943					1,263,943
Other	4,469,439					4,469,439
<b>Total investments</b>	<b>\$9,921,062</b>					<b>\$9,921,062</b>

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 3: Investments (continued)**

Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. Governments with investments in external investment pools are required to disclose the interest rate risk of such investments. Interest rate risk exposure for the stocks would be minimal due to the Arkansas Tech University Foundation Board's policy that no more than five percent of the portfolio can be invested in one company. The Institution does not have a policy designed to manage interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Governments are required to disclose the credit quality ratings of debt securities and external investment pools.

The University has implemented GASB Statement no. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments, and disclosures related to all fair value measurements.

Investments Measured at Fair Value

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

*Level 1:* Quoted prices (unadjusted) for identical investments in active markets that a government can access at the measurement date. Examples are equity securities traded on an open market, actively traded mutual funds, or US Treasuries.

*Level 2:* Inputs - other than quoted prices included within Level 1 - that are observable for an investment, either directly or indirectly. Examples are quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, inputs other than quoted prices that are observable for the investment, and market-corroborated inputs.

*Level 3:* Unobservable inputs for an investment. This uses the best information available which might include the government's own data.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 3: Investments (continued)**

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level	6/30/2021			
<b>Bonds and Equity Funds-</b>				
External Investment Pool	\$ 9,921,062	\$ 9,470,646		\$ 450,416
<b>Total Investments at Fair Value</b>	<b>\$ 9,921,062</b>	<b>\$ 9,470,646</b>		<b>\$ 450,416</b>

**Deposits with Trustee**

At June 30, 2021, the University’s deposits with trustee in the amount of \$309,487 were invested by the trustee in certificates of deposit and The Federated Government Obligations Fund.

**The Federated Government Obligations Fund**

This fund operates as a “government money market fund” as defined in or interpreted under Rule 2a-7 under the Investment Company Act of 1940, as amended. Under normal conditions, this fund will invest its assets so that at least 80% of its net assets are invested in government securities and/or repurchase agreements that are collateralized fully by government securities.

**Investments Measured at the NAV**

Calculation of Net Asset Value – The Fund attempts to stabilize the NAV of its Shares at \$1.00 by valuing the portfolio securities using the amortized cost method. In addition, for regulatory purposes, the Fund calculates a market-based NAV per Share on a periodic basis. The Fund cannot guarantee that its NAV will always remain at \$1.00 per Share. The Fund does not charge a front-end sales charge. Shares can be purchased, redeemed or exchanged any day the NYSE is open.



NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 3: Investments (continued)**

**Federated Government Obligations Fund**

<u>Security Description</u>	<u>Fair Value</u>
Government Agencies <sup>(1)</sup>	\$ 46,114
Repurchase Agreements <sup>(2)</sup>	32,187
U.S. Treasury <sup>(1)</sup>	231,186
Total Investments measured at the NAV	<u>\$ 309,487</u>

- (1) *Government Agencies and U.S. Treasury – Fixed-Income Securities.* Fixed-income securities pay interest, dividends, or distributions at a specified rate. The rate may be a fixed percentage of the principal or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase the issuer’s earnings. This limits the potential appreciation of fixed –income securities as compared to equity securities.

A security’s yield measures the annual income earned on a security as a percentage of its price. A security’s yield will increase or decrease depending upon whether it costs less (a “discount”) or more (a “premium”) than the principal amounts. If the issuer may redeem the security before its scheduled maturity, the price and yield on a discount or premium security may change based upon the probability of an early redemption. Securities with higher risks generally have higher yields.

The following describes the types of fixed-income securities in which the Fund principally invests:

U.S. Treasury Securities – are direct obligations of the federal government of the United States.

Government Securities – are issued or guaranteed by a federal agency or instrumentality acting under federal authority. Some government securities, including those issued by Fannie Mae, are supported by the full faith and credit of the United States and are guaranteed only as to the timely payment of interest and principal.

Other government securities receive support through federal subsidies, loans or other benefits, but are not backed by the full faith and credit of the United States. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Freddie Mac, and Fannie Mae in support of such obligations.

Some government agency securities have no explicit financial support, and are supported only by the credit of the applicable agency, instrumentality, or corporation. The U.S. government has provided financial support to Freddie Mac, and Fannie Mae, but here is no assurance that it will support these or other agencies in the future.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 3: Investments (continued)**

Callable Securities – are certain U.S. Treasury or government securities in which the Fund invests are callable at the option of the issuer. Callable securities are subject to call risks.

- (2) *Repurchase Agreements.* Repurchase agreements are transactions in which the Fund buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting the Fund’s return on the transaction. This return is unrelated to the interest rate on the underlying security. The Fund will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Adviser.

The Fund’s custodian or sub-custodian will take possession of the securities subject to repurchase agreements. The Adviser or sub custodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

**NOTE 4: Donor Restricted Endowment**

The University has a donor restricted endowment, entitled “Lillian Massie Permanent Endowment Fund”, that is to be used by the Department of Liberal and Fine Arts for support and scholarship. The original contribution was \$155,929 and the balance was \$229,748 as of June 30, 2021. During fiscal year 2021, the endowment funds were invested in an external investment pool under the management of the Arkansas Tech University Foundation, Inc. The same guidelines will continue to apply in that the University may not spend any of the principal. 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 original principal of \$155,929 was reported as nonexpendable restricted net position. The University does not utilize a spending rate for the net appreciation.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 5: Disaggregation of Accounts and Other Receivables**

Accounts receivable consisted of the following at June 30, 2021 and June 30, 2020, respectively:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Student Tuition and Fees	\$ 2,646,705	\$ 2,640,486
Auxiliary Enterprise and Other Operating Activities	1,302,846	1,073,539
Scholarship	9,495	6,832
Federal, State and Private Grants & Contracts	922,757	540,013
Accrued Interest	60	3,233
Credit Memos	13,572	61,625
Other	148,768	94,549
	<u>5,044,203</u>	<u>4,420,277</u>
Less Allowance for Doubtful Accounts	<u>(1,335,281)</u>	<u>(1,138,370)</u>
Net Accounts Receivable	<u>\$ 3,708,922</u>	<u>\$ 3,281,907</u>

**NOTE 6: Inventories**

Inventories consisted of the following at June 30, 2021, and June 30, 2020, respectively:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Museum	\$12,078	\$12,078
Post Office	38,050	14,400
Lake Point Conference Center		14,849
Supplies	9,464	6,309
	<u>\$59,592</u>	<u>\$47,636</u>

**NOTE 7: Notes Receivable**

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the notes receivable at June 30, 2021. The Program provides for cancellation of a loan at rates 10 percent to 30 percent per year up to a maximum of 100 percent if the participant complies with certain provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible notes that, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2021, the notes receivable were \$372,671, net of the allowance for uncollectible loans of \$462,941.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 8: Capital Assets**

Following are the changes in capital assets for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
<b>Capital assets not depreciated</b>				
Land	\$ 3,572,259		\$ (1,067,000)	\$ 2,505,259
Landscaping	235,557			235,557
Livestock for educational purposes	210,210	\$ 75,950	(115,095)	171,065
Construction in progress	6,732,860	4,932,679	(252,818)	11,412,721
<b>Total capital assets not being depreciated</b>	<b>\$ 10,750,886</b>	<b>\$ 5,008,629</b>	<b>\$ (1,434,913)</b>	<b>\$ 14,324,602</b>
<b>Other capital assets</b>				
Intangible Asset - Software License	\$ 1,419,153			\$ 1,419,153
Capital Leases*	1,614,785			1,614,785
Non-major infrastructure networks	9,124,879	\$ 476,890	\$ (253,605)	9,348,164
Land improvements	14,802,410	106,265	(150,780)	14,757,895
Buildings	228,878,212	1,418,244	(2,236,145)	228,060,311
Furniture, fixtures and equipment	17,622,526	858,241	(2,456,514)	16,024,253
Library holdings	8,861,867	78,614	(17,078)	8,923,403
<b>Total other capital assets</b>	<b>282,323,832</b>	<b>2,938,254</b>	<b>(5,114,122)</b>	<b>280,147,964</b>
<b>Less accumulated depreciation:</b>				
Intangible Asset - Software License	(1,419,153)			(1,419,153)
Capital Leases*	(1,614,785)			(1,614,785)
Non-major infrastructure networks	(6,572,784)	(497,877)	236,508	(6,834,153)
Land improvements	(10,245,585)	(723,662)	141,057	(10,828,190)
Buildings	(105,878,843)	(7,639,177)	1,272,111	(112,245,909)
Furniture, fixtures, and equipment	(14,683,103)	(823,339)	2,431,918	(13,074,524)
Library materials	(7,991,140)	(184,479)	17,078	(8,158,541)
<b>Total accumulated depreciation</b>	<b>(148,405,393)</b>	<b>(9,868,534)</b>	<b>4,098,672</b>	<b>(154,175,255)</b>
<b>Other capital assets, net</b>	<b>\$ 133,918,439</b>	<b>\$ (6,930,280)</b>	<b>\$ (1,015,450)</b>	<b>\$ 125,972,709</b>
<b>Capital Asset Summary:</b>				
Capital assets not being depreciated	\$ 10,750,886	\$ 5,008,629	\$ (1,434,913)	\$ 14,324,602
Other capital assets, at cost	282,323,832	2,938,254	(5,114,122)	280,147,964
<b>Total cost of capital assets</b>	<b>293,074,718</b>	<b>7,946,883</b>	<b>(6,549,035)</b>	<b>294,472,566</b>
Less accumulated depreciation	(148,405,393)	(9,868,534)	4,098,672	(154,175,255)
<b>Capital assets, net</b>	<b>\$ 144,669,325</b>	<b>\$ (1,921,651)</b>	<b>\$ (2,450,363)</b>	<b>\$ 140,297,311</b>

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 9: Unearned Revenue**

Unearned revenue consists of the following at June 30, 2021 and June 30, 2020, respectively:

	June 30, 2021	June 30, 2020
Prepaid tuition and fees	\$956,903	\$939,504
Grants and contracts	1,316,969	953,412
Scholarships	179,667	137,981
Other	1,395,827	1,537,970
	\$3,849,366	\$3,568,867

**NOTE 10: Long Term Liabilities**

Long-term liability activity for the year ended June 30, 2021 was as follows:

Long Term Liabilities	June 30, 2020	Additions	Deletions	June 30, 2021	Current Portion	Noncurrent Portion
General obligation bonds	\$ 67,915,000	\$ 39,120,000	\$ 41,585,000	\$ 65,450,000	\$ 3,285,000	\$ 62,165,000
Less bond discount	80,068	12,695	74,820	17,943	828	17,115
Plus bond premium	1,327,227	846,172	223,813	1,949,586	97,522	1,852,064
Bonds from direct placements	3,883,953		3,883,953			
<b>Total bonds payable</b>	<b>73,046,112</b>	<b>39,953,477</b>	<b>45,617,946</b>	<b>67,381,643</b>	<b>3,381,694</b>	<b>63,999,949</b>
Notes Payable from direct placements	975,274		64,654	910,620	66,232	844,388
Compensated absences	2,467,289	2,197,296	2,248,668	2,415,917	628,138	1,787,779
<b>Total</b>	<b>\$ 76,488,675</b>	<b>\$ 42,150,773</b>	<b>\$ 47,931,268</b>	<b>\$ 70,708,180</b>	<b>\$ 4,076,064</b>	<b>\$ 66,632,116</b>

*Additional information regarding the note payable is included in note 12*

*Additional information regarding revenue bonds payable is included in Note 11.*

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 11: Bonds Payable**

On December 17, 2020, the University issued refunding bonds of \$6,565,000 with interest rates of 0.68 to 3.32 percent to refund three Capital Improvement Bonds with a total outstanding balance of \$6,450,000. The December 1, 2012 Capital Improvement Revenue Bond had an outstanding balance of \$2,295,000 with interest rates that were 1.3 to 3.8 percent. The February 1, 2013 Capital Improvement Revenue Bond had an outstanding balance of \$2,705,000 with interest rates that were 1.2 to 4.0 percent. The June 13, 2013 Capital Improvement Revenue Bond had an outstanding balance of \$1,450,000 with interest rates that were 1.0 to 4.2 percent. Net bond proceeds of \$6,554,937 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. Of the \$6,554,937, \$6,341,076 was funding from the new refunding and \$213,861 was prior issues balances. The bonds were called on December 17, 2020. The issuance of these bonds will result in a savings of \$750,402 to the University over the life of the bonds. The University issued the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$344,951.

On December 17, 2020, the University issued refunding bonds of \$8,065,000 with interest rates of 1.3 to 3.0 percent to refund two Student Fee Revenue Bonds with a total outstanding balance of \$8,046,831. The November 1, 2013 Student Fee Revenue Bond had an outstanding balance of \$4,260,000 with interest rates that were 1.2 to 5.0 percent. The December 8, 2018 Student Fee Revenue Bond had an outstanding balance of \$3,786,831 with an interest rate of 2.975 percent. Net bond proceeds of \$8,064,514 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. Of the \$8,064,514, \$7,911,644 was funding from the new refunding and \$152,870 was prior issues balance. The Bonds were called on December 17, 2020. The issuance of these bonds will result in a savings of \$1,709,601 to the University over the life of the bonds. The University issued the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,242,042.

On February 25, 2021, the University issued advanced refunding bonds of \$16,440,000 consisting of Student Fee Refunding Revenue Bonds, Series 2021A of \$5,060,000 with interest rates of 2.0 to 3.0 percent and Student Fee Refunding Revenue Bonds, Taxable Series 2021B of \$11,380,000 with interest rates of 0.51 to 2.7 percent. The bonds refunded by the February 25, 2021 issues consisted of the following: October 1, 2014 Student Fee Revenue Bond Series 2014 with an outstanding balance of \$5,275,000 with an interest rate of 2.0 to 3.75 percent and the October 1, 2014 Student Fee Refunding Bond Series 2014 with an outstanding balance of \$13,600,000 with an interest rate of 2.0 to 3.63 percent. Net bond proceeds of \$19,204,974 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. The \$19,204,974 earned \$1,710 while in escrow. \$19,202,041 was used to redeem the bond and the remaining balance was deposited in the bond's reserve account. Included in that amount is the University's equity contribution in the amount of \$2,127,674 to the escrow account for the future debt service payments. Also in the \$19,204,974, there was \$16,402,021 from the new refunding and \$675,279 from the prior issues balance. The advance refunding was done to take advantage of the lower interest rates. The bonds were called on May 1, 2021.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 11: Bonds Payable (continued)**

The issuance of these bonds will result in a savings of \$5,989,765 to the University over the life of the bonds. The University issued the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,140,014.

On February 25, 2021, the University issue advanced refunding bonds of \$8,050,000 with interest rates of 2.0 to 3.0 percent to refund \$8,635,000 of outstanding bonds dated October 1, 2014. The interest rates of the bonds refunded were 2.0 to 3.6 percent. Net bond proceeds of \$8,792,604 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. Of the \$8,792,604, \$8,436,445 was funding from the new refunding bond and \$356,159 was prior issues balance. The \$8,792,604 earned \$783 interest while in escrow. \$8,789,281 was used to redeem the bond and the remaining balance was deposited into the reserve account. The advance refunding was done to take advantage of the lower interest rates. These bonds were called on May 1, 2021. The issuance of these bonds will result in a savings of \$1,730,707 to the University over the life of the bonds. The University issued the refunding to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,158,981.

On November 1, 2020, the University made the final payment to the 2015 Student Fee Revenue Improvement Bond with interest rates of 1.0 to 2.0 percent. There was \$210,219 remaining in the Debt Service Reserve Fund, which was transferred to the 2020 Student Fee Refunding Bond for future debt service payments.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 11: Bonds Payable (continued)**

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
<b>Revenue Bonds Series 2012</b>			
<b>Chambers Cafeteria Renovation</b>			
1.3%-3.8%			
December 1, 2012			
Final Maturity Date: January 1, 2043			
Food Service revenues will be maintained at a level equal to at least 120% of the combined maximum annual debt service.			
	\$ 2,750,000		\$ 2,750,000
<b>Revenue Bonds Series 2013</b>			
<b>Chambers Cafeteria Renovation</b>			
1.2%-4.0%			
February 1, 2013			
Final Maturity Date: January 1, 2043			
Food Service revenues will be maintained at a level equal to at least 120% of the combined maximum annual debt service.			
	3,250,000		3,250,000
<b>Revenue Bonds Series 2013A</b>			
<b>Chambers Cafeteria Renovation</b>			
1.0%-4.2%			
June 13, 2013			
Final Maturity Date: January 1, 2043			
Food Service revenues will be maintained at a level equal to at least 120% of the combined maximum annual debt service.			
	1,750,000		1,750,000

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NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 11: Bonds Payable (continued)**

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
<b>Revenue Bonds Series 2013</b>			
<b>Brown Building</b>			
1.2%-5.0%			
November 1, 2013			
Final Maturity Date: December 1, 2043			
Student Fees will be maintained at a level equal to at least 120% of the combined maximum annual debt service.			
	\$ 5,000,000		\$ 5,000,000
<b>Student Fee Refunding Bond Series 2014</b>			
<b>2008 Student Services/Academic Classroom</b>			
<b>2008 Physical Plant</b>			
<b>2009 Rothwell, McEver &amp; Corley</b>			
2.0%-3.63%			
October 1, 2014			
Final Maturity Date: May 1, 2039			
Student Fees will be maintained at a level equal to at least 120% of the combined maximum annual debt service.			
	16,335,000		16,335,000
<b>Student Fee Revenue Bond Series 2014</b>			
<b>Ozark Allied Health Building</b>			
2.0%-3.75%			
October 1, 2014			
Final Maturity Date: May 1, 2044			
Student Fees will be maintained at a level equal to at least 120% of the combined maximum annual debt service.			
	6,000,000		6,000,000

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NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 11: Bonds Payable (continued)**

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
<p><b>Housing Revenue Refunding Bond Series 2014</b>  <b>2006 Baswell Hall, 2009 Hughes/Critz</b>                      2.0%-3.63%                      October 1, 2014                      Final Maturity Date: May 1, 2039                      Housing Fees will be maintained at a level equal to at least 120% of the combined maximum annual debt service.</p>	\$ 10,995,000		\$ 10,995,000
<p><b>Student Fee Revenue Improvement Bonds</b>  <b>2015 Computer Equipment Project</b>                      1.0%-2.0%                      November 1, 2015                      Final Maturity Date: November 1, 2020                      Student Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.</p>	2,000,000		2,000,000
<p><b>Housing Revenue Refunding Bond Series 2017</b>  <b>2001 Nutt Hall/ 2011 Tucker Hall</b>  <b>2011A &amp; 2012A M Street Dorm</b>  <b>2012B Paine Hall</b>  <b>2012C Baswell Hall</b>                      3.0%-3.75%                      December 21, 2017                      Final Maturity Date: June 1, 2041                      Housing Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.</p>	21,945,000	18,810,000	3,135,000

*(Continued on next page)*

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 11: Bonds Payable (continued)**

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
<b>Student Fee Revenue Refunding Bond Series 2017</b>			
2010 Ozark Student Union			
2012A Old Art & 2012B 2003 Art Building			
2012C 2004 Hull Building			
2012B 2005 Art Building			
3.0%-4.0%			
December 21, 2017			
Final Maturity Date: June 1, 2042			
Student Fee will be maintained at a level equal to at least 120% of combined maximum annual debt service.			
	\$ 7,550,000	\$ 5,885,000	\$ 1,665,000
 <b>Revenue Refunding Bond Series 2017</b>			
2007 Sports Complex/Baswell Hall			
2012 Baseball Field			
3.0%-3.75%			
December 21, 2017			
Final Maturity Date: June 1, 2042			
Athletic Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.			
	3,470,000	2,995,000	475,000

*(Continued on next page)*

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 11: Bonds Payable (continued)**

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
<p><b>Capital Improvement Refunding Revenue Bond Taxable Series 2020A</b>  <b>Chambers Cafeteria Renovation</b>                      0.68%-3.32%                      December 17, 2020                      Final Maturity Date: June 30, 2043                      Food Service revenues will be maintained at a level to at least 120% of combined maximum annual debt service.</p>	\$ 6,565,000	\$ 6,300,000	\$ 265,000
<p><b>Student Fee Refunding Revenue Bonds Series 2020A</b>  <b>Brown Building</b>  <b>Phase I Energy Project</b>                      1.3%-3.0%                      December 17, 2020                      Final Maturity Date: December 1, 2043                      Athletic Fees will be maintained at a level equal to at least 120% of combined maximum annual debt service.</p>	8,065,000	8,065,000	
<p><b>Student Fee Refunding Revenue Bonds Series 2021A</b>  <b>Ozark Allied Health Building</b>                      2.0% - 3.0%                      February 25, 2021                      Final Maturity Date: May 1, 2044                      Student Fees will be maintained at a level to at least 120% of combined maximum annual debt service.</p>	5,060,000	4,900,000	160,000

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NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 11: Bonds Payable (continued)**

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
<p><b>Student Fee Refunding Revenue Bond Taxable Series 2021B</b>                      2008 Student Services/Academic Classroom                      2008 Physical Plant                      2009 Rothwell, McEver &amp; Corley                      0.51%-2.7%                      February 25, 2021                      Final Maturity Date: May 1, 2039                      Student Fees will be maintained at a level to at least 120% of combined maximum annual debt service.</p>	\$ 11,380,000	\$ 10,865,000	\$ 515,000
<p><b>Housing System Refunding Revenue Bonds, Series 2021A</b>                      2006 Baswell Hall, 2009 Hughes/Critz                      2.0%-3.0%                      February 25, 2021                      Final Maturity Date: May 1, 2039                      Housing Fees will be maintained at a level to at least 120% of combined maximum annual debt service.</p>	8,050,000	7,630,000	420,000

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NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 11: Bonds Payable (continued)**

<u>Pledged Revenues</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
<b>Student Fee Revenue Bond, Series 2018A</b>			
<b>Phase I Energy Project</b>			
2.975%			
December 8, 2018			
Final Maturity Date: December 18, 2033			
Student fee will be maintained at a level equal to at least 120% of combined maximum annual debt service.			
	\$ 4,000,000		\$ 4,000,000
Bond Discount	(18,771)	(17,943)	(828)
Bond Premium	<u>2,047,108</u>	<u>1,949,586</u>	<u>97,522</u>
<b>Total</b>	<b><u>\$ 126,193,337</u></b>	<b><u>\$ 67,381,643</u></b>	<b><u>\$ 58,811,694</u></b>

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 11: Bonds Payable (continued)**

Principal and interest on these revenue bonds are collateralized by a pledge of revenues produced by the facilities constructed with the bond proceeds and/or student activity fees and facility fees. Certain of these bonds payable are callable at the option of the Board of Trustees.

As of June 30, 2021, debt service reserves aggregating \$309,487 were maintained. The University's reserve balances exceeded the reserve requirements at June 30, 2021.

The changes in bonds payable are as follows:

June 30, 2020	Issued	Retired	June 30, 2021
<u>\$ 71,798,953</u>	<u>39,120,000</u>	<u>45,468,953</u>	<u>\$ 65,450,000</u>

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 11: Bonds Payable (continued)**

Debt service requirements on long-term debt as June 30<sup>th</sup>, are as follows:

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2022	\$ 3,285,000	\$ 1,887,775	\$ 5,172,775
2023	3,375,000	1,798,002	5,173,002
2024	3,485,000	1,704,270	5,189,270
2025	3,550,000	1,605,593	5,155,593
2026	3,665,000	1,502,717	5,167,717
2027-2031	19,070,000	5,825,673	24,895,673
2032-2036	16,170,000	3,150,449	19,320,449
2037-2041	10,500,000	1,204,864	11,704,864
2042-2044	2,350,000	103,925	2,453,925
<b>Total</b>	<b>\$ 65,450,000</b>	<b>\$ 18,783,268</b>	<b>\$ 84,233,268</b>

Bond principal due within one year is reported as short-term bonds, while all principal due over one year is reported as long-term bonds. Short-term and long-term bonds payable at June 30, 2021, were \$3,285,000 and \$62,165,000, respectively.

In the event of a default for the general obligation bonds, the Trustee may, and upon written request of the holders of not less than 20% in principal amount of Bonds then outstanding shall, declare the principal of all the Bonds then outstanding to be due and immediately payable. The Trustee may, and upon the written request of the holders of not less than 20% of the Bonds then outstanding shall, proceed to protect and enforce its rights and the rights of the holders of the Bonds under the applicable law of the State of Arkansas and under the Indenture by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the indenture or in-aid or execution of any power granted in the indenture or for the enforcement of any other proper legal or equitable remedy, including mandamus, as the Trustee shall determine most effectual to enforce and protect such rights.



NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 12: Note Payable**

On December 16, 2018, the University entered into an agreement with the Arkansas Division of Higher Education for a \$1,100,000 College Savings Bond Loan. The purpose of the loan will be used for Phase I Energy Project, to include campus HVAC controls, and lighting. The debt service on the loan will be supported by revenue from tuition and fees. The term of the loan is fifteen (15) years at an estimated annual interest rate not to exceed 2.5 percent. Principal payments of \$64,654 and interest of \$23,797 were paid as of June 30, 2021. The principal outstanding at June 30, 2021 was \$910,620. The total principal and interest remaining to be paid on the note is \$1,061,418, as of June 30, 2021. The unpaid principal may be prepaid in whole or in part at any time without penalty.

Fiscal Year	Total Principal	Interest	Total Payments
2022	\$ 66,232	\$ 22,219	\$ 88,451
2023	67,848	20,603	88,451
2024	69,504	18,948	88,452
2025	71,200	17,252	88,452
2026	72,937	15,514	88,451
2027-2031	392,265	49,992	442,257
2032-2033	170,634	6,270	176,904
Totals	\$ 910,620	\$ 150,798	\$ 1,061,418

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 13: Commitments**

The Institution was contractually obligated for the following at June 30, 2021:

Project Name	Construction in Progress	Remaining on Contract	Completion Date
New Academic Facility	109,248		Suspended
New Public Safety Building	33,637		Suspended
Williamson ANCRC TGT1724	441,037		11/2/2021
Williamson Hall Renovation	752,096		11/2/2021
Williamson ANCRC TGT1807	571,524		11/2/2021
Williamson ANCRC TGT1910	463,948		11/2/2021
Williamson Fire Recovery	414,854	87,037	11/2/2021
Williamson Fire ATU Portion	87,502	186,515	11/2/2021
Williamson Insurance Proceeds	2,647,571	1,402,023	11/2/2021
New Campus Entrance	114,042	127,840	6/30/2023
Aux Storm Repair	22,535	44,265	8/30/2021
404 N El Paso Renovation	11,648	122,246	12/31/2021
Power Plant Replacement	9,000	82,837	8/27/2021
Paine Hall ResLife21	6,401	122,431	12/31/2021
ATU Student Rec & Student Union	639,252	10,776	1/30/2025
Baswell Hall ResLife 2020	25,950		7/30/2021
Wilson Hall ResLife 2020	832,075	64,465	8/30/2021
Hull Student Union	4,230,401	411,354	11/30/2021
Tucker Hall		114,092	9/15/2021
<b>Total CIP</b>	<b>\$ 11,412,721</b>	<b>\$ 2,775,881</b>	

\*Due to pending litigation, at this time the University is unable to determine the balance remaining on the contracts associated with the Williamson hall. See note 22 for further information.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 14: Employee Retirement Benefits**

**Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF)**

Plan Description: Arkansas Tech University participates in TIAA/CREF, 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/CREF. TIAA is an insurance company offering participants a traditional annuity with guaranteed principal and a specific interest rate plus the opportunity for additional growth through dividends. CREF is an investment company that offers a number of equity investment options. Arkansas Code Annotated § 24-7-804 authorizes participation in the plan. The University's contributions to TIAA/CREF for the years ended June 30, 2021, 2020, and 2019 were \$4,246,252, \$3,348,210, and \$3,442,711, respectively. Participants' contributions were \$2,576,632, \$2,510,983, and \$2,553,801, for the year ended June 30, 2021, 2020, and 2019, respectively.

Funding Policy: TIAA/CREF has contributory plans. Contributory members contribute a minimum of six percent of earnings to the plan. The University matches 10 percent for contributory members.

On September 1, 2004, the University also began offering the 457(b) plan. The plan is on a voluntary basis. Employees must reach their maximum contribution to the 403(b) plan before participating in the 457(b) plan and they are eligible to contribute up to the maximum amount established by the IRS. Employees have the same investment options under this plan as they do under the current 403(b) plan.

**Arkansas Teacher Retirement System:**

Plan Description: The University contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing, multiple employer defined benefit pension plan for employees who do not elect a qualified alternative retirement plan. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy: ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute six percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.50 percent of covered salaries, the maximum allowed by State law. The University contributions to ATRS for the years ended June 30, 2021, 2020, and 2019, were \$451,880, \$486,724, and \$541,074, respectively, equal to the required contributions for each year. See Note 21 for further detail on the ATRS pension plan.



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**NOTE 14: Employee Retirement Benefits (continued)**

**Arkansas Public Employees Retirement System**

**Plan Description:** The University contributes to the Arkansas Public Employees Retirement System (APERS), a cost sharing and multiple-employer defined benefit pension plan. Employees may elect coverage under APERS as a qualified retirement system. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by State Law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

**Funding Policy:** APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute five percent of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for higher education entities is 15.32 percent of covered salaries. The University's contributions to APERS for the years ended June 30, 2021, 2020, and 2019, were \$1,828,598, \$1,992,404, and \$2,062,144, respectively, equal to the required contributions for each year. See Note 21 for further detail on the APERS pension plan.

**Alternate Retirement Plans: VALIC and Delta Life**

Arkansas Tech University Ozark Campus offers two different Alternate Retirement Plans. The Alternate Retirement Plans are defined contribution plans. The plans are 403(b) programs as defined by IRS Code of 1986 as amended, and is administered by the Arkansas State Board of Workforce Education and Career Opportunities and the respective plan providers. The administrator provides insurance policies and annuity contracts and when they are issued they become property of the participant. Act 480 of 1983 provides alternative retirement plans, as approved by the Arkansas State Board of Workforce Education and Career Opportunities, for the staff members of Arkansas Tech University - Ozark Campus.

**Funding Policy:** The participants' contributions are tax-sheltered and amount to a minimum of six percent of compensation. Arkansas Tech University's contribution rate is 12 percent. Participants become vested after one year. Arkansas Tech University's contributions to VALIC for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2021, 2020, and 2019, were \$34,318, \$37,432, and \$39,378, respectively. The participants' contributions for VALIC for the years ended June 30, 2021, 2020, and 2019, were \$17,159, \$18,716, and \$19,676, respectively.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 14: Employee Retirement Benefits (continued)**

Arkansas Tech University's contributions to Delta Life for Arkansas Tech University - Ozark Campus staff that were employed prior to July 1, 2003 for the years ended June 30, 2021, 2020, and 2019, were \$612, \$8,243, and \$7,439, respectively. The participants' contributions for Delta Life for the year ended June 30, 2021, 2020, and 2019, were \$306, \$4,122, and \$3,714, respectively.

**NOTE 15: Postemployment Benefits Other Than Pension (OPEB)**

Arkansas Tech University implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. GASB Statement no. 75 establishes new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

**General Information about OPEB Plan**

**Medical Plan description.**

Arkansas Tech University offers a single-employer, defined benefit OPEB plan for all permanent benefits eligible employees. Employees who have reached age 60 and completed 10 years of service with Arkansas Tech University are eligible to participate in the University's Retirement with Benefits Plan. The University allows continued group health insurance coverage until the retiree reaches Medicare eligibility. Coverage is also offered to dependents. If the retiree predeceases the dependent, coverage for the survivor ceases.

For participants retiring before July 1, 1998, eligibility is based on attainment of age 55 and completion of 20 years of service or completion of 30 years of service at any age. The University pays the premium for health insurance coverage for the lifetime of the retiree.

For participants retiring between July 1, 1998 and July 1, 2017, the University pays one hundred percent of the retiree's premium for health insurance coverage until the individual reaches Medicare eligibility.

For participants retiring after July 1, 2017, the retiree will be responsible for the same percentage of premium that they were responsible for while active. The retiree will also be subject to premium changes in the same proportion as the active employee group. Coverage is still offered until Medicare eligibility.

Additionally, the University has four employees that participate in the Arkansas State Employee Health Insurance Plan (administered by the Arkansas Department of Finance and Administration Employee Benefits Division), a single-employer defined benefit healthcare plan. As a partial participant in the plan, the University's partial increase in the OPEB liability of \$307,783 represents a pro-rata share of the statewide liability, which was actuarially determined in accordance with GASB Statement no. 75. Required information and actuarial data of the statewide liability are disclosed in the Arkansas Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 15: Postemployment Benefits Other Than Pension (OPEB) (continued)**

<b>Arkansas Tech University Medical Plans Effective January 1, 2020</b>			
<b>Plan:</b>	<b>PPO \$950</b>	<b>PPO \$4,000</b>	<b>HSA \$4,000</b>
Non-Medicare Benefit Ratio	0.831	0.730	0.782
<b><u>In-Network (INN) Benefits</u></b>			
Deductible (Ded) (Individual/Family)	\$950/\$1,900	\$4,000/\$8,000	\$4,000/\$8,000
Coinsurance	20%	30%	0% after Deductible
Out-of-Pocket Max (Individual/Family)	\$3,450/\$6,900	\$7,500/\$15,000	\$4,000/\$8,000
Preventive Care	No Charge	No Charge	No Charge
Office Visit (OV) - Primary Care (PCP)	\$35 Copay	\$50 Copay	DC*
OV - Specialist Care Provider (SCP)/Urgent Care/Chiro/PT	\$35 Copay	DC*	DC*
Hospital Emergency Room (ER)	DC*	DC*	DC*
Outpatient Surgery	DC*	DC*	DC*
Hospital Inpatient	DC*	DC*	DC*
<b><u>Out-of-Network (OON) Benefits</u></b>			
Deductible (Individual/Family)	\$950/\$1,900	\$4,000/\$8,000	\$8,000/\$16,000
Coinsurance	40%	50%	20%
Out-of-Pocket Max (Individual/Family)	N/A	\$18,000/\$36,000	N/A
Office Visits (PCP) & (SCP)	DC*	DC*	DC*
<b><u>Prescription Drugs</u></b>			
Retail (30 Days) - Generic/Formulary / Non-Form./Specialty Copay	\$15/\$45/\$65/\$65	\$20/\$50/\$70/\$250	DC*
Mail Order (90 Days) - Generic/Form / Non-Form./Specialty Copay	\$15/\$45/\$65/\$65	\$20/\$50/\$70/\$250	DC*
<b><u>Selected INN Detail Benefits</u></b>			
Skilled Nursing Facility	DC*	DC*	DC*
Advanced Imagines (CT, MRI, PET)	DC*	DC*	DC*
Manipulations (Physical, Speech, and Occupational Therapy)	DC*	DC*	DC*
Home Health	DC*	DC*	DC*
Ambulance	DC*	DC*	DC*

\* DC=Deductible and Coinsurance apply.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)**

**Life Insurance Plan Description**

The University also offers a life insurance plan to retirees. Maximum coverage is the lower of either \$50,000 or two times the employee’s annual salary. Coverage reduces by 33 1/3% at age 65 and at age 70. Upon retirement, benefits reduce to a maximum of \$20,000.

*Employees Covered by Benefit Terms.*

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payment	47
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	854
	901

**Total OPEB Liability**

Arkansas Tech University’s total OPEB liability of \$9,050,421 was measured as of June 30, 2020, and was determined by a June 30, 2020 valuation date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB statement no. 75.

*Actuarial assumptions and other inputs:*

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

Inflation	3.25 percent
Salary increases	Sample merit and longevity increases excluding inflation shown below.

<u>Age</u>	<u>Merit &amp; Longevity</u>
20	6.6%
25	5.1%
30	3.2%
35	2.3%
40	1.9%
45	1.5%
50	1.1%
55	0.8%
60	0.7%

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)**

*Actuarial assumptions and other inputs (Continued).*

Discount rate	2.21 percent for the valuation measured as of June 30, 2020 3.50 percent for the valuation measured as of June 30, 2019
Health cost trend rates	The initial health cost trend was 7.5% in 2020 and declines gradually to an ultimate rate of 4.50% starting in 2041.
Retirees' share of benefit-related costs	Retirees are responsible for the portion of premium rates not covered by the University's explicit subsidy. Employees retiring on/after July 1, 2017 will be responsible for the same percentage of premiums that they were responsible for while active.
Measurement date	A July 1, 2020 measurement date was used.

The discount rate as of June 30, 2020 is 2.21%, which is the 20-year bond buyer index rate as of July 2, 2020. The discount rate as of June 30, 2019 is 3.50%, which is the 20-year bond buyer index rate as of June 27, 2019.

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of a 2011 actuarial experience study.



NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)**

**Changes in Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at 6/30/20</b>	<u>\$8,692,035</u>
<b>Changes for the year</b>	
Service Cost	565,846
Interest	311,890
Difference between expected and actual experience	(757,374)
Changes of assumptions	937,496
Benefit payments	<u>(699,472)</u>
<b>Net changes</b>	<u>358,386</u>
<b>Balance at 6/30/21</b>	<u><u>\$9,050,421</u></u>

During the measurement year, the TOL increased by \$358,386. The service cost and interest cost increased the TOL by \$877,736 while benefit payments decreased the TOL by \$699,472.

There were liability gains of \$757,374 due to benefit changes during the year. There was a decrease in enrollment across all plans.

There were no benefit changes.

There were assumption changes due to the change in the 20-year Bond Buyer Index rate. The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020. This assumption change resulted in a net increase in the liability of \$937,496.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)**

*Sensitivity of the total OPEB liability to changes in the discount rate:*

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce higher TOL and higher discount rates produce a lower TOL. The following table shows the sensitivity of the TOL to the discount rate. A one percent decrease in the discount rate increases the TOL by approximately 10%. A one percent increase in the discount rate decreases the TOL by approximately 8%.

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
<b>Total OPEB Liability</b>	\$ 9,940,769	\$ 9,050,421	\$ 8,306,527

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:*

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce lower TOL and higher healthcare trends produce higher TOL. The following table shows the sensitivity of the TOL to healthcare trends. A one percent decrease in healthcare trends decreases the TOL by approximately 7%. A one percent increase in the healthcare trend rate increases the TOL by approximately 8%.

	1% Decrease	Heathcare Trend	1% Increase
<b>Total OPEB Liability</b>	\$ 8,430,185	\$ 9,050,421	\$ 9,775,360

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 15: Postemployment Healthcare and Life Insurance Benefits (continued)**

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

For the year ended June 30, 2021, the University recognized contributions subsequent to the measurement date of \$636,588. In addition, the University recognized an OPEB expense of \$478,935. The following table summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter if any.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 1,108,586
Changes in assumptions	\$ 1,223,959	1,603,471
Contributions subsequent to the measurement date	636,588	
<b>Totals</b>	<b>\$ 1,860,547</b>	<b>\$ 2,712,057</b>

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, these subsequent contributions will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported above as deferred inflows will be recognized in OPEB expense as follows:

Year Ended	Amount
June 30,	
2022	\$ (188,264)
2023	(188,264)
2024	(188,264)
2025	(188,264)
2026	(188,264)
Thereafter	546,778

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**Note 16: Risk Management**

Due to the diverse risk exposure, the insurance maintained by the University contains a comprehensive variety of coverage. These coverages are outlined as follows:

Items Insured	Coverage	Contributions	Administrator
Buildings	Replacement value or agreed amount (\$25,000 deductible for each incident)	N/A	State of Arkansas Multi-Agency Property Program
Contents	Replacement value (\$25,000 deductible for each incident.)	N/A	State of Arkansas Multi-Agency Property Program
General liability	N/A	N/A	Arkansas Claims Commission
Automobile fleet	Comprehensive or liability	N/A	State of Arkansas Automobile Insurance Policy
Life insurance program	N/A	50% Employee 50% University	USABLE
Health care program	N/A	Partial employee contribution for individual coverage; entire premium amount for covered dependents.	Arkansas Blue Cross Blue Shield
Workers' compensation	Reimbursement of medical expenses and loss of salary due to job-related injury or illness.	The administrator is reimbursed quarterly for claims paid and administrative expenses	Arkansas Public Employees Claims Division

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**Note 16: Risk Management (continued)**

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. Coverage is provided for actual losses incurred as a result of fraudulent or dishonest acts by State employees or officials. There is a limit of \$300,000 and a \$2,500 deductible for each loss. The Department of Finance and Administration withholds the amounts for the premiums from the University's State Treasury funds.

The University participates in the Property Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer on behalf of members, a program of insurance to obtain lower costs for property coverage and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University participates in the Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The general objective of the program is to allow members a means of insuring vehicles. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The University pays an annual premium for this coverage.

The University maintains workers' compensation coverage through the State of Arkansas program, Arkansas Code Annotated § 11-9-305. Annual premiums are based on a formula calculated by the Arkansas Department of Finance and Administration.

Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**Note 17: Natural Classifications with Functional Classifications**

The University's operating expenses by functional classification were as follows:

Functional Classification	Personal Services	Benefits	Scholarships & Fellowships	Supplies & Services	Depreciation & Amortization	Total
Instruction	\$ 25,528,139	\$ 8,120,021	\$ 135,722	\$ 7,084,713		\$ 40,868,595
Research	3,335,650	970,380	292	197,030		4,503,352
Public service	637,472	215,608		41,893		894,973
Academic support	4,524,402	1,668,986		2,833,299		9,026,687
Student service	4,656,457	1,708,092	1,822	1,311,535		7,677,906
Institutional support	7,554,634	3,683,326		5,354,651		16,592,611
Operation of plant	3,204,965	1,833,321		6,561,819		11,600,105
Scholarships			21,512,953			21,512,953
Depreciation					\$ 9,868,534	9,868,534
Auxiliary enterprises	4,890,457	1,523,567	2,193,471	8,980,810		17,588,305
<b>Total expense</b>	<b>\$ 54,332,176</b>	<b>\$ 19,723,301</b>	<b>\$ 23,844,260</b>	<b>\$ 32,365,750</b>	<b>\$ 9,868,534</b>	<b>\$ 140,134,021</b>

**NOTE 18: Disaggregation of Payables**

The accounts payable and other liabilities of \$3,575,448 consisted of \$2,670,676 due to vendors, salaries, and other payroll related items, \$254,893 of construction contract retainages held, \$382,963 due for construction contractor payments, and \$266,916 due for bond interest.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 19: Pledged Revenues**

At June 30, 2021, the University's pledged revenues were as follows:

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEGGED	GROSS REVENUE COLLECTED
Auxiliary Revenue Bond 2020A	12/17/2020	6/30/2043	Renovate Chambers Cafeteria	Russellville Food Service Revenue	\$ 6,211,061
Student Fee Revenue Bonds- 2020	12/17/2020	12/1/2043	Construct Brown Building; Energy Project	Student Tuition & Fees	63,571,933
Student Fee Revenue Bonds- 2021B	2/25/2021	5/1/2039	Ozark Student Services Building; Academic Classroom; Physical Plant; Rothwell McEver & Corley Buildings	Student Tuition & Fees	63,571,933
Student Fee Revenue Bonds- 2021A	2/25/2022	5/1/2044	Construct Ozark Allied Health Building and refoof Ozark Technology and Academic Support Building	Student Tuition & Fees	63,571,933
Housing Refunding Bonds 2021A	2/25/2021	5/1/2039	Baswell Hall, Critz Hall and Hughes Building	Housing Fees	10,497,459

*(continued on next page)*

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 19: Pledged Revenues (continued)**

BONDS	ISSUE DATE	MATURITY DATE	PURPOSE	PLEGGED	GROSS REVENUE COLLECTED
Housing Refunding Bonds-2017	12/21/2017	6/1/2041	2001 Nutt Hall 2011 Tucker Hall 2011A M. Street Dorm 2012A M. Street Dorm 2012B Paine Hall 2012C Baswell Hall	Housing Fees	\$10,497,459
Student Fee Refunding Bonds-2017	12/21/2017	6/1/2042	2010 Oz Student Union 2012A Old Art Building 2012B 2003 Art Bldg 2012C 2004 Hull Bldg 2012D 2005 Art Bldg	Student Tuition & Fees	63,571,933
Athletic Refunding Bonds 2017	12/21/2017	6/1/2042	2007 Sports Complex 2012 Baseball Field	Athletic Revenues	6,008,011

*(continued on next page)*



NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 19: Pledged Revenues (continued)**

BONDS	ISSUE	FY 2021 PRINCIPAL PAID	FY 2021 INTEREST PAID	PRINCIPAL OUTSTANDING 6/30/2021	INTEREST OUTSTANDING 6/30/2021
Student Fee Revenue Bonds 2013	\$5,000,000	\$ 115,000	\$ 98,249		
Student Fees Refunding Bonds 2014	16,335,000		233,931		
Student Fee Revenue Bonds 2014	6,000,000		92,525		
Housing Refunding Bonds 2014	10,995,000		154,281		
Student Fee Revenue Bonds 2015	2,000,000	410,000	4,100		
Auxiliary Revenue Bond 2020A	6,565,000	265,000	84,919	\$ 6,300,000	\$ 2,270,773
Student Fee Revenue Bonds 2020A	8,065,000		78,116	8,065,000	1,846,994

*(continued on next page)*

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 19: Pledged Revenues (continued)**

BONDS	ISSUE	FY 2021 PRINCIPAL PAID	FY 2021 INTEREST PAID	PRINCIPAL OUTSTANDING 6/30/2021	INTEREST OUTSTANDING 6/30/2021
Housing Refunding Bonds 2021A	\$8,050,000	\$ 420,000	\$ 40,865	\$ 7,630,000	\$ 1,710,900
Student Fee Revenue Bonds- 2020A	5,060,000	160,000	24,266	4,900,000	1,555,888
Student Fee Revenue Bonds- 2021B	11,380,000	515,000	37,777	10,865,000	2,392,294
Housing Refunding Bonds 2017	21,945,000	915,000	744,238	18,810,000	6,541,219
Student Fee Refunding Bonds 2017	7,550,000	435,000	237,881	5,885,000	1,480,650
Athletic Fee Refunding Bonds 2017	3,470,000	130,000	97,500	2,995,000	984,550
Student Fee Refunding Bonds- 2018	4,000,000	97,100	48,601		

*The approximate percentages of revenues pledged for the year ended June 30, 2021 were as follows:*

*Student tuition and fees – 4.07%*

*Food service fees – 5.63%*

*Housing fees – 21.67%*

*Athletic revenue – 3.79%*

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 20: Contingent Liabilities**

On August 24, 2016, the Securities and Exchange Commission entered a cease-and-desist order to the Board of Trustees of Arkansas Tech University pursuant to Section 8A of the Securities Act of 1933. The matter involved material omissions by Arkansas Tech University in the sale of municipal securities. Specifically, in certain official statements for municipal securities, Arkansas Tech University failed to disclose that it had not been in material compliance with prior agreements to provide continuing disclosure. Arkansas Tech University was an issuer responsible for making the continuing disclosure and for the omissions in the official statements. As a result of the conduct, Arkansas Tech University violated Section 17(a)(2) of the Securities Act. The violations were self-reported by Arkansas Tech University to the SEC pursuant to the Division of Enforcement's Municipalities Continuing Disclosure Cooperation Initiative. In addition to other undertakings including, but not limited to establishing appropriate written policies, complying with existing continuing disclosure undertaking, and updating past delinquent filings, Arkansas Tech University shall disclose in a clear and conspicuous fashion the terms of the settlement in Administrative Proceeding File No. 3-17426 in any final official statement for an offering by Arkansas Tech University for five years.

On July 3, 2017, the University received a demand letter from a former employee asserting a claim in the amount \$105,611 for alleged salary shortages that began in July, 2011. On February 27, 2018, the former employee filed a lawsuit against Arkansas Tech University in Pope County Circuit Court, Case No. 58-CV-2018-132, alleging breach of contract. The University filed a motion to dismiss based upon sovereign immunity and the plaintiff voluntarily dismissed her claim. On May 16, 2018, Plaintiff re-filed her breach of contract claim before the Arkansas State Claims Commission. It was assigned claim number 180951. The complaint did not specify the amount of damages being sought. A portion of the university's motion to dismiss the claim was granted. On the remaining portion, the parties are currently engaged in discovery. No hearing date has been set as of September 20, 2021. The University has, and will continue to, aggressively defend the matter.

On April 30, 2019, Flynco, Inc. filed claim no. 191111 with the Arkansas State Claims Commission against Arkansas Tech University, alleging breach of contract. The claim is for \$292,868 in addition to attorney's fees and costs. The claim alleges the university wrongfully terminated two contracts with Flynco, Inc. that were related to the remodel of Williamson Hall on the Russellville campus of Arkansas Tech University. The hearing date that has been set by the Claims Commission is October 15, 2021. The university has, and will continue to, aggressively defend the matter.

On August 20, 2020, the Arkansas Tech University Board of Trustees approved a Voluntary Faculty Retirement Transition Program for faculty at ATU (the "program"). The program is not a retirement plan but (i) an incentive to those eligible employees to retire in accordance with the terms of the program and (ii) adequate consideration offered to support the tenure release and liability waiver and release set out herein. Eligible faculty employees who chose to enter into the program agree to retire their position as an ATU employee effective August 1, 2023. Generally, the program terms include:

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**Note 20: Contingent Liabilities (continued)**

- (1) The faculty member employee relinquishes his/her tenure at Arkansas Tech University effective May 8, 2021.
- (2) Arkansas Tech University hereby enters into a two-year employment contract with the faculty member employee with their salary for the 2021-2022 Academic Year and the 2022-2023 academic year being set in specific individual amounts. Further, the faculty member employee voluntarily does hereby agree to retire from his/her position as an ATU employee effective May 15, 2023.
- (3) The university agrees to offer the faculty member employee the benefits package offered to current employees who work at least  $\frac{3}{4}$  time. As applicable, retirement contributions during this time shall be based on the actual salary received by the faculty member employee. If the faculty member employee is transitioning from an administrative role (12-month) to a faculty position, references herein to "end of academic year contract" shall mean "end of Notice of Appointment", as applicable. Further, the individual transitioning from an administrative role will receive the payout for any unused vacation time at the time of transition.
- (4) The faculty member employee agrees to teach 15 semester hours per academic year, attend department/college meetings as requested, and advise students within their department as requested by the Department Head, all to an extent sufficient to qualify for  $\frac{3}{4}$  time employment at the university. The university agrees to waive any scholarly or service requirements while the faculty member employee is in the transition program. The faculty member employee will not be eligible for any overload pay during the term of the program. Further, there will be no other university assignments for pay, teaching or otherwise.
- (5) The two-year transition period contract may be shortened upon mutual agreement of the faculty member employee, the Department Head, the Dean, and the Vice President of Academic Affairs. On August 1, 2023, which is the conclusion of the two year transition period, the faculty member employee shall retire from employment at Arkansas Tech University, and the university will provide the faculty member employee currently existing retiree benefits. This would include the health insurance benefit that employees who are age 60 or above and have completed ten (10) years of service at Arkansas Tech University may retire and have a portion of their health insurance premium paid by Arkansas Tech University until the retiree reaches Medicare eligibility age. This agreement is non-renewable by the individual faculty member employee. Any future employment of the faculty member employee after the end of the two year transition period would only be under special circumstances as approved by the President and the Vice President of Academic Affairs.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 21: Pensions**

**General Information about the Pension Plans**

*Plan descriptions:* Eligible employees of Arkansas Tech University (the University) are provided with pensions through the Arkansas Teacher Retirement System (ATRS), administered by the Arkansas Teacher Retirement System Board of Trustees, and Arkansas Public Employees Retirement System (APERS), administered by the Arkansas Public Employees Retirement System Board of Trustees. ATRS and APERS are cost-sharing multiple-employer defined benefit plans. Benefit provisions are established and amended by Arkansas Code Title 24.

Each plan issues a publicly available financial report, which may be obtained by contacting the appropriate plan:

**Arkansas Teacher  
Retirement System**

1400 West Third Street  
Little Rock, AR 72201  
(501) 682-1517  
<https://www.artrs.gov/publications>

**Arkansas Public Employees  
Retirement System**

124 W. Capitol, Suite 400  
Little Rock, AR 72201-3704  
(501) 682-7800  
<http://www.apers.org/annualreports/index.php>

*Benefits Provided:* Each plan provides retirement, disability and death benefits and annual adjustments to plan members and beneficiaries, as follows:

**APERS**

The normal retirement benefit, paid on a monthly basis, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service. Retiree benefit increases are calculated each year on July 1, for the following 12 months. The predetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 21: Pensions (continued)**

**ATRS**

Members are eligible for full retirement benefits at age 60 with five or more years of actual or reciprocal service or at any age with 28 or more years of credited service. Members with 25 years of actual or reciprocal service who have not attained age 60 may receive an annuity reduced by 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 and (2) the number of years of service. Disability retirement benefits are payable to members who are vested and demonstrate total and permanent incapacity to perform the duties of their position while in active employment. The disability annuity is computed in the same manner as the age and service annuity. Survivor benefits are payable to qualified survivors upon the death of an active, vested member.

Eligible spouse survivors receive a survivor annuity that is based on the member's years of service credit prior to their death, and minor child survivors receive a percentage of the member's highest salary earned. A lump sum death benefit is provided for active and retired members with 10 years of actual service. A cost of living adjustment (COLA) is payable on July 1 of each year to retirees, certain survivors, and annuity beneficiaries who received monthly benefits for the previous 12 months. The COLA is determined by multiplying the member's base retirement annuity by 3%.

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

**APERS**

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2021, the employer contribution rate, as a percentage of active member payrolls, was 15.32%. Contributions to APERS from the University were \$1,828,598 for the year ended June 30, 2021.

APERS consists of both a contributory plan and a noncontributory plan. The contributory plan has been in effect since the beginning of the plan and is available to all persons who became members prior to January 1, 1978.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**NOTE 21: Pensions (continued)**

**APERS**

The noncontributory plan was created by Act 793 of 1977 and was effective January 1, 1978. It automatically applied to all members hired from January 1, 1978, to June 30, 2005. Act 2084 of 2005 requires that, beginning July 1, 2005, all new hires become contributory members and are required to contribute 5% of their earnings to APERS. All other noncontributory members were given the opportunity to become contributory if they so elected by December 31, 2005.

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

**ATRS**

The funding policy of ATRS provides for periodic employer contributions at statutorily established rates based on annual actuarial valuations. For the fiscal year ended June 30, 2021, the employer contribution rate was 14.50% of covered employee payroll. Contributions to ATRS from the University were \$451,880 for the year ended June 30, 2021.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the beginning of the plan. Contributory members of ATRS contribute 6.5% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 1999, all new members were automatically enrolled as contributory members. Active members as of July 1, 1999 were allowed to make an irrevocable choice between the contributory or noncontributory plan. Employee contributions are refundable if covered employment terminates before a monthly benefit is payable.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 21: Pensions (continued)**

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

At June 30, 2021, the University reported liabilities of \$25,329,514 (\$19,091,813 APERS and \$6,237,701 ATRS) for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability for each plan was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on current contributions of all participating employers. At June 30, 2020, the University's proportion was 0.1102% for ATRS and 0.6667% for APERS.

For the year ended June 30, 2021, the University recognized an increase in pension expense of \$451,879 for ATRS and an increase of \$2,085,518 for APERS. The total pension expense for year ended June 30, 2021 for ATRS and APERS was \$908,731, and \$3,914,642, respectively. For the year ended June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience (ATRS - \$82,691 deferred outflows, APERS - \$253,449 deferred outflows; ATRS - \$50,309 deferred inflows, and APERS - \$12,643)	\$336,140	\$62,952
Changes of assumptions or other inputs (APERS - \$239,204, ATRS - 405,876 - deferred outflow; APERS - \$327,112 - deferred inflow)	645,080	327,112
Net differences between projected and actual earnings on pension plan investments (APERS-\$2,020,157 deferred outflows. ATRS \$1,025,369 - deferred outflows)	3,045,526	
Changes in University's proportion and differences between the University's contributions and proportionate share of the University's contributions (APERS - \$722,706 - deferred outflows; ATRS - \$65,825 - deferred outflows, APERS - \$38,511 - deferred inflows; ATRS \$587,663)	788,531	626,174
The University's contributions subsequent to the measurement date (ATRS - \$451,880 and APERS - \$1,828,598)	2,280,478	
Total	\$7,095,755	\$1,016,238



NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 21: Pensions (continued)**

\$2,280,478 (APERS - \$1,828,598; ATRS - \$451,880) was reported as deferred outflows of resources related to pensions resulting from University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$686,351 (ATRS - \$112,009 and APERS - \$574,342)
2023	\$1,095,036 (ATRS - \$257,855 and APERS - \$837,181)
2024	\$1,185,758 (ATRS - \$337,593 and APERS - \$848,165)
2025	\$855,995 (ATRS - \$258,432 and APERS - \$597,563)
2026	(\$24,101) ATRS - (\$24,101)
Total	\$3,799,039 (ATRS - \$941,788 and APERS - \$2,857,251)

*Actuarial assumptions.* The total pension liability in the actuarial valuation (as of the date noted below) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	ATRS	APERS
Date of actuarial valuation	June 30, 2020	June 30, 2020
Inflation rate	2.75%	3.25%
Salary increases	2.75% to 7.75%, including inflation	3.25% - 9.85%, including inflation
Investment rate of return	7.50%	7.15%
Mortality rates	RP-2014 Healthy Annuitant Disabled Annuitant, and Employee Mortality Tables were used for males and females.	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee health in service, if applicable.
Actuarial experience study dates	July 1, 2010, through June 30, 2015	July 1, 2012, through June 30, 2017

**ATRS**

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 21: Pensions (continued)**

**APERS**

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

For each major asset class that is included in each pension plans' target asset allocation as of June 30, 2020, these best estimates are summarized in the following table.

ATRS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	53.00%	5.2%
Fixed income	15.00%	-0.1%
Alternatives	5.00%	3.5%
Real assets	15.00%	5.1%
Private equity	12.00%	7.2%
Cash equivalents	0.00%	-1.0%

APERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	6.22%
International Equity	24.00%	6.69%
Real Assets	16.00%	4.81%
Absolute Return	5.00%	3.05%
Domestic Fixed	18.00%	0.57%

*Discount rate.* The discount rate for each plan was determined as follows:

**APERS**

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



**NOTE 21: Pensions (continued)**

**ATRS**

The single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 14.25% of payroll. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

*Sensitivity of University’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the University’s proportionate share of the net pension liability for each plan calculated using the discount rate stated above, as well as what the University’s proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current discount rate	1% Increase
ATRS – Current discount rate 7.50%	\$9,281,399	\$6,237,701	\$3,713,444
APERS – Current discount rate 7.15%	\$29,078,244	\$19,091,813	\$10,850,747

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

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021



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**Note 22: Impaired Capital Assets**

On April 3, 2019, the Williamson building at Arkansas Tech University was significantly damaged by a fire. The Williamson Building was constructed in 1940 at a cost of \$142,447. The University completed two additions to the Williamson Building in 2003 for \$564,305 and 2016 for \$57,334, which brings the total historical cost of the building to \$764,086. The accumulated depreciation remaining on the building is \$729,191, making the carrying value \$34,895. In addition, at June 30, 2021, the University had construction in progress cost of \$5,378,532. The construction in progress was related to the remodel of the Williamson Building in fiscal years 2019 and 2018. Due to a claim being held at the State Claims Commission, the University has not been able to determine the final amount of construction in progress. Therefore, the construction in progress amount has not been included in the historical costs of the building. Also, the University was unable to determine the restoration cost. Due to safety concerns the building was closed. The building, however was insured, along with all parties who were working on the building when the fire occurred. The University is currently working with all parties involved to determine the cause of the fire and ultimately the liable party. The cost of replacement, demolition, and insurance settlement has not been determined at this time. Due to the unknown amounts, an impairment loss or gain could not be determined for the fiscal year ending June 30, 2021.

**Note 23: COVID-19**

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordering the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). In fiscal year 2021, the University received \$8,142,989 in federal aid from the Coronavirus Aid, Relief and Economic Securities (CARES) Act. In fiscal year 2020, the University received \$2,322,906 from the CARES Act. The extent of the impact of COVID-19 on the financial statements for future reporting periods remains uncertain, however, the University is expecting to receive additional federal aid for coronavirus relief.



REQUIRED SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
June 30, 2021



**Other Postemployment Benefits (OPEB)**

The schedule of Required Supplementary Information generally starts with information as of the implementation of GASB Statement no. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and eventually will build up to 10 years of information.

Arkansas Tech University implemented GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2017-18. This statement replaces GASB no. 45. GASB Statement no. 75 establishes new standards for accounting and financial reporting of employer provided OPEB plans. This statement identifies methods and assumptions that are required to be used to project future benefit payments.

**Schedule of Changes in Total OPEB Liability and Related Ratios**

	6/30/2021 *	6/30/2020 *	6/30/2019*	6/30/2018*
<b>Total OPEB Liability</b>				
Service cost	\$ 565,846	\$ 557,275	\$ 690,617	\$ 654,843
Interest	311,890	331,669	332,836	330,873
Changes of benefit items		(217,357)	(445,594)	
Difference between expected and actual experience	(757,374)	(144,335)	(176,952)	(274,183)
Change of assumptions	937,496	475,267	(380,600)	(1,990,011)
Benefits payments	(699,472)	(640,867)	(691,248)	(787,562)
<b>Net change in total OPEB liability</b>	<b>\$ 358,386</b>	<b>\$ 361,652</b>	<b>\$ (670,941)</b>	<b>\$ (2,066,040)</b>
<b>Total OPEB Liability - beginning</b>	<b>\$ 8,692,035</b>	<b>\$ 8,330,383</b>	<b>\$ 9,001,324</b>	<b>\$ 11,067,364</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 9,050,421</b>	<b>\$ 8,692,035</b>	<b>\$ 8,330,383</b>	<b>\$ 9,001,324</b>
<b>Covered employee payroll</b>	<b>44,465,898</b>	<b>45,449,605</b>	<b>46,942,626</b>	<b>43,683,964</b>
<b>Total OPEB liability as a percentage of covered employee payroll</b>	<b>20.35%</b>	<b>19.12%</b>	<b>17.75%</b>	<b>20.61%</b>

\* amounts presented for each fiscal year were determined as of June 30 of the previous year

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

**Notes to Schedule:**

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

During the measurement year, the TOL increased by \$358,386. The service cost and interest cost increased the TOL by \$877,736 while benefit payments decreased the TOL by \$699,472.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
June 30, 2021



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**Other Postemployment Benefits (OPEB)**

There were liability gains of \$757,374 due to benefit changes during the year. There was a decrease in enrollment across all plans.

There were assumption changes due to the change in the 20-year Bond Buyer Index rate and the changes in claim curves and trends. The discount rate changed from 3.50% to 2.21% as of June 30, 2020. These assumption changes increased the liability by \$937,496.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact Mrs. Laury Fiorello, Vice President for Finance and Administration, 1509 North Boulder Avenue, Administration Building Room 202, Russellville, AR 72801.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
June 30, 2021



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

	2021	2020	2019	2018	2017	2016	2015
University's proportion of the NPL	0.1102%	0.1210%	0.1180%	0.1300%	0.1362%	0.1386%	0.1394%
University's proportionate share of NPL	\$ 6,237,701	\$ 5,048,545	\$ 4,292,979	\$ 5,466,689	\$ 6,009,569	\$ 4,513,157	\$ 3,660,521
University's covered payroll**	\$ 3,460,363	\$ 3,724,788	\$ 3,574,150	\$ 3,854,064	\$ 3,853,121	\$ 3,836,236	\$ 4,099,736
University's proportionate share of NPL as a % of covered payroll	180.26%	135.54%	120.11%	141.84%	155.97%	117.65%	89.29%
Plan fiduciary net position as % of total pension liability	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

**Schedule of the University's Proportionate Share of the Net Pension Liability  
Arkansas Public Employees Retirement System**

	2021	2020	2019	2018	2017	2016	2015
University's proportion of the NPL	0.6667%	0.6689%	0.6193%	0.6003%	0.5586%	0.5447%	0.4638%
University's proportionate share of NPL	\$ 19,091,813	\$ 16,137,521	\$ 13,661,256	\$ 15,513,102	\$ 13,357,051	\$ 10,031,477	\$ 6,580,919
University's covered payroll **	\$ 13,005,518	\$ 12,800,302	\$ 11,813,655	\$ 10,826,228	\$ 10,038,448	\$ 9,243,408	\$ 8,302,554
University's proportionate share of NPL as a % of covered payroll	146.80%	126.07%	115.64%	143.29%	133.06%	108.53%	79.26%
Plan fiduciary net position as % of total pension liability	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

\*The 2021 amounts presented were determined as of June 30, 2020 and the 2020 amounts were determined as of June 30, 2019, etc., the actuarial valuation dates.

\*\*Restated 2016 and 2015 amounts per GASB No. 82 – Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.



REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
June 30, 2021



**Schedule of University Contributions  
Arkansas Teacher Retirement System**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 451,880	\$ 486,724	\$ 521,469	\$ 500,381	\$ 539,569	\$ 539,437	\$ 537,073
Contributions in relation to contractually required contribution	(451,880)	(486,724)	(521,469)	(500,381)	(539,569)	(539,437)	(537,073)
Contribution deficiency (excess)	-	-	-	-	-	-	-
University's covered payroll*	\$ 3,127,082	\$ 3,460,363	\$ 3,724,778	\$ 3,574,150	\$ 3,854,064	\$ 3,853,121	\$ 3,836,236
Contributions as a % of covered-employee payroll	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

**Schedule of University Contributions  
Arkansas Public Employees Retirement System**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,828,598	\$ 1,992,404	\$ 1,961,212	\$ 1,712,980	\$ 1,569,803	\$ 1,455,575	\$ 1,364,327
Contributions in relation to contractually required contribution	(1,828,598)	(1,992,404)	(1,961,212)	(1,712,980)	(1,569,803)	(1,455,575)	(1,364,327)
Contribution deficiency (excess)	-	-	-	-	-	-	-
University's covered payroll*	\$ 11,904,407	\$ 13,005,518	\$ 12,800,302	\$ 11,813,655	\$ 10,826,228	\$ 10,038,448	\$ 9,243,408
Contributions as a % of covered-employee payroll	15.32%	15.32%	15.32%	14.50%	14.50%	14.50%	14.76%

\*Restated 2016 and 2015 amounts per GASB No. 82 – Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.

Note: Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

ARKANSAS TECH UNIVERSITY  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Unaudited)

Schedule 1

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets and Deferred Outflows	\$ 261,139,722	\$ 261,497,473	\$ 241,336,492	\$ 242,963,699	\$ 237,621,732
Total Liabilities and Deferred Inflows	117,287,863	120,005,300	121,175,576	119,717,148	116,606,685
Total Net Position	143,851,859	141,492,173	120,160,916	123,246,551	121,015,047
Total Operating Revenues	74,831,110	80,035,237	79,978,926	82,018,193	81,210,221
Total Operating Expenses	140,134,021	135,683,024	139,439,720	132,658,350	131,453,612
Total Net Non-Operating Revenues	62,748,112	57,749,148	55,169,223	53,670,932	52,580,852
Total Other Revenues, Expenses, Gains or Losses	4,914,485	19,229,896	1,205,936	3,535,111	(331,905)

