PRELIMINARY OFFICIAL STATEMENT DATED MAY 21, 2025

NEW ISSUE ***RATINGS: S&P: AA+***
BOOK-ENTRY ONLY ***Moody's: Aa1***

In the opinion of Bond Counsel, interest on the Bonds is not excludable from gross income for federal income tax purposes. In Bond Counsel's further opinion, interest on the Bonds is exempt from all taxes of the State of Arkansas including income, inheritance, and property taxes. See TAX MATTERS herein.

$25,000,000
STATE OF ARKANSAS
WATER, WASTE DISPOSAL AND POLLUTION ABATEMENT FACILITIES GENERAL OBLIGATION BONDS TAXABLE SERIES 2025

Dated: Date of Delivery Due July 1, as shown below

The State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Taxable Series 2025 (the "Bonds") will be issued pursuant to a book-entry only system and will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York. There will be no distribution of the Bonds to ultimate purchasers ("Beneficial Owners"). (See **THE BONDS**, Book-Entry Only System, herein.) The Bonds are issuable as registered bonds without coupons in the denominations of $5,000 each or any integral multiple thereof. Principal is payable annually on July 1, in each of the years as shown below, and interest is payable semiannually on January 1 and July 1, commencing January 1, 2026. Interest will be payable by check, draft or wire transfer of the Paying Agent sent to the Registered Owner as of the Record Date. Principal is payable at the principal office of Simmons Bank, in the City of Pine Bluff, Arkansas, Paying Agent and Bond Registrar. So long as DTC or its nominee is the owner of the Bonds, disbursement of payment of principal and interest to DTC is the responsibility of the Paying Agent, disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC, and the responsibility of disbursements of such payments to Beneficial Owners is the responsibility of DTC Participants, as more fully described herein.

The Bonds will constitute general obligations of the State of Arkansas and are secured by an irrevocable pledge of the full faith, credit, and resources of the State.

The Bonds are issued to provide financing for the development of water, waste disposal, water pollution control, abatement and prevention, drainage, irrigation, flood control and wetlands and aquatic resources projects in the State of Arkansas approved and implemented by the Arkansas Natural Resources Commission (the "Commission").

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as more fully described herein. The Bonds mature on July 1 in the years and in the amounts, bear interest at the rates and are priced to yield as follows:

MATURITY SCHEDULE*

Maturity (July 1)	Principal Amount	Rate (%)	Yield (%)	Maturity (July 1)	Principal Amount	Rate (%)	Yield (%)
2026	765,000			2036	1,215,000		
2027	810,000			2037	1,275,000		
2028	845,000			2038	1,345,000		
2029	880,000			2039	1,415,000		
2030	920,000			2040	1,490,000		
2031	960,000			2041	1,570,000		
2032	1,005,000			2042	1,655,000		
2033	1,050,000			2043	1,745,000		
2034	1,105,000			2044	1,845,000		
2035	1,160,000			2045	1,945,000		

MATURITIES, INTEREST RATES AND YIELDS WILL BE DETERMINED BY THE SUCCESSFUL BIDDER IN ACCORDANCE WITH THE OFFICIAL NOTICE OF SALE DATED MAY 21, 2025.

The Bonds will be offered for sale on May 28, 2025, pursuant to the Official Notice of Sale of the Commission, dated May 21, 2025, subject to review by Raymond James & Associates, Inc., Financial Advisor, and to the approval of legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel for the Commission, and to certain other conditions referred to herein and in the Official Notice of Sale. It is expected that the Bonds will be available for delivery in Little Rock, Arkansas, or New York, New York, on or about June 25, 2025.

[Names of Underwriters]

Official Statement dated ___________, 2025.

* Preliminary; subject to change.

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STATE OF ARKANSAS

EXECUTIVE OFFICERS

SARAH HUCKABEE SANDERS
Governor

LESLIE RUTLEDGE
Lieutenant Governor

COLE JESTER
Secretary of State

JOHN THURSTON
Treasurer of State

DENNIS MILLIGAN
Auditor of State

TIM GRIFFIN
Attorney General

TOMMY LAND
Commissioner of State Lands

ARKANSAS NATURAL RESOURCES COMMISSION

JAMIE BURR
Chairman

WILLIAM ANDERSON
Vice Chairman

JOANNE BUSH

JAMES ANDERSON

EDDIE GLOVER

MIKE MCDERMOTT

DAVID GILBERT

WILLIAM BREWER, III

BRUCE LEGGITT

ARKANSAS DEPARTMENT OF AGRICULTURE

WES WARD
Secretary

CHRIS COLCLASURE
Director,
Natural Resources Division

BOND COUNSEL

FRIDAY, ELDREDGE & CLARK, LLP
Little Rock, Arkansas

FINANCIAL ADVISOR

RAYMOND JAMES & ASSOCIATES, INC.
Little Rock, Arkansas

No dealer, broker, salesman, or other person has been authorized by the State of Arkansas, the Arkansas Natural Resources Commission, the Financial Advisor, or the Underwriters to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Arkansas or the Arkansas Natural Resources Commission since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY OF CERTAIN INFORMATION

The following material represents a summary of information contained within this Official Statement and is qualified in its entirety by the related detailed information herein.

THE OFFERING

Bonds	State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Taxable Series 2025 (the "Bonds")
Amount Offered	$25,000,000
Dated	Date of Delivery
Maturity	Commencing on July 1, 2026, serial and/or term maturities to be determined by the successful bidder.
Security	The Bonds will constitute general obligations of the State of Arkansas and will be secured by an irrevocable pledge of the full faith, credit, and resources of the State. The Bonds are to be paid out of general revenues of the State and constitute a first charge thereon (to the extent that other moneys available to the Commission are insufficient therefor). Moneys sufficient to provide for punctual payment of principal and interest on the Bonds will be deposited into the Bond Fund.
Registration	The Bonds will be fully registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof. The State of Arkansas (the "State") has arranged to make the Bonds, when issued, eligible for book-entry deposit with The Depository Trust Company ("DTC"), New York, New York.
Redemption	The Bonds are subject to optional redemption from funds from any source on and after July 1, 2033 in whole or in part at any time, at par, as more fully described herein. Term Bonds, if any, will be subject to mandatory sinking fund redemptions on July 1 in the year or years immediately prior to the stated maturity of such Term Bonds in such years as are specified by the successful bidder.
Legal Opinion	The Bonds are offered when, as, and if issued subject to the approval of legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel.
Tax Matters	In the opinion of Bond Counsel, under existing law, **interest on the Bonds is not excludable from gross income for federal income tax purposes**. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds. In Bond Counsel's further opinion, the interest on the Bonds is exempt from all taxes of the State of Arkansas, including income, inheritance and property taxes. See **TAX MATTERS**.
Authority	The Bonds are being issued by the State, acting by and through the Arkansas Natural Resources Commission (the "Commission"), pursuant to the Arkansas Water, Waste Disposal, and Pollution Abatement Facilities Financing Act of 2007 (Act 631 of 2007) (the "Act"), and the Constitution of Arkansas (the "Constitution"). Under the Act, the Commission is authorized to issue general obligation bonds of the State for nonrefunding purposes upon authorization by the Governor in a total principal amount not to exceed $300,000,000. No more than $100,000,000 of such bonds may be issued to finance and refinance the development of irrigation facilities. As required by the Constitution, the issuance of the Bonds was approved by a vote of the people of the State at the general election held November 4, 2008. By Proclamation dated February 2, 2024, Governor Sarah Huckabee Sanders authorized the issuance of the Bonds. The Act further provides that not more than $60,000,000 of Bonds may be issued during any fiscal biennium for nonrefunding purposes unless the General Assembly shall, by law, have authorized a

greater principal amount thereof to be issued during any fiscal biennium. No such legislation has been enacted during this fiscal biennium.

The aggregate principal amount of bonds heretofore issued under the Act that count against the $300,000,000 limitation is $226,500,000. The aggregate principal amount of bonds heretofore issued under the Act that count against the $100,000,000 limitation for irrigation facilities is $67,000,000. A portion of the principal amount of the Bonds ($7,000,000) will be allocated to the development of irrigation facilities. Additional bonds may be issued, and all additional bonds will rank on parity of security with the Bonds.

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OFFICIAL STATEMENT

STATE OF ARKANSAS

$25,000,000
WATER, WASTE DISPOSAL AND
POLLUTION ABATEMENT FACILITIES
GENERAL OBLIGATION BONDS
TAXABLE SERIES 2025

INTRODUCTORY STATEMENT

The purpose of this Official Statement is to furnish information relating to the State of Arkansas (the "State"), the Arkansas Natural Resources Commission (the "Commission"), and the State's Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Taxable Series 2025 (the "Bonds" or the "Series 2025 Bonds"), to be issued in the principal amount of $25,000,000 in order to provide financing for the development of water, waste disposal, water pollution control, abatement and prevention, drainage, irrigation, flood control and wetlands and aquatic resources projects in the State (the "Projects").

Authority for the Bonds

The Bonds are being issued by the Commission pursuant to the Arkansas Water, Waste Disposal and Pollution Abatement Facilities Financing Act of 2007 (Act 631 of 2007) (the "Act") and the Constitution of Arkansas (the "Constitution"). Under the Act, the Commission is authorized to issue general obligation bonds of the State, upon authorization by the Governor, in a total principal amount not to exceed $300,000,000 for nonrefunding purposes. No more than $100,000,000 of such bonds may be issued to finance and refinance the development of irrigation facilities. As required by the Constitution, the question of the issuance of such general obligation bonds was submitted to a vote of the people of the State and approved at the general election held November 4, 2008. By Proclamation dated February 2, 2024, Governor Sarah Huckabee Sanders approved the issuance of the Bonds and authorized the Commission to provide for the sale of the Bonds.

Pursuant to the Act, the Commission adopted, on July 15, 2009, a "General Resolution Providing for the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities Development Programs" (the "General Resolution") and will adopt, on June 4, 2025, a "Series Resolution Authorizing the Issuance and Sale of $25,000,000 State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Taxable Series 2025" (the "Series Resolution"; the General Resolution and the Series Resolution collectively being referred to herein as the "Bond Resolution").

Additional Bonds under the Act

Of the $300,000,000 of bonds that may be issued under the Act for nonrefunding purposes, the Act provides that not more than $60,000,000 of bonds may be issued during any fiscal biennium for nonrefunding purposes unless the General Assembly of the State (the "General Assembly") shall, by law, have authorized a greater principal amount thereof to be issued during any fiscal biennium. No such legislation has been enacted. In addition, no more than $100,000,000 of such bonds may be issued to finance and refinance the development of irrigation facilities. The aggregate principal amount of bonds heretofore issued under the Act that count against the $300,000,000 limitation is $226,500,000. The aggregate principal amount of bonds heretofore issued under the Act that count against the $100,000,000 limitation for irrigation facilities is $67,000,000. A portion of the principal amount of the Bonds ($7,000,000) will be allocated to the development of irrigation facilities. Additional bonds may be issued, and all bonds issued under the Act will rank on an equal parity of security.

Additional General Obligation Bonds of the State

The Constitution and laws of the State do not limit the amount of general obligation bonds which may be issued by the State; however, other than general obligation bonds issued pursuant to Amendment No. 82 which are approved by the General Assembly, no such bonds may be issued unless approved by the voters of the State at a general election or a special election held for that purpose.

The State has outstanding various general obligation bonds and, in some instances, may issue additional general obligation bonds pursuant to voter approval previously given. See **INDEBTEDNESS OF THE STATE OF ARKANSAS** herein, and see Appendix D.

Use of Proceeds

The proceeds from the sale of the Bonds, after payment of the costs of issuance of the Bonds, will be deposited into the Project Fund created by the Bond Resolution and applied to the costs of the Projects.

Annual Debt Service Requirements

The following table reflects annual amounts required to pay debt service on the Bonds based on a fiscal year ending June 30.

Year (Ending June 30)	Principal	Interest	Total Debt Service

*Table to be completed after the sale of the Bonds.

Sources of Information

This Official Statement includes brief descriptions of the Bonds and information concerning the State. Information set forth in this Official Statement has been furnished by the State and other sources considered to be reliable. Where appropriate, specific sources of information have been indicated.

Sale of the Bonds

The Bonds will be sold at public sale on sealed bids on May 28, 2025 pursuant to the Commission's Official Notice of Sale, dated May 21, 2025.

THE BONDS

Description of the Bonds

The Bonds will be fully registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof; and will mature on July 1 in the years as determined by the successful bidder. The Bonds will bear interest from the date thereof at the rates as determined by the successful bidder, payable semiannually on January 1 and July 1 in each year, commencing on January 1, 2026. Interest will be payable by check, draft or wire transfer of the Paying Agent sent to the

Registered Owner as of the Record Date. Principal will be payable in lawful money of the United States of America at the principal office of Simmons Bank in Pine Bluff, Arkansas, the Paying Agent and Bond Registrar (the "Paying Agent" or "Registrar"). The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York which will act as securities depository for the Bonds. In the event any Bond is mutilated, lost or destroyed, the State shall execute and the Paying Agent shall authenticate a new Bond in accordance with the provisions therefor in the Bond Resolution.

Each Bond is transferable by the Registered Owner thereof or by his legal representative duly authorized in writing at the principal office of the Paying Agent upon surrender of the Bond, duly endorsed by, or accompanied by a written instrument or instruments of transfer in a form satisfactory to the Paying Agent executed by the Registered Owner or his legal representative. Upon such transfer a new fully registered Bond or Bonds of the same series, maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. Bonds may be exchanged, at the request of the holder, for Bonds of authorized denominations, in an aggregate principal amount equal to the principal amount surrendered.

No charge shall be made to any owner of any Bond for the privilege of registration. For every exchange or transfer of the Bonds, the State or the Paying Agent may make a charge sufficient to reimburse itself for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the Commission nor the Paying Agent shall be required to transfer or exchange Bonds during the period commencing 15 business days preceding an interest payment date on the Bonds or preceding any selection of Bonds for redemption or thereafter until after the mailing of a notice of redemption. Nor shall the Commission or Registrar be required to transfer or exchange any Bonds called for redemption.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest of any Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Payment of interest on the Bonds shall be made on each interest payment date to the Registered Owner thereof as of the fifteenth (15th) day of the month immediately preceding such interest payment date (the "Record Date") and shall be paid by check or draft to the Registered Owner at his address as it appears on the registration books of the State or at such other address as is furnished to the Paying Agent in writing by such Registered Owner, or, at the sole discretion of the Paying Agent, in immediately available funds by wire transfer to the account designated by such Registered Owner. For so long as DTC or its nominee is the owner of the Bonds, interest may be payable by such other means of payment as may be acceptable to the Paying Agent and DTC. Payments of principal and interest on and redemption price of the Bonds will then be redistributed by DTC. See **THE BONDS, Book-Entry Only System**, herein.

In any case in which the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Sunday or shall be in the city of Little Rock, Arkansas or in the city in which the principal place of the Paying Agent is located, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Redemption

Optional Redemption. The Bonds are subject to redemption and payment prior to maturity at the option of the State from funds from any source, on or after July 1, 2033, as a whole or in part at any time, with the maturities and principal amounts to be redeemed specifically designated by the Commission in its written notice of election to redeem to the Registrar, at a redemption price equal to the principal amount being redeemed, together with accrued and unpaid interest to the date of redemption and payment.

Sinking Fund Redemption. Term Bonds, if any, will be designated by the successful bidder. The Term Bonds, if any, will be subject to mandatory sinking fund redemptions in part by lot on any July 1 on or after July 1, in the years designated by the successful bidder, at the principal amount thereof, plus accrued and unpaid interest to the date of redemption, from Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of the Bonds specified for each of the years below:

Year	Amount
	$

*Table to be completed after the sale of the Bonds.

The State shall be entitled to reduce any mandatory sinking fund redemption obligation in any year with respect to the Term Bonds of any maturity by the principal amount of any such Term Bond theretofore purchased by the State.

On the specified redemption date, all Bonds called for redemption shall cease to bear interest, provided that amounts necessary to pay the redemption price thereof are on deposit with the Registrar and Paying Agent. If less than all of the Bonds of like maturity, interest rate and otherwise identical payment terms shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar in such manner as the Registrar in its discretion may deem fair and appropriate. For purposes of selection by lot within a maturity, each $5,000 of principal amount of a Bond will be considered a separate Bond without regard to the actual denomination of such Bond.

Notice of Redemption

In the event of any such redemption of the Bonds or portions thereof at the election or direction of the Commission, the Commission shall give written notice of its intention to redeem, of the redemption date, and of the principal amounts of the Bonds of each maturity to be redeemed to the Registrar at least forty-five (45) days prior to the redemption date, unless waived by the Registrar. The Registrar, in the name of the Commission, shall send written notice to the Registered Owner of any Bond being redeemed at the address on the registration books, to the Paying Agent and to DTC. Each of said notices shall be given by mailing the notice by first class mail, postage prepaid, or sending the notice via other standard means, including electronic or facsimile communication, not less than thirty (30) days or more than sixty (60) days prior to the date fixed for redemption. The Registrar's obligation to give notice shall not be conditioned upon the prior payment to the Paying Agent of funds sufficient to pay the redemption price on the Bonds to which such notice relates or interest thereon to the redemption date. However, failure to give such notice, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond or portion thereof with respect to which no such failure or defect has occurred. If, for any reason, it is impossible or impracticable to mail or send such notice of redemption in the manner herein provided, then a publication in lieu thereof, as shall be determined by the Registrar, shall constitute a sufficient giving of notice. As long as the Bonds are held by Cede & Co. (as nominee of DTC) in book-entry-only form, such notice of redemption will be given by electronic or facsimile communication. If the Bonds are not held by Cede & Co. (as nominee of DTC) in book-entry only form, the notice of redemption will be given by first-class mail, postage prepaid, or via other standard means, including electronic or facsimile communication.

Any notice sent as provided in the preceding paragraph shall be conclusively presumed to have been duly given whether or not the Registered Owner actually receives the notice.

All of such redemption notices will specify the following: (i) the complete official name of the issue with the series designation and the maturities of the Bonds to be redeemed; (ii) the CUSIP number (if any) of the Bonds to be redeemed; (iii) the date of such notice; (iv) the redemption price, the interest rate and maturity date of the Bonds to be redeemed; (v) the redemption date; (vi) the place or places where amounts due upon such redemption will be payable; (vii) if less than all of the Bonds of any maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed; (viii) in the case of a registered Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (ix) that on the redemption date there will become due and payable upon each Bond to be redeemed the amount of the principal and redemption premium, if any, thereon (or the specified portion of the principal and redemption premium, if any, thereon in the case of a Bond to be redeemed in part only), together with interest accrued to the redemption date, and that from and after the redemption date interest thereon will cease to accrue and be payable; and (x) the redemption agent name and address with a contact person and phone number.

While the Bonds are being held by DTC under the book-entry only system, notice of redemption will be sent only to DTC. See THE BONDS, Book-Entry Only System herein.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Bonds. The Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity will be issued in the principal amount of the maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Closing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (referred to herein as "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent only to Cede & Co. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriters nor the State make any representation or warranty regarding the accuracy or completeness thereof.

So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Bond Resolution, including receipt of all principal of and interest on the Bonds, receipt of notices, voting and requesting or directing the Paying Agent to take or not to take, or consenting to, certain actions under the Bond Resolution. The State and the Paying Agent have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

Security for the Bonds

The Bonds are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The Bonds are further secured by a specific pledge of the State's general revenues to the extent necessary to provide for their payment. The principal of and interest on the Bonds will be payable from moneys in the State's General Revenue Fund deposited by the Treasurer of the State (the "Treasurer") into the Bond Fund. It is probable that revenues will, under the Arkansas Constitution, be required to be appropriated from the Treasury of the State, by act of the General Assembly. Any such appropriation is for a period of not to exceed one year. A failure to appropriate could result in delay in payment of interest or principal. It is believed that the General Assembly has never failed to make a contingency appropriation for the purpose of servicing general obligation debt of the State.

The Act provides that it shall constitute a contract between the State and the owners of all Bonds issued under the Act which shall never be impaired, and any violation of its terms, whether under purported legislative authority or otherwise, shall be enjoined by the courts at the suit of any Registered Owner or of any taxpayer. Without limitation as to any other appropriate remedy at law or in equity, any Registered Owner may, by an appropriate action including without limitation, injunction or mandamus, compel the performance of all covenants and obligations of the State, its officers, and officials under the Act.

THE COMMISSION

The Commission is a statutory body consisting of nine members appointed by the Governor, with the advice and consent of the State Senate. Each of the State's four congressional districts is required to be represented by two members of the Commission, and a ninth member of the Commission holds an at-large position. Act 691 (as defined below) requires that two members of the Commission be water well contractors licensed in the State. Each member of the Commission is currently appointed for a term of seven years. Act 691 changed the term of future members of the Commission from seven years to five years. The expiration dates of the terms of members of the Commission are staggered so that one or more vacancies occur each year. Vacancies during a term are filled by appointment by the Governor for the remainder of the unexpired term, subject to confirmation by the State Senate. A member of the Commission serves until a successor is appointed. The names of the members of the Commission, the offices held, and the dates of expiration of their terms are as follows:

Name	Position	Term Expires
Jamie Burr	Chairman	2026
William Anderson	Vice Chairman	2027
William Brewer, III	Member	2025
James Anderson	Member	2025
Eddie Glover	Member	2026
JoAnne Bush	Member	2028
Mike McDermott	Member	2029
David Gilbert	Member	2029
Bruce Leggitt	Member	2030

The Transformation and Efficiencies Act of 2019 ("Transformation Act") was signed into law by former Governor Asa Hutchinson on April 11, 2019 and became effective on July 1, 2019. The Transformation Act was enacted to accomplish the reorganization of the government of the State by authorizing the reduction of the number of cabinet-level agencies from 42 to 15 with the objective of better managerial control and providing services to Arkansas taxpayers more efficiently. As part of the Transformation Act the Commission, along with several other State agencies, became part of the Department of Agriculture, a cabinet-level department.

Act 691 of 2023 ("Act 691") was signed into law by Governor Sanders on April 21, 2023 and became effective on July 1, 2023. Act 691 consolidated certain agriculture boards and commissions, abolished certain boards within the Department of Agriculture, transferred the duties of certain boards within the Department of Agriculture, and amended the duties of certain boards within the Department of Agriculture.

Wes Ward, the Secretary of the Department of Agriculture (the "Agriculture Secretary"), is the executive head of the Department of Agriculture. Pursuant to Act 691, the Agriculture Secretary is appointed by the Governor of the State.

Chris Colclasure, the Director of the Arkansas Department of Agriculture's Natural Resources Division, is appointed by and serves at the pleasure of the Governor. The Director reports to the Agriculture Secretary.

The Transformation Act provides that the administrative functions of the Commission shall be administered under the direction and supervision of the Agriculture Secretary. The Commission continues to exercise the stated statutory authority, powers, duties and functions exercised before being placed under the Department of Agriculture.

The Transformation Act further provides that the Commission continues to be a public body politic and corporate after the transfer to the Department of Agriculture and that all revenue, securities and investments held in accounts, all real property owned, and contracts, instruments and securities pertaining to or made in connection with the issuance of bonds or financing of programs by the Commission will remain the property of the Commission and shall not be transferred to the Department of Agriculture.

The Commission establishes policy and makes funding and regulatory decisions relative to soil conservation, water rights, dam safety, waste disposal and pollution abatement, water resource planning and development, and non-point source pollution within the State. Act 691 abolished the Commission on Water Well Construction and transferred its duties to the Commission. Since its creation, the Commission has assisted in the financing and development of numerous water resources development project facilities and waste disposal and pollution abatement facilities.

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ORGANIZATION AND GOVERNMENT OF THE STATE OF ARKANSAS

Under the present Constitution of Arkansas, adopted in 1874, the State Government is divided into three separate branches -- the Legislative, the Executive and the Judicial.

Legislative Branch

The legislative power of the State is vested in the General Assembly, which is composed of the Senate and the House of Representatives. The Senate consists of 35 members who are elected for four-year terms. The House of Representatives consists of 100 members who are elected for two-year terms. At the November 2008 general election, the voters of the State approved an amendment to the State Constitution requiring the General Assembly to meet on an annual basis. The General Assembly will meet in fiscal session in even-numbered years to consider only appropriation bills and will meet in regular session in odd-numbered years to consider any bill or resolution. Appropriations enacted by the General Assembly may be for a period no longer than one fiscal year. The General Assembly may meet in special session only at the call of the Governor.

At the November 1992 general election, the voters of the State approved Amendment No. 73 to the State Constitution, and at the November 2014 general election, the voters of the State approved Amendment No. 94 to the State Constitution. Thereafter, at the November 2020 general election, the voters of the state approved Amendment No. 102 to the State Constitution. The cumulative effect of these amendments is that a person first elected as a member of the General Assembly before January 1, 2021 shall serve no more than sixteen years, whether consecutive or nonconsecutive, in either the Senate, the House of Representatives or a combination of the two legislative bodies. A person first elected to the General Assembly before January 1, 2021 who has served sixteen or more years in the General Assembly, shall not be eligible for subsequent service in the General Assembly until four years after the expiration of the last term of office in the General Assembly for which he or she was elected. A member of the General Assembly first elected to the General Assembly on or after January 1, 2021 shall serve no more than twelve consecutive years in either the Senate, the House of Representatives, or a combination of the two legislative bodies. A person first elected to the General Assembly on or after January 1, 2021 who serves twelve or more consecutive years, shall not be eligible for subsequent service in the General Assembly until four years after the expiration of his or her last term in office.

Executive Branch

There are seven elected officials in the Executive Branch of the State Government: the Governor, the Lieutenant Governor, the Secretary of State, the Treasurer of State, the Auditor of State, the Attorney General, and the Commissioner of State Lands. Following the passing of the former Treasurer of State, Mark Lowery, Governor Sanders appointed Larry Walther to serve as the Treasurer of State until January 2025. In a special election held November 5, 2024, John Thurston was elected to serve the remainder of Mark Lowery's term, which will expire in January 2027. Prior to his election as Treasurer of State, John Thurston had been serving as the Secretary of State. Governor Sanders appointed Cole Jester to serve as Secretary of State until January 2027. The remaining elected officials in the Executive Branch are currently serving terms of four years that will expire in January 2027. At the November 1992 general election, the voters of the State approved Amendment No. 73 to the State Constitution. Amendment No. 73 provides that no elected officials of the Executive Branch may serve in the same office for more than two four-year terms.

The Governor is vested with the supreme executive power of the State. The Governor may control the rate at which any appropriation is expended by allotment or other means and may limit the expenditures for any State agencies below their appropriations whenever actual revenues are less than the revenue estimates upon which the appropriations were based. The Governor has line-item veto power for appropriations and general veto power as to other legislation.

The Lieutenant Governor is the ex-officio president of the State Senate. If for any reason the Governor is unable to fulfill his or her duties, or is absent from the State, the Lieutenant Governor assumes the duties of the office until the end of his or her term or until the Governor returns or the disabilities of the Governor are removed.

The Secretary of State is the keeper of the Great Seal of the State of Arkansas and custodian of the State’s records. The Secretary of State is the State’s chief elections officer, administers corporate and other business laws, oversees political campaign spending and practices, and publishes books and documents of the State.

The Auditor of State draws warrants on the State Treasury in payment of all claims and may pre-audit the accounts of all State agencies.

The Treasurer is the custodian of all State funds held in the State Treasury, has the responsibility for investment of State funds, and disburses funds for the operating expenses and obligations of the State. Subject to statutory limitations as to permitted investments, investment of State funds is administered by the Treasurer with the advice and direction of the State Board of Finance, which is composed of the Governor, the Treasurer, the Auditor of State, the State Bank Commissioner, the Secretary of the Department of Finance and Administration, the State Securities Commissioner, a person with knowledge and experience in commercial banking, a person licensed or with experience as a general securities representative, a certified public accountant and a member of the general public.

The Attorney General is the State's chief legal officer. The Attorney General prosecutes or defends certain appeals to which the State is a party, including criminal cases, represents various State officials, boards, and agencies in appeals taken from their decisions and orders, and institutes, in the name of and on behalf of the State, civil suits and other proceedings necessary to protect the State's rights, interests or claims.

The Commissioner of State Lands maintains all records concerning State lands and supervises the sale of all lands forfeited for nonpayment of real property taxes.

Judicial Branch

The Judicial Branch adjudicates the controversies that arise between persons and parties, determines the guilt or innocence of persons charged with criminal offenses, and interprets the laws of the State as enacted by the General Assembly. The Judicial Branch carries out its function through a system of courts consisting of the Supreme Court of Arkansas, the Court of Appeals, and the Circuit Courts located in the various judicial circuits of the State. Other courts of special or limited jurisdiction handle small claims, juvenile affairs, minor criminal matters, property tax matters and other special affairs.

GENERAL INFORMATION CONCERNING THE STATE OF ARKANSAS

Location, Size and Population

Arkansas is a south-central state located 1,300 miles from the east coast, 1,700 miles from the west coast, and 300 miles from the Gulf of Mexico, with the Mississippi River as its eastern border. The State is bounded on the north by Missouri; on the east by Tennessee and Mississippi; on the south by Louisiana; and on the west by Texas and Oklahoma. The State ranks 27th nationally in area, with 34,036,700 acres.

Arkansas is almost equally divided between lowlands and highlands, with the gulf coastal plain on the east and south and the interior highlands in the west and north. Elevations range from 54 feet above sea level in the southeast to over 2,700 feet in the northwest.

The lowlands of eastern Arkansas have mainly been utilized as farmland. Southern Arkansas contains a wide range of forests as well as farmland. The highlands of northern and western Arkansas have been developed for grazing land, the poultry and livestock industry and a large tourism industry.

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The following table sets forth the population trend for the State.

Population

Year	Population
1970	1,923,295
1980	2,286,435
1990	2,350,725
2000	2,673,400
2010	2,915,919
2020	3,011,524
2024 (Estimate as of July 1)	3,088,354

Source: U.S. Census Bureau.

Major Cities

Arkansas has eight metropolitan statistical areas (MSAs). The largest MSA located wholly within Arkansas is Little Rock/North Little Rock/Conway, which had an estimated population of 769,258 as of July 1, 2024. Little Rock is centrally located in Arkansas and serves as the major transportation, governmental and industrial center of the State.

Source: Arkansas Economic Development Commission; U.S. Census Bureau.

Transportation

Arkansas' geographic location is advantageous for commuting to all parts of the United States. It has a multimodal transportation system which includes waterways, highways, air routes, and railways.

Arkansas has available inexpensive river transportation via the Arkansas, Mississippi, White, Red and Ouachita rivers. There are more than 1,000 miles of commercially navigable waterways linking the entire waterway system and major ports from the Gulf of Mexico to the Great Lakes. There are public terminals in the following nine cities: Osceola, West Memphis, Helena-West Helena, McGehee, Little Rock, Pine Bluff, Fort Smith, Camden and Crossett.

There are three Class I and 23 short line railroads operating within Arkansas. These systems operate on more than 2,700 miles of track (excluding trackage rights).

The State has approximately 759 miles of interstate highways and a comprehensive, well-maintained highway system which includes more than 16,385 miles of State and U.S. highways.

The Bill and Hillary Clinton National Airport in Little Rock and the Northwest Arkansas National Airport in Highfill are each served by six airlines. There are over 130 public-use airports throughout the State, with principal airports located in El Dorado, Fort Smith, Harrison, Highfill, Hot Springs, Jonesboro, Little Rock, Mountain Home, Pine Bluff and Texarkana.

Education

The State shares financial responsibility for public education with local school districts. The State provides its share of financial support, which is designed to equalize educational opportunities by compensating for local differences in the ability to support education.

In 2002, the Arkansas Supreme Court, in Lake View School District No. 25 of Phillips County, et.al. v. Mike Huckabee, Governor, et al, upheld a lower court's ruling that the State's system of funding public education is constitutionally inadequate and inequitable. After years of litigation and legislation, the Arkansas Supreme Court, on May 31, 2007, concluded that the State's system of public school financing was in constitutional compliance.

On March 8, 2023, Governor Sanders signed the Arkansas LEARNS Act (the "LEARNS Act") into law. The LEARNS (Literacy, Empowerment, Accountability, Readiness, Networking and Safety) Act is the Governor's education reform package. Among other things, the LEARNS Act increased the starting annual teacher salary from $36,000 to $50,000, gave teachers making above the minimum a $2,000 raise and created a voucher program, known as Educational Freedom Accounts, for students to attend a private or parochial school or home school. The vouchers are worth 90% of the prior year's per-pupil funding schools receive from the State. For the 2024-2025 school year, approximately 14,200 students received $6,856 as part of the voucher program.

For the fiscal year ended June 30, 2024, the average daily membership in public schools was 445,162 for elementary and secondary students. For the fiscal year ended June 30, 2024, there were 36,318 certified personnel employed by the public schools. The average per pupil expenditure for the 2024 fiscal year was estimated to be $13,326.

In addition, there are 33 State supported institutions of higher education in the State, having a net enrollment for the following years ended June 30 as follows: 2020 – 141,178; 2021 – 132,346; 2022 – 130,461; 2023 – 132,715*; and 2024-135,643. The net fall enrollment for such years in private institutions of higher education reporting to the State was as follows: 2020 – 15,657; 2021 – 15,242; 2022 – 15,524; 2023 – 15,380*; and 2024-15,458. The State has two publicly supported law schools and one publicly supported school of medicine.

* Net enrollment for public and private institutions for the year ended June 30, 2023 was subsequently revised in the *State of Arkansas Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2024.*

Medical and Health Care Facilities

Arkansas has over 100 hospitals and related institutions licensed by the Arkansas Department of Health.

Little Rock is the home of the University of Arkansas for Medical Sciences, a comprehensive health center with six colleges - Medicine, Nursing, Pharmacy, Health Professions, Public Health and a Graduate School. The area also hosts medical campuses of Arkansas Children's Hospital, Baptist Health Medical Center, St. Vincent Medical Center and the Arkansas Heart Hospital.

Recreation and Culture

One of the major industries in Arkansas is tourism. There are 52 state parks and museums and seven national parks in Arkansas which offer such activities as prehistoric Indian mound restoration, a folk center, diamond fields, and an environmental education park, as well as fishing, hiking, and camping. Additionally, there are active symphony, theater and opera organizations within the State. The Crystal Bridges Museum of American Art is located in Bentonville, Arkansas. Its permanent collection of art spans five centuries of American masterworks ranging from the colonial era to the current day. The newly renovated Arkansas Museum of Fine Arts located in Little Rock, Arkansas features nine galleries with more than 20,000 square feet of space, eight classroom/studios in the Windgate Art School, a 350-seat Performance Arts Theatre, a lecture hall, the Glass Box indoor-outdoor performance space, an art reference library, a gift shop, and Park Grill, a full-service restaurant. The museum collects works from both national and international artists, and its collection includes more than 14,000 two and three-dimensional artworks spanning eight centuries.

Cybersecurity

The state of Arkansas Cybersecurity Office establishes security standards and policies for information technology in state government and serves as the focal point for cybersecurity issues. The State Cybersecurity Office also coordinates resources to protect multiple governmental organizations such as the Arkansas Continuity of Operations Program (ACOOP) which oversees and manages the development of disaster recovery plans and continuity of operations plans for state agencies. Accordingly, the Department of Finance and Administration ("DF&A") utilizes prudent technology and implements industry standard security protocols to prevent, detect, and if necessary, mitigate cybersecurity attacks. DF&A maintains a staff of competent security staff led by the Chief Information Security Officer who are involved with all IT projects. DF&A also maintains cybersecurity insurance which provides for additional resources to recover from cybersecurity attacks.

ECONOMIC INFORMATION CONCERNING THE STATE OF ARKANSAS

Information set forth in this section is taken from sources which are publicly available and is current as of the dates or periods indicated. There can be no assurance that all the information in this section remains unchanged.

During the past several decades, Arkansas' economic base has shifted from agriculture to light manufacturing. The State is now moving toward a heavier manufacturing base involving more sophisticated processes and products such as steel mini-mills, fabricated steel, electrical machinery, transportation equipment and electronics.

Source: Arkansas Department of Finance and Administration.

Gross Domestic Product

The following table sets forth Gross Domestic Product in current dollars in current dollars for Arkansas for the years indicated (Year 2024 is the latest reported).

Year	Gross Domestic Product (Millions of Current Dollars)
2020	$136,198.4
2021	154,052.5
2022	168,605.8
2023	178,606.4
2024	188,723.1

Source: United States Department of Commerce, Bureau of Economic Analysis.

Retail Sales

The table below sets forth retail sales within the State for the years indicated.

Year	Sales
2020	$43,590,300,000
2021	49,971,500,000
2022	54,291,200,000
2023	53,810,000,000
2024	54,596,600,000

Source: Arkansas Department of Finance and Administration.

Property Values

The table below reflects assessed values (20% of market value) for real and personal property in the State for the years indicated (Year 2023 is the latest reported).

Year	Assessed Value
2019	$51,804,210,874
2020	54,017,253,249
2021	57,213,455,655
2022	61,624,980,609
2023	65,871,632,513

Source: Arkansas Assessment Coordination Department.

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Employment Distribution

Evidence of Arkansas' economic base is reflected in the chart below which shows average covered employment distribution among various sectors (excludes federal government). (The table is for Third Quarter 2024)*

Sectors	Percentage (%)
Trade, Transportation and Utilities	20.1
Professional and Business Services	18.6
Education and Health Services	15.4
Manufacturing	13.8
State and Local Government	11.6
Construction	6.3
Financial Activities	5.5
Leisure and Hospitality	4.2
Other Services	1.9
Information	1.3
Natural Resources and Mining	1.2

Source: Arkansas Department of Workforce Services.
* Note: Annual information for 2024 is subject to revision as information shown is based on Third Quarter 2024 data. Percentage does not total 100% due to rounding.

The following chart lists the ten largest employers in Arkansas for 2024.

	Company	Number of Employees
1.	Walmart Stores Inc.	56,738
2.	Arkansas State Government*	27,176
3.	U.S. Government	21,865
4.	Tyson Foods, Inc.	14,447
5.	University of Arkansas for Medical Sciences (UAMS)	12,263
6.	University of Arkansas	7,659
7.	Baptist Health	6,720
8.	Mercy Hospital	6,198
9.	J.B. Hunt Transport Services, Inc.	5,516
10.	Amazon Services, Inc.	4,933

Source: State of Arkansas Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2024.
* For the year ended June 30, 2024, the Arkansas Department of Transportation, Colleges, and Universities are not included in the Arkansas State Government number.

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Set forth below is a table which indicates the industries in which Arkansas residents are employed and, to some extent, their relative importance to the State. ("Covered employment" refers to employment which is covered by the State's unemployment compensation law. The table is for Third Quarter 2024.)

Industry	Monthly Average Covered Employment*	Total Wages Paid in Covered Employment*	Average Weekly Wage*
Natural Resources and Mining	15,191	$ 217,657,825	$1,102
Construction	67,808	1,117,414,813	1,268
Manufacturing	162,474	2,452,967,806	1,161
Trade, Transportation and Utilities	266,682	3,560,189,429	1,027
Information	12,167	234,818,647	1,485
Financial Activities	56,097	980,188,086	1,344
Professional and Business Services	158,568	3,297,216,521	1,600
Education and Health Services	199,802	2,740,169,494	1,055
Leisure and Hospitality	130,713	749,996,033	441
Other Services	28,880	334,681,036	891
State and Local Government	163,674	2,056,280,790	969

Source: Arkansas Department of Workforce Services.
* Annual information for 2024 is subject to revision as information shown is based on Third Quarter 2024 data.

Unemployment and Employment Trends

The following table details civilian employment and unemployment data for Arkansas and the United States for the years indicated.

	Civilian Labor Force		Number Employed		Unemployment Rate	
Year	Arkansas	U.S.	Arkansas	U.S.	Arkansas	U.S.
2020	1,340,946	160,742,000	1,258,501	147,795,000	6.1%	8.1%
2021	1,332,364	161,204,000	1,278,773	152,581,000	4.0	5.3
2022	1,363,239	164,287,000	1,319,873	158,291,000	3.2	3.6
2023	1,385,113	167,116,000	1,341,536	161,037,000	3.1	3.6
2024	1,408,992	168,106,000	1,360,249	161,346,000	3.5	4.0

Source: Arkansas Department of Workforce Services; U.S. Bureau of Labor Statistics.

Labor Force Demographics

The following table sets forth the percentage of labor force by age in the State for the years indicated.

Year	Age 16-24	Age 25-54	Age 55+
2020	13.7%	63.6%	22.7%
2021	14.9	63.3	21.8
2022	15.2	63.1	21.7
2023	15.6	62.6	21.8
2024	15.8	63.4	20.8

Source: U.S. Bureau of Labor Statistics.

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Trends in Personal Income

The following table compares trends in per capita personal income for Arkansas and the United States for the years indicated (Year 2024 is the latest reported).

Year	Arkansas	United States
2020	$47,100	$59,125
2021	52,872	64,419
2022	55,299	66,061
2023	57,603	69,415
2024	59,663	72,479

Source: United States Department of Commerce, Bureau of Economic Analysis.

The following table compares trends in total personal income for Arkansas and the United States for the years indicated (Year 2024 is the latest reported).

Year	Arkansas (in millions)	United States (in millions)
2020	$141,985.7	$19,620,082
2021	160,036.7	21,419,498
2022	168,534.8	22,088,920
2023	176,809.1	23,402,535
2024	184,259.4	24,658,343

Source: United States Department of Commerce, Bureau of Economic Analysis.

Fortune 500 Firms

Four Fortune 500 firms are headquartered in Arkansas: Wal-Mart Stores, Inc. (ranked #1), Tyson Foods, J.B. Hunt Transport Services and Murphy USA.

Source: State of Arkansas Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2024.

Agriculture

Agriculture and agriculture-related biotechnology play an integral part in Arkansas' economy. Arkansas ranks among the top in the nation in rice, poultry, catfish and cotton production.

Source: Arkansas Economic Development Commission.

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INDEBTEDNESS OF THE STATE OF ARKANSAS

General and Revenue Obligations

The Constitution and laws of the State of Arkansas do not limit the amount of debt that may be incurred by the State. Other than general obligation bonds issued pursuant to Amendment No. 82 which are approved by the General Assembly, general obligation debt may be incurred only upon approval by the electors of the State at a general election or at a special election held for such purpose.

General obligation bonds outstanding at June 30, 2024 were as follows (expressed in thousands):

	Final Maturity Date[1]	Interest Rates %	Balance
Federal Highway Grant Anticipation and Tax Revenue G.O. Bonds:			
2012 Series Federal Highway G.O. Bonds	2025	3.00	$11,855
2013 Series Federal Highway G.O. Bonds	2026	4.00-5.00	29,175
2014 Series Federal Highway G.O. Bonds	2027	5.00	53,125
Amendment 82 G. O. Bonds			
2014A Series Capital Improvement G.O. Bonds	2035	0.46-4.11	43,010
Arkansas Natural Resources Commission Bonds:			
2016A Series Water, Waste and Pollution	2034	3.50-5.00	18,320
2017A Series Water, Waste and Pollution	2028	2.00-2.80	6,485
2017B Series Water, Waste and Pollution	2040	2.13-5.00	14,615
2019 Series Water, Waste and Pollution	2050	2.10-3.35	26,580
2020A Series Water, Waste and Pollution	2027	0.30-0.55	4,145
2020B Series Water, Waste and Pollution	2048	1.05-2.50	29,385
2022A Series Water, Waste and Pollution	2043	2.00-3.25	21,675
2022B Series Water, Waste and Pollution	2043	2.00-3.25	15,655
2023 Series Water, Waste and Pollution	2034	4.25-5.00	39,505
2024A Series Water, Waste and Pollution	2045	4.57-5.20	17,000
2024B Series Water, Waste and Pollution	2045	4.00-5.00	13,000
Higher Education Bonds:			
2015 Series, G.O. Bonds	2029	4.00-4.25	93,875
Total			$437,405

Source: State of Arkansas Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2024.
[1] Fiscal Year.

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Federal Highway Grant Anticipation and Tax Revenue General Obligation Bonds – Act 511 of 2007 and a statewide election conducted November 8, 2011, authorized the State to issue Federal Highway Grant Anticipation and Tax Revenue General Obligation Bonds. All bonds issued under the authority of this Act are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit and resources of the State. The Act authorizes the bonds to be issued in several series of various principal amounts provided that the total principal amount of bonds outstanding does not exceed $575,000,000. The bonds were issued to pay the cost of reconstructing and renovating the interstate highways and related facilities in the State. The bonds are payable primarily from Federal Interstate Maintenance Funds (FIMF) and by State revenues derived from the tax on diesel fuel at the rate of 4 cents per gallon. The Arkansas State Highway Commission may not issue any additional bonds pursuant to Act 511 of 2007.

State Water, Waste Disposal, and Pollution Abatement Facilities General Obligation Bonds - Act 607 of 1997 authorized the Arkansas Soil and Water Conservation Commission (subsequently the Arkansas Natural Resources Commission) and Act 631 of 2007 authorized the Arkansas Natural Resources Commission to issue Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds. All bonds issued under the authority of these Acts are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. Each Act limits the total principal amount to approximately $300,000,000, with no more than $60,000,000 being issued during any fiscal biennium for nonrefunding purposes unless the General Assembly by law authorizes a greater amount to be issued. The bonds were issued to provide financing for the development of water, waste disposal, pollution abatement, drainage and flood control, irrigation, and wetland preservation facilities projects in the State. Repayment of financial assistance provided for the development of the projects is first used to repay the bonds; any remaining debt service requirement is paid from general revenues. The Arkansas Natural Resources Commission may not issue any additional bonds pursuant to Act 607 of 1997. After the issuance of the Bonds, the Arkansas Natural Resources Commission, on behalf of the State, may issue up to $48,500,000 of additional bonds pursuant to Act 631 of 2007. Up to $201,900,438 of additional bonds may be issued under Act 496 of 1981 and Act 686 of 1987 to facilitate the State's Waste Disposal and Pollution Abatement Facilities Program; however, the State has not issued bonds under this authority since the adoption of Act 607 of 1997 and has no current intent to utilize this authority.

Higher Education General Obligation Bonds - Act 1282 of 2005 authorized the State to issue Higher Education General Obligation Bonds. All bonds issued under the authority of this Act are direct general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The Act limited the total principal amount to approximately $250,000,000. However, the total outstanding principal amount of Higher Education General Obligation Bonds issued under Act 1282 of 2005 and the College Savings Bond Act of 1989 shall not have scheduled debt service payments on a combined basis in excess of $24,000,000 in any one fiscal year. The Higher Education General Obligation Bonds were issued to provide funds to finance technology and facility improvements for State institutions of higher education and to refund certain outstanding bonds. The bonds are payable from the net general revenues of the State and investment earnings on the proceeds of the bonds. The Arkansas Development Finance Authority, on behalf of the State, may issue up to $7,145,000 of additional bonds pursuant to Act 1282 of 2005. No bonds were issued under Act 1282 of 2005 in the 2024 fiscal year.

Amendment 82 General Obligation Bonds - Amendment No. 82 to the Arkansas Constitution was approved by a vote of the people in 2004 and modified by Amendment 90, which was approved by a vote of the people in 2010. The Amendment authorized the Arkansas Development Finance Authority, on behalf of the State, to issue general obligation bonds to finance the costs of infrastructure or other needs to attract large economic development projects to the State. All bonds issued under the authority of Amendment 82 are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit and resources of the State. At the November 2016 general election, the voters of the State approved Amendment No. 97 to the Arkansas Constitution, which removed a five percent (5%) limitation related to the principal amount of the general obligation bonds that may be issued by Amendment No. 82. The State of Arkansas General Obligation Amendment 82 Bonds, Series 2014, the first bonds issued under this authority, is for a total of $125,000,000 to provide $70,000,000 in infrastructure improvements, $50,000,000 in a loan, and $5,000,000 for issuance costs. No bonds were issued under Amendment 82 to the Arkansas Constitution in the 2024 fiscal year.

Source: State of Arkansas Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2024; Arkansas Development Finance Authority; Arkansas Natural Resources Commission; and Arkansas Department of Finance and Administration.

Future amounts required to pay principal and interest on general obligation bonds at June 30, 2024, were as follows (expressed in thousands):

Year Ending June 30:	Principal	Interest	Total
2025	$89,880	$16,193	$106,073
2026	70,325	12,682	83,007
2027	49,845	9,932	59,777
2028	37,865	8,157	46,022
2029	27,270	6,714	33,984
2030-2034	83,485	22,024	105,509
2035-2039	36,420	10,794	47,214
2040-2044	31,440	4,811	36,251
2045-2049	10,875	921	11,796
Total	$437,405	$92,228	$529,633

Source: State of Arkansas Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2024.

Set forth below is summarized State general obligation debt information:

General Obligation Debt (Principal) as of June 30, 2024[(1)]	$437,405,000
Plus: Principal Amount of Bonds	25,000,000
Total General Obligation Debt (Principal)	$462,405,000
State Population, 2024 (Estimate as of July 1, 2024)	3,088,354
General Obligation Debt Per Capita	$149.73

[(1)]Does not take into account any principal payments made or bond issues retired after June 30, 2024.

Reference is hereby made to Appendix D. Long-Term Liabilities, as of June 30, 2024, are discussed in Note 9 to the Basic Financial Statements. Appendix D should be reviewed in its entirety.

Special Obligation Bonds

Arkansas has outstanding a number of issues of special obligation or revenue bonds. These are described in Appendix D, particularly in Note 9 to the Basic Financial Statements.

Guaranteed Indebtedness

AEDC Guaranty Fund. The Arkansas Economic Development Commission ("AEDC") has authority to guarantee repayment of indebtedness incurred by private borrowers, not to exceed five million dollars in each instance, to promote industrial development within the State. In connection with such guarantees given in the past, AEDC has received fees which have been deposited into a guaranty fund. In the event AEDC's guarantee is called upon, moneys in the guaranty fund are applied to satisfy the obligation. In the event moneys in the guaranty fund are insufficient to repay any such obligation, AEDC is authorized to issue its revenue bonds secured by a pledge of interest earnings on the State's daily Treasury balances. An issue of such bonds previously issued by AEDC have now been fully paid.

As of June 30, 2024, there was approximately $13,200,000 on deposit in AEDC's Bond Reserve Guaranty Fund. As of June 30, 2024, AEDC had outstanding guarantees on approximately $11,800,000 in principal amount of debt in connection with the program described above. Approximately $488,140 in principal amount were in default.

ADFA Guaranty Fund. The Arkansas Development Finance Authority ("ADFA") has authority to guarantee bonds issued by cities and counties for industrial development purposes, bonds and loans issued by ADFA and obligations issued by a venture capital investor group. As of June 30, 2024, there was on deposit in ADFA's Guaranty Reserve Account approximately $16,800,000. As of June 30, 2024, ADFA had outstanding guarantees on obligations aggregating approximately $54,600,000 in principal amount. Approximately $2,700,000 in principal amount were in default and in a workout posture. In the event that it is necessary to meet its guarantee obligations, ADFA may issue its revenue bonds which will be secured by a pledge of interest earnings derived from investment of the State's daily Treasury balances. No such bonds have yet been issued by ADFA.

Lease and SBITA Obligations

The State has entered into various lease agreements with the private sector, primarily for buildings and equipment. In general, lease commitments are cancelable, without penalty, upon the failure of the State to appropriate sufficient funds at each biennial legislative session. In the past, certain leases were classified as either operating leases or capital leases. The Governmental Accounting Standards Board ("GASB") Statement No. 87, which became effective for the State for its fiscal year ended June 30, 2022, established a single model for lease accounting based on the principle that leases are financing arrangements for the right to use an asset. GASB Statement No. 96, which became effective for the State for its fiscal year ended June 30, 2023, addressed accounting and financial reporting of Subscription-Based Information Technology Arrangements ("SBITAs"), which are contracts that convey the right to use information technology ("IT") software (alone or together with tangible capital IT assets) for a specified period of time. Information with respect to lease obligations and SBITA obligations as of June 30, 2024 is set forth in Note 9 to the Basic Financial Statements in Appendix D.

FINANCIAL INFORMATION CONCERNING THE STATE OF ARKANSAS

Financial Organizations and Management

The following State organizations share responsibility for statewide financial management: the General Assembly, the Office of Budget and the Office of Accounting of the Department of Finance and Administration, the Governor, the Treasurer and Arkansas Legislative Audit. The State is prohibited by its Constitution from deficit spending. Accordingly, spending is limited to actual revenues received by the State.

The General Assembly has responsibility for legislating the level of State services and appropriating the funds for operations of State agencies. The Office of Budget prepares the Executive Budget with the advice and consent of the Governor. The Office of Budget also monitors the level and type of State expenditures. The Office of Accounting has the responsibility for maintaining fund and appropriation control and, in conjunction with the Auditor of the State, has responsibility for the disbursement process. The Treasurer has responsibilities for maintaining the State fund balances and the investment of State funds (with the advice of the State Board of Finance). Arkansas Legislative Audit has responsibility for performing financial post-audits of State agencies.

Budget and Appropriation Process

State agencies submit annual budget requests to the Office of Budget of the Department of Finance and Administration. The Office of Budget prepares the Executive Budget and an estimate of general revenues. The Executive Budget contains the budget amount recommended by the Governor.

The General Assembly appropriates money after consideration of both the Executive Budget and the revenue estimate. The appropriation process begins in the joint House-Senate Budget Committee and then proceeds through both houses of the General Assembly. Legislative appropriations are subject to the Governor's approval or veto, including the authority of line-item veto.

The General Assembly also must amend the Revenue Stabilization Law (described below) to provide for an allotment process of funding appropriations in order to comply with state law prohibiting deficit spending. The Governor may restrict spending below the level of appropriations.

Revenue Stabilization Law

Act 750 of 1973, codified at Title 19, Chapter 5 of the Arkansas Code of 1987 Annotated, establishes the State's revenue stabilization law (the "Stabilization Law"). The Stabilization Law and related legislation govern the administration and distribution of State revenues.

Pursuant to the Stabilization Law, all general and special revenues are deposited into the General Revenue Allotment Account and the Special Revenue Allotment Account according to the type of revenue being deposited. From the General Revenue Fund, 3% of all general revenues are distributed to the Constitutional Officers Fund and the Central Services Fund to provide support for the State's elected officials (legislators, constitutional officers, judges) and their staffs and the Department of Finance and Administration. The balance is then distributed to separate funds proportionately as established by the Stabilization Law. From the Special Revenue Fund, 3% of special revenues collected by the Department of Finance and Administration and 1.5% of all special revenues collected by other agencies are first distributed to provide support for the State's elected officials and their staffs and the Department of Finance and Administration. The balance is then distributed to the funds for which the special revenues were collected as provided by law. Special revenues, which are primarily user taxes, are generally earmarked for the program or agency providing the related service.

General revenues are transferred into funds established and maintained by the Treasurer for major programs and agencies of the State in accordance with funding priorities established by the General Assembly.

Pursuant to the Stabilization Law the General Assembly establishes three levels of priority for general revenue spending. Successive levels of appropriations are funded only in the event sufficient revenues have been generated fully to fund any prior level. Accordingly, appropriations made to programs and agencies are only maximum authorizations to spend. Actual expenditures are limited to the lesser of (i) moneys flowing into a program or agencies' fund maintained by the Treasurer or (ii) the maximum appropriation by the General Assembly.

Because State revenues are not collected throughout the year in a pattern consistent with program and agency expenditures, the Budget Stabilization Trust Fund, which receives $5,000,000 annually from interest earnings from the investment of the State's closing Treasury balance, has been established and is utilized to assure proper cash flow during any period. Other such interest earnings are utilized to fund the Arkansas Highway Transfer Fund, and to fund the Catastrophic Reserve Fund. However, such interest earnings are first pledged to the payment of certain bonds issued by or on behalf of the Arkansas Museum & Cultural Commission and by ADFA and AEDC. See **INDEBTEDNESS OF THE STATE OF ARKANSAS**, **Guaranteed Indebtedness** herein. See Appendix D.

Auditing Procedures

The accounts of the State are subject to post-audit by Arkansas Legislative Audit. Audits are performed as a series of audits which include agencies and funds. Copies of audit reports are made available for each fiscal year and may be obtained from Arkansas Legislative Audit, State Capitol, Little Rock, Arkansas 72201.

DF&A prepares an Annual Comprehensive Financial Report (the "Report") after the close of each fiscal year from information maintained by DF&A as well as information provided by the various State agencies. The latest available Report is for the fiscal year ended June 30, 2024. See Appendix D hereto. Copies of Reports can be found at www.arklegaudit.gov or may be obtained by contacting the Department of Finance and Administration, P.O. Box 3278, Little Rock, Arkansas 72203.

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Summary of Certain Recent Financial Operations

The following table summarizes general fund transactions for the fiscal year ended June 30, 2024 (expressed in thousands).

	General Fund
REVENUES:	
Taxes:	
Personal and corporate income	$ 3,521,101
Consumers sales and use	4,639,049
Gas and motor carrier	506,911
Other	1,628,312
Intergovernmental	11,221,223
Licenses, permits, and fees	1,516,933
Investment earnings (loss)	442,735
Miscellaneous	569,347
Total Revenues	24,045,611
EXPENDITURES:	
Current:	
General government	1,646,752
Education	4,912,965
Health and human services	10,915,820
Transportation	847,497
Law, justice, and public safety	1,216,678
Recreation and tourism	241,563
Regulation of business and professionals	28,372
Resource development	277,527
Commerce	464,656
Debt Service:	
Principal retirement	121,242
Interest	38,144
Capital outlay	1,448,744
Total Expenditures	22,159,960
Excess of Revenues Over Expenditures	1,885,651
OTHER FINANCING SOURCES (USES):	
Issuance of debt	59,359
Issuance of refunding bonds	--
Bond discounts/premiums	935
Issuance of leases	24,009
Issuance of SBITAs	71,520
Sale of capital assets	4,396
Payment to refunding escrow agent	--
Transfers in	219,298
Transfers out	(1,240,682)
Total Other Financing Sources and (Uses)	(861,165)
NET CHANGE IN FUND BALANCE	1,024,486
FUND BALANCE AT BEGINNING OF YEAR	9,544,259
FUND BALANCE AT END OF YEAR	$ 10,568,745

Source: State of Arkansas Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2024.

Retirement Systems for State Employees

The State currently operates five major retirement systems for its employees: the Arkansas Public Employees Retirement System ("APERS"), the Arkansas State Police Retirement System (the "State Police System"), the Arkansas Judicial Retirement System ("AJRS"), the Arkansas Teacher Retirement System (the "Teacher System"), and the Arkansas State Highway Employees Retirement System (the "Highway System"). Each of these retirement systems participate in the Federal Social Security System.

APERS and the Teacher System are sponsored by the State. Both APERS and the Teacher System are cost-sharing multiple-employer defined benefit plans. The Teacher System is administered by the Arkansas Teacher Retirement System Board of Trustees, and APERS is administered by the Arkansas Public Employees Retirement System Board of Trustees. These plans provide retirement, disability, and death benefits and annual cost of living adjustments to plan members and beneficiaries. Benefit provisions are established and amended by the provisions of Title 24 of the Arkansas Code. Each plan issues a financial report, which may be obtained by writing, calling, or visiting the website of the appropriate plan as listed below:

Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201
(501) 682-1517
http://www.artrs.gov/publications

Arkansas Public Employees Retirement System
124 West Capitol Avenue, Suite 400
Little Rock, AR 72201-3704
(501) 682-7800
http://www.apers.org/publications

The State contributed to AJRS, the State Police System, and the Highway System, each of which is a single-employer defined benefit pension plan. The State Police System and AJRS are administered by APERS. The Highway System is administered by a seven-member board of trustees. Each plan provides retirement, disability and death benefits in accordance with benefit provisions established and amended by Title 24 of the Arkansas Code. Each plan issues a financial report, which may be obtained by writing, calling, or visiting the website of the appropriate plan as listed below:

Arkansas State Highway Employee Retirement System
10324 Interstate 30
Little Rock, AR 72209
(501) 569-2000
http://www.arklegaudit.gov

Arkansas State Police Retirement System
124 West Capitol Avenue, Suite 400
Little Rock, AR 72201-3704
(501) 682-7800
http://www.apers.org/publications

Arkansas Judicial Retirement System
124 West Capitol Avenue, Suite 400
Little Rock, AR 72201-3704
(501) 682-7800
http://www.apers.org/publications

Additional information about the retirement systems is contained on the following pages. Other information is contained in Note 14 to the Basic Financial Statements contained in Appendix D. All information contained should be examined in conjunction with the financial reports for each system as described above.

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Arkansas Public Employees Retirement System

APERS is a cost-sharing, multiple-employer, defined benefit plan which covers all State employees who are not covered by another authorized plan. However, there are a small number of participants in this system who continue in a participatory program in existence prior to 1978. As of June 30, 2024, there were 43,394 active participants, 15,301 participants that are inactive but are not yet receiving benefits, and 42,797 retired participants and survivor beneficiaries in APERS. The following tables detail certain information for APERS as of June 30, 2024:

	Total Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued Liabilities
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	$ 7,139,426,941	$ 0	$ 7,139,426,941
Age and service allowances based on total service likely to be rendered by present active members and current DROP participants	6,706,231,828	1,513,304,481	5,192,927,347
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active and inactive members	1,358,137,392	471,815,485	886,321,907
Disability benefits likely to be paid to present active members	215,564,375	97,858,026	117,706,349
Death-in-service benefits likely to be paid on behalf of present active members	87,533,608	31,454,366	56,079,242
Total	$15,506,894,144	$2,114,432,358	$13,392,461,786
Applicable assets (funding value)	11,237,610,641	0	11,237,610,641
Liabilities to be covered by future contributions	$ 4,269,283,503	$ 2,114,432,358	$ 2,154,851,145

Source: Arkansas Public Employees Retirement System.

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Arkansas State Police Retirement System

The State Police System is a single-employer, defined benefit pension plan which covers all commissioned police officers of Arkansas State Police. The State Police System is administered by APERS. As of June 30, 2024, there were 527 active participants, 121 participants that are inactive but are not yet receiving benefits, and 789 retired participants and survivor beneficiaries in the State Police System. The following table details certain information for the State Police System as of June 30, 2024:

	Total Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued Liabilities
Future benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	$348,703,425	$ 0	$348,703,425
Age and service benefits based on service likely to be rendered by present active members and DROP participants	299,492,228	92,124,877	207,367,351
Separation benefits likely to be paid to present active and inactive members	25,570,167	15,956,677	9,613,490
Disability benefits likely to be paid to present active members	10,694,954	7,658,905	3,036,049
Death-in-service benefits likely to be paid on behalf of present active members	2,255,992	1,019,141	1,236,851
Total	$686,716,766	$116,759,600	$569,957,166
Valuation assets			449,033,022
Unfunded actuarial accrued liabilities			$120,924,144

Source: Arkansas Public Employees Retirement System.

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Arkansas Judicial Retirement System

AJRS is a single-employer, defined benefit pension plan which covers all Circuit and Court of Appeals Judges and Supreme Court Justices. As of June 30, 2024, there were 145 active participants, 13 inactive participants entitled to but not yet receiving benefits, and 179 retired participants and survivor beneficiaries in AJRS. The following table details certain information for AJRS as of June 30, 2024:

	Total Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued Liabilities
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	$220,061,144	$ 0	$220,061,144
Age and service allowances based on total service likely to be rendered by present active members	191,002,955	66,185,861	124,817,094
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active and inactive members	10,368,990	5,223,954	5,145,036
Disability benefits likely to be paid to present active members	1,857,920	2,381,288	(523,368)
Death-in-service benefits likely to be paid on behalf of present active members	7,784,339	3,715,213	4,069,126
Total	$431,075,348	$77,506,316	$353,569,032
Applicable assets (funding value)	336,812,167	0	336,812,167
Liabilities to be covered by future contributions	$94,263,181	$77,506,316	$16,756,865

Source: Arkansas Public Employees Retirement System.

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Arkansas State Highway Employees Retirement System

The Highway System is a single-employer defined benefit plan which covers all employees of the Arkansas State Highway and Transportation Department. As of June 30, 2024, there were 3,597 active participants, 275 members in DROP (deferred retirement option plan), 383 inactive participants with deferred benefits and 3,625 retired participants and beneficiaries in the Highway System. The following table details certain information for the Highway System as of June 30, 2024:

Present value of future benefits likely to be paid to present active members	$568,244,341
Present value of future benefits likely to be paid to present DROP members	379,194,355
Present value of future benefits likely to be paid to present retirees	1,165,254,001
Present value of future benefits likely to be paid to present inactive members	13,840,981
Total actuarial present value of future benefits	$2,126,533,678
Present value of future normal costs	(185,845,195)
Present value of future DROP contributions	(18,622,005)
Actuarial accrued liability	$1,922,066,478
Actuarial value of assets	1,606,778,467
Unfunded actuarial accrued liability	$315,288,011

Source: Arkansas State Highway and Transportation Department.

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Arkansas Teacher Retirement System

The Teacher System is a cost-sharing, multiple-employer, defined benefit plan which covers all Arkansas Public School employees, with some exceptions, and employees of State colleges and universities and the Department of Vocational and Technical Education Division who do not elect a qualified alternative retirement plan. As of June 30, 2024, there were 68,265 active participants, 14,775 inactive participants, 56,177 retired participants, and 2,981 Teacher Deferred Retirement Option Plan participants. The following table details certain information for the Teacher System as of June 30, 2024:

	Total Present Value	Portion Covered by Future Normal Cost Contributions	Actuarial Accrued Liabilities
Age and service retirement allowances based on total service likely to be rendered by present active members	$11,391,881,106	$3,002,705,363	$8,389,175,743
Age and service retirement allowances based on total service likely to be rendered by present T-DROP members	1,835,540,468	38,416,417	1,797,124,051
Vested deferred benefits likely to be paid to present active and inactive members	1,609,061,513	502,563,006	1,106,498,507
Survivor benefits expected to be paid on behalf of present active members	191,190,410	73,520,558	117,669,852
Disability benefits expected to be paid on behalf of present active members	228,152,502	115,281,856	112,870,646
Refunds of member contributions expected to be paid on behalf of present active members	31,261,606	190,740,077	(159,478,471)
Benefits payable to present retirees and beneficiaries	14,992,397,409	0	14,992,397,409
Total	$30,279,485,014	$3,923,227,277	$26,356,257,737
Funding value of assets	22,309,329,958	0	22,309,329,958
Liabilities to be covered by future contributions	$7,970,155,056	$3,923,227,277	$4,046,927,779

Source: Arkansas Teacher Retirement System.

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The Arkansas Legislature, at the 2025 general session, adopted several acts impacting the Teacher System, the Highway System, APERS, the State Police System and AJRS. These acts are summarized below. These acts can be found at www.arkleg.state.ar.us.

Acts Impacting the Teacher System

Act 222

This act makes technical corrections to correct typos and errors in current law, removes references to repealed laws, removes redundant or outdated language and provisions, and makes application timelines consistent. The act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 223

This act allows the system to accept a 100% service-connected disability rating from the US Department of Veterans Affairs as creating a rebuttable presumption of qualification for disability retirement benefits. The act has no material actuarial cost to the system.

Act 224

This act shortens the waiting period for when a new spouse is eligible for survivor benefits from 2 years preceding the member's death to 1 year. With this change, the system's waiting period now mirrors the waiting period for two of the other state retirement systems. The act has no material actuarial cost to the system.

Act 225

This act allows a member's child to collect survivor benefits through age 22 even if the child does not remain a full-time student. The act also extends survivor benefits to eligible children of members who die while receiving disability retirement. The act has no material actuarial cost to the system.

Act 226

This act allows members to cancel a DROP distribution election before the end of the 2nd full calendar month following retirement. The act has no material actuarial cost to the system.

Act 227

This act allows members to purchase service credit for "gap periods" of as small as a single quarter of a year, for time periods when the member leaves covered employment and later returns to covered employment. The act has no actuarial cost to the system.

Act 228

This act clarifies language regarding the effective date for changes made by a member to an annuity option. The act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 363

This act allows the system to pay benefits owed to a disabled surviving child or spouse or other disabled beneficiary to a Special Needs Trust set up on behalf of the survivor or beneficiary, for the purpose of preserving the survivor or beneficiary's eligibility for Medicaid and other means-tested social welfare programs. The act does not modify benefits for any member and has no actuarial cost to the system.

Act 937

This act prohibits state retirement systems from entering into future investments in Chinese companies and requires divestment of certain existing investments in Chinese companies. The act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Acts Impacting the Highway System

Act 937

This act prohibits state retirement systems from entering into future investments in Chinese companies and requires divestment of certain existing investments in Chinese companies. The act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Acts Impacting APERS

Act 112

This act makes it a Class D felony for a person to knowingly make a material false statement or representation to a state supported retirement system for the purpose of obtaining a benefit or increasing or decreasing a claim for a benefit. This act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 130

This act creates a formula to determine the amount to be paid by AJRS and ASPRS to APERS for the costs of administration of AJRS and ASPRS each fiscal year. This act does not modify benefits for any member or beneficiary. This act may result in a net decrease in APERS' administrative expenses.

Act 131

This act makes multiple technical corrections to the APERS plan. The act certain adds lump-sum payments and bonus payments made to a member to the definition of "compensation" as required by Act 172 of the 2024 Fiscal Session. The act also moves and combines sections of the APERS plan, regarding the termination of employment requirement for retirement, to ensure the efficient administration of benefits. This act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 286

This act allows APERS member to establish reciprocal service with an alternate retirement plan if the member did not vest in the alternate retirement plan. This act may affect a select few members to whom the provisions of the act apply but will not have a material actuarial cost to the system.

Act 311

This act adds metropolitan port authorities to the definition of "participating public employer" and allows employees of metropolitan port authorities to become members of APERS. This act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 364

This act allows a deceased member's dependent child to collect survivor benefits through age 22 even if the child does not remain a full-time student. The act will not create a material actuarial cost to the system.

Act 370

This act allows retired judges, including district court judges who retire under APERS, to accept an appointment to serve as a special judge immediately upon retirement. This act does not modify benefits for any member or beneficiary and has no material actuarial cost to the system.

Act 450

This act adds public transit authorities to the definition of "participating public employer" and allows employees of public transit authorities to become members of APERS. This act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 589

This act adds the Arkansas Development Finance Authority to the definition of "participating public employer." This act also adds the Secretary of the Department of Shared Administrative Services and the Bank Commissioner as members of the APERS Board of Trustees. This act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 937

This act prohibits state retirement systems from investing in Chinese companies and requires divestment of certain existing investments in Chinese companies. This act does not modify benefits for any member and has no actuarial cost to the system.

Acts Impacting the State Police System

Act 112

This act makes it a Class D felony for a person to knowingly make a material false statement or representation to a state supported retirement system for the purpose of obtaining a benefit or increasing or decreasing a claim for a benefit. This act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 127

This act makes multiple technical corrections to correct errors in current law and align certain sections of the Tier Two Benefit Plan to the Tier One Benefit Plan to ensure consistent administration of benefits. This act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 128

This act adds ASPRS as a "claimant agency" for the purpose of obtaining a set off against state income taxes under Arkansas Code §§ 26-36-301 et seq. when a person owes a debt to the system. This act does not impact the benefits for any member or beneficiary.

Act 130

This act creates a formula to determine the amount to be paid by ASPRS to APERS for the costs of administration of ASPRS each fiscal year. This act does not modify benefits for any member or beneficiary. This act may increase the actuarial cost of the system to reflect the administrative expenses paid to APERS.

Act 364

This act allows a deceased member's or a deceased retiree's dependent child to collect survivor benefits through age 22 even if the child does not remain a full-time student. The act does not create a material actuarial cost to the system.

Act 672

This act increases the amount being deposited into the Deferred Retirement Option Plan (DROP) accounts from 72% of the member's monthly benefit to 100%. This act also increases the fee charged for accident reports from $10 to $25 per report to pay for the increased liability created by this act.

Act 937

This act prohibits state retirement systems from investing in Chinese companies and requires divestment of certain existing investments in Chinese companies. This act does not modify benefits for any member and has no actuarial cost to the system.

Acts Impacting AJRS

Act 112

This act makes it a Class D felony for a person to knowingly make a material false statement or representation to a state supported retirement system for the purpose of obtaining a benefit or increasing or decreasing a claim for a benefit. This act does not modify benefits for any member or beneficiary and has no actuarial cost to the system.

Act 128

This act adds AJRS as a "claimant agency" for the purpose of obtaining a set off against state income taxes under Arkansas Code §§ 26-36-301 et seq. when a person owes a debt to the system. This act does not impact the benefits for any member or beneficiary and has no actuarial cost to the system.

Act 129

This act creates two new sections to the AJRS plan to align AJRS with other the other retirement systems administered by APERS. One new section establishes that AJRS benefits are not subject to any process of law, with a few exceptions. The other section addresses the process for correcting errors in the system's records. This act does not impact the benefits for any member or beneficiary and has no actuarial cost to the system.

Act 130

This act creates a formula to determine the amount to be paid by AJRS to APERS for the costs of administration of AJRS each fiscal year. This act does not modify benefits for any member or beneficiary. This act may increase the actuarial cost of the system to reflect the administrative expenses paid to APERS.

Act 937

This act prohibits state retirement systems from investing in Chinese companies and requires divestment of certain existing investments in Chinese companies. This act does not modify benefits for any member and has no actuarial cost to the system.

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The funded status of the retirement systems are as follows (expressed in thousands):

Plan	Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Actuarially Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	Market Value	Market Funded Ratio
Highway	2024	6/30/2024	$1,606,778	$1,922,066	$315,288	83.6%	$198,759	158.63%	$1,612,069	83.9%
	2023	6/30/2023	1,580,782	1,876,794	296,012	84.2	179,065	165.31	1,504,602	80.2
	2022	6/30/2022	1,577,072	1,829,589	252,516	86.2	158,783	159.03	1,468,838	80.3
	2021	6/30/2021	1,585,451	1,783,900	198,450	88.9	164,697	120.49	1,715,094	96.1
	2020	6/30/2020	1,434,541	1,742,062	307,521	82.4	158,254	194.32	1,407,174	80.8
State Police	2024	6/30/2024	$449,033	$569,957	$120,924	78.8%	$42,913	281.80%	$439,505	77.1%
	2023	6/30/2023	418,026	547,557	129,531	76.3	37,711	343.50	402,335	73.5
	2022	6/30/2022	403,302	500,273	96,971	80.6	32,760	296.00	381,941	76.3
	2021	6/30/2021	387,538	491,510	103,972	78.8	33,585	309.60	434,873	88.5
	2020	6/30/2020	352,082	472,919	120,837	74.4	33,311	362.80	338,184	71.5
Judicial	2024	6/30/2024	$336,812	$353,569	$16,757	95.3%	$28,123	59.58%	$334,690	94.7%
	2023	6/30/2023	322,396	350,007	27,612	92.1	27,529	100.30	308,095	88.0
	2022	6/30/2022	313,217	334,328	21,112	93.7	26,259	80.40	296,855	88.9
	2021	6/30/2021	303,155	309,113	5,957	98.1	25,479	23.38	346,889	112.2
	2020	6/30/2020	277,318	296,654	19,336	93.5	24,586	78.65	280,837	94.7
APERS	2024	6/30/2024	$11,238,000	$13,392,000	$2,155,000	83.9%	$2,257,000	93.71%	$11,012,029	82.2%
	2023	6/30/2023	10,638,000	13,069,000	2,430,000	81.4	2,252,000	107.90	10,263,063	78.5
	2022	6/30/2022	10,220,000	12,226,000	2,006,000	83.6	2,054,000	97.66	9,703,178	79.4
	2021	6/30/2021	9,893,000	11,822,000	1,929,000	83.7	1,908,000	101.10	11,148,503	94.3
	2020	6/30/2020	9,090,000	11,513,000	2,423,000	79.0	1,929,000	125.61	8,738,362	75.9
Teachers	2024	6/30/2024	$22,309,000	$26,356,000	$4,047,000	84.6%	$3,459,000	117.00%	$22,359,231	84.8%
	2023	6/30/2023	21,015,000	25,592,000	4,577,000	82.1	3,353,000	136.50	20,675,052	80.8
	2022	6/30/2022	20,328,000	24,697,000	4,369,000	82.3	2,981,000	146.56	19,679,467	79.7
	2021	6/30/2021	19,343,000	23,987,000	4,644,000	80.6	3,086,000	150.49	21,468,773	89.5
	2020	6/30/2020	18,007,000	22,352,000	4,345,000	80.6	2,954,000	147.09	16,902,076	75.6

Source: *Arkansas Public Employees Retirement System; Arkansas Teacher Retirement System.*

In the past, the State has annually contributed an amount over and above the contribution for normal costs in order to amortize the unfunded actuarial accrued liabilities. This contribution must be appropriated annually by act of the General Assembly. Reference is hereby made to Appendix D. The retirement plans are discussed in detail in Note 14 to the Basic Financial Statements.

Set forth on this page is a comparison of certain provisions of the retirement systems.

FULL RETIREMENT

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
Eligibility:	Noncontributory: Age 65 with 5 years of service; or any age with 28 years of service. Contributory: Before 7/1/05 - Age 65 with 5 years; age 60 with 20 years service; or any age with 28 years service. After 7/1/05: same as noncontributory.	Age 60 with 5 years of service or any age with 28 years of service. Uses reciprocity for vesting and service requirements.	Age 65 with 5 years of service; age 62 with 15 years of service; age 60 with 20 years of service; or any age with 28 years of service.	Age 50 with 5 years of service if contributory. Age 65 with 5 years or any age with 28 years of service if non- contributory. The age 65 requirement is reduced by 1 month for every 2 months of Public Safety service but not below age 52 for Tier I or age 55 for Tier II.	Tier I: Age 65 with 10 years of service or any age with 20 years of service. Tier II: Age 65 with 8 years or any age with 20 years of service.

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Set forth on this page is a comparison of certain provisions of the retirement systems.

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
Benefit:	Contributory members prior to 7/01/05 - 2.07% of final average salary times years of service thru 7/01/05; new contributory members after 7/01/05 receive 2.03% during the period between 7/01/05 and 7/01/07 and 2.0% from 7/01/07 and forward. An additional 0.5% is added to every year served over 28 years. Noncontributory - 1.75% of final average salary times years of service thru 6/30/07; 1.72% on 7/1/07. 5 year FAS effective 7/1/2022, 3 years for members active as of 7/1/2022	Contributory - 2.15% of final average salary times years of service. Noncontributory - 1.39% of final average salary times years of service credited prior to FY2020. 1.25% of final average salary times years of service credited FY2020 and after. Certain minimum benefit provisions apply. $50 monthly ($600 per year) supplement with 10 years of service ATRS pays a death benefit upon the death of an active or retired member with 10 or more years of Actual Service. The death benefit with 10 years of contributory actual service is $10,000. The death benefit with 10 years of noncontributory actual service is $6,667. Members with combined contributory and noncontributory actual service, with less than 10 years of contributory service, will receive a pro-rated amount. 5 year FAS effective 7/1/2018, 3 years for members active as of 7/1/2018	2.2% of consecutive average salary times years of service. [monthly supplement] 5 year CAS effective 7/1/2021, 3 years for members active as 7/1/2021	Tier I: Contributory - 2.949% of final average salary times the first 20 years of service plus 2.359% times the next 5 years plus 1.18% times service in excess of 25 years. Noncontributory - 1.5 times years of service times 1.66% times final average salary. (5 yr FAS) Currently all members are noncontributory Tier II: 2.65% x FAS x YS (4 yr FAS)	Tier I: 60% of final salary Additional 2.5% of pay after 20 years for up to 6 more years. 75% Maximum Tier II: 3.2% x final salary x YS 80% Maximum

Set forth on this page is a comparison of certain provisions of the retirement systems.

REDUCED RETIREMENT

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
Eligibility:	Age 55 with 5 years of service or any age with 25 years of service.	Early retirement is available with 25 years of service and under age 60. ATRS uses reciprocity in the service calculation.	Age 55 with 5 years of service.	Any age with 5 years of service if contributory. Within 10 years of eligibility for full retirement and 5 years of service if non-contributory.	Tier I: a. Any age with 18 (or less than 20) years of service if hired before 7/1/83. b. Between ages 62 & 65 with 14 years of service. Tier II: Between ages 62 & 65 with 8 years credited service
Benefit:	Full benefit reduced by 1/2 of 1% for each month retirement precedes normal retirement age or 1% if reduced from 28 years, whichever is less.	Effective April 17, 2017 through August 1, 2017, full benefit reduced by 6/12% times the months (6% per year) by which early retirement precedes the earlier of attainment of age 60 or completion of 28 years of service. Effective August 1, 2017, full benefit reduced by 10/12% times the months (10% per year) by which early retirement precedes the earlier of attainment of age 60 or completion of 28 years of service.	Full benefit reduced by 0.8% for the first 60 months and 0.3% for the next 60 months by which early retirement precedes full retirement.	Full benefit reduced by 1/2 of 1% for Tier I and/or 3/4 of 1% for Tier II for each month of difference in benefit commencement ages.	Tier I: Full benefit reduced by 1/2% for each month retirement age is younger than age 65. Tier II: Full benefit reduced by 1/2% for each month retirement age is younger than age 65.

DISABILITY

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
Eligibility:	5 years of service	5 years of actual and reciprocal service Onset of disability must occur before or during actual employment.	5 years of service	5 years of service	3 years of service (No service requirement for persons who were members before 7/1/83).
Benefit:	Accrued benefit at disability.	Accrued benefit at disability.	Accrued benefit at disability.	Accrued benefit at disability.	Accrued benefit at disability. Tier II, not less than 25.6% of salary.

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Set forth on this page is a comparison of certain provisions of the retirement systems.

DEATH-IN SERVICE

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
Eligibility:	5 years of service.	5 years of actual and reciprocal service.	5 years of service.	5 years of service.	3 years of service. No service requirement for persons who were members before 7/1/83.
Benefit:	Greater of option B-75 or 10% of covered compensation. Must have been married to spouse for at least six months preceding death. Each child- annuity of the greater of 10% of covered compensation or equal share of monthly minimum; 25% maximum for all children.	Surviving Spouse: Qualifies for the benefit amount as if member had retired and took joint and 100% survivor annuity (Option A). The benefits begin at the time the member is or would be eligible to receive benefits. Surviving Child: Eligible surviving children qualify for 20% of the member's highest salary year received in covered employment, for up to 3 qualifying children. If there are more than 3 qualified surviving children, each child will receive a pro rata share of 60% of the member's highest salary year received in covered employment. Surviving child continues to receive the survivor benefit with a 3% COLA until age 23, if the child remains in school on a full-time basis. Reciprocal service recognized (benefit prorated)	Beneficiary will be eligible to receive monthly benefit upon death of active member. It will be calculated as if member retired the date of his death, elected Option A or B.	Tier I: Surviving spouse with no children receives 50% of benefit amount. A spouse with dependent children receives 75% of benefit amount. If dependent children are only survivors, equal share of 75% with no one child receiving more than 25% of benefit amount. Maximum per child for contributory members is 15% of benefit amount. Tier II: Greater of Option B-75 or 10% of covered compensation. Must have been married to spouse for one year preceding death. Each child receives a benefit of 10% of annual pay (maximum of 25% for all children).	Tier I - 67% of retirement benefit. Married at least one year. Tier II - 67% of retirement benefit, but not less than 17.152% of salary. Married at least one year.

Set forth on this page is a comparison of certain provisions of the retirement systems.

VESTING

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
Eligibility:	5 years of service	5 years of service Reciprocal service recognized.	5 years of service	5 years of service Tier II: 5 years	Tier I: 10 years of service Tier II: 8 years of service

CONTRIBUTIONS

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
Employee:	5.5% of pay for contributory member. Additional 2.5% for municipal and county member elected or appointed after 07/01/2011	7% of pay for contributory member. ATRS has noncontributory members with a 0% contribution and a lower benefit.	7% of pay.	9.25% of pay for contributory member. Currently all employees are noncontributory.	Tier I: 6% of pay until service exceeds 20 years or until age 65 with 10 years of service. Tier II: 5%; no contributions if 25 or more service years.
Employer:	15.32% State; 15.32% Local 4% School. Additional 2.5% for municipal and county member elected or appointed after 07/01/2011	15% for all salaries earned by school employees.	14.9%	26%	12% (35.9% actually).

COST OF LIVING RAISES FOR RETIREES

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
	3% per year compounded.	3% simple COLA per year using initial benefit as the base.	Compounded percentage change of the CPI-W for December. Cap at 3%.	3% per year compounded.	Increases equal to active pay raises for pre-7/1/83 members. For all judges or justices first elected after 6/30/83, benefits are increased July 1st by 3%.

Set forth on this page is a comparison of certain provisions of the retirement systems.

OTHER RETIREMENT OPTIONS

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
	Straight Life; Option A 120, Option A60, Option B50, Option B75	Straight Life Option A – Joint and 100% Survivor Option B – Joint and 50% Survivor Option C – 10 Years Certain and Life ATRS "pops up" a member to Straight Life if a covered spouse or incapacitated child predeceases the member. ATRS also allows coverage of a new spouse and "pops down" if the member marries after retirement and covers the new spouse with an Option A or B benefit.	10 Years Certain and Life Joint and 50% with Pop-Up if Joint Pensioner predeceases the member	Tier I - Automatic Survivor Benefits; Straight Life; Option A 120, Option A60, Option B50, Option B75 Tier II - Straight Life; Option A 120, Option A60, Option B50, Option B75	Automatic Survivor Benefits

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Set forth on this page is a comparison of certain provisions of the retirement systems.

MILITARY SERVICE

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
	May purchase up to 5 years of active duty military service with at least 5 years of actual service in the System and received an honorable discharge. May purchase Arkansas National Guard and armed forces reserve service in one month increments after separation from Guard/Reserve service on a one-for-one basis (up to 5 years).	May establish up to 5 years FREE service (voluntary or involuntary) during time of military draft, with at least 5 years of actual service in the System and an honorable discharge. May purchase up to 5 years of active duty military service with at least 5 years of actual service in the System and an honorable discharge. May purchase up to 5 years of credited service for military reserve and national guard service in any state. As of 07/01/2011, all purchased service is at actuarial cost.	May purchase up to five years for Military Prior Service with at least five years of service and an honorable discharge. May purchase up to three years for Military Leave Without Pay Service with at least 10 years of service in the System and an honorable discharge; and not receiving federal military retirement.	Military service that interrupts employment is available and up to five years may be credited as service. May purchase up to 5 years for Military service prior to employment with at least five years of service and an honorable discharge.	Tier I - Can have 7 years military service - 2 free years for military service during an armed conflict & the purchase of 5 years with at least five years of service and honorable discharge. Tier II – not eligible for Military service

OUT-OF-STATE SERVICE

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
	May purchase up to a maximum of 5 years.	Can purchase up to 15 years. As of 07/01/2011, all purchased service is at actuarial cost.	None	None	None

Set forth on this page is a comparison of certain provisions of the retirement systems.

OTHER SERVICE

	APERS	TEACHER SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM	AJRS
	Can purchase time for educational leave, loss due to worker's compensation injury, federal grant service, non-participating municipality, and federal public employment.	May purchase overseas service (10 years), sabbatical leave (120 days per year), private school service (15 years) prior state service, domestic federal service and federal retirement (10 years). As of 07/01/2011, all purchased service is at actuarial cost.	None	None	None

BOARD COMPOSITION

APERS	TEACHERS SYSTEM	HIGHWAY SYSTEM	STATE POLICE SYSTEM
(13 PERSONS) State Auditor, ex officio State Treasurer, ex officio DFA Secretary, ex officio three (3) state employee members, appointed by the Governor (6-year term of office) three (3) non-state employees appointed by Governor (6-year term of office) two (2) retired members appointed by the President Pro Tem of the Senate two (2) retired members appointed by the Speaker of the House	(15 PERSONS) State Bank Commissioner, ex officio State Treasurer, ex officio State Auditor, ex officio Commissioner of Elementary and Secondary Education, ex officio eight (8) members elected by members (6-year term of office) three (3) retirants elected by ATRS retirants. (6-year term of office)	(7 PERSONS) State Treasurer DFA Secretary ARDOT Chief Engineer and Deputy Director Director of Arkansas Department of Transportation two (2) system members - (2-year term of office) one (1) retirant - (2-year term of office)	(7 PERSONS) ASP Commissioner DFA Secretary one (1) Tier I member one (1) Tier II member three (3) citizens at large

AJRS
(5 PERSONS) Judicial Council Appoints

Other Post Employment Benefits

The State pays for other post employment benefits ("OPEB"), such as health insurance for certain retirees, through the Department of Transformation and Shared Services and, for uniformed state police employees, through the Arkansas State Police. State colleges and universities also provide other post employment benefits. The State, in consultation with its professional actuarial advisors, has quantified its unfunded OPEB liability under GASB Statement No. 75 ("GASB 75"), which became effective, in the case of the State, for its fiscal year ended June 30, 2018. GASB 75 requires the reporting of all unfunded OPEB liability, but it does not require that such OPEB liabilities be fully funded. Reference is hereby made to Appendix D. Postemployment benefits, other than pensions, are discussed in detail in Note 15 to the Basic Financial Statements. The following table (expressed in thousands) discloses certain information for the various OPEB plans as of June 30, 2024:

Plan	Actuarial Value of Assets	Total OPEB Liability Recorded as of June 30, 2024
Arkansas State Employee	0	$1,162,861
Arkansas State Police	0	206,983
Various College and University Plans	0	106,959

Source: Arkansas Department of Finance and Administration.

CERTAIN TAXPAYER INITIATIVES AND LEGISLATION

Various efforts have been made in the recent past, under provisions of the Arkansas Constitution which provide for initiatives by electors of the State, to place various taxpayer initiated measures before the electors of the State. Should any of these initiated measures be approved by the Arkansas Attorney General (as to form) and the Arkansas Secretary of State (as to form and as to sufficiency of signatures), such measures would be placed on the ballot for a general election.

These measures have included in the past efforts to abolish the State income tax, abolish sales and use tax on used goods, allow local initiative for change in local property tax rates and restrict the level of local property taxes.

The effect of any of these measures, should any one or more become law, on the financial condition of the State cannot be predicted.

CERTAIN LEGISLATION AFFECTING STATE GENERAL REVENUE COLLECTIONS

Set forth on the following page is a table reflecting the effects of State legislation, adopted in 2025, on revenues of the State.

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General Revenue Impact of Bills of the 2025 General Assembly

Act	Act Description	FY 2026 Impact	FY 2027 Impact
443	Amends the law concerning payments to localities	($887,908)	($887,908)
696*	Provides an income tax exemption for certain payments by the USDA	($15,801,978)	($1,368,878)
781	Sales tax exemption for Arkansas Museum of Fine Arts and Foundation	($18,643)	($25,930)
802	Arkansas Brighter Future Fund Act – created tax deferred savings accounts for higher education	($190,000)	($190,000)
874	Creates an excise tax credit on certain beer and sake using Arkansas rice	($1,000,000)	($1,000,000)
875	Expands ABLE accounts age limit on disability from 26 to 46	($20,000)	($20,000)
878	Increases the amount of the income tax deduction for teachers' classroom investment	($350,000)	($350,000)
879	Amends sales tax exemption for aircraft held for resale and used for rental or charter	($671,538)	($568,189)
	Total:	($18,940,067)	($4,410,905)

** Act 696 is budget neutral. This would be new revenues the State would have earned if the exemption hadn't passed. (The exempted income was Federal agricultural payments related to disasters that Congress approved earlier in 2025.)*

Note: Some of these bills will have impacts in fiscal years beyond 2027.

Source: Arkansas Department of Finance and Administration, Economic Analysis and Tax Research.

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The Bonds will be issued pursuant to the Bond Resolution, a summary of which appears below. This summary makes use of terms defined in the Bond Resolution, certain of which definitions are summarized in Appendix A. This summary does not purport to be comprehensive or definitive and is subject in all respects to the specific terms and provisions of the Bond Resolution, to which reference is hereby made and copies of which are available from the Commission or the Financial Advisor.

General Resolution Constitutes Contract

In consideration of the purchase and acceptance of any and all of the Bonds by those who shall own the same from time to time, the General Resolution (together with all Supplemental Resolutions and all Series Resolutions) shall be deemed to be and shall constitute a contract among the Commission, the State and the owners from time to time of the Bonds, and the pledge made in the General Resolution and the covenants and agreements herein set forth to be performed on behalf of the Commission and State shall be for the equal benefit, protection and security of the owners of any and all of the Bonds, all of which, regardless the time or times of their delivery or maturity, shall be equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by the General Resolution.

Pledge Effected by the General Resolution

For the payment of the principal and redemption price, if any, of and interest on all bonds issued under the General Resolution, there is irrevocably pledged, in accordance with the provisions of the Act and the General Resolution, the full faith, credit and resources of the State.

Establishment of Funds

The General Resolution establishes the following Funds:

(1) Project Fund

(2) Program Fund

(3) Revenue Fund

(4) Bond Fund

Each of the above-designated Funds will be held (a) by the Treasurer or designated agent thereof or (b) in a trust fund or funds established in or by a bank or trust company selected by the Commission; provided, however, that the Bond Fund shall be held by the Treasurer or designated agent thereof. The Treasurer shall maintain its accounts in a qualified depository institution. There shall be maintained within each Fund separate subaccounts for each Series and each subaccount may be held by or in a separate trust fund or by a separate qualified depository institution.

Project Fund. Amounts in the Project Fund shall be disbursed as set forth in the General Resolution and in the applicable Series Resolution. Amounts in the Project Fund shall be transferred to Program Fund Account A and/or Program Fund Account B and the subaccounts therein as directed by an Authorized Representative to accomplish the purposes of Program A and/or Program B, respectively.

Program Fund. Amounts in the Program Fund will be expended and applied only for one or more of the following purposes:

(a) for deposit in the Bond Fund to cover deficiencies in the Bond Fund;

(b) for the payment of Project Costs;

(c) for the purpose of paying any Costs of Issuance;

(d) in connection with a Project refinancing, the repayment of indebtedness incurred by a Person to pay Project Costs; or

(e) in connection with the refunding of Qualified Bonds as authorized by the Act.

If the Commission determines that the moneys in any subaccount in the Program Fund will not be needed for any of the uses set forth in clauses (a) through (e) above, the Commission shall cause such amounts to be transferred to the related subaccount in the Bond Fund and used to redeem the related Series.

Revenue Fund. The Commission shall deposit or cause to be deposited to the credit of the applicable Revenue Fund Subaccount all Revenues from the applicable Project and Project Loan. All moneys in the Revenue Fund shall at least semiannually be deposited, at the direction of the Commission, into either the Program Fund or the Bond Fund.

Not later than the fifth business day preceding each January 1 and July 1, the Treasurer or the Commission shall pay or cause to be paid from moneys in the Revenue Fund and the subaccounts therein into the following Funds and in the following order the amounts set forth below:

FIRST: For deposit into the Bond Fund, an amount equal to the interest due on the Outstanding Bonds due on the next interest payment date;

SECOND: For deposit into the Bond Fund, an amount equal to one-half of the next principal maturity (including Sinking Fund Installments) of the Bonds;

THIRD: The balance, if any, into the Program Fund.

Bond Fund. The Treasurer shall deposit or cause to be deposited to the credit of the Bond Fund moneys received for such fund.

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At least one business day prior to each interest payment date for any of the Outstanding Bonds, the Treasurer shall pay or cause to be paid out of moneys credited to the Bond Fund to the Paying Agent the amounts required for the payment of interest on the Bonds and Paying Agent's fees due on such interest payment date and to the Registrar the fees of the Registrar due on that date, and one business day prior to each redemption date the amounts required for the payment of accrued interest on Bonds then to be redeemed or purchased unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied to such payments.

At least one business day prior to each principal payment date for any of the Outstanding Bonds, the Treasurer shall pay or cause to be paid out of moneys credited to the Bond Fund to the Paying Agent the amounts required for the payment of principal and premium, if any, due on the Bonds on such principal payment date and such amounts shall be applied to such payments.

If there shall be insufficient moneys in the Bond Fund to pay in full interest on Bonds and the Registrar's and Paying Agent's fees due on any interest payment date or redemption date after all required transfers have been made into the Bond Fund, the Treasurer or the Commission, as applicable, shall, five business days prior to such interest payment date, transfer an amount equal to the deficiency in the Bond Fund from the following sources and Funds, in the following order:

FIRST: From the general revenues of the State;

SECOND: From the Project Fund; and

THIRD: From the Program Fund.

If there shall be insufficient moneys in the Bond Fund to pay in full the principal payment and premium payment, if any, due on any principal payment date after all required transfers have been made into the Bond Fund, the Treasurer or the Commission, as applicable, shall, five business days prior to such principal payment date, transfer an amount equal to the deficiency in the Bond Fund from the following sources and Funds, in the following order:

FIRST: From the general revenues of the State;

SECOND: From the Project Fund; and

THIRD: From the Program Fund.

Deposit of General Revenues

Not less than fifteen (15) days prior to the commencement of each Fiscal Year, the Commission shall provide information to the Chief Fiscal Officer of the State estimating moneys required for payment of Debt Service on the Bonds and moneys of the Commission, including expected Revenues and income from investment of Fund balances, that the Commission proposes to make available for application to said Debt Service for the coming Fiscal Year. Following receipt of said information, the Chief Fiscal Officer of the State shall estimate the amount, if any, of general revenues of the State required for payment of Debt Service on the Bonds for said period (the "Deficiency") and shall certify such estimated amount to the Treasurer before the commencement of the succeeding Fiscal Year.

The Treasurer shall transfer, on the first day of each month, from the State Apportionment Fund into the Bond Fund, equal amounts sufficient to cause the Deficiency to be eliminated at least one month prior to the next interest or principal and interest payment date.

Notwithstanding any other transfers of moneys described in the paragraph above, the Treasurer shall transfer moneys in the Treasury into the Bond Fund at the times and in amounts as may be necessary, from time to time, to ensure the payment, when due, of the principal, premium, if any, and interest due on the Bonds.

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Investment of Funds

Moneys deposited in the Funds shall, to the extent practicable, be invested in Investment Obligations, the maturity or redemption date (at the option of the holder) of which shall coincide as nearly as practicable with the times at which moneys in the Funds will be required for the purposes provided in the General Resolution and the applicable Series Resolution. Obligations purchased as an investment of moneys in any Fund, and earnings and profits thereon, shall be deemed at all times to be a part of such Fund.

Payment of Bonds

The State covenants that it shall duly and punctually pay or cause to be paid, the principal or redemption price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

Events of Default

The term "Event of Default," whenever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

A. Default in the payment of any interest upon any Bond when it becomes due and payable; or

B. Default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable; or

C. The impairment by the State of any right or remedy of any Owner.

Notwithstanding anything set forth herein, no violation of any provision under **Establishment of Funds**, other than a violation which results in a failure to make timely payment of Debt Service, shall result in an Event of Default under the Bond Resolution.

Remedies

The Owners of Bonds shall be entitled to all of the rights and remedies provided in the Act, the General Resolution, the Series Resolution and to all of the rights and remedies otherwise provided or permitted by law or in equity.

Upon the happening and continuance of any event of default, the Owners of the Outstanding Bonds shall have the right, individually or in concert, to proceed to protect and enforce their rights by such of the following remedies as they shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Owners of Bonds, including the right to require the Treasurer and other officers of the State or their agents to carry out all covenants or agreements with Owners of Bonds and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds; and

(d) by declaring all Bonds due and payable, and if all defaults shall be made good, then the Owners of not less than twenty-five (25%) percent in principal amount of the Outstanding Bonds may annul such declaration and its consequences.

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Supplemental Resolutions - Effective without Consent of Owners of Bonds

For any one or more of the following purposes or at any time or from time to time, a Supplemental Resolution may be adopted; which, upon its adoption by the Commission, shall be fully effective in accordance with its terms without the necessity of any approval by the Owners of the Bonds:

(1) to close the General Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Resolution on, the delivery of Bonds, or the issuance of other evidences of indebtedness;

(2) to add to the limitations and restrictions in the General Resolution or Series Resolution, other limitations and restrictions to be observed by the Commission which are not contrary to or inconsistent with the General Resolution or Series Resolution as theretofore in effect;

(3) to add to the covenants and agreements of the Commission in the General Resolution or Series Resolution, other covenants and agreements to be observed by the Commission which are not contrary to or inconsistent with the General Resolution or Series Resolution as theretofore in effect;

(4) to authorize Bonds of a Series and, in connection therewith, specify and determine matters and things relevant to such Bonds which are not contrary to or inconsistent with the General Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds; or

(5) to modify any of the provisions of the General Resolution or Series Resolution in any respect whatever, provided that such modification does not diminish the security of any Owner.

Supplemental Resolutions - Effective with Consent of Beneficial Owners of Bonds

No supplementation, modification or amendment of the General Resolution or any Series Resolution and of the rights and obligations thereunder in any particular, may be made which shall permit a change in the obligation to report a Deficiency and make transfers from the State Apportionment Fund (see **Deposit of General Revenues**, above), a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or for any interest payment thereon or a reduction in the principal amount premium, if any, thereof or in the rate of interest thereon except with the consent of all the Owners which would be affected thereby.

Termination of Rights

Any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for two and one-half years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys are held by the Fiduciary at such date, or for two and one-half years after the date of deposit of such moneys if deposited with the Fiduciary after the date when such Bonds become due and payable, shall, at the written request of the Commission, be repaid by the Fiduciary to the Treasurer, as the State's absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners and Owners of Bonds shall look only to the State for the payment of such Bonds; provided, however, that before being required to make any such payment to the Treasurer, the Fiduciary shall, at the expense of the State, cause to be published at least twice, at an interval of not less than seven days between publications, in a newspaper of general circulation in the City of Little Rock, Arkansas, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days or more than 60 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Treasurer.

Defeasance

If the State shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal, premium, if applicable, and interest due or to become due thereon, then the pledge of the revenues, moneys and rights and interest pledged and all covenants, agreements and other obligations of the State to the Owners of Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agent at the maturity or redemption date thereof shall be deemed to have been paid with the same effect as expressed above.

Any Outstanding Bonds of a Series shall be deemed to have been paid if the following conditions are met: (a) if any of said Bonds are to be redeemed on any date prior to their maturity, the State shall have given to the Registrar irrevocable instructions to give notice of redemption of such Bonds; (b) there shall have been deposited with the Paying Agent either moneys and/or Investment Obligations, as defined below, (the principal of and the interest on which when due will provide moneys) which shall be sufficient to pay when due the principal, premium, interest, or redemption price; and (c) in the event said Bonds are not, by their terms, subject to redemption within the next succeeding sixty (60) days, the State shall have given the Registrar irrevocable instructions to mail or send via other standard means, including electronic or facsimile communication, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Paying Agent and that said Bonds are deemed to have been paid in accordance with the General Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bond.

Neither Investment Obligations, nor moneys deposited with the Paying Agent pursuant to the General Resolution, nor principal or interest payments on any such Investment Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Obligations deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Obligations maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity thereof as the case may be, and interest earned from such reinvestments shall be paid over to the State, as received by the Paying Agent, free and clear of any trust, lien, or pledge. Investment Obligations as used above shall mean and include only direct obligations of, or obligations guaranteed by, the United States of America, and such securities shall not be subject to redemption prior to their maturity.

RATINGS

The ratings given to the Bonds by Moody's Investors Service and S&P Global Ratings are "Aa1" and "AA+" respectively. An explanation of the significance of such ratings may be obtained from such rating agencies. The Commission furnished to such rating agencies the information contained in a preliminary form of this Official Statement and other information. Generally, rating agencies base their ratings on such material and information, as well as their own investigations, studies, assumptions, and policies. It should be noted that ratings may be changed at any time and that no assurance can be given that they will not be revised or withdrawn by the rating agencies if, in their respective judgments, circumstances should warrant such action. Any downward revision or withdrawal of a rating could have an adverse effect on market prices of the Bonds.

TAX MATTERS

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Bonds under the Code, the Regulations and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Bonds (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Bond and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed below under "Foreign Investors," this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary does not discuss the tax laws of any state other than Arkansas or any local or foreign governments. Potential purchasers of the Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Bonds.

General. Although there are not any regulations, published rulings, or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the Bonds, Bond Counsel has advised that the Bonds will be treated for federal income tax purposes as evidences of indebtedness of the State and not as an ownership interest in the trust estate securing the Bonds or as an equity interest in the State or any other party, or in a separate association taxable as a corporation. Although the Bonds are issued by the State, interest on the Bonds (including original issue discount, if any, as discussed below) is not excludable from gross income for federal income tax purposes under Code Section 103. Interest on the Bonds will be fully subject to federal income taxation. Thus, owners of the Bonds generally must include interest (including any original issue discount and market discount) on the Bonds in gross income for federal income tax purposes.

In general, interest paid on the Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount) will be treated as a return of capital.

Market Discount. An investor that acquires a Bond for a price less than the adjusted issue price of such Bond (or an investor who purchases a Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (i) in the case of a Bond originally issued at a discount, the amount by which the issue price of such Bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (ii) in the case of a Bond not originally issued at a discount, the amount by which the stated redemption price of such Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a bond as ordinary income to the extent of any remaining accrued market discount (as described at "Sales or Other Dispositions" under this caption) or (ii) to elect to include such market discount and income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in legislative history will apply. Under those rules, market discount will be included in income, in the case of a Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Bond who acquired a Bond at a market discount also may be required to defer, until the maturity date of such Bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Bond for the days during the taxable year on which the owner held the Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction to be taken into account in the taxable year in which the Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Sales or Other Dispositions. If a Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss will be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the Bond. The adjusted basis of a Bond generally will be equal to its costs, increased by any original issue discount or market discount included in the gross income of the transferor with respect to the Bond and reduced by any amortized bond premium under Section 171 of the Code and by the payments on the Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in Section 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss taxable at the applicable rate determined by the Code if the Bond to which it is attributable is held as a "capital asset."

Gain on the sale or other disposition of a Bond that was acquired at a market discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period that the Bond was held by the transferor (after reduction by any market discount includable in income by such transferor in accordance with the rules described above under "Market Discount"). In addition, if the State is determined (pursuant to regulations that have yet to be promulgated under Code Section 1271(g)(2)(A)) to have had an intention on the date of original issuance of the Bonds to call all or a portion of the Bonds prior to maturity, then gain on the sale or other disposition of a Bond in an amount equal to the original issue discount not previously includable in gross income would be required to be treated as ordinary income taxable at the applicable rate determined by the Code.

Backup Withholding. Payments of principal and interest (including original issue discount) on the Bonds, as well as payments of proceeds from the sale of Bonds may be subject to the "backup withholding tax" under Section 3406 of the Code with respect to interest or original issue discount on the Bonds if recipients of such payments (other than foreign investors who have properly provided certifications described below) fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient.

Foreign Investors. An owner of a Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax will apply to interest paid and original issue discount accruing on Bonds owned by foreign investors. In those instances in which payments of interest on the Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Bond.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an "ERISA Plan") and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Bond, could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons and Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the State or any underwriter of the Bonds, might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if Bonds are acquired by such plans or arrangements with respect to which the State or any underwriter is a party in interest or disqualified person. In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Bonds.

Further, in the opinion of Bond Counsel, under existing laws, interest on the Bonds is exempt from all taxes of the State, including income, inheritance and property taxes.

LITIGATION

There is no litigation pending or threatened seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the legality of the Act, the conduct of the 2008 general election, the Bonds, the proceedings and authority under which the Bonds are to be issued, or questioning the right of the Commission to adopt the General Resolution or the Series Resolution.

THE FINANCIAL ADVISOR

The Commission has retained Raymond James & Associates, Inc. as financial advisor in connection with the issuance of the Bonds. Although Raymond James & Associates, Inc. has assisted the Commission in its preparation of this Official Statement, Raymond James & Associates, Inc. was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

CONTINUING DISCLOSURE

The Commission has covenanted for the benefit of Beneficial Owners of the Bonds to provide certain financial information by not later than 270 days after the end of the State's fiscal year, commencing with the fiscal year ending June 30, 2025 (the "ANRC Annual Disclosure Statement"), and to provide notices of the occurrences of certain listed events. The ANRC Annual Disclosure Statement and notices of listed events will be filed by the Commission with the Municipal Securities Rulemaking Board. Appendix C to this Official Statement is a preliminary draft of the Continuing Disclosure Agreement to be executed at closing. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). A failure by the Commission to comply with such agreement will not constitute an Event of Default with respect to the Bonds.

In addition to continuing disclosure undertakings entered into by the Commission in connection with the issuance of general obligations bonds ("ANRC Undertakings"), the State has entered into numerous continuing disclosure undertakings relating to other State general obligation bonds. There are five (5) other types of general obligation bonds that have been issued by agencies of the State and that are outstanding: (i) Federal Highway Grant Anticipation and Tax Revenue General Obligation Bonds (the "GARVEE Bonds"), (ii) General Obligation Four-Lane Highway Construction and Improvement Bonds (the "Highway Bonds"), (iii) College Savings General Obligation Bonds (the "College Savings Bonds"), (iv) Higher Education General Obligation Bonds (the "Higher Education Bonds"), and (v) General Obligation Amendment 82 Bonds (the "Amendment 82 Bonds"). See "INDEBTEDNESS OF THE STATE OF ARKANSAS". The Arkansas State Highway Commission ("ASHC") is the issuer of the GARVEE Bonds and the Highway Bonds. The Arkansas Development Finance Authority ("ADFA" or the "Authority") is the issuer of the College Savings Bonds, the Higher Education Bonds and the Amendment 82 Bonds.

While the Commission, ASHC and ADFA have not made any determinations as to materiality, the following paragraphs under CONTINUING DISCLOSURE summarize the results of the review by the Commission, ADFA and ASHC of their respective compliance with prior continuing disclosure obligations of the Commission, ADFA and ASHC over the past five years.

Commission

The Commission timely filed its annual disclosure statements in connection with ANRC Undertakings for the fiscal years ended June 30, 2020, 2021, 2022, and 2024. The annual disclosure statement for the fiscal year ended June 30, 2023 was filed three (3) days late for one bond issue, and a notice concerning the failure to timely file was filed late. One listed event notice relating to a financial obligation in 2022 was not timely filed (filed ten (10) days late).

ASHC

ASHC timely filed the financial information required by ASHC's continuing disclosure undertakings for the GARVEE Bonds and the Highway Bonds that were due for the fiscal years ended June 30, 2020, 2021, 2022, 2023, and 2024.

ADFA

The Authority identified nine (9) categories of bonds or programs for which it acts as an issuer and/or has entered into continuing disclosure undertakings for the bonds issued by the Authority (the "ADFA Undertakings"). The Authority (i) is the exclusive issuer of revenue bonds for public facilities acquired or constructed for the benefit of all state agencies which do not have bonding authority (the "State Facilities Program"); (ii) issues bonds to benefit for profit and not for profit businesses for a variety of purposes specifically authorized by State law (the "Conduit Issuer Program"); (iii) issues single family mortgage revenue bonds (the "Single Family Program"); (iv) issues multi-family mortgage revenue bonds (the "Multifamily Program"); (v) issues bonds to facilitate economic development which the Authority and/or the Arkansas Economic Development Commission ("AEDC") guarantee through their individual bond guaranty programs (the "State Bond Guaranty Program"); (vi) guarantees bonds issued by other governmental entities that facilitate economic development (the "Local Bond Guaranty Program"); (vii) issues bonds to support the Commission's Revolving Loan Fund program (the "RLF Program"); (viii) issues bonds authorized by specific legislation to support other state programs (the "Miscellaneous State Bonds Program"); and (ix) issues the College Savings Bonds, the Higher Education Bonds and the Amendment 82 Bonds (the "GO Programs").

With respect to all Authority programs, the Authority is aware of a limited number of circumstances under which notices of certain events were not timely filed. The Authority has implemented additional policies and procedures to improve disclosure and compliance for events warranting disclosure.

With respect to the State Facilities Program and the Conduit Issuer Program, the Authority has had instances of late filings of certain financial information and operating data of the Authority and other obligated parties as required in the ADFA Undertakings. The nature of these filings typically include (i) supplemental filings to provide information or data identified in the ADFA Undertakings, but not included in the initial filing that was made timely and (ii) the filing of financial statements specific to the obligated person, if available, or alternatively, the State's ACFR and/or certain financial information and operating data. With respect to financial information, the delay in filing in most instances was minor. As noted below, the Authority has implemented a form of annual report to prevent omissions of portions of information in the future and to confirm the status of required financial statements.

With respect to the Multifamily Program, most of the bond issues are exempt from the Rule, and the Authority does not have any ADFA Undertakings with respect to this program. With respect to the Miscellaneous State Bonds Program and the GO Programs, there were no instances of late filings. With respect to the Single Family Programs, there were no instances of late filings for certain financial information and operating data; however, the Authority did not timely file its audited financial statements for the fiscal year ended June 30, 2023 and a notice concerning the failure to file was not filed. With respect to the RLF Program, for the fiscal year ended June 30, 2023, (i) certain annual financial information, including audited financial statements of the RLF Program, was not timely filed, (ii) certain operating data was not filed, though such information was contained in the Official Statement for the Authority's applicable bond issue, (iii) the latest audited financial statements of an obligated person were not timely filed, (iv) and a notice concerning the failure to file was not filed.

With respect to the State Bond Guaranty Program and the Local Bond Guaranty Program, most of the ADFA Undertakings relating to bonds issued prior to 2010 included a requirement to provide specific information related to borrowers that were in default. The ADFA Undertakings permit the Authority to waive requirements not specifically required by the Rule, and the Authority waived the requirement to provide this information, but did not take formal action to do so nor did it file a disclosure identifying the waiver. With respect to bonds guaranteed by AEDC, the ADFA Undertakings relating to bonds issued prior to 2009 required the filing, when available, of AEDC's audited financial statements. AEDC does not receive separately audited financial statements but rather is one of the component units of the State included in the State ACFR. Prior to 2013, no filings were made because AEDC does not have audited financial statements. In 2013, the Authority, in consultation with AEDC, began filing the State ACFR to satisfy this term of the ADFA Undertakings and filed the applicable previous years ACFRs for all bonds guaranteed by AEDC for which the State ACFR had not been previously filed. With respect to some ADFA Undertakings, there were no instances of late filings.

Procedural changes have been implemented to prevent these instances in the future and include, but are not limited to, (i) requiring any obligated party in the ADFA Undertakings to specifically designate a representative with whom the Authority may communicate regarding information required by the ADFA Undertakings; (ii) incorporating a form of annual report as an exhibit to all subsequent ADFA Undertakings and amending in due course existing ADFA Undertakings to ensure that both the Authority and other obligated parties provide all required information; and (iii) periodically checking EMMA to ensure such reports and notices have been properly filed and indexed.

UNDERWRITING

The persons named on the cover page hereof (the "Underwriters") have purchased the Bonds at public sale for the price of $_________ (principal amount ____ $_________ of [net] original issue _______ less $_________ of Underwriters' discount"). The Underwriters intend to offer the Bonds to the public initially at the offering prices set forth on the cover page of this Official Statement, although they may subsequently change such offering prices (or bond yields establishing such offering prices) without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public, and may offer the Bonds to such dealers and other underwriters at the price below the public offering price.

ADDITIONAL INFORMATION

The Bonds will be offered for sale subject to the conditions set forth in the Commission's Official Notice of Sale, dated May 21, 2025, copies of which may be obtained from the Financial Advisor or from Bond Counsel.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned, the Official Statement does not include any untrue statement of material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement has been duly authorized by the Commission. This Official Statement is dated the date shown on the cover page hereof.

ARKANSAS NATURAL RESOURCES COMMISSION

By: ____
Chairman

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APPENDIX A

DEFINITIONS

The following are definitions in summary form of certain terms contained in the Bond Resolution and used herein:

"Act" shall mean Act 631 of the General Assembly of the State for the year 2007, as amended from time to time, codified as A.C.A. §§15-20-1301 et seq.

"Additional Bonds" shall mean any Bond or Bonds authenticated and delivered under the General Resolution subsequent to the issuance of the initial Series of Bonds.

"Authorized Representative" shall mean the Chairman, Vice Chairman or Director and such additional persons as from time to time may be designated to act on behalf of the Commission by written certificates furnished to the Treasurer and Registrar containing the specimen signature thereof and executed on behalf of the Commission by the Chairman, Vice Chairman, or Director.

"Beneficial Owner" shall mean any person who acquires beneficial ownership interest in a Bond so long as the book-entry system is in use.

"Bond" or "Bonds" shall mean any Bond or Bonds authenticated and delivered under the General Resolution and issued pursuant to a Series Resolution.

"Bond Fund" shall mean the Bond Fund established by the General Resolution.

"Code" means the Internal Revenue Code of 1986, as amended, and any Regulations thereunder.

"Commission" shall mean the Arkansas Natural Resources Commission (formerly the Arkansas Soil and Water Conservation Commission), an agency of the State, created by Act 14 of the General Assembly for the year 1963, as amended, and any department of or agency of the State succeeding to the powers and duties thereof.

"Costs of Issuance" shall mean all items of expense payable or reimbursable directly or indirectly by the Commission and related to the authorization, sale and issuance of Bonds, including but not limited to expenses of printing, reproducing documents, filing and recording, initial fees and charges of the Fiduciaries, legal and other professional services and consultation, credit ratings, execution, transportation and safekeeping of Bonds, refunding of Qualified Bonds and other costs, charges and fees in connection with the foregoing.

"Debt Service" shall mean the scheduled amount of interest and amortization of principal payable on a Series of Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period plus redemption premiums, if any, and Registrar's and Paying Agent's and dissemination and agent's and like servicing fees related to each Series of Bonds.

"Events of Default" shall mean the Events of Default in the General Resolution.

"FDIC" shall mean the Federal Deposit Insurance Corporation, or any successor thereto insuring deposits of commercial banks.

"Fiduciary" or "Fiduciaries" shall mean the Registrar, the Paying Agent, or any or all of them, as may be appropriate.

"Fiscal Year" shall mean the annual accounting reporting used by the State and Commission, initially the 12-month period commencing on July 1 of each year and ending on June 30 period of the following year.

"Fund" shall mean a Fund established by Article V of the General Resolution.

"General Resolution" shall mean the General Resolution Providing for the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities Development Programs as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms thereof.

"Investment Obligations" shall mean and include, if and to the extent the same are at the time legal for investment of Commission funds:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any United States government agencies; provided, however, such obligations are backed by the full faith and credit of the United States of America;

(3) senior debt obligations issued or guaranteed by United States government agencies (non-full faith and credit agencies);

(4) money market funds investing exclusively in the investments described in clauses (1) through (3) above;

(5) certificates of deposit providing for deposits secured at all times by collateral described in clauses (1) through (3) above. Such certificates must be issued by commercial banks whose deposits are insured by the FDIC and whose collateral must be held by a third party, and the State Investing Office, or assigns, must have a perfected first security interest in the collateral;

(6) certificates of deposit, savings accounts, deposit accounts or money market deposits, all of which are fully insured by the FDIC;

(7) bonds or notes issued by the State or any municipality, county or school district, community college district or regional solid waste management district in the State, or any agency or instrumentality thereof;

(8) investment agreements with financial institutions or insurance companies which are rated in one of the two highest rating categories of a nationally recognized rating agency;

(9) repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the State Investing Office (buyer/lender), and the transfer of cash from the State Investing Office to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the State Investing Office in exchange for the securities at a specified date. Repurchase agreements must satisfy the following criteria:

(A) Repurchase agreements must be between the State Investing Office and a dealer bank or securities firm described as follows:

(i) Dealers with at least $100 million in capital, or

(ii) Banks whose deposits are insured by the FDIC.

(B) The written repurchase agreement contract must include the following:

(i) Securities which are acceptable for transfer are those listed in clauses (1) through (3) above.

(ii) The term of the repurchase agreement may be up to 30 days.

(iii) The collateral must be delivered to the State Investing Office, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before or at the time of the payment (perfection by possession of certificated securities);

(iv) Valuation of Collateral: The securities must be valued weekly, marked-to-market at current market price plus accrued interest. The value of collateral must be equal to 103% of the amount of cash transferred by the State Investing Office to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral declines below 103% of the value of the cash transferred by the State Investing Office, then additional cash and/or acceptable securities must be transferred and held by the State Investing Office; and

(10) Any other investment authorized by State law.

"Local Entity" shall mean any nonprofit corporation, or any county, municipality, conservation district, improvement district, drainage district, irrigation district, levee district, regional water distribution district, public facilities board, public water authority, rural development authority, solid waste authority, regional wastewater treatment district, regional solid waste management district, rural water association or school district in the State or any agency or instrumentality of any of the foregoing, or any agency or instrumentality of the State, including the Commission.

"Outstanding" when used with reference to Bonds shall mean, as of any date of computation, Bonds theretofore or thereupon being delivered under the General Resolution except:

(i) Any Bonds canceled by the Registrar at or prior to such date;

(ii) Bonds for the payment or redemption of which moneys, equal to the principal amount thereof plus premium, if any, and interest to the date of maturity or redemption date, shall be held in trust under the General Resolution and set aside for such payment or redemption (whether at or prior to the maturity date or redemption date);

(iii) Bonds in lieu of or in substitution for which other bonds shall have been executed and delivered pursuant to the General Resolution; and

(iv) Bonds deemed to have been paid as provided in the General Resolution.

"Owner" or "Registered Owner" shall mean any person who shall be the registered owner of any Bond or Bonds on the books maintained by the Registrar.

"Paying Agent" shall mean any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the General Resolution. The Registrar shall be the initial Paying Agent.

"Person" shall mean any Local Entity or any individual, corporation, trust, limited liability company or partnership.

"Programs" shall mean the Water, Waste Disposal and Pollution Abatement Facilities Development Programs of the Commission to be carried out with moneys provided by the issuance of Bonds as provided in the Bond Resolution.

"Program Fund" shall mean the Program Fund established by the General Resolution.

"Project" shall mean any lands, buildings, improvements, machinery, equipment, or other property, real, personal or mixed, or any combination thereof and programs using such property, developed in pursuance of all or any of the purposes of the Act, including but not limited to the following: (1) the production, impoundment, treatment and transportation of water, (2) the collection, treatment and disposition of waste, (3) pollution abatement programs, (4) drainage or flood control facilities, (5) irrigation facilities and (6) the preservation and development of wetlands and aquatic resources. Included are Projects for agricultural, administrative, research, residential, recreational, commercial and industrial purposes and Projects for the use and benefit of Local Entities, the Commission and other Persons. Included are facilities and improvements which are necessary, ancillary or related to those enumerated.

"Project Costs" shall mean all or any part of the administrative costs of the Commission in connection with the Programs, the costs of developing any Project, costs incidental or appropriate thereto including, without limitation, all costs to the Commission associated with the development or operation of any Project in a supervisory capacity, and costs incidental or appropriate to the financing thereof, including, without limitation, capitalized interest, Costs of Issuance of and appropriate reserves for the Bonds, loan or commitment fees, loans or grant administration fees and costs for engineering, legal and other administrative and consultant services.

"Project Fund" shall mean the Project Fund established by the General Resolution.

"Project Loan" shall mean a loan from proceeds of the Bonds made by the Commission to any Person to finance a Project pursuant to the Act. Project Loans may be in the form of financing leases, loan agreements or bond purchase agreements.

"Qualified Bonds" shall mean one or more series of bonds or temporary notes, issued under the Act, or Act No. 607 of the General Assembly of the State for the year 1997, whether or not such bonds have been issued under the General Resolution.

"Record Date" shall mean the fifteenth (15th) day of the month immediately preceding an interest payment date and will be the date on which the Registrar determines to whom interest will be paid on the interest payment date.

"Registrar" shall mean Simmons Bank, Pine Bluff, Arkansas, a banking institution organized and existing under the laws of the United States of America, its successor or any other corporation which may at any time be substituted in its place pursuant to the General Resolution.

"Regulations" shall mean temporary and permanent regulations promulgated under the Code.

"Revenues" shall mean all gross income, fees, charges, receipts, loan repayments, profits and other moneys derived by the Commission from the Projects and Project Loans.

"Revenue Fund" shall mean the Revenue Fund established by the General Resolution.

"Revenue Fund Subaccount" shall mean each subaccount within the Revenue Fund established and maintained for the Revenues allocated to each Series of Bonds.

"Series" shall mean all of the Bonds authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds, regardless of variations in maturity, interest rate or other provisions.

"Series Resolution" shall mean a Supplemental Resolution of the Commission authorizing the issuance of a Series of Bonds.

"Sinking Fund Installment" shall mean any amount of money required by or pursuant to a Series Resolution to be paid on a specified date by the State toward the retirement of any particular Outstanding Bonds that mature on a single date, but not including any amount payable by reason only of the maturity of a Bond.

"State" shall mean the State of Arkansas.

"State Board of Finance" shall mean the State Board of Finance, created by Act 338 of the General Assembly of the State for the year 1955, as amended.

"State Investing Office" shall mean the State Treasurer for the investment of any funds established on the books of the State Treasury, and the Commission for the investment of any funds held outside the State Treasury.

"Supplemental Resolution" shall mean any resolution supplemental to or amendatory of the General Resolution, adopted by the Commission in accordance therewith.

"Treasurer" shall mean the Treasurer of the State.

"Treasury" shall mean the general fund of the State held by the Treasurer.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, partnerships, associations, corporations and other entities.

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APPENDIX B

June 25, 2025

Simmons Bank
Pine Bluff, Arkansas, as Registrar and Paying Agent

Arkansas Natural Resources Commission
Little Rock, Arkansas

Re: $25,000,000 State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Taxable Series 2025

Ladies and Gentlemen:

We have examined a certified copy of proceedings of the State of Arkansas (the "State"), acting by and through the Arkansas Natural Resources Commission (the "Commission"), pertaining to the issuance of the referenced bonds (the "Bonds"). The Bonds are being issued for the purpose of providing funds to finance water, waste disposal, water pollution control, abatement and prevention, irrigation, drainage, flood control and wetlands and aquatic resources projects in the State (the "Projects"), and for paying costs incidental to the issuance of the Bonds.

The Bonds are issued under and pursuant to the Constitution and laws of the State, including particularly the Arkansas Water, Waste Disposal and Pollution Abatement Facilities Financing Act of 2007, that being Act 631 of the General Assembly of the State for the year 2007 (the "Act"); a Proclamation of the Governor of the State dated February 2, 2024, authorizing the issuance of the Bonds; and the General Resolution Providing for the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities Development Programs, as supplemented by the Series Resolution Authorizing the Issuance and Sale of $25,000,000 State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Taxable Series 2025, each duly adopted by the Commission (collectively, the "Resolution"). Pursuant to the Resolution, Simmons Bank in Pine Bluff, Arkansas has been appointed registrar and paying agent for the Bonds (the "Registrar").

The Commission is authorized to issue bonds in aggregate principal amount not to exceed $300,000,000 for nonrefunding purposes upon the terms and conditions set forth in the Act. The Bonds are, and any additional series of bonds, when and if issued, shall be, entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Act.

Regarding questions of fact material to the opinions below, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The Commission is a duly constituted and existing instrumentality of the State with the powers, among others, to issue the Bonds to provide funds for the Projects and to perform its obligations under the Resolution.

2. The Resolution has been duly adopted by the Commission and delivered to the Registrar and is legally binding and enforceable in accordance with its terms.

3. The Bonds have been duly authorized, executed, issued and delivered by the State and constitute valid and binding general obligations of the State in accordance with their terms.

4. The Bonds are secured by an irrevocable pledge of the full faith, credit and resources of the State in accordance with the Act. The Bonds are further secured by a specific pledge of the State's general revenues to the extent necessary to provide for their payment.

5. The Bonds will be treated for federal income tax purposes as evidences of indebtedness of the State. The interest on the Bonds is not excludable from gross income for federal income tax purposes and will be fully subject to federal income taxation.

6. The Bonds and interest thereon are exempt from all taxes of the State, including income, inheritance and property taxes.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Sincerely,

FRIDAY, ELDREDGE & CLARK, LLP

APPENDIX C

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Arkansas Natural Resources Commission (the "Issuer"), a duly authorized agency of the State of Arkansas (the "State") by and on behalf of the State, and Simmons Bank, the Bond Registrar and Paying Agent (the "Paying Agent"), as the Dissemination Agent, which covenants and agrees for the benefit of the Beneficial Owners of the $25,000,000 State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Taxable Series 2025 (the "Series 2025 Bonds") issued under the "General Resolution Providing for the State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities Development Programs" (the "General Resolution"), and the "Series Resolution Authorizing the Issuance and Sale of $25,000,000 State of Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bonds, Taxable Series 2025" (the "Series Resolution"), and as the same may be amended or supplemented from time to time in accordance with the provisions thereof (collectively, the "Resolution") as follows:

Section 1. ***Purpose of the Disclosure Statement***. This Disclosure Agreement is being executed and delivered by the Issuer on behalf of the State and the Paying Agent for the benefit of the Beneficial Owners and in order to assist the Participating Underwriter in complying with, and constitutes the written undertaking for the benefit of the Beneficial Owners of the Series 2025 Bonds required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule").

The Issuer, as an "obligated person" within the meaning of the Rule, undertakes to provide the following information as provided in this Disclosure Agreement:

(a) Annual Financial Information;

(b) Audited Financial Statements, if any; and

(c) Listed Event Notices.

Section 2. ***Definitions***. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Financial Information*" means the financial information (which shall be prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standard Boards ("GASB") which are applicable to information of the type being provided) with respect to the State, provided at least annually, consisting of the information contained in the State's Annual Comprehensive Financial Report attached as Appendix D to the Issuer's Official Statement dated June 4, 2025, which Annual Financial Information may, but is not required to include Audited Financial Statements. Any or all of such information may be included in the Annual Financial Information by specific reference to other documents, including Final Official Statements of debt issues of the Issuer or related public entities, which have been previously provided to the MSRB. The Issuer shall clearly identify in the Annual Financial Information each such other document so included by reference.

"*Audited Financial Statements*" means the State's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by a firm of independent certified public accountants or such auditor as shall be required or permitted by the State.

"*Beneficial Owner*" of a Series 2025 Bond shall mean any person who has the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2025 Bond (including any person who holds a Series 2025 Bond through a nominee, depository, or other intermediary).

"*Dissemination Agent*" means Simmons Bank, Pine Bluff, Arkansas, as the Bond Registrar and Paying Agent or the Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer and the Paying Agent a written acceptance of such designation.

"*EMMA*" means the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"*Financial Obligation*" means a

(A) debt obligation;

(B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*Final Official Statement*" means a document or set of documents prepared by an issuer of municipal securities or its representatives setting forth, among other matters, information concerning the issuer of such municipal securities and the proposed issue of securities that is complete as of the date of delivery of the document or set of documents to the Participating Underwriter.

"*Listed Event*" means any of the following events with respect to the Series 2025 Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls (excluding mandatory sinking fund redemptions), if material.
9. Defeasances and tender offers.
10. Release, substitution, or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person.

13. The consummation of a merger, consolidation or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means any of the original underwriters of the Series 2025 Bonds required to comply with the Rule in connection with an initial offering of the Series 2025 Bonds.

Section 3. *Provision of Annual Reports.* (a) While any of the Series 2025 Bonds are outstanding, the Issuer shall, or shall cause the Dissemination Agent to, provide the Annual Financial Information on or before 270 days after the end of the State's fiscal year (the "Report Date"), beginning with the fiscal year ended June 30, 2025, to the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission. The Annual Financial Information shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Not later than 15 business days prior to said date, the Issuer shall provide the Annual Financial Information to the Dissemination Agent. The Issuer shall include with each such submission of Annual Financial Information to the Dissemination Agent a written representation to the effect that the Annual Financial Information is the Annual Financial Information required to be provided by it pursuant to this Disclosure Agreement and that it complies with the applicable requirements of this Disclosure Agreement. In each case, the Annual Financial Information may be submitted as a single document or as a set of documents, and all or any part of such Annual Financial Information may be provided by specific cross-reference to other documents previously provided to the MSRB.

(b) If not provided as part of the Annual Financial Information, the Issuer shall, or shall cause the Dissemination Agent to, provide the Audited Financial Statements when and if available while any of the Series 2025 Bonds are Outstanding to the MSRB.

(c) If by 15 business days prior to a Report Date the Dissemination Agent has not received a copy of the Annual Financial Information, the Dissemination Agent shall contact the Issuer to notify it that the Dissemination Agent has not received the Annual Financial Information and remind the Issuer that such information must be provided to the MSRB by the Report Date. For the purposes of determining whether information received from the Issuer is Annual Financial Information, the Dissemination Agent shall be entitled to rely conclusively on the Issuer's written representation made pursuant to clause (a) of this Section.

(d) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

(e) If the Dissemination Agent does not receive the Annual Financial Information, the Dissemination Agent shall, without further direction or instruction from the Issuer, provide in a timely manner to the MSRB notice of any failure by the Issuer while any of the Series 2025 Bonds are Outstanding to provide to the Dissemination Agent Annual Financial Information on or before the Report Date.

Section 4. ***Reporting of Listed Events***. (a) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer agrees to report such occurrence to the Dissemination Agent in a timely manner, not in excess of ten (10) business days after the occurrence of such Listed Event.

(b) If the Dissemination Agent has received notice of the occurrence of a Listed Event or has knowledge of the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org, or any other similar system that is acceptable to the Securities Exchange Commission. Each notice of the occurrence of a Listed Event shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. ***Termination of Reporting Obligation.*** The Issuer's obligations under this Disclosure Agreement shall automatically terminate once the Series 2025 Bonds are no longer outstanding. Any provision of this Disclosure Agreement shall be null and void in the event the Issuer delivers an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the provisions of such undertaking or portion thereof are invalid, have been repealed retroactively or otherwise do not apply to the Series 2025 Bonds; provided that the Issuer shall have provided notice of such delivery and the cancellation of such undertaking or provision thereof to the MSRB.

Section 6. ***Dissemination Agent.*** (a) The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer and the Dissemination Agent shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 7. ***Additional Information.*** (a) Nothing in the Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is required by the Disclosure Agreement.

(b) If the Issuer chooses to include any information in any Annual Financial Information or notice of occurrence of a Listed Event, in addition to that which is specifically required by the Disclosure Agreement, the Issuer shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of a Listed Event.

Section 8. ***Amendment; Waiver.*** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and Paying Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived by the parties hereto, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, provided that the Issuer shall have provided notice of such delivery and of the amendment to the MSRB.

Section 9. ***Default.*** (a) In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Beneficial Owner may seek mandate or specific performance by court order or any other such action as may be necessary and appropriate, to cause the Issuer to comply with its obligations under this Disclosure Agreement.

(b) Notwithstanding the provisions of (a) above, no Beneficial Owner shall have any right to take any action to challenge the adequacy of the information provided in accordance with the Disclosure Agreement unless the Beneficial Owners of at least 25 percent aggregate principal amount of Outstanding Series 2025 Bonds shall have made written requests to the Dissemination Agent to take such action in its own name and shall have offered the Dissemination Agent reasonable indemnity, and the Dissemination Agent, for 60 days after its receipt of notice, request, and offer of indemnity, has failed to institute any such action.

(c) A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of an "Event of Default" shall not apply to any such failure. The Issuer shall not be liable for any breach of its obligations under this Section unless such breach is the result of willful or reckless actions or omissions. The sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance and the Issuer, its members, officers and employees shall incur no liability under this Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section shall entitle any person to attorney's fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Section 10. ***Duties, Immunities and Liabilities of Dissemination Agent.*** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2025 Bonds.

Section 11. ***Beneficiaries.*** This Disclosure Agreement shall inure solely to the benefit of the Issuer and the Beneficial Owners from time to time of the Series 2025 Bonds or any interest therein, and shall create no rights in any other person or entity.

Section 12. ***Interpretation.*** It being the intention of the parties that there be full and complete compliance with the Rule, this Disclosure Agreement shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

Section 13. ***Counterparts.*** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. ***Choice of Law.*** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal laws and official interpretations thereof.

Dated: June 25, 2025.

ARKANSAS NATURAL RESOURCES
COMMISSION

By: ______________________________
Chairman

ACCEPTED:

SIMMONS BANK
AS DISSEMINATION AGENT

By: ______________________________
Authorized Officer

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APPENDIX D

State of Arkansas Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024

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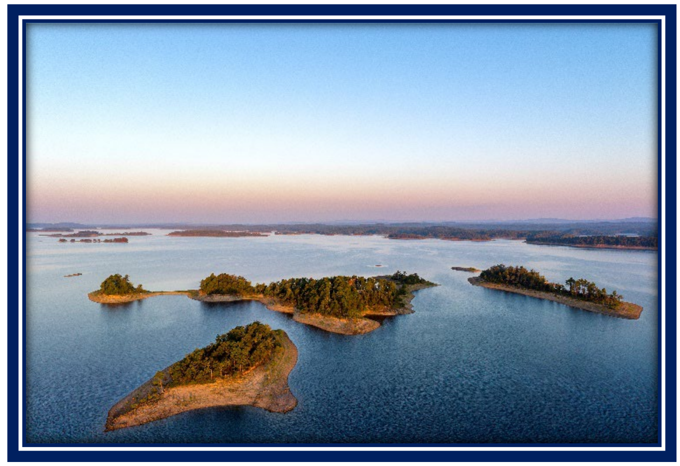

ARKANSAS

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024


ARKANSAS

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

Sarah Huckabee Sanders
Governor

Jim Hudson
Secretary
Department of Finance and Administration

Prepared By
The Department of Finance and Administration
Office of Accounting

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

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

Governor Sarah Huckabee Sanders

STATE OF ARKANSAS
SARAH HUCKABEE SANDERS
GOVERNOR

January 30, 2025

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

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

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

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

Sincerely,

Sarah Huckabee Sanders
Governor of Arkansas

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

Acknowledgments

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

Jim Hudson
Secretary

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Deputy Director/State Comptroller

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Evan Peck
George Williams, CPA
James Bellcock, CPA (Inactive)
John Joyner
Kathy Crawford
Maddie Arey
Stephanie Price
Tommy Leitmeyer
Trevor Gibbons, CPA

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

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

ARKANSAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

ARKANSAS STATE GOVERNMENT

AR

ARKANSAS.GOV

STATE OF ARKANSAS
Department of Finance and Administration

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

January 30, 2025

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

In accordance with the requirements set forth in Arkansas Code of 1987 (Ark. Code Ann.) § 19-4-517, it is my pleasure to transmit to you the Annual Comprehensive Financial Report (ACFR) of the State of Arkansas (the State) for the fiscal year ended June 30, 2024.

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

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

Arkansas Legislative Audit performed the audit for the fiscal year ended June 30, 2024. Auditing standards generally accepted in the United States of America were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements is included in the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

FACTORS AFFECTING ECONOMIC CONDITION

Local Economy

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

Arkansas is very proud of the four Fortune 500 companies that got their start and are headquartered here: Wal-Mart (#1), Tyson Foods (#85), Murphy USA (#214), and J.B. Hunt Transport Services (#316). They are the industry leaders and are making a global impact from Arkansas.

The State has continued to attract new businesses and grow current businesses. Exxon Mobile announced that the company would be drilling its first lithium well in Arkansas, an early investment in what could be one of the largest supplies of lithium in North America.

Expanding and new companies which include SIG Sauer, Tractor Supply Company, Zekelman Industries, and 18 other companies have committed to investing $820.3 million and creating 3,509 new jobs.

ECONOMIC CONDITION AND OUTLOOK

State Personal Income: Personal income consists of wages and salaries, dividends, interest, rent, and transfer payments, such as social security and other retirement incomes. Personal income does not include realized capital gains from the sale of assets. Total personal income, measured in current dollars, reached a total of $180.1 billion in fiscal year 2024. This represented an increase of $5.7 billion, or 3.3%, over fiscal year 2023. Fiscal year 2025 is estimated at $187.0 billion (current dollars), an increase of $6.9 billion or 3.8 % over fiscal year 2024.

Arkansas Wage and Salary Disbursements: Measured in current dollars, wage and salary income rose to $79.4 billion in fiscal year 2024, an increase of $4.0 billion, or 5.3%, from fiscal year 2023. Fiscal year 2025 is estimated at $83.8 billion (current dollars), an increase of $4.4 billion or 5.5% from fiscal year 2024.

Employment: In fiscal year 2024, revised payroll employment in Arkansas averaged 1.4 million jobs. This represented an increase of approximately 16,400 jobs, or 1.2%, compared to fiscal year 2023. In fiscal year 2025 payroll employment is expected to average 1.4 million jobs. This represents a projected increase of approximately 16,900 jobs, or 1.2%, from fiscal year 2024.

Fiscal Year 2024 Net Available General Revenues: Actual net available general revenues collected totaled $6.9 billion with $698.4 million recorded as surplus. The net available collected was $284.9 million or 4 % below the net available in fiscal year 2023. Fiscal year 2025 net available general revenue collections are estimated at $6.6 billion, a decrease of $310.4 million or 4.5 % below fiscal year 2024 with a year-end surplus estimated at $278.6 million.

Selected Special Revenues: Act 87 of 2007 designated a portion of the 6-cent per gallon dyed diesel tax to the Educational Adequacy Fund to partially offset the exemption of dyed diesel from sales tax. Starting in fiscal year 2013, a portion of motor fuel taxes is also deposited to the Educational Adequacy Fund to offset the revenue loss from exempting truck tractors and semitrailers from sales tax. These revenues are deposited to the Educational Adequacy Fund to provide an adequate educational system. In fiscal year 2024, $729.0 million in net tax collections was deposited to the Educational Adequacy Fund, with the fiscal year 2025 net tax collections estimated to be $735.6 million.

RELEVANT FINANCIAL POLICIES

Arkansas Forward: The Governor introduced the Arkansas Forward initiative to save taxpayer money and improve services for the people of Arkansas. McKinsey & Co. were awarded a $5.5 million dollar contract in 2024 to review government processes and identify opportunities for efficiencies across the State. The focus of the review was on five main areas: information technology, procurement, fleet, personnel, and real estate.

The resulting report lays out more than 300 initiatives with the potential to return $300 million in cost-savings and cost-avoidance to the people of Arkansas over the next six years.

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

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

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

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

Tax Cuts: The Governor has signed into law tax cuts that lower the top individual tax rate from 4.4% to 3.9%, and the top corporate tax rate from 4.8% to 4.3%.

Tax Abatements: The State provides tax abatements through 15 programs. These programs provide incentives in the form of reduced taxes for the purposes of business development and job creation, housing development, tourism development, and other programs. The **Advantage Arkansas** program provides income tax abatements to encourage economic development through job creation. The **ArkPlus** program provides income tax and sales and use tax abatements to encourage economic development through job creation and capital investments. The **InvestArk** program provides for abatement of sales and use taxes to encourage economic development through retention of current Arkansas businesses. The **Tax Back** program provides for abatement of sales and use taxes to encourage economic development through job creation. The **In-House Research and Development** program provides for abatement of income taxes to encourage economic development through research activities. The **Targeted Research** program provides for abatement of taxes to encourage economic development through research activities of targeted businesses or in areas of strategic value. The **Targeted Business Payroll** program provides for abatement of income taxes to encourage the development of jobs that pay significantly more than the average hourly wage of the county in which the business is located or the State average hourly wage, if less. The **Tourism Development** program provides for abatement of income taxes and sales and use taxes to encourage the development of tourism attractions within the State. The **Water Resource Conservation and Development** program provides for abatement of income taxes to encourage investment in projects that increase the use of surface water and reduce agricultural irrigation water use. The **Wetland and Riparian Zone** program provides for abatement of income taxes to encourage landowners to restore and enhance existing wetlands and riparian zones or create new wetlands and riparian zones. The **Low-Income Housing** program provides for abatement of income taxes to encourage the development of housing for individuals and families with low income. The **Historic Rehabilitation Program** provides for abatement of income and premium taxes to promote the rehabilitation of historic structures throughout

Arkansas. The **Philanthropic Investment in Arkansas Kids Program** provides for abatement of income taxes to encourage contributions to a scholarship-granting organization. The **Railroad Modernization Program** provides for abatement of income taxes to encourage maintenance, reconstruction, and replacement of railroad track throughout the State. The **Recycling Equipment Tax Credit Program**, also known as the **Recycling Tax Credit**, provides for abatement of income taxes to engage in the business of reducing, reusing, or recycling solid waste.

MAJOR INITIATIVES

The Arkansas Department of Education's (ADE) mission is for every Arkansan to be prepared, supported, and inspired to succeed in school, career, community, and life. In fiscal year 2024, ADE focused on literacy, empowerment, accountability, readiness, networking, and safety (LEARNS). The Arkansas Educator Licensure system issued 7,949 new licenses. In addition, 5,974 novice teachers were provided a mentor, and licensing fees for 749 first-time teachers were waived.

ADE continued its focus on early childhood education ensuring Arkansans enter Kindergarten ready to learn and equipped K-2 classrooms with high quality instructional materials aligned with the Science of Reading. The State Board of Education Committee on Early Learning held its first meeting in March 2024, and additional support was provided in the form of literacy coaches and high-quality literacy and numeracy intervention for struggling students.

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

School safety remains ADE's highest priority. ADE provided districts direct support, professional learning, and guidance regarding school safety.

The Arkansas Department of Transportation (ARDOT) completed several construction projects across the state in 2024. These included improvements to Highway 37 in Tuckerman, a partnership project with the City of Tuckerman, Jackson County, and ARDOT.

ARDOT launched an interactive Transportation Performance Dashboard, showing pavement conditions across the state, construction jobs, safety data, and other metrics.

Another new platform was launched in in fiscal year 2024, Ask ARDOT, to provide a streamlined way for the public to submit questions and comments to ARDOT. Since its public launch, Ark ARDOT has received more than 15,000 inquiries.

A $25 million U.S. Department of Transportation Rebuilding American Infrastructure with Sustainability and Equity grant was awarded in June to ARDOT to be used toward the construction of a 14-mile extension of Interstate 49 in Crawford and Sebastian counties. The extension will connect with previously constructed sections of I-49, advancing the completion of a National Highway System High Priority Corridor.

The Arkansas Department of Parks, Heritage, and Tourism (ADPHT) has 52 State parks encompassing 55,145 acres of wetlands, forests, fish and wildlife habitats, recreational facilities, and unique historic and cultural resources. Within the parks are 1,262 buildings, including 190 historic structures and 130 exhibit buildings, 1,656 campsites, 1,085 picnic sites, four lodges with 214 lodge rooms, 204 fully equipped cabins, 3 group lodging facilities, 48 gift shops and/or park stores, 41 playgrounds, 38 boat launches, 23 fishing piers, 15 swimming beaches, 10 marinas, 12 swimming pools, 6 restaurants, 18 and 27 hole golf courses, 4 tennis courts, one music auditorium, one public airport, one public firing range, one 54,000 seat stadium, more than 200 miles of roads, hundreds of miles of utilities, 19 wastewater treatment plants, and an assortment of 220 hiking, mountain bike, backpack, equestrian, and multi-use trails covering 480 miles. More than 8 million visitors came to the State parks, and we offered 14,000 Educational Programs, Tours, and Ranger-led Activities for 150,000 guests.

Over $275.5 million in capital improvements and major maintenance projects have been completed through the ADPHT system funded by Amendment 75, the 1/8 Cent Conservation Tax, since its passage in 1996. In FY2024, ADPHT completed 21 capital improvement construction contracts totaling $26.7 million and 292 major maintenance projects totaling $2.7 million. In addition, 21 projects were under construction, totaling $12.3 million and 77 ongoing maintenance projects were in various stages of completion at the end of FY2024.

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

Arkansas's statewide visitor spending and tourism tax collections saw an increase in fiscal year 2024. Visitor spending increased to $9.9 billion in total travel expenditures, amounting to $806 million in state and local taxes, according to data released this year. In addition, 70,026 Arkansas jobs were directly related to the travel industry.

Arkansas's 2% tax collections showed a strong trend of growth. Overall visitation at the state's 13 Welcome Centers increased to 1.2 million visitors and requests for literature and other inquiries have grown by 5.7% over the previous year. Arkansas Tourism promoted the State's products through traditional and digital channels and assisted its industry partners in their promotions with marketing co-ops. Staff continued the Economic Development Administration grant administration plan as part of the America Rescue Plan Act Grant funding, which outlined recovery initiatives in the following areas of focus: transformational development planning, brand development, marketing, paid media, outdoor recreation, visitor engagement, and workforce development.

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

Visitors from across the globe traveled to Arkansas to view the Great North American Eclipse on April 8, 2024, resulting in substantial economic impact for the state. Following the incredible phenomenon, Arkansas Tourism continued retargeting those who came to the state to encourage repeat visitation.

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

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

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

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

Divisions and offices across DHS worked last year to redetermine eligibility for Medicaid recipients following the end of the COVID-19 Public Health Emergency. Since then, the agency has returned to normal eligibility rules for Medicaid and was serving approximately 870,000 beneficiaries across all Medicaid programs as of the beginning of October 2024.

Representatives from across the agency gathered this year with the Department of Health, the Department of Education, the Arkansas Surgeon General, and more than 100 other stakeholders to map out a plan for improving maternal health. The Strategic Committee for Maternal Health, which was established by an Executive Order from Governor Sarah Huckabee Sanders, created a plan from this collaboration and sent it to Governor Sanders in September. DHS will now work with partners and stakeholders to implement these recommendations to improve the health of pregnant women, new mothers, and babies.

Through the new Office of Substance Abuse and Mental Health and other Medicaid divisions within DHS, millions of dollars in funding has been committed to improving our behavioral health continuum of care, and the agency is moving forward on a number of projects that will make more services available to at-risk Arkansans who need them.

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

The Department of Transformation and Shared Services, Division of Information Systems (DIS) is the lead information technology provider and policy maker for state executive branch public sector entities. The DIS provides IT and Cyber Security planning, implementation, and support to other governmental entities. Overall, DIS provides approximately $85.0 million in IT products and solutions to approximately 1,500 governmental sites throughout the state including state agencies, boards and commissions, K-12 public schools, business and administrative departments of higher education, cities and counties, and public safety organizations. Services like broadband connectivity, K-12 broadband connectivity, cybersecurity monitoring and protection, hosting services, etc. Ultimately, DIS supports other public sector information systems by managing the state network. A priority for DIS is to implement enterprise-level initiatives aimed at leveraging the state's tremendous buying power to drive cost savings, efficiencies, and strengthen security. Because information and data are strategic assets, security is a key decision driver at DIS. The department is home to the State Cybersecurity Office which serves as the front line of defense in keeping the state's data safe from intrusion. The agency maintains network monitoring tools that function 24/7/365 to ensure that citizen and government data flowing across the network is kept secure, private, and confidential, and is inaccessible to hackers.

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

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

For the fiscal year ended June 30, 2024, the OAL had operating revenues of $613.6 million and non-operating interest income of $11.4 million, resulting in total revenues of $625.0 million, The OAL also had gaming prizes expenses of $420.0 million, paid selling and cashing commissions to Arkansas retailers of $34.5 million, had gaming vendor contract costs of $30.0 million, had other operating expenses of $14.6 million, and provided $129.4 million in scholarship funds to the Lottery Scholarship Trust Account.

The Arkansas Department of Health (ADH) works every day at the local level through a statewide service network to provide prevention services and address threats to the public's health. During State fiscal year 2024, the ADH continued coordinating statewide efforts to increase opportunities for Arkansans to live long and healthy lives.

The Be Well Arkansas program, the ADH program for Arkansans who need assistance quitting tobacco and nicotine, continues to innovate ways to decrease smoking and vaping in Arkansas and celebrated its five-year anniversary on November 5, 2023. During fiscal year 2024 the Be Well Arkansas call line received 4,000 calls and completed 25,000 outgoing follow-up calls. Those individuals who completed the entire program run an average quit rate of 50%. Overall, the national average quit rate is 30% and the inhouse Be Well program has achieved a rate of 35%. During fiscal year 2024, the program also implemented a menthol protocol that was specifically designed to help those addicted to menthol products.

Arkansas was in the main path of the April 2024 eclipse, and large numbers of visitors were expected, but the event yielded little increase in illness in our state. The additional planning and training of the state's health care and emergency services allowed for our partners to test plans and for our healthcare systems to improve plans in preparation for other large events that may come.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its ACFR for the fiscal year ended June 30, 2023. This was the twenty-sixth consecutive year that the State has achieved this prestigious award. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for a period of one year.

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

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

Sincerely,

Jim Hudson
Secretary

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

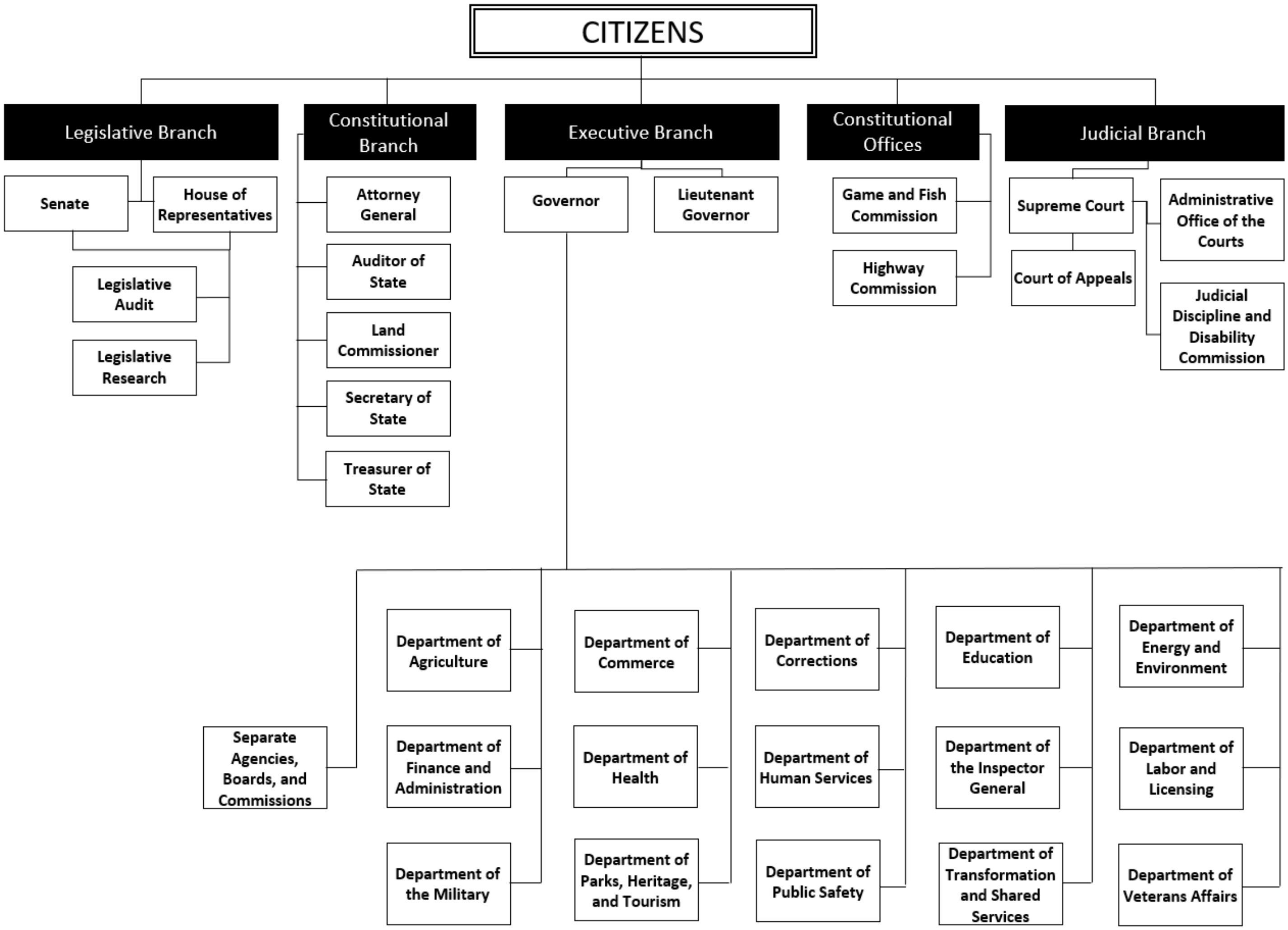
State of Arkansas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO


CITIZENS
Legislative Branch
Constitutional Branch
Executive Branch
Constitutional Offices
Judicial Branch
Senate
House of Representatives
Legislative Audit
Legislative Research
Attorney General
Auditor of State
Land Commissioner
Secretary of State
Treasurer of State
Governor
Lieutenant Governor
Game and Fish Commission
Highway Commission
Supreme Court
Court of Appeals
Administrative Office of the Courts
Judicial Discipline and Disability Commission
Separate Agencies, Boards, and Commissions
Department of Agriculture
Department of Finance and Administration
Department of the Military
Department of Commerce
Department of Health
Department of Parks, Heritage, and Tourism
Department of Corrections
Department of Human Services
Department of Public Safety
Department of Education
Department of the Inspector General
Department of Transformation and Shared Services
Department of Energy and Environment
Department of Labor and Licensing
Department of Veterans Affairs

Principal Officials
As of June 30, 2024

Elected Officials

Governor
Sarah Huckabee Sanders

Lieutenant Governor
Leslie Rutledge

Attorney General
Tim Griffin

Auditor of State
Dennis Milligan

Land Commissioner
Tommy Land

Secretary of State
John Thurston

Treasurer of State
Larry Walther

General Assembly

President Pro Tempore
Senator Bart Hester

Speaker of the House
Representative Matthew J. Shepherd

Supreme Court

Chief Justice
John Dan Kemp

Associate Justice
Cody Hiland

Associate Justice
Courtney Rae Hudson

Associate Justice
Barbara Webb

Associate Justice
Shawn A. Womack

Associate Justice
Karen R. Baker

Associate Justice
Rhonda K. Wood

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Arkansas (the State), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Arkansas as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of:

- The discretely presented component units, which represent 100% of the assets and revenues of the aggregate discretely presented component units opinion unit.
- The University of Arkansas for Medical Sciences, a portion of the Higher Education Fund, which represents 18% of the assets and 40% of the revenues of the business-type activities opinion unit and 23% of the assets and 54% of the revenues of the Higher Education major enterprise fund opinion unit.
- The Construction Assistance Revolving Loan Fund or the Other Revolving Loan Funds (non-major enterprise funds), which, on a combined basis, represent 9% of the assets and 1% of the revenues of the business-type activities opinion unit and 2% of the assets and less than 1% of the revenues of the aggregate remaining fund information opinion unit.

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

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www.arklegaudit.gov

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025, on our consideration of the State of Arkansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the *State of Arkansas Single Audit Report*. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Arkansas's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
January 30, 2025
ACFR00124

MANAGEMENT'S DISCUSSION AND ANALYSIS

ARKANSAS STATE GOVERNMENT

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) of the State of Arkansas (the State) provides the State's financial position and an analytical overview of the State's financial activities and performance for the fiscal year ended June 30, 2024. The State's financial statements received an unmodified opinion located in the preceding Independent Auditor's Report. We encourage readers to consider this report in conjunction with the letter of transmittal located in the preceding introductory section and with the State's basic financial statements located subsequent to the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following chart presents an overview of the major features of the basic financial statements:

	Government-wide Financial Statements	**Fund Financial Statements**		
		Governmental Funds	***Proprietary Funds***	***Fiduciary Funds***
Overview:	All State government (excluding fiduciary funds) and component units	Resources that are not proprietary or fiduciary	Resources from user charges for goods or services	Resources held for the benefit of parties outside of State government
Accounting basis and measurement focus:	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resource focus	Accrual accounting and economic resources focus	
Financial Statements:	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balance	• Statement of Fund Net Position • Statement of Revenues, Expenses, and Changes in Fund Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Assets controlled and liabilities owed:	All assets and liabilities including financial, capital, short-term, and long term	Only current assets and liabilities incurred in the year. Does not include capital assets	All assets and liabilities including financial, capital, short-term, and long term	
Deferred outflows/inflows:	All types of resources that flow into and out of the government during the year that relate to a future year	Current financial resources that flow into and out of the government during the year that relate to a future year	All types of resources that flow into and out of the government during the year that relate to a future year	
Resource inflows and outflows:	All revenues and expenses during the year irrespective to cash received or paid	Only measurable and available revenues and incurred expenditures during the year	All additions and deductions during the year irrespective to cash received or paid	

Discretely presented component units are not included in the previous chart. Additional information on the State's significant accounting policies can be found in Note 1 of the notes to the financial statements.

The State's financial report contains basic financial statements which include *Government-Wide Financial Statements* and *Fund Financial Statements* with additional information disclosed in *Notes to the Financial Statements*.

Government-Wide Financial Statements

The government-wide financial statements provide information about the State's financial position, which assists in assessing the State's economic condition. These financial statements are reported in three categories:

- ***Governmental activities*** are primarily supported by intergovernmental grants and taxes. Services include education; health and human services; transportation; law, justice, and public safety; recreation and tourism; resource development; general government; commerce; and regulation of businesses and professionals.

- ***Business-type activities*** intend to recover their costs through user fees and charges to external users for goods and services and operate with minimal assistance. The primary business-type activities of the State include higher education systems, workers' compensation, unemployment insurance, and lottery proceeds.

- ***Discretely presented component units*** are legally separate entities for which the State is financially accountable. They include the Arkansas Development Finance Authority (ADFA), University of Arkansas Foundation, Inc., and University of Arkansas Fayetteville Campus Foundation, Inc. For submission requests for component unit financial statements, see Note 1 of the notes to the financial statements.

Fund Financial Statements

The fund financial statements disaggregate financial information by funds to maintain control over resources that have been segregated for specific activities, restrictions, or objectives. These financial statements are reported in three categories:

- ***Governmental Fund Financial Statements –*** These report short-term governmental activities except for proprietary and fiduciary funds. The State has one governmental fund, which is the General Fund.

- ***Proprietary Fund Financial Statements –*** These are the business-type activities reported in the government-wide financial statements.

- ***Fiduciary Fund Financial Statements*** – These report resources held for the benefit of parties outside of State government. These are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. These include Pension Trust and Custodial funds. Additional information about fiduciary funds is presented in the combining financial statements.

Additional information on the State's significant accounting policies can be found in Note 1 of the notes to the financial statements.

Notes to the Financial Statements

The notes to the financial statements provide greater explanation to the nature and determination of the amounts reported within the financial statements. The notes to the financials can be found immediately following the fiduciary fund financial statements.

GOVERNMENT-WIDE HIGHLIGHTS AND ANALYSIS

The following chart presents a summary of the government-wide statement of net position (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Current assets	$ 13,706,316	$ 13,046,659	$ 3,902,740	$ 3,554,752	$ 17,609,056	$ 16,601,411
Noncurrent assets	199,836	195,363	1,679,895	1,698,795	1,879,731	1,894,158
Capital assets	15,511,076	14,774,824	4,752,954	4,685,719	20,264,030	19,460,543
Total assets	29,417,228	28,016,846	10,335,589	9,939,266	39,752,817	37,956,112
Deferred outflows of resources	917,948	1,058,332	93,722	109,764	1,011,670	1,168,096
Current liabilities	2,717,530	3,031,051	754,077	696,664	3,471,607	3,727,715
Long-term liabilities	5,272,891	5,106,848	3,195,269	3,166,274	8,468,160	8,273,122
Total liabilities	7,990,421	8,137,899	3,949,346	3,862,938	11,939,767	12,000,837
Deferred inflows of resources	706,885	861,148	152,537	101,075	859,422	962,223
Net investment in capital assets	15,008,185	14,281,541	2,267,495	2,203,200	17,275,680	16,484,741
Restricted	4,094,663	6,990,512	1,446,580	1,392,381	5,541,243	8,382,893
Unrestricted	2,535,022	(1,195,922)	2,613,353	2,489,436	5,148,375	1,293,514
Total net position	$ 21,637,870	$ 20,076,131	$ 6,327,428	$ 6,085,017	$ 27,965,298	$ 26,161,148

The net position of the governmental activities increased $1.6 billion in fiscal year 2024 and $2.6 billion in fiscal year 2023. A positive net position for both fiscal years is due to program (grants, charges for services, and capital grants and contributions), general (taxes i.e., sales, use, personal, corporate, gas, motor carriers, and other), and other revenues exceeding program expenditures resulting from continued economic growth. The total net position increase was $1.0 billion less than the previous fiscal year due to a $1.3 billion reduction in operating grants and contributions that were offset by a $248.8 million reduction of expense, primarily due to the ending of the federal public health emergency's grant funding from the American Rescue Plan Act

The net position of the business-type activities increased $242.4 million in fiscal year 2024 and $250.6 million in fiscal year 2023. A positive net position for both fiscal years is due to program (grants, charges for services, and capital grants and contributions), taxes, and other revenues exceeding program expenditures resulting from continued economic growth. The total net position increase was $8.2 million less than the previous fiscal year primarily due to higher education's increase in public education expense due to the LEARNS Act.

Net investment in capital assets are reported net of related debt, and the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated to fund these liabilities.

The following table displays key elements of the changes in net position (expressed in thousands):

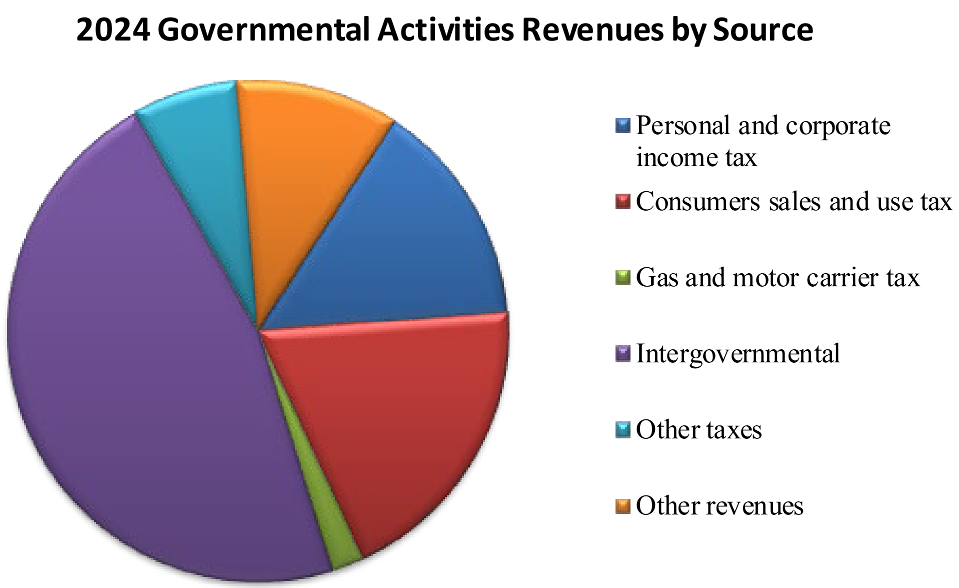
	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 1,494,079	$ 1,495,612	$ 3,752,175	$ 3,595,101	$ 5,246,254	$ 5,090,713
Operating grants	10,274,730	11,578,353	1,016,763	1,091,674	11,291,493	12,670,027
Capital grants and contributions	1,083,849	938,391	62,111	49,559	1,145,960	987,950
General revenues:						
Personal and corporate taxes	3,520,692	3,935,189			3,520,692	3,935,189
Consumer sales and use taxes	4,623,007	4,558,369			4,623,007	4,558,369
Gas and motor carrier	509,347	494,691			509,347	494,691
Other taxes	1,603,950	1,651,859	39,729	38,970	1,643,679	1,690,829
Other revenues:						
Investment earnings (loss)	442,735	49,453	197,481	110,544	640,216	159,997
Miscellaneous income	527,176	599,355	341,641	337,890	868,817	937,245
Total revenues	24,079,565	25,301,272	5,409,900	5,223,738	29,489,465	30,525,010
Expenses:						
Governmental expenses:						
General government	1,715,246	1,519,309			1,715,246	1,519,309
Education	4,917,505	4,604,255			4,917,505	4,604,255
Health and human services	11,060,760	12,408,738			11,060,760	12,408,738
Transportation	1,356,360	1,205,270			1,356,360	1,205,270
Law, justice, and public safety	1,254,534	1,079,395			1,254,534	1,079,395
Recreation and tourism	264,582	252,151			264,582	252,151
Regulation of business and professionals	28,789	27,703			28,789	27,703
Resource development	284,239	238,758			284,239	238,758
Commerce	585,411	385,317			585,411	385,317
Interest expense	29,016	24,339			29,016	24,339
Business-type expenses:						
Higher education			5,134,705	4,931,856	5,134,705	4,931,856
Division of Workforce Services			75,066	72,062	75,066	72,062
Office of the Arkansas Lottery			499,132	500,166	499,132	500,166
Public School Employee Health and Life Benefit Plan			457,704	417,427	457,704	417,427
Workers' Compensation Commission			9,746	7,439	9,746	7,439
Revolving loans			12,520	6,942	12,520	6,942
Total expenses	21,496,442	21,745,235	6,188,873	5,935,892	27,685,315	27,681,127
Increase (decrease) in net position before transfers	2,583,123	3,556,037	(778,973)	(712,154)	1,804,150	2,843,883
Transfers - internal activities	(1,021,384)	(962,721)	1,021,384	962,721		
Increase in net position	1,561,739	2,593,316	242,411	250,567	1,804,150	2,843,883
Net position - beginning	20,076,131	17,482,815	6,085,017	5,834,450	26,161,148	23,317,265
Net position - ending	$ 21,637,870	$ 20,076,131	$ 6,327,428	$ 6,085,017	$ 27,965,298	$ 26,161,148

FUND HIGHLIGHTS AND ANALYSIS

General Government Functions

Revenues by Source - General Fund (expressed in thousands)

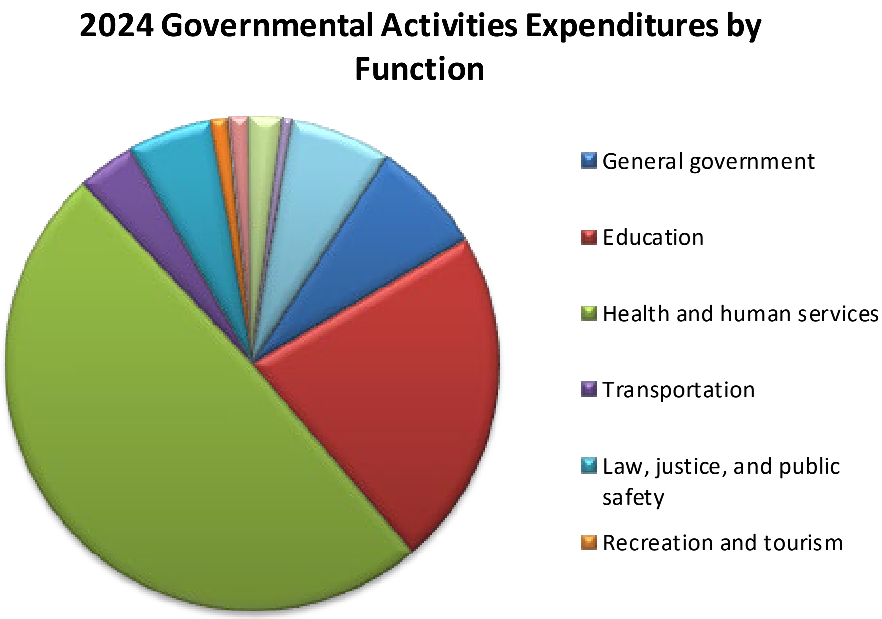
Revenues	2024	2023	Increase (Decrease) Percent
Personal and corporate income tax	$ 3,521,101	$ 3,932,123	(10.45%)
Consumers sales and use tax	4,639,049	4,559,747	1.74%
Gas and motor carrier tax	506,911	494,805	2.45%
Intergovernmental	11,221,223	12,490,430	(10.16%)
Other taxes	1,628,312	1,629,533	(0.07%)
Other revenues	2,529,015	2,173,724	16.34%
Total	$ 24,045,611	$ 25,280,362	(4.88%)



Governmental revenues decreased for the fiscal year ended June 30, 2024, by ($1.2) billion, or (4.88%). Intergovernmental revenue decreased ($1.3) billion, primarily due to the ending of the federal public health emergency's grant funding from the American Rescue Plan Act.

Expenditures by Function – General Fund (expressed in thousands)

Expenditures	2024	2023	Increase (Decrease) Percent
General government	$ 1,646,752	$ 1,635,355	0.70%
Education	4,912,965	4,604,347	6.70%
Health and human services	10,915,820	12,389,117	(11.89%)
Transportation	847,497	760,392	11.46%
Law, justice, and public safety	1,216,678	1,036,743	17.36%
Recreation and tourism	241,563	229,063	5.46%
Regulation of businesses and professionals	28,372	27,602	2.79%
Resource development	277,527	232,005	19.62%
Commerce	464,656	411,949	12.79%
Debt service	159,386	290,339	(45.10%)
Capital outlay	1,448,744	1,239,317	16.90%
Total	$ 22,159,960	$ 22,856,229	(3.05%)



The State's expenditures decreased for the year ended June 30, 2024, by ($696.3) million, or ($3.05%). Education expenditures increased by $308.6 million due to the LEARNS Act increasing primary and secondary education expenditures and transferring Office of Early Childhood from health and human services to education. Health and human services expenditures decreased by ($1.5) billion, primarily due to the ending of the federal public health emergency's grant funding from the American Rescue Plan Act and the transferring of Office of Early Childhood to education. Transportation increased $87.1 million, primarily for the Department of Transportation's repairs, restorations, and preservations. Law, justice, and public safety increased $179.9 million, primarily from emergency protective measures and damages resulting from severe storms, tornadoes, and flooding and from a new medical contract for incarcerated inmates. Capital outlay expenditures increased by $209.4 million, primarily due to increased capital projects at the Arkansas Department of Transportation.

Changes in Fund Balance – General Fund

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

The State's General Fund reported an ending June 30, 2024, fund balance of $10.6 billion, which is an increase of $1.0 billion from June 30, 2023. The increase is predominantly related to revenues exceeding expenditures related to continued economic growth during the fiscal year.

Fund balance consisted of the following:

- The nonspendable fund balance was $134.0 million, or 1.27%.
- The restricted fund balance was $1.8 billion, or 17.05%.
- The committed fund balance was $8.8 billion, or 83.70%.
- The unassigned fund balance was ($213.5) million, or (2.02%).

The classifications and amounts of fund balance were determined according to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Additional information on the State's fund balance classifications can be found in Note 1 of the notes to the financial statements.

Capital Assets and Debt Administration

The following chart presents a summary of the State's capital assets, debt administration, and commitments (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Capital Assets:						
Capital assets, net	$ 15,511,076	$ 14,774,824	$ 4,752,954	$ 4,685,719	$ 20,264,030	$ 19,460,543
Debt Administration:						
Bonds, notes, and installment purchases	$ 737,942	$ 809,497	$ 2,598,103	$ 2,561,231	$ 3,336,045	$ 3,370,728
Lease and SBITA obligations	132,165	90,234	198,639	186,048	330,804	276,282
OPEB and pension liabilities	3,676,044	3,638,402	280,735	286,401	3,956,779	3,924,803
Other long-term liabilities	532,844	430,281	367,585	366,789	900,429	797,070
Total long-term liabilities	$ 5,078,995	$ 4,968,414	$ 3,445,062	$ 3,400,469	$ 8,524,057	$ 8,368,883
Commitments:						
Capital assets	$ 1,785,981	$ 1,548,561	$ 238,101	$ 253,992	$ 2,024,082	$ 1,802,553
SBITA	3,718	6,407			3,718	6,407

Capital Assets

The investment in capital assets includes land, buildings, improvements, equipment, intangibles, infrastructure, construction in progress, and right-to-use assets. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Governmental Activities

Major capital asset activity during the current year ended June 30, 2024, related to the Arkansas Department of Transportation (ARDOT) construction of roads, bridges, and interchanges for $985.1 million, retired ($116.5) million, and capital asset commitments increased $234.1 million to maintain Arkansas's infrastructure for its growing population and increased interstate travel.

Business-Type Activities

Major capital asset activity during the current year ended June 30, 2024, related to the consolidated University of Arkansas System capital assets increased $73.1 million primarily due to increasing enrollment and funding from debt administration.

Additional information on the State's capital assets and significant commitments related to future capital expenditures can be found in Note 8 and Note 18, respectively, of the notes to the financial statements.

Debt Administration

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

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

Governmental Activities

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

- The Arkansas Natural Resources Commission issued $30.0 million in Water, Waste, and Pollution Bonds for financing the development of water, waste disposal, water pollution control, abatement and prevention, drainage, irrigation, flood control, and wetlands and aquatic resources projects approved and implemented in the State.
- The Arkansas Division of Emergency Management received an additional $28.6 million on their note payable with a component unit for additions, upgrades, and enhancements to the Arkansas Wireless Information Network.
- SBITAs, per GASB 96, increased by $71.5 million primarily due to Arkansas Department of Information Systems and Arkansas Department of Education for software subscriptions.

Business-type Activities

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

- University of Arkansas – Fayetteville issued $62.3 million in various facility revenue bonds, Series 2023A, issued $60.1 million in various facility revenue bonds, Refunding Series 2023B, to refund Series 2016A, 2017, 2019B, and 2021 bonds, and issued $10.3 million in athletic facilities revenue bonds, Refunding Series 2023, to refund the Board's Athletic Facilities Revenue Bonds, Series 2013A.
- University of Arkansas – Little Rock issued $13.8 million in facilities revenue bonds, Series 2023, to current refund the Student Fee Revenue Capital Improvement Bonds, Series 2013C.
- University of Arkansas – Medical Sciences issued $64.6 million in various facility revenue bonds, Series 2023, to refund various facilities revenue refunding bonds, Series 2013.
- SBITA, per GASB 96, the consolidated University of Arkansas increased by $8.1 million.

Additional information on the State's liabilities can be found in Note 9 of the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Functions	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts
Commerce	$ 674,446	$ 971,740	$ 504,692
Education	5,783,124	6,671,180	4,960,890
General government	3,054,987	3,226,399	2,604,339
Health and human services	11,703,231	11,989,575	10,618,844
Law, justice, and public safety	1,249,656	1,613,929	1,235,473
Recreation and tourism	399,202	471,745	293,661
Regulation of business and professionals	38,629	38,924	30,104
Resource development	403,220	918,317	303,072
Transportation	854,505	1,375,606	646,976
Capital outlay	2,085,039	2,745,601	1,386,316
Debt service	141,502	149,660	132,073
Total	$ 26,387,541	$ 30,172,676	$ 22,716,440

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

The final budget exceeded the original budget by $3.8 billion. The increase in law, justice, and public safety is primarily due to federal disaster assistance grants. Education and resource development increases are primarily due to the federal American Rescue Plan Act (ARPA). Transportation and capital outlay increases are primarily due to the Infrastructure Investment and Jobs Act (IIJA). Arkansas Legislative Council requires a special appropriation for ARPA and IIJA funds to be used that is separate from the original budgeted amount.

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

FINANCIAL AND OPERATIONAL ECONOMIC IMPACTS

At the time of issuing this report, the State did not identify any significant impacts on the State's financials after the fiscal year ending June 30, 2024.

Information on the State's non-significant subsequent events can be found in Note 23 of the notes to the financial statements.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2024
(Expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
Assets				
Current assets:				
Cash and cash equivalents	$ 1,850,812	$ 2,192,741	$ 4,043,553	$ 337,319
Cash and cash equivalents-restricted		313,815	313,815	
Investments	9,477,745	881,797	10,359,542	17,766
Receivables, net:				
Accounts	185,552	548,080	733,632	4,121
Taxes	597,370		597,370	
Medicaid	535,799		535,799	
Loans	11,389	2,263	13,652	2,751
Leases	491	1,972	2,463	124
Interest	47,127	3,520	50,647	3,070
Investment principal	19,108	23	19,131	
Other	33,425	19,916	53,341	
Internal balances	290,323	(290,323)		57
Due from other governments	515,700	91,144	606,844	
Prepaid items	34,918	55,296	90,214	
Inventories	97,007	47,634	144,641	
Deposits with trustee	9,550	29,421	38,971	
Other current assets		5,441	5,441	
Total current assets	13,706,316	3,902,740	17,609,056	365,208
Noncurrent assets:				
Cash and cash equivalents-restricted		207,467	207,467	
Deposits with component unit	49,700		49,700	
Deposits with bond trustee		168,344	168,344	
Deposits with Multi-State Lottery Association		1,987	1,987	
Investments		500,575	500,575	151,279
Receivables, net	671	87,047	87,718	
Loans and mortgages receivable	128,107	668,370	796,477	241,314
Loans and capital leases receivable from primary government				269,804
Lease receivable	698		698	522
Due from other governments		2,363	2,363	
Irrevocable split-interest agreements		2,273	2,273	
Financial assurance instruments		7,475	7,475	
Other noncurrent assets	20,660	33,994	54,654	796
Capital assets:				
Nondepreciable	4,240,358	574,023	4,814,381	670
Depreciable, net	11,270,718	4,178,931	15,449,649	1,451
Total noncurrent assets	15,710,912	6,432,849	22,143,761	665,836
Total assets	29,417,228	10,335,589	39,752,817	1,031,044
Deferred Outflows of Resources				
Related to pensions	807,714	54,341	862,055	1,461
Related to other postemployment benefits	94,234	13,798	108,032	180
Related to debt refundings	16,000	25,583	41,583	
Total deferred outflows of resources	917,948	93,722	1,011,670	1,641
Total assets and deferred outflows of resources	$ 30,335,176	$ 10,429,311	$ 40,764,487	$ 1,032,685

Statement of Net Position
June 30, 2024
(Expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
Liabilities				
Current liabilities:				
Accounts payable	$ 137,445	$ 236,185	$ 373,630	$ 9,236
Prizes payable		30,760	30,760	
Accrued interest	2,786	14,305	17,091	1,887
Accrued and other current liabilities	427,997	74,015	502,012	
Investment principal payable	23,604	27	23,631	
Medicaid payable	247,416		247,416	
Income tax refunds payable	586,637		586,637	
Due to other governments	732,186	20,763	752,949	
Workers' compensation benefits payable		12,544	12,544	
Funds held in trust for others		11,424	11,424	
Bonds, notes, and installment agreements payable	116,367	133,967	250,334	23,192
Claims, judgments, arbitrage, and compensated absences	152,597	88,805	241,402	
Lease obligation	22,260	27,972	50,232	
SBITA obligation	20,622	7,366	27,988	
Pollution remediation obligations	4,259		4,259	
Unearned gain on refinancing sale of asset				25
Rebate/refund incentives payable	19,340		19,340	
Recycling tax obligation payable	19,294		19,294	
Other postemployment benefits liability	55,664	5,062	60,726	83
Unearned revenue	149,056	90,882	239,938	204
Total current liabilities	2,717,530	754,077	3,471,607	34,627
Long-term liabilities:				
Workers' compensation benefits payable		142,420	142,420	
Bonds, notes, and installment agreements payable	621,575	2,464,136	3,085,711	410,323
Claims, judgments, arbitrage, and compensated absences	176,717	123,816	300,533	
Lease obligation	41,866	143,129	184,995	
SBITA obligation	47,417	20,172	67,589	
Pollution remediation obligations	22,986		22,986	
Other postemployment benefits liability	1,297,014	113,319	1,410,333	1,832
Net pension liability	2,323,366	162,354	2,485,720	4,138
Deposits held on behalf of primary government				49,700
Other noncurrent liabilities	270,810	19,660	290,470	852
Unearned gain on refinancing sale of asset				218
Rebate/refund incentives payable	314,149		314,149	
Recycling tax obligation payable	156,991		156,991	
Unearned revenue		6,263	6,263	523
Total long-term liabilities	5,272,891	3,195,269	8,468,160	467,586
Total liabilities	7,990,421	3,949,346	11,939,767	502,213
Deferred Inflows of Resources				
Related to pensions	106,226	25,502	131,728	257
Related to other postemployment benefits	599,470	33,297	632,767	974
Related to debt refundings		12,971	12,971	
Related to irrevocable split-interest agreements		9,454	9,454	
Related to leases	1,189	68,497	69,686	613
Related to service concession arrangements		2,816	2,816	
Total deferred inflows of resources	706,885	152,537	859,422	1,844
Total liabilities and deferred inflows of resources	8,697,306	4,101,883	12,799,189	504,057
Net Position				
Net position:				
Net investment in capital assets	15,008,185	2,267,495	17,275,680	2,121
Restricted for:				
Expendable:				
Debt service	224,358	28,828	253,186	
Other capital projects	162,091	109,877	271,968	
Bond resolution and programs				367,185
Program requirements	2,748,276		2,748,276	
Lottery	318,281		318,281	
Wildlife management	68,732		68,732	
Tobacco settlement	122,220		122,220	
Transportation	450,705		450,705	
Scholarships and fellowships		48,650	48,650	
Research		89,382	89,382	
Public service		889,764	889,764	
Other		130,424	130,424	
Nonexpendable:				
Scholarships and fellowships		26,002	26,002	
Research		47,428	47,428	
Other		76,225	76,225	
Minority interest				530
Unrestricted	2,535,022	2,613,353	5,148,375	158,792
Total net position	21,637,870	6,327,428	27,965,298	528,628
Total liabilities, deferred inflows of resources, and net position	$ 30,335,176	$ 10,429,311	$ 40,764,487	$ 1,032,685

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

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Financial Position
June 30, 2024
(Expressed in thousands)

Assets		
Contributions receivable, net	$	57,243
Interest receivable		8,635
Cash value of life insurance		1,706
Investments		2,020,030
Total assets	$	2,087,614
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	6,239
Annuity obligations		12,989
Total liabilities		19,228
Net assets:		
Without donor restrictions		170,214
With donor restrictions		1,898,172
Total net assets		2,068,386
Total liabilities and net assets	$	2,087,614

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

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Financial Position
June 30, 2024
(Expressed in thousands)

Assets	
Investments	$ 708,325
Total assets	$ 708,325
Liabilities and Net Assets	
Liabilities:	
Accounts payable	$ 436
Total liabilities	436
Net assets:	
With donor restrictions	707,889
Total net assets	707,889
Total liabilities and net assets	$ 708,325

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

ARKANSAS

Statement of Activities
For the Year Ended June 30, 2024
(Expressed in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,715,246	$ 413,286	$ 475,306	$
Education	4,917,505	3,818	1,297,574	
Health and human services	11,060,760	466,494	7,968,595	1,687
Transportation	1,356,360	146,887	1,976	1,068,794
Law, justice, and public safety	1,254,534	164,281	275,949	
Recreation and tourism	264,582	78,074	21,624	13,368
Regulation of business and professionals	28,789	23,226	2,243	
Resource development	284,239	86,539	77,060	
Commerce	585,411	111,474	154,403	
Interest expense	29,016			
Total governmental activities	21,496,442	1,494,079	10,274,730	1,083,849
Business-type activities:				
Higher education	5,134,705	2,580,265	1,006,569	62,111
Division of Workforce Services	75,066	85,083		
Office of the Arkansas Lottery	499,132	613,636		
Public School Employee Health and Life Benefit Plan	457,704	449,004		
Workers' Compensation Commission	9,746	17,566	(12)	
Revolving loans	12,520	6,621	10,206	
Total business-type activities	6,188,873	3,752,175	1,016,763	62,111
Total primary government	$ 27,685,315	$ 5,246,254	$ 11,291,493	$ 1,145,960
Component unit:				
Arkansas Development Finance Authority	$ 32,313	$ 37,508	$ 18,725	

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

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

Net Revenue (Expense)			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Arkansas Development Finance Authority
$ (826,654)	$	$ (826,654)	
(3,616,113)		(3,616,113)	
(2,623,984)		(2,623,984)	
(138,703)		(138,703)	
(814,304)		(814,304)	
(151,516)		(151,516)	
(3,320)		(3,320)	
(120,640)		(120,640)	
(319,534)		(319,534)	
(29,016)		(29,016)	
(8,643,784)		(8,643,784)	
	(1,485,760)	(1,485,760)	
	10,017	10,017	
	114,504	114,504	
	(8,700)	(8,700)	
	7,808	7,808	
	4,307	4,307	
	(1,357,824)	(1,357,824)	
(8,643,784)	(1,357,824)	(10,001,608)	
			$ 23,920
3,520,692		3,520,692	
4,623,007		4,623,007	
509,347		509,347	
1,603,950	39,729	1,643,679	
10,256,996	39,729	10,296,725	
442,735	197,481	640,216	1,808
527,176	341,641	868,817	
(1,021,384)	1,021,384		
10,205,523	1,600,235	11,805,758	1,808
1,561,739	242,411	1,804,150	25,728
20,076,131	6,085,017	26,161,148	502,900
$ 21,637,870	$ 6,327,428	$ 27,965,298	$ 528,628

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

UNIVERSITY OF ARKANSAS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Activities
For the Year Ended June 30, 2024
(Expressed in thousands)

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Contributions	$ 11,203	$ 61,418	$ 72,621
Interest and dividends	19,341	12,853	32,194
Net realized and unrealized gains on investments	23,753	148,080	171,833
Net asset reclassifications, including release from restrictions and satisfaction of restrictions	104,968	(104,968)	
Total revenues, gains, and other support	159,265	117,383	276,648
Expenses and losses:			
Program services:			
University system support	124,838		124,838
Total program services	124,838		124,838
Supporting services:			
Management and general	2,726		2,726
Advancement and development	12,019		12,019
Change in value of split-interest agreements	2	(404)	(402)
Provision for loss on uncollectible pledges	177	623	800
Total supporting services	14,924	219	15,143
Total expenses and losses	139,762	219	139,981
Change in net assets	19,503	117,164	136,667
Net assets - beginning	150,711	1,781,008	1,931,719
Net assets - ending	$ 170,214	$ 1,898,172	$ 2,068,386

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

UNIVERSITY OF ARKANSAS FAYETTEVILLE CAMPUS FOUNDATION, INC.
Discretely Presented Component Unit
Consolidated Statement of Activities
For the Year Ended June 30, 2024
(Expressed in thousands)

	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support:			
Interest and dividends	$	$ 4,471	$ 4,471
Net realized and unrealized gains on investments		68,311	68,311
Net asset reclassifications, including release from restrictions, satisfaction of restrictions, and change in donor restriction	27,301	(27,301)	
Total revenues, gains, and other support	27,301	45,481	72,782
Expenses and losses:			
Program services:			
Fayetteville campus support	27,301		27,301
Total program services	27,301		27,301
Change in net assets		45,481	45,481
Net assets - beginning		662,408	662,408
Net assets - ending	$	$ 707,889	$ 707,889

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

Balance Sheet
Governmental Fund
June 30, 2024
(Expressed in thousands)

		General Fund
Assets		
Cash and cash equivalents	$	1,850,812
Deposit with trustee		9,550
Investments		9,477,745
Receivable, net:		
Accounts		185,540
Taxes		597,370
Medicaid		535,799
Loans		139,496
Leases		1,189
Interest		47,127
Investment principal		19,108
Other		34,096
Due from other funds		322,491
Due from other governments		515,700
Advances to other funds		8,191
Prepaid items		34,812
Inventories		97,007
Deposits with component unit		49,700
Other assets		20,660
Total assets	$	13,946,393
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	$	133,093
Accrued and other current liabilities		444,744
Investment principal payable		23,604
Unearned income		149,056
Income tax refunds payable		586,637
Due to other governments		732,186
Due to other funds		44,365
Advances from other funds		334
Medicaid claims payable		247,416
Total liabilities		2,361,435
Deferred Inflows of Resources		
Related to revenues		1,016,213
Total liabilities and deferred inflows of resources		3,377,648
Fund balance:		
Nonspendable:		
Prepaid items		34,812
Inventories		97,007
Long-term loans		1,492
Long-term leases		698
Restricted		1,801,902
Committed		8,846,363
Unassigned		(213,529)
Total fund balance		10,568,745
Total liabilities, deferred inflows of resources, and fund balance	$	13,946,393

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024
(Expressed in thousands)

Total fund balances:		
Governmental fund		$ 10,568,745
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Nondepreciable assets	$ 4,240,358	
Depreciable assets	11,270,718	
Total capital assets		15,511,076
Bonds issued by the State have associated insurance costs that are paid from current "available" financial resources of governmental funds. However, these costs are amortized on the Statement of Activities.		106
Some of the State's revenues will be collected after year-end but are not "available" soon enough to pay for the current period's expenditures and therefore are deferred inflows of resources in the funds.		1,015,024
Deferred inflows and outflows of resources related to the State's pension liabilities are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total inflows	$ (106,226)	
Total outflows	807,714	701,488
Deferred inflows and outflows of resources related to the State's other postemployment benefits liabilities are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total inflows	$ (599,470)	
Total outflows	94,234	(505,236)
Deferred inflows and outflows resulting from loss or gain on debt refunding are recognized in the Statement of Net Position and amortized on the Statement of Activities but are not recognized on the Balance Sheet.		
Total outflows		16,000
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds, notes, and installment purchases payable	$ (700,762)	
Claims, judgments, arbitrage, and compensated absences	(312,567)	
Lease and SBITA obligations	(132,165)	
Other noncurrent liabilities	(270,810)	
Refund/Rebate incentives payable	(333,489)	
Recycling tax obligation	(176,285)	
Other postemployment benefits liability	(1,352,678)	
Pollution remediation obligation	(27,245)	
Unamortized bond issue premiums	(37,186)	
Accrued interest on bonds, notes, installment purchases, and lease obligations	(2,786)	
Unamortized bond issue discounts	6	
Net pension liabilities	(2,323,366)	
Total long-term liabilities		(5,669,333)
Net position of governmental activities		$ 21,637,870

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2024
(Expressed in thousands)

		General Fund
Revenues:		
Taxes:		
Personal and corporate income	$	3,521,101
Consumers sales and use		4,639,049
Gas and motor carrier		506,911
Other		1,628,312
Intergovernmental		11,221,223
Licenses, permits, and fees		1,516,933
Investment earnings (loss)		442,735
Miscellaneous		569,347
Total revenues		24,045,611
Expenditures:		
Current:		
General government		1,646,752
Education		4,912,965
Health and human services		10,915,820
Transportation		847,497
Law, justice, and public safety		1,216,678
Recreation and tourism		241,563
Regulation of business and professionals		28,372
Resource development		277,527
Commerce		464,656
Debt service:		
Principal retirement		121,242
Interest		38,144
Capital outlay		1,448,744
Total expenditures		22,159,960
Excess of revenues over expenditures		1,885,651
Other financing sources (uses):		
Issuance of debt		59,359
Issuance of refunding bonds		
Bond discounts/premiums		935
Issuance of leases		24,009
Issuance of SBITAs		71,520
Sale of capital assets		4,396
Payment to refunding escrow agent		
Transfers in		219,298
Transfers out		(1,240,682)
Total other financing sources and uses		(861,165)
Net change in fund balance		1,024,486
Fund balance - beginning		9,544,259
Fund balance - ending	$	10,568,745

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2024
(Expressed in thousands)

Net change in fund balance-governmental fund		$ 1,024,486
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 1,448,744	
Depreciation expense	(773,349)	
Excess of capital outlay over depreciation expense		675,395
The net effect of various miscellaneous transactions involving capital assets (for example: sales, trade-ins, and donations) is to increase net position.		71,829
Bond and note proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		(59,359)
Bonds issued at a premium provide current financial resources to government funds, but increase the long-term liabilities in the Statement of Net Position.		(935)
Some capital additions were financed through leases and SBITAs. In governmental funds, a lease or SBITA arrangement is considered a source of financing, but in the Statement of Net Position, the lease and SBITA obligations are reported as liabilities.		(95,529)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of: bond, note, installment purchase, lease, and SBITA principal retirement.		121,242
Because some revenues will not be collected for several months after the State's fiscal year-end, they are not considered "available" revenues and are deferred inflows of resources in the governmental funds.		(19,340)
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Claims, judgments, arbitrage, and compensated absences	$ (181,907)	
Amortization of bond premiums and discounts	10,608	
Amortization of bond insurance costs	(9)	
Amortization of deferred outflows of resources related to debt refunding	(1,868)	
Leases and SBITAs	50,659	
Pollution remediation obligations	(4,282)	
Loss on sale of capital assets	(8,641)	
Net change in pension related accounts	(67,576)	
Adoption subsidy	1,302	
Accrued interest	398	
Other postemployment benefits obligations	45,266	
Total additional expenditures		(156,050)
Change in net position of governmental activities		$ 1,561,739

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

Statement of Fund Net Position
Proprietary Funds
June 30, 2024
(Expressed in thousands)

	Enterprise Funds				
	Higher Education	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 775,861	$ 976,282	$ 10,735	$ 429,863	$ 2,192,741
Cash and cash equivalents-restricted			313,815		313,815
Investments	685,377	4,182		192,238	881,797
Receivables:					
Accounts receivable, net	464,145	44,705	14,530	24,700	548,080
Loans and notes receivable, net	2,263				2,263
Leases receivable	1,972				1,972
Interest	850	17		2,653	3,520
Investment principal		9		14	23
Other current receivables	19,916				19,916
Due from other funds	34,374	757	4,753	376	40,260
Due from other governments	90,189	526		429	91,144
Advances to other funds				888	888
Inventories	47,634				47,634
Prepaid items	55,139		115	42	55,296
Deposits with bond trustee	29,421				29,421
Other current assets	5,441				5,441
Total current assets	2,212,582	1,026,478	343,948	651,203	4,234,211
Noncurrent assets:					
Cash and cash equivalents-restricted	186,967		20,500		207,467
Deposits with Multi-State Lottery Association			1,987		1,987
Investments:					
Restricted endowments	217,475				217,475
Unrestricted endowments	32,669				32,669
Restricted investments	7,101				7,101
Unrestricted investments	243,330				243,330
Receivables:					
Loans and notes receivable, net	13,019				13,019
Leases receivable	67,507				67,507
Other noncurrent receivables	6,521				6,521
Due from other governments	2,363				2,363
Advances to other funds				4,159	4,159
Loans receivable - restricted				668,370	668,370
Deposits with bond trustee	168,344				168,344
Irrevocable split interest agreements	2,273				2,273
Financial assurance instruments				7,475	7,475
Other noncurrent assets	33,994				33,994
Capital assets:					
Nondepreciable	573,443			580	574,023
Depreciable, net	4,176,567	1,594	758	12	4,178,931
Total noncurrent assets	5,731,573	1,594	23,245	680,596	6,437,008
Total assets	7,944,155	1,028,072	367,193	1,331,799	10,671,219
Deferred Outflows of Resources					
Related to pensions	50,055		1,874	2,412	54,341
Related to other postemployment benefits	13,022		432	344	13,798
Related to debt refunding	25,583				25,583
Total deferred outflows of resources	88,660		2,306	2,756	93,722
of resources	$ 8,032,815	$ 1,028,072	$ 369,499	$ 1,334,555	$ 10,764,941

Statement of Fund Net Position
Proprietary Funds
June 30, 2024
(Expressed in thousands)

	Enterprise Funds				
	Higher Education	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Liabilities					
Current liabilities:					
Accounts payable	$ 204,626	$ 25,315	$ 137	$ 6,107	$ 236,185
Prizes payable			30,760		30,760
Accrued interest	13,869			436	14,305
Accrued and other current liabilities	67,664	12	6,209	130	74,015
Investment principal payable		11		16	27
Advances from other funds	1,508			11	1,519
Due to other funds	2,102	1,801	318,335	488	322,726
Due to other governments	5,593	15,170			20,763
Funds held in trust for others	11,424				11,424
Worker's compensation benefits payable				12,544	12,544
Bonds, notes, and installment agreements payable	127,552			6,415	133,967
Leases obligation	27,696		276		27,972
SBITA obligation	7,366				7,366
Claims, judgments, and compensated absences	43,353		60	45,392	88,805
Other postemployment benefits liability	4,802		101	159	5,062
Unearned revenue	90,265		281	336	90,882
Total current liabilities	607,820	42,309	356,159	72,034	1,078,322
Noncurrent liabilities:					
Worker's compensation benefits payable				142,420	142,420
Advances from other funds	11,385				11,385
Bonds, notes, and installment agreements payable	2,355,278			108,858	2,464,136
Leases obligation	142,792		337		143,129
SBITA obligation	20,172				20,172
Other postemployment benefits liability	107,592		2,231	3,496	113,319
Net pension liability	150,077		5,324	6,953	162,354
Claims, judgments, and compensated absences	122,861		378	577	123,816
Unearned revenue	6,263				6,263
Other noncurrent liabilities	12,185			7,475	19,660
Total noncurrent liabilities	2,928,605		8,270	269,779	3,206,654
Total liabilities	3,536,425	42,309	364,429	341,813	4,284,976
Deferred Inflows of Resources					
Related to pensions	24,888		139	475	25,502
Related to other postemployment benefits	30,227		1,117	1,953	33,297
Related to debt refundings	12,971				12,971
Related to irrevocable split interest agreement	9,454				9,454
Related to leases	68,497				68,497
Related to service concession arrangements	2,816				2,816
Total deferred inflows of resources	148,853		1,256	2,428	152,537
Total liabilities and deferred inflows of resources	3,685,278	42,309	365,685	344,241	4,437,513
Net Position					
Net investment in capital assets	2,265,164	1,594	145	592	2,267,495
Restricted for:					
Expendable:					
Scholarships and fellowships	48,650				48,650
Debt service	28,828				28,828
Capital projects	109,877				109,877
Research	89,382				89,382
Public service	30,163		21,000	838,601	889,764
Other	127,938		2,486		130,424
Nonexpendable:					
Scholarships and fellowships	26,002				26,002
Research	47,428				47,428
Other	76,225				76,225
Unrestricted (deficit)	1,497,880	984,169	(19,817)	151,121	2,613,353
Total net position	4,347,537	985,763	3,814	990,314	6,327,428
Total liabilities, deferred inflows of resources, and net position	$ 8,032,815	$ 1,028,072	$ 369,499	$ 1,334,555	$ 10,764,941

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024
(Expressed in thousands)

	Enterprise Funds					
	Higher Education	Formerly Major Fund Workers' Compensation Commission	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Operating revenues:						
Charges for sales and services	$ 2,580,090	$	$	$	$ 449,004	$ 3,029,094
Lottery collections				612,960		612,960
Licenses, permits, and fees				676	6,621	7,297
Grants and contributions	462,685					462,685
Insurance taxes					17,566	17,566
Unemployment taxes			85,083			85,083
Other operating revenues	330,927		10,243	(1)	80	341,249
Total operating revenues	3,373,702		95,326	613,635	473,271	4,555,934
Operating expenses:						
Cost of sales and services				64,573		64,573
Lottery prize payments				419,987		419,987
Compensation and benefits	2,736,077			5,770	7,296	2,749,143
Supplies and services	1,558,645			7,013	2,334	1,567,992
General and administrative expenses	234,329			1,101	4,087	239,517
Federal financial assistance					5,354	5,354
Scholarships and fellowships	154,201					154,201
Benefit and aid payments			72,485		457,160	529,645
Bond interest					3,371	3,371
Depreciation and amortization	363,047		133	676	366	364,222
Total operating expenses	5,046,299		72,618	499,120	479,968	6,098,005
Operating income (loss)	(1,672,597)		22,708	114,515	(6,697)	(1,542,071)
Nonoperating revenues (expenses):						
Investment earnings (loss)	124,549		25,129	11,425	36,232	197,335
Net increase (decrease) fair value investments					146	146
Taxes	39,729					39,729
Grants and contributions	543,884		(2,448)		10,194	551,630
Interest and amortization expense	(87,213)			(12)	(1)	(87,226)
Gain (loss) on sale of capital assets	(1,193)				(1)	(1,194)
Other nonoperating revenue	392					392
Total nonoperating revenues (expenses)	620,148		22,681	11,413	46,570	700,812
Income (loss) before transfers and contributions	(1,052,449)		45,389	125,928	39,873	(841,259)
Transfers in	1,230,067			4,755	5,860	1,240,682
Transfers out	(69,416)		(11,136)	(134,159)	(4,587)	(219,298)
Capital grants and contributions	62,111					62,111
Other	175					175
Change in net position	170,488		34,253	(3,476)	41,146	242,411
Total net position - beginning, as previously reported	4,177,049	(71,108)	951,510	7,290	1,020,276	6,085,017
Change within financial reporting entity (major to nonmajor fund)		71,108			(71,108)	
Total net position - beginning, as adjusted	4,177,049		951,510	7,290	949,168	6,085,017
Total net position - ending	$ 4,347,537	$	$ 985,763	$ 3,814	$ 990,314	$ 6,327,428

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024
(Expressed in thousands)

	Enterprise Funds				
	Higher Education	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Cash flows from operating activities:					
Cash received from customers	$ 2,071,818	$	$ 614,470	$ 438,856	$ 3,125,144
Cash received from other government agencies	485,522				485,522
Auxiliary enterprise charges	379,870				379,870
Compensation and benefits	(2,706,871)	(72,109)	(5,521)	(468,277)	(3,252,778)
Payments to suppliers	(1,554,069)	12	(70,597)	(7,846)	(1,632,500)
Insurance taxes				17,263	17,263
Unemployment taxes		75,060			75,060
Payments for lottery prizes			(415,932)		(415,932)
Principal and interest on loans received	769				769
Loan administration received				494	494
Loans issued to students	(93)				(93)
Scholarships and fellowships	(154,781)				(154,781)
Other operating receipts (payments)	157,447	10,243	(2,759)	3,013	167,944
Net cash provided by (used in) operating activities	(1,320,388)	13,206	119,661	(16,497)	(1,204,018)
Cash flows from noncapital financing activities:					
Direct lending receipts	483,791				483,791
Direct lending payments	(478,456)				(478,456)
Proceeds from bond issuance				121,069	121,069
Payments of bond principal				(5,676)	(5,676)
Payments of interest				(4,111)	(4,111)
Taxes	34,929				34,929
Grants and contributions	551,669	(2,448)		10,191	559,412
Noncapital financing receipts (payments)	(28,348)				(28,348)
Transfers in	1,230,067		5,776	2,711	1,238,554
Transfers out	(69,416)	(11,136)	(65,750)	(1,460)	(147,762)
Net cash provided by (used in) noncapital financing activities	1,724,236	(13,584)	(59,974)	122,724	1,773,402
Cash flows from capital and related financing activities:					
Principal paid on capital debts and leases	(259,834)			(33)	(259,867)
Interest paid on capital debts and leases	(94,037)			(1)	(94,038)
Acquisition and construction of capital assets	(384,461)		(31)		(384,492)
Proceeds from long-term borrowings	197,027				197,027
Proceeds from sale of capital assets	1,998				1,998
Other capital and related financing receipts (payments)	69,149				69,149
Net cash used in capital and related financing activities	(470,158)		(31)	(34)	(470,223)
Cash flows from investing activities:					
Purchase of investments	(422,238)	(289)		(74,737)	(497,264)
Proceeds from sale and maturities of investments	478,142			3,177	481,319
Interest and dividends on investments	65,387	25,128	11,427	29,103	131,045
Loan disbursements				(98,482)	(98,482)
Principal repayments on loans				53,403	53,403
Interest received on loans				6,776	6,776
Federal grant funds expended				(5,354)	(5,354)
Net cash provided by (used in) investing activities	121,291	24,839	11,427	(86,114)	71,443
Net increase (decrease) in cash and cash equivalents	54,981	24,461	71,083	20,079	170,604
Cash and cash equivalents - beginning	907,847	951,821	273,967	409,784	2,543,419
Cash and cash equivalents - ending	$ 962,828	$ 976,282	$ 345,050	$ 429,863	$ 2,714,023

Continued on the following page

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024
(Expressed in thousands)

Continued from the previous page

	Enterprise Funds				
	Higher Education	Division of Workforce Services	Office of the Arkansas Lottery	Non-Major Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (1,672,597)	$ 22,708	$ 114,515	$ (6,697)	$ (1,542,071)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	363,047	133	676	366	364,222
Pension expense			254		254
Other postemployment benefits expense			(26)		(26)
Interest on investments				(551)	(551)
Bond interest				4,547	4,547
Bond issuance cost				1,056	1,056
Amortization of bond premiums				(1,176)	(1,176)
Federal grants expended				5,354	5,354
Other operating activities	9,753		(283)		9,470
Net changes in assets, liabilities, and deferred outflows/inflows:					
Accounts receivable	(43,386)	(10,023)	896	(10,367)	(62,880)
Loans receivable	959				959
Inventory	519				519
Prepaid items	(26,800)		47	3	(26,750)
Deposits with Multi-State Lottery Association			94		94
Other current assets	(3,306)				(3,306)
Current liabilities	4,554				4,554
Accounts payable and other accrued liabilities	40,180	388	3,519	(8,930)	35,157
Other postemployment benefits liabilities	103			(340)	(237)
Net pension liability	(2,058)			284	(1,774)
Deferred outflows related to pensions	772			(35)	737
Deferred outflows related to OPEB				288	288
Deferred inflows related to pensions	(1,047)			(123)	(1,170)
Deferred inflows related to OPEB				(210)	(210)
Compensated absences	(1,877)		30	34	(1,813)
Unearned revenue	10,796		(61)		10,735
Net cash provided by (used in) operating activities	$ (1,320,388)	$ 13,206	$ 119,661	$ (16,497)	$ (1,204,018)
Non-cash investing, capital, and financing activities:					
Amortization of bond discount	$ (2)	$	$	$	$ (2)
Amortization of bond premium	289				289
Amortization of cost associated with debt issuance and refundings	298				298
Assets acquired by lease	62,292				62,292
Capital assets purchased with bond proceeds held by trustee	(2,731)				(2,731)
Costs of student loan principal and interest cancelled	(3)				(3)
Deposit of bond proceeds with trustee, including accrued interest and reserves	165,359				165,359
Donated capital assets/gifts	6,434				6,434
Donated scholarships from the foundation	150				150
Earnings on investments with trustee	9,510				9,510
(Increase) decrease in note receivables allowance for bad debt	(6)				(6)
Investment principal receivable		9		14	23
Investment principal payable		11		16	27
Lease receivable	6,728				6,728
Net gain/loss on the disposal of assets	328			(1)	327
Net increase/decrease in the fair value of investments	579				579
Payment of bond issuance cost and other fees from bond proceeds and reserves	1,098				1,098
Payment of debt service by foundation	(133)				(133)
Payment of debt service directly from trustee	1,069				1,069
Right-to-use assets	2,540				2,540
Trade-in allowance for equipment	1,628				1,628
Unearned revenue from skybox purchase	221				221
Valuation adjustment to capital assets	20,123				20,123
Value of assets received from vendors for sponsorship agreements	4,080				4,080

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024
(Expressed in thousands)

	Pension Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	$ 899,709	$ 206,653
Receivables:		
Employee	13,065	
Employer	36,983	
Investment principal	64,517	8
Interest and dividends	58,224	341
Other	5,375	116
Due from other funds	4,352	
Total receivables	182,516	465
Investments at fair value:		
Certificates of deposit		25,772
U.S. government securities	777,711	5,274
Bonds, notes, mortgages, and preferred stock	1,304,255	300
Common stock	7,546,717	
Real estate	1,710,576	
International investments	3,434,787	
Mutual funds	506,539	1,355
Pooled investment funds	7,571,059	
Corporate obligations	1,448,443	
Asset and mortgage-backed securities	389,314	
State recycling tax credits	203,200	
Other	10,000,246	
Total investments	34,892,847	32,701
Other assets		
Securities lending collateral	1,266,685	
Financial assurance instruments		215,434
Capital assets	9,192	
Other assets	539	
Total other assets	1,276,416	215,434
Total assets	37,251,488	455,253
Deferred Outflows of Resources		
Deferred outflows related to other post employment benefits	431	
Total assets and deferred outflows of resources	$ 37,251,919	$ 455,253
Liabilities		
Accounts payable and other liabilities	$ 36,955	$ 7,076
Investment principal payable	149,035	10
Obligations under securities lending	1,266,755	
Other postemployment benefits	5,744	
Due to other governments		170,776
Due to other funds	12	
Due to third parties		2,545
Total liabilities	1,458,501	180,407
Deferred Inflows of Resources		
Deferred inflows related to other post employment benefits	2,787	
Total liabilities and deferred inflows of resources	$ 1,461,288	$ 180,407
Net Position		
Restricted for:		
Pensions	$ 35,790,631	$
Individuals, organizations, and other governments		274,846
Total net position	$ 35,790,631	$ 274,846

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024
(Expressed in thousands)

	Pension Trust Funds	Custodial Funds
Additions:		
Contributions:		
Members	$ 328,001	$
Employers	949,120	
Supplemental contributions	17,840	
Title fees	4,916	
Court fees	1,081	
Reinstatement fees	1,547	
Total contributions	1,302,505	
Investment income (loss):		
Net increase (decrease) in fair value of investments	3,388,174	(2,692)
Interest, dividends, and other	405,613	8,188
Other investment income	6,954	
Securities lending income, net of expenses	6,209	
Total investment income (loss)	3,806,950	5,496
Less investment expense	113,570	
Net investment income (loss)	3,693,380	5,496
Sales tax collections for other governments		3,482,972
Child support deposits		313,125
Beneficiary deposits		94,519
Seized assets		1,209
Insurance surety deposits		4,340
Other surety deposits		612
Miscellaneous	3,559	3
Total additions	4,999,444	3,902,276
Deductions:		
Benefits paid to participants or beneficiaries	2,339,809	
Refunds of employee/employer contributions	33,494	
Sales tax payments to other governments		3,463,135
Child support disbursements		313,125
Beneficiary withdrawals/payments		93,774
Insurance surety withdrawals		4,047
Claims		1,334
Administrative expenses	21,238	206
Total deductions	2,394,541	3,875,621
Change in net position held in trust for employees' pension benefits	2,604,903	
Change in net position amounts held for individuals, organizations, and other governments		26,655
Net position - beginning	33,185,728	248,191
Net position - ending	$ 35,790,631	$ 274,846

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

Notes to the Financial Statements – Table of Contents

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

(b) Reporting Entity

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

(c) Component Units

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

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

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

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

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

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

The Governmental Fund of the State has significant transactions with ADFA. During the 2024 fiscal year, the Governmental Fund paid $6.8 million to ADFA for note payments and $5.3 million for interest on notes payable. The Governmental Fund paid $7.7 million for installment purchase payments and $3.9 million for interest on installment purchases. Additional information on notes payable and installment purchases to the Component Unit can be found in Note 9.

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

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

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

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

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

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

During the year ended June 30, 2024, the foundations distributed $164.2 million to, or on behalf of, the University of Arkansas.

(d) Measurement Focus and Basis of Accounting

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

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

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

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

(e) Government-Wide Financial Statements

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

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

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

restricted assets is reduced by liabilities and deferred inflows of resources related to those assets.

- Unrestricted net position does not meet the definition of the two preceding categories and is generally available for government purposes.

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

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

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

(f) Fund Financial Statements

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

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

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

Governmental Fund

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

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

Proprietary Funds

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

Higher Education Fund

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

Workers' Compensation Commission Fund

As of fiscal year 2024, the Workers' Compensation Commission Fund has been reclassified to a Non-Major fund. The fund has failed to meet the threshold for inclusion as a Major fund, and it has been determined it will not meet the threshold in the foreseeable future.

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

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

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

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

Non-Major Enterprise Funds

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

Fiduciary Funds

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

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

Cash and Cash Equivalents

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

Investments

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

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

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

The University of Arkansas (UA) System and the UA Foundation have established an external investment pool (the Pool). The investments in the Pool are managed by the UA Foundation. The UA Board of Trustees and the UA Foundation, Inc., Board of Trustees are the sponsors of this investment pool and are responsible for its operation and oversight. Participation in the Pool is voluntary. At June 30, 2024, four campuses, one division, and six foundations participated in the Pool. The foundations hold approximately $2.8 billion (external portion) of the investments in the Pool. The Pool issues a publicly available financial report, which may be obtained by writing the University of Arkansas Foundation, 535 Research Center Boulevard, Suite 120, Fayetteville, AR 72701.

Interfund Receivables and Payables

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

Inventories and Prepaid Items

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

Noncurrent Cash and Investments

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

Capital Assets

Methods Used to Value Capital Assets

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

Capitalization Policies

All land and other non-depreciable assets are capitalized regardless of cost. Buildings and building improvements are capitalized when the cost of the building, or an improvement that becomes an integral part of a building, exceeds $100,000. Land improvements and infrastructure are capitalized when cost exceed $50,000 and the estimated useful life exceeds one year. All other tangible assets, including equipment, are capitalized when the cost of an individual item exceeds $5,000 and the estimated useful life exceeds one year. Intangible assets are recorded at historical cost and depreciated using the same method for tangible assets. It is the State's policy to capitalize intangible assets when the individual item's cost exceeds $1.0 million for internally generated software or $5,000 for all other intangible assets and the estimated useful life exceeds one year. Right-to-use lease assets and right-to-use intangible assets are recognized when the expected present value exceeds

$25,000 and $1.0 million, respectively. Right-to-use assets and right-to-use intangibles are depreciated using the shorter of the lease/subscription term or useful life.

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

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

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

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

Items Not Capitalized and Depreciated

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include works of art and historical treasures, such as statues, monuments, historical documents, paintings, rare library books, miscellaneous capital-related artifacts and furnishings, etc. GASB Statement No. 34 does not require these items to be capitalized because (1) the items are held for reasons other than financial gain; (2) the items are protected, kept unencumbered, cared for and preserved; and (3) the items are subject to a State policy requiring the proceeds from the sales of collection items be used to acquire other items for collections. The State also acts as an agent for the tracking and disbursement of federal surplus property. The assigned value of this property at June 30, 2024, was $29.8 million and is not reflected in the financial statements.

Depreciation and Useful Lives

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

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

Accrued and Other Current Liabilities

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

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

Income Tax Refunds Payable

Income tax refunds are accounted for as a reduction in the appropriate tax revenue category. The amount reported as income tax refunds payable at June 30, 2024, is related to projected refund estimates attributable to fiscal year 2024 tax revenues.

Compensated Absences

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

Pensions

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

Leases

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

Subscription Based Information Technology Arrangements (SBITAs)

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

Public-Private or Public-Public Partnerships (PPPs)

A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. Service Concession Arrangements (SCA) are a type of PPP in which the operator collects and is compensated by fees from third parties; the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

Bond-Related Items

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

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

Net Position/Fund Balance

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

Fund Balance Classifications

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

Non-spendable fund balance

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

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

Restricted fund balance

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

Committed fund balance

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

Assigned fund balance

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

Unassigned fund balance

This amount is the residual classification for the General Fund.

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

See Note 13 for additional information about fund balances.

Restricted Assets/Net Position

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

Reclassifications

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

(h) Use of Estimates

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

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

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

GASB Statement No. 102, *Certain Risk Disclosures*, the objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this statement will improve financial reporting by providing users of the combined financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition. The requirements of this statement are effective for fiscal years beginning after June 15, 2024 (i.e., fiscal year 2025).

GASB Statement No. 103, *Financial Reporting Model Improvements*, the objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government’s accountability. For governments engaged in business-type activities, the primary impact of this statement will be changes to the combined statement of revenues, expenditures, and changes in net position (“SRECNP”). This statement not only changes the required sections and subtotals to be included in the SRECNP but creates new definitions for subsidies and operating and nonoperating revenues and expenses. Upon adoption, the new definitions may cause reclassifications of revenues and expenses within the SCRECNP. This statement also impacts other financial statement presentation requirements, including major component units, unusual or infrequent items, and management’s discussion and analysis. The requirements of this statement are effective for fiscal years beginning after June 15, 2025 (i.e., fiscal year 2026).

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, the objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87 and intangible right-to-use assets recognized in accordance with Statement No. 94 should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96 also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class. This statement also requires additional disclosures for capital assets held for sale as well as requiring that capital assets held for sale be evaluated each reporting period. The requirements of this statement are effective for fiscal years beginning after June 15, 2025 (i.e., fiscal year 2026).

(2) Deposits and Investments

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

(a) Deposits

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

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

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

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

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

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

At June 30, 2024, the reported bank balances of the general fund were $1,286,219,611. Of this amount, $3,377,403 was uninsured and uncollateralized.

At June 30, 2024, the reported bank balances of the enterprise funds were $1,592,876,096. Of this amount, $3,301,305 was uninsured and uncollateralized.

At June 30, 2024, the reported bank balances of the fiduciary funds were $332,409,578. Of this amount, $29,396,552 was uninsured and uncollateralized.

At June 30, 2024, the reported bank balances of the component unit were $18,050,000 Of this amount, $76,000 was uninsured and uncollateralized.

(b) Investments

Interest Rate Risk

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

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

As of June 30, 2024, the State of Arkansas had the following debt investments and maturities (expressed in thousands):

		Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
General fund					
Bonds	$ 685,563	$ 16,691	$ 182,942	$ 485,930	$
Commercial paper	770,787	770,787			
Domestic securities	80		57		23
Money market mutual fund	841,560	841,560			
Mortgage-backed securities	5,920,325	21,281	1,056,928	829,119	4,012,997
Municipal bonds	39,658	788	34,147	4,723	
Negotiable certificates of deposit	3,402	2,042	1,360		
U.S. government agencies	1,387,034	57,223	938,960	304,976	85,875
U.S. treasuries	659,572	220,471	311,797	127,304	
Subtotal	10,307,981	1,930,843	2,526,191	1,752,052	4,098,895
Enterprise funds					
Bonds	149,594	20,947	123,842	4,071	734
Commercial paper	92,003	92,003			
Commingled funds	44,984	44,984			
Money market mutual funds	264,157	264,157			
Mortgage-backed securities	20,989	60	2,970	2,330	15,629
Municipal bonds	2,452	2	1,116	1,122	212
Short-term investment pools	399,217	399,217			
U.S. government agencies	80,324	30,992	33,057	15,626	649
U.S. treasuries	504,421	167,642	299,598	37,030	151
Subtotal	1,558,141	1,020,004	460,583	60,179	17,375
Fiduciary funds					
Asset- and mortgage-backed securities	153,568	100	106,538	11,780	35,150
Bond funds	291,162		78,494	131,953	80,715
Collective investment trusts	1,385,957		412,956	973,001	
Commercial paper and loans	239,468	222,764	1,627	15,077	
Corporate bonds and notes	3,020,916	243,513	1,442,498	756,737	578,168
Convertible preferred equities	63,672	1,853	31,501		30,318
Municipal bonds	12,548	497	5,602	4,164	2,285
Private investments	578,356			578,356	
Pooled investment funds	1,033,842	297,380	1,395	735,067	
Short-term investments	1,339,497	1,290,716	27,775	21,006	
State recycling tax credits	203,200	24,800	99,200	76,000	3,200
U.S. government agencies	404,679	32	61,095	6,593	336,959
U.S. treasuries	372,280	43,837	77,129	88,873	162,441
Subtotal	9,099,145	2,125,492	2,345,810	3,398,607	1,229,236
Component unit					
Commingled Funds	45,391	45,391			
Money market mutual funds	234,409	234,409			
Mortgage-backed securities	74,782	32	3,223	14,576	56,951
Mutual bond funds	3,165	733	1,018	254	1,160
U.S. government agencies	66,988	18,758	47,366	864	
Subtotal	424,735	299,323	51,607	15,694	58,111
Total	$ 21,390,002	$ 5,375,662	$ 5,384,191	$ 5,226,532	$ 5,403,617

Corporate Debt

As of June 30, 2024, the Arkansas Public Employees Retirement System (APERS), Arkansas Teacher Retirement System (ATRS), and Arkansas State Highway Employees Retirement System (ASHERS) held corporate debt with fair values of $573,559,260, $459,122,612, and $186,393,185, respectively. Corporate bonds are debt instruments that are issued by private corporations. They have a term maturity and can have either a fixed or variable interest rate. Variable interest rate bonds have adjustments that are made periodically and vary directly with movements in interest rates. As of June 30, 2024, only $100,886,930 of the bonds held by ASHERS were considered sensitive to interest rate changes.

Convertible Corporate Bonds

As of June 30, 2024, APERS and ATRS held convertible bonds with fair values of $380,788,603 and 902,314,653, respectively. Convertible bonds convey an option to the bondholder to exchange each bond for a specified number of shares of common stock of the corporation. Convertible bonds offer lower coupon rates and promised yields to maturity than do nonconvertible bonds. A variable coupon varies directly with movements in interest rates.

Promissory Notes

ATRS also held three promissory notes with a fair value of $299,585,208 at June 30, 2024. Promissory notes are a form of debt that companies use to raise money in exchange for payment of a fixed amount of periodic income at a specified date or on demand. One unsecured promissory note was issued to Big River Steel Holdings, LLC and two secured notes were issued to Highland LP.

Term Loans

As of June 30, 2024, ATRS had term loans with a fair value of $15,921,706. Term loans are debt financing similar to a mortgage where the borrower pays in regular installments, which include principal and interest over the agreed upon term.

Credit Risk

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

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

The State's exposure to credit risk as of June 30, 2024, was as follows (expressed in thousands):

Rating		Fair Value
General fund		
AAA	$	1,517,089
AA		859,631
A		463,255
BBB		137,549
P-1		243,841
P-2		2,866
A-1		194,080
A-2		329,999
Unrated		4,927,039
Subtotal		8,675,349
Enterprise funds		
AAA		398,052
AA		28,816
A		101,717
BBB		1,488
B and below		78
P-1		2,183
P-2		3,058
A-1		43,316
A-2		43,445
Unrated		490,789
Subtotal		1,112,942

Rating		Fair Value
Fiduciary funds		
AAA		299,588
AA		1,293,056
A		1,125,483
BBB		835,469
BB		315,419
B		130,962
CCC or below		61,681
P-1		12,700
A-1		118,564
A-2		200
Unrated		4,838,999
Subtotal		9,032,121
Component unit		
AAA		234,997
AA		71,292
Unrated		51,767
Subtotal		358,056
Total ratings	$	19,178,468

Custodial Credit Risk

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

The SBF requires that investment instruments be held in safekeeping by financial institutions and that the cash fund manager obtain safekeeping receipts. ATRS has adopted the SBF policy requiring the use of depository insurance and collateralization procedures to manage the risk that investments may not be returned. ASHERS, APERS, and the institutions of higher education do not have a formal custodial credit risk policy for investments.

At June 30, 2024, the reported amount of the enterprise funds' investments was $1,691,250,326. Of this amount, $5,284,480 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the government's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the State's investment in any one issuer that represents 5% or more of total investments. The State places no limit on the amount the State Treasury may invest in U.S. government agency securities. The SBF policy for corporate debt, including both commercial paper and bonded debt of an issuer, is that (1) no investment shall be made in any single issuer which, at the time of purchase, exceeds 5% of the total portfolio of the Treasury or the STMMT and (2) that total corporate debt, including bonds and commercial paper, will not exceed 30% of the total portfolio of the Treasury or the STMMT, with the exception that second-tier commercial paper may not exceed 5% of the total portfolio of the Treasury or the STMMT. ASHERS has adopted a formal investment policy for concentration of credit risk with some of the guidelines being that no more than 5% of total assets may be invested in the debt securities of any one issuer and no more than 3% of total assets may be invested in any one debt issue. ATRS and APERS do not have formal investment policies for concentration of credit risk. The State's investments representing 5% or more of total investments of the general fund included Federal Home Loan Mortgage Corporation (FHLMC) securities of $2,805,158,024 (27.21%) and Federal National Mortgage Association (FNMA) securities of $2,714,313,338 (26.33%). The State's investments representing 5% or more of total investments of the component unit included Federal Home Loan Bank (FHLB) securities of $42,240,000 (29.10%).

Foreign Currency Risk

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

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

The exposure to foreign currency risk for investments and deposits at June 30, 2024, is as follows (expressed in thousands):

Currency	Cash Deposits	Equities	Fixed Income	Real Estate	Forward Currency Contracts (1)
Australian Dollar	$	$ 5,906	$	$	$
Brazilian Real	82	19,053	3,895		
British Pound Sterling	1,123	404,880	4,822	330,048	771
Canadian Dollar	167	82,390		3,780	
Chilean Peso		4,779			
Chinese Yuan Renminb	33	5,190			
Danish Krone		95,548			590
Euro	428	791,769	5,604	110,272	(322)
Hong Kong Dollar	77	94,794		7,197	
Indian Rupee	390				
Indonesian Rupiah		34,908	3,296		
Israeli Shekel		7,790			
Japanese Yen	21,496	393,736			2,452
Mexican Nuevo Peso		14,507	2,577		
New Taiwan Dollar		55,459			
New Zealand Dollar			3,370		
Norwegian Krone			3,306		
Polish Zloty					
Singapore Dollar		12,869			
South African Rand		11,491	2,253		
South Korean Won	167	113,779			
Swedish Krona		69,467			
Swiss Franc		252,621			912
Uruguayan Peso			1,537		
Total fair value	$ 23,963	$ 2,470,936	$ 30,660	$ 451,297	$ 4,403

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

Currency	Investment Principal - Receivable	Investment Principal - Payable	Accrued Income	Total Exposure
Australian Dollar	$	$	$	$ 5,906
Brazilian Real			38	23,068
British Pound Sterling		(799)	3,328	744,173
Canadian Dollar	391		393	87,121
Chilean Peso				4,779
Chinese Yuan Renminbi			118	5,341
Danish Krone		(590)	457	96,005
Euro	512	(1,786)	12,926	919,403
Hong Kong Dollar			734	102,802
Indian Rupee				390
Indonesian Rupiah			43	38,247
Israeli Shekel				7,790
Japanese Yen		(2,454)	942	416,172
Mexican Nuevo Peso			16	17,100
New Taiwan Dollar			137	55,596
New Zealand Dollar			27	3,397
Norwegian Krone			18	3,324
Polish Zloty			6	6
Singapore Dollar				12,869
South African Rand			81	13,825
South Korean Won			166	114,112
Swedish Krona			160	69,627
Swiss Franc		(912)	3,467	256,088
Uruguayan Peso			15	1,552
Total fair value	$ 903	$ (6,541)	$ 23,072	$ 2,998,693

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for ATRS, APERS, and ASHERS was 11.92%, 9.92%, and 13.59%, respectively.

Concentration of Investments

Generally accepted accounting principles require each pension plan to disclose investments (other than those issued or explicitly guaranteed by the U.S. Government) in any one organization that represent 5% or more of the pension plan's fiduciary net position. As of June 30, 2024, ATRS, ASHERS, and APERS had no investments in any one organization that represented 5% or more of the pension plan's fiduciary net position.

Depositary Receipts

A depositary receipt is a negotiable certificate issued by a bank to represent a foreign company's publicly traded securities. A custodian bank in the foreign country holds the actual shares, often in a form of an American Depository Receipt (ADR), which is listed and traded on exchanges based in the United States, or a Global Depository Receipt (GDR), which is traded in established non-U.S. markets. Indirectly, depository receipts are exposed to foreign currency risk since the non-U.S. company would be doing business in a foreign currency. At June 30, 2024, ASHERS had $1,120,017 invested in ADRs.

Fair Value Measurement

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

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

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

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

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

The following table represents the State of Arkansas's investments and securities lending collateral measured at fair value on a recurring basis by valuation hierarchy as of June 30, 2024 (expressed in thousands):

General fund

Investments measured at fair value	Total	Level 1	Level 2	Level 3
Bond	$ 685,564	$ 441	$ 685,123	$
Domestic securities	615	615		
Mortgage-backed securities	5,920,325		5,920,325	
Municipal bonds	39,658		39,658	
Mutual Funds	150	150		
Negotiable certificates of deposit	3,402	1,689	1,713	
U.S. government agencies	1,387,034	374	1,386,660	
U.S. treasuries	659,571	659,571		
Total investments at fair value	$ 8,696,319	$ 662,840	$ 8,033,479	$

Enterprise funds

Investments measured at fair value		Total		Level 1		Level 2		Level 3
Bonds	$	7,023	$		$	7,023	$	
Commingled funds		107,181		59,026		48,155		
Domestic equities		4,428		3,934		494		
Exchange-traded funds		6,791		6,791				
External investment pools		8,620		6,914		598		1,108
Marketable alternatives		690						690
Money market mutual funds		4,426		4,426				
Mortgage-backed securities		20,989				20,989		
Mutual funds		5,317		5,317				
Negotiable certificates of deposit		100,825		74,002		26,823		
Non-marketable alternatives		8,071						8,071
Other		8,721		8,635		5		81
Fixed income securities		562,614		123,424		439,190		
Short-term investments		14,808		13,548		25		1,235
U.S. government agencies		62,998		14,825		45,242		2,931
U.S. treasuries		108,221		108,221				
Total investments at fair value		1,031,723	$	429,063	$	588,544	$	14,116
Investments measured at net asset value (NAV)								
External investment pool - UA Foundation		224,018						
Short-term investment fund pool - UA System		63,292						
Intermediate-term investment fund pool - UA System		63,521						
Extended fixed income pool - UA System		27,566						
External investment pools - NAC:								
Intermediate term fund		801						
Multi-strategy equity fund		354						
Multi-strategy bond fund		118						
Total investments at NAV		379,670						
Total investments	$	1,411,393						

Fiduciary funds

Investments measured at fair value		Total		Level 1		Level 2		Level 3
Asset- and mortgage-backed securities	$	52,050	$		$	52,050	$	
Corporate bonds and notes		2,706,908				2,406,540		300,368
Domestic equities		6,591,766		6,590,278		1,488		
International equities		2,873,243		2,873,243				
International obligations		198,736				198,736		
Investment derivatives		2,639		2,625		14		
Limited partnerships		22,417		22,417				
Municipal bonds		12,548				12,548		
Mutual and exchange-traded funds		1,137,839		1,083,163		54,676		
Preferred stock		25,877		11,924		13,953		
Preferred equity investments		115,878		106,925				8,953
Real estate		167,593		89,916				77,677
State recycling tax credits		203,200				203,200		
U.S. government agencies		404,679		60,341		344,338		
U.S. treasuries		372,280		205,063		167,217		
Total investments at fair value		14,887,653	$	11,045,895	$	3,454,760	$	386,998
Investments measured at net asset value (NAV)								
Diversified investment funds		242,759						
Hedge funds		1,327,176						
Other		4,009,596						
Pooled investments		8,446,659						
Private equity funds		3,374,999						
Real estate funds		3,661,575						
Total investments at NAV		21,062,764						
Total investments	$	35,950,417						
Securities lending collateral measured at fair value (1)								
Asset-backed securities	$	101,518	$		$	101,518	$	
Commercial paper		222,269				222,269		
Certificate of deposits		47,226				47,226		
Corporate bonds		131,977				131,977		
Short-term investment pool		163,222				163,222		
Total securities lending collateral at fair value		666,212	$		$	666,212	$	
Securities lending collateral measured at net asset value (NAV) (1)								
Quality D short-term investment pool		406,811						
Total securities lending collateral	$	1,073,023						

(1) Cash collateral received for security lending of Fiduciary funds totaled $1,267,200,236. The amount reported above is the fair value of the collateral at June 30, 2024.

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Component unit

Investments measured at fair value	Total	Level 1	Level 2	Level 3
Commingled funds	$ 45,391	$	$ 45,391	$
Mortgage-backed securities	74,782		74,782	
Mutual bond funds	3,165		3,165	
U.S. government agencies	66,988		66,988	
Total investments at fair value	$ 190,326	$	$ 190,326	$

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

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

Assets classified at Level 3 are valued using internal fair value as provided by the investment manager due to the lack of observable and independent pricing inputs.
Investments measured at the net asset value (NAV) per share (or its equivalent) are presented in the following table as of June 30, 2024 (expressed in thousands):

Enterprise Funds

Investments measured at net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period and Redemption Restrictions
External investment pool - UA Foundation	$ 224,018		Daily	7-30 days
Short-term investment fund pool - UA System	63,292		Daily	0-3 days
Intermediate-term investment fund pool - UA System	63,521		End of Month	2-30 days
Extended fixed income pool - UA System	27,566		End of Month	2-30 days
External investment pools - NAC:				
Intermediate term fund	801		Weekly	5 days
Multi-strategy equity fund	354		Monthly	5 days
Multi-strategy bond fund	118		Monthly	5 days
Total investments at NAV	$ 379,670			

Fiduciary Funds

Investments measured at net asset value (NAV)	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period and Redemption Restrictions
Diversified investment funds	$ 242,759	$	Last day of each Quarter	1yr; 2yrs; 3 yrs; >3yrs; 55% liquidity; then 20%; then 15%; then 10%
Hedge funds	1,327,176	72,036	Quarterly, Annually, Monthly, Semi-annualy, weekly, N/A	3-5 days; 3-15 days; 45 days; 60 days; 65 days; 90 days; 60-90 days; N/A
Other	4,009,596		Daily; Semi-monthly - Monthly	Daily; 3-7 days
Pooled Investments	8,446,659		Daily; Monthly	T+1; T+3; T+10; 1-30 days; Daily; N/A
Private equity funds	3,374,999	3,279,596	Quarterly - Annually; N/A; 7-year lock up	90 days; N/A
Real estate funds	3,661,575	899,339	Quarterly; 7-year lock up; Open end with 2-years lock up; None; N/A	T+45; T+90; 60 Days; 90 Days; 30-90 Days; N/A
Total investments at NAV	$ 21,062,764	$ 4,250,971		

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

Investment pools – University of Arkansas (UA)

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

Intermediate Term Fund – North Arkansas College (NAC)

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

Multi-Strategy Equity Fund – NAC

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

Multi-Strategy Bond Fund – NAC

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

Pooled investments

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

Diversified investment funds

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

Hedge funds

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

Private equity funds

The value of the investments in this type have been determined using the NAV per share (or its equivalent) of the State's ownership interest in partners' capital. These investments cannot be easily redeemed. The nature of private equity investments is that distributions are received through the liquidation of the underlying assets of the fund. The expected holding period of a private equity portfolio company is two to ten years.

Real estate funds

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

Other private investments

Other private investments consist of three funds each with a different strategy or objective including fixed income, U.S. equities, and global equities. The value of the investments in this asset class have been determined using the NAV per share (or its equivalent) of the State's ownership interest in partners' capital. The redemption frequency is once or twice per month depending on the manager. Distributions are received through liquidation of the underlying assets. The expected holding period is dependent on the discretion of the fund manager.

Short Term Investment Fund (STIF)

The net cash activity is swept into a STIF account daily with the fund maintaining an average dollar-weighted portfolio maturity of 90 days or less. The value of this fund has been determined by the custodial bank, the fund administrator, using the NAV per share (or its equivalent) based on the plan's proportionate share of the unit of participation.

Securities lending collateral

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

(3) Derivative Instruments

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

Mortgage-Backed Securities

As of June 30, 2024, governmental activities, business-type activities, fiduciary funds, and component units held mortgage-backed securities with fair values of $5.9 billion, $21.0 million, $579.2 million, and $74.8 million, respectively. The yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. Although the full amount of principal will be received if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost.

Asset-Backed Securities

As of June 30, 2024, Arkansas Public Employees Retirement System (APERS) and Arkansas Teacher Retirement System (ATRS) held asset-backed securities with a combined fair value of $246.1 million. These securities represent interests in various trusts consisting of pooled financial assets other than mortgage loans conveyed by the issuing parties. The ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

Forward Currency Contracts

APERS and ATRS enter into various currency contracts to manage exposure of foreign portfolio holdings to changes in foreign currency exchange rates. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated rate. Risks associated with such contracts include movement in the value of the foreign currency in relation to the U.S. dollar and the ability of the counterparty to perform. The contracts are valued at forward exchange rates, and the changes in the value of open contracts are recognized as unrealized appreciation/depreciation in the statement of changes in plan net position. The realized gain or loss on closed forward currency contracts represents the difference between the original value of the original contracts and the closing value of such contracts and is included in the net increase (decrease) in fair value of investments in the statement of changes in plan net position. At June 30, 2024, the retirement systems referred to above were party to outstanding foreign exchange currency contracts to purchase foreign currencies with contract amounts of $4.4 million, collectively. Fair values of these outstanding contracts were $4.4 million, resulting in an unrealized loss of $3,585. The retirement systems also had outstanding foreign exchange currency contracts to sell foreign currencies with contract amounts of $2.2 million at June 30, 2024. Fair values of these contracts were $2.1 million, resulting in an unrealized gain of $17,759.

Derivative Instruments

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

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2024, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2024	
Type	**Classification**	**Amount**	**Classification**	**Amount**
Foreign currency forwards	Net increase (decrease) in fair value of investments	$ 31,797	Investment derivatives	$ 14,174
Futures	Net increase (decrease) in fair value of investments	3,408,878	Investment derivatives	2,625,236

Foreign Currency Forward		Fair Value			Notional Amount
British Pound Sterling	$	(18)	GBP	$	22,034
Euro		17,777	EUR		1,961,231
United States Dollar		(3,585)	USD		4,429,033
Total foreign currency forwards	$	14,174		$	6,412,298
Futures	$	2,625,236	USD	$	474,900,000

(4) Securities Lending Transactions

Arkansas Public Employees Retirement System (APERS) and Arkansas Teacher Retirement System (ATRS) participate in securities lending programs as authorized by Arkansas Code and the Boards of Trustees' policies whereby investment securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash and cash equivalents, letters of credit, or securities guaranteed by the U.S. government or an agency thereof, equal to at least 100% of the fair value of the securities loaned for ATRS and equal to at least 102% for domestic loans and 105% for international loans for APERS. The programs are administered by custodial agent banks. The types of securities on loan at June 30, 2024, include U.S. government securities, corporate securities, and international securities. Except for cash collateral, the pensions do not have the ability to pledge or sell the collateral securities received unless there is borrower default. The pensions invest cash collateral received; accordingly, investments made with cash collateral received appear as assets on the statements of plan net position. As the pensions must return the cash collateral to the borrower upon expiration of the loan, a corresponding liability is recorded as obligations under securities lending. These securities have also been included in the preceding summary of deposits and investments (see Note 2). The weighted average maturity of collateral investments generally does not match the maturity of the loans. The custodial agents provide the pensions with an indemnification if insolvency causes the borrower to fail to return the securities lent or to fail to pay the income on the securities to the trust while lent. No losses resulting from default have occurred in the history of the pensions' participation in such programs. As of June 30, 2024, the carrying value and fair value of the underlying securities was $1.27 billion. At June 30, 2024, the pension systems had no credit risk exposure to borrowers because the amounts the pension systems owed the borrowers was less than the amounts the borrowers owed the pension systems or because the custodian's indemnification eliminated the credit risk.

(5) Receivables

Receivables at June 30, 2024, consisted of the following (expressed in thousands):

Primary Government

	Accounts	Taxes (1)	Employee/ Employer	Medicaid	Lease Receivable	Loans	Investment-Related	Other Receivables	Allowance for Uncollectibles	Total
General Fund	$ 329,195 (2)	$ 1,122,995	$	$ 631,376	$ 1,189	$ 258,883	$ 66,235	$ 38,157	$ (888,305)	$ 1,559,725
Higher Education Fund	821,141				69,479	19,887	850	26,437	(361,601)	576,193
Division of Workforce Services	191,659						26		(146,954)	44,731
Office of the Arkansas Lottery	14,530									14,530
Non-major enterprise funds	24,700					668,370	2,667			695,737
Pension trust			50,048				122,741	5,375		178,164
Custodial							349	116		465
Total	$ 1,381,225	$ 1,122,995	$ 50,048	$ 631,376	$ 70,668	$ 947,140	$ 192,868	$ 70,085	$ (1,396,860)	$ 3,069,545

(1) Receivable balances of $4,237 are not expected to be collected within one year of the date of the financial statements.
(2) $12 Interfund receivables due to the General Fund from the Pension Trust fund were reclassified as accounts receivable on the Government-wide Statement of Net Position.

Component Units

	Accounts	Loans	Lease Receivable	Investment-Related	Contributions	Allowance for Uncollectibles	Net Receivable by Component Unit
Arkansas Development Finance Authority	$ 4,121	$ 594,134	$ 646	$ 3,070	$	$ (80,265)	$ 521,706
University of Arkansas Foundation				8,635	58,673	(1,430)	65,878
Total	$ 4,121	$ 594,134	$ 646	$ 11,705	$ 58,673	$ (81,695)	$ 587,584

(6) Lease Receivables

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

For the year ended June 30, 2024, total lease related inflows recognized by the general fund, higher education fund, and component unit were $676,448, $4.7 million, and $152,041, respectively.

The State had no significant variable payments, residual value guarantees, or lease termination penalties related to its lease agreements as of June 30, 2024.

(7) Interfund Activity

Interfund Receivables and Payables (expressed in thousands):

	Due From						
Due To	General Fund	Higher Education Fund	Department of Workforce Services	Office of the Arkansas Lottery	Non-major Enterprise Funds	Pension Trust	Total
General Fund	$	$ 1,855	$ 1,801	$ 318,335	$ 488	$ 12 (1)	$ 322,491
Higher Education Fund	34,374						34,374
Division of Workforce Services	757						757
Office of the Arkansas Lottery	4,753						4,753
Non-major Enterprise Funds	129	247					376
Pension trust	4,352 (2)						4,352
Total	$ 44,365	$ 2,102	$ 1,801	$ 318,335	$ 488	$ 12	$ 367,103

(1) $12 Interfund receivables due to the General Fund from the Pension Trust fund were reclassified as accounts receivable on the Government-wide Statement of Net Position.
(2) $4,352 Interfund payables due from the General Fund to the Pension Trust Fund were reclassified as accounts payable on the Government-wide Statement of Net Position.

Interfund receivables and payables include (1) $34.4 million due to the Higher Education Fund from the General Fund for College Technical Bond payment requisitions and grants; (2) $4.8 million due to the Office of the Arkansas Lottery from the General Fund for deposits, refunds, and interest earned less scholarships awarded pursuant to Ark. Code Ann. § 6-85-212 (d)(2)(B)(i); (3) $4.4 million due from the General Fund to the Pension Trust for employers' contributions; (4) $1.9 million due from the Higher Education Fund to the General Fund for workers' compensation contributions and administrative costs, unemployment contributions, information technology services, and grants; and (5) $318.3 million due from the Office of the Arkansas Lottery to the General Fund for trust proceeds to administer the Arkansas Lottery Scholarship Program, audit fees, information technology services, printing, and administrative costs. All amounts are expected to be repaid within one year.

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

	Advances From		
Advances To	**General Fund**	**Non-Major Enterprise Funds**	**Total**
General Fund	$	$ 334	$ 334
Higher Education Fund	8,180	4,713	12,893
Non-Major Enterprise Funds	11		11
Total	$ 8,191	$ 5,047	$ 13,238

Advances include (1) an outstanding balance of $2.4 million loaned from the General Fund (i.e., Transformation and Shared Services – Division of Building Authority) to Higher Education for the Sustainable Building Design Program used to pay for energy improvements; (2) an outstanding balance of $5.8 million loaned from the Department of Finance and Administration State Budget Stabilization Trust Fund to Henderson State University; and (3) an outstanding balance of $4.7 million loaned from the Community/Technical College Revolving Loan program providing low interest loans to community and technical colleges for capitalizable education and general projects with various interest rates.

Transfers (expressed in thousands):

	Transfers In				
Transfers Out	**General Fund**	**Higher Education**	**Office of the Arkansas Lottery**	**Non-Major Enterprise Funds**	**Total**
General Fund	$	$ 1,230,067	$ 4,755	$ 5,860	$ 1,240,682
Higher Education	69,416				69,416
Division of Workforce Services	11,136				11,136
Office of the Arkansas Lottery	134,159				134,159
Non-major Enterprise Funds	4,587				4,587
Total	$ 219,298	$ 1,230,067	$ 4,755	$ 5,860	$ 1,459,980

Transfers include (1) $69.4 million transferred from the Higher Education Fund to the General Fund, which includes $64.7 million of State funding provided to the University of Arkansas for Medical Sciences and transferred to the Department of Human Services for the Medicaid Program; (2) $11.1 million transferred from Division of Workforce Services to the General Fund; (3) $134.2 million transferred from the Office of the Arkansas Lottery to the General Fund for the 2024/2025 academic school year; (4) $1.2 billion transferred from the General Fund to the Higher Education

Fund for State funding of higher education institutions; and (5) $4.8 million transferred from the General Fund to the Office of the Arkansas Lottery for excess net proceeds over scholarships issued.

(8) Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2024, was as follows (expressed in thousands):

	Balance June 30, 2023	Adjustments/ Transfers (1)	Additions	Deletions	Balance June 30, 2024
Governmental activities:					
Capital assets, nondepreciable/amortizable:					
Land	$ 1,265,895	$ 6	$ 87,715	$ (2,107)	$ 1,351,509
Construction in progress	2,358,853	(665,862)	1,146,239	(190)	2,839,040
Construction in progress - intangibles	234,224	(220,729)	2,944		16,439
Construction in progress - right-to-use	9,789	(6,399)	2,105	(3,390)	2,105
Other nondepreciable/amortizable assets	31,639	4,246	293	(4,913)	31,265
Total capital assets, nondepreciable/amortizable	3,900,400	(888,738)	1,239,296	(10,600)	4,240,358
Capital assets, depreciable/amortizable:					
Improvements other than building	243,059	3,302	1,818	(106)	248,073
Buildings	1,996,091	41,658	17,148	(1,256)	2,053,641
Equipment	957,329	1,757	81,705	(37,212)	1,003,579
Infrastructure	19,463,039	691,642	9,712	(116,495)	20,047,898
Intangibles	392,113	220,729	1,202	(407)	613,637
Other depreciable/amortizable assets	9,986	1,418	615	(489)	11,530
Right-to-use assets:					
Land	2,137		64	(76)	2,125
Buildings	106,590		23,461	(1,642)	128,409
Equipment	4,743		691	(1,706)	3,728
Land improvements	514		94		608
Infrastucture	1,303		192		1,495
SBITA	54,260	6,399	72,968	(16,573)	117,054
Total capital assets, depreciable/amortizable	23,231,164	966,905	209,670	(175,962)	24,231,777
Less accumulated depreciation/amortization for:					
Improvements other than building	(152,726)		(7,366)	106	(159,986)
Buildings	(884,128)		(38,467)	844	(921,751)
Equipment	(687,764)	(997)	(65,344)	34,862	(719,243)
Infrastructure	(10,293,147)	(36)	(570,041)	116,495	(10,746,729)
Intangibles	(259,046)		(31,563)	408	(290,201)
Other depreciable/amortizable assets	(8,506)	(478)	(244)	482	(8,746)
Right-to-use assets:					
Land	(280)		(148)	10	(418)
Buildings	(43,595)		(24,557)	1,425	(66,727)
Equipment	(2,466)		(1,288)	1,707	(2,047)
Land improvements	(162)		(94)		(256)
Infrastucture	(593)		(299)		(892)
SBITA	(24,327)		(33,938)	14,202	(44,063)
Total accumulated depreciation/amortization	(12,356,740)	(1,511)	(773,349)	170,541	(12,961,059)
Total capital assets, depreciable/amortizable, net	10,874,424	965,394	(563,679)	(5,421)	11,270,718
Total governmental capital assets, net	$ 14,774,824	$ 76,656	$ 675,617	$ (16,021)	$ 15,511,076

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

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		Balance June 30, 2023		Adjustments/ Transfers (1)		Additions		Deletions		Balance June 30, 2024
Business-type activities:										
Capital assets, nondepreciable/amortizable:										
Land	$	201,216	$	(38)	$	10,945	$	(137)	$	211,986
Construction in progress		234,715		(131,895)		274,473		(20,432)		356,861
Construction in progress - intangibles		3,362		(1,585)		78		(1,123)		732
Construction in progress - right-to-use		288		(288)						
Easements		2,675								2,675
Art/historic treasures		1,011						(25)		986
Other nondepreciable/amortizable assets		896		(1)		113		(225)		783
Total capital assets, nondepreciable/amortizable		444,163		(133,807)		285,609		(21,942)		574,023
Capital assets, depreciable/amortizable:										
Improvements other than building		35,428		1,219		2,449				39,096
Buildings		6,573,045		85,678		35,540		(7,830)		6,686,433
Equipment		984,727		7,866		67,442		(21,475)		1,038,560
Infrastructure		807,903		41,181		8,703		(626)		857,161
Intangibles		223,233		(542)		144		(68,920)		153,915
Library holdings		233,780		(508)		8,682		(12,564)		229,390
Other depreciable/amortizable assets		6,459				312		(314)		6,457
Right-to-use assets:										
Buildings		214,109		149		47,003		(22,680)		238,581
Equipment		58,693		(2,110)		10,536		(3,211)		63,908
Land improvements		36								36
Infrastucture		12,115				315				12,430
SBITA		97,619		4,746		10,566		(3,530)		109,401
Total capital assets, depreciable/amortizable		9,247,147		137,679		191,692		(141,150)		9,435,368
Less accumulated depreciation/amortization for:										
Improvements other than building		(20,619)		165		(1,737)				(22,191)
Buildings		(3,261,492)		1,054		(194,828)		1,478		(3,453,788)
Equipment		(778,813)		(38)		(59,568)		19,397		(819,022)
Infrastructure		(435,867)		(393)		(32,673)		168		(468,765)
Intangibles		(198,093)				(10,828)		68,920		(140,001)
Library holdings		(195,705)		133		(6,795)		12,538		(189,829)
Other depreciable/amortizable assets		(1,716)				(1)				(1,717)
Right-to-use assets:										
Buildings		(51,672)		(160)		(27,210)		2,920		(76,122)
Equipment		(40,864)		1,220		(9,039)		3,787		(44,896)
Land improvements		(26)				(10)				(36)
Infrastucture		(2,433)				(1,325)				(3,758)
SBITA		(18,291)		(694)		(20,208)		2,881		(36,312)
Total accumulated depreciation/amortization		(5,005,591)		1,287		(364,222)		112,089		(5,256,437)
Total capital assets, depreciable/amortizable, net		4,241,556		138,966		(172,530)		(29,061)		4,178,931
Total business-type capital assets, net	$	4,685,719	$	5,159	$	113,079	$	(51,003)	$	4,752,954

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

Component Units

Activity for ADFA for the year ended June 30, 2024, was as follows (expressed in thousands):

	Balance June 30, 2023	Adjustments/ Transfers (1)	Additions	Deletions	Balance June 30, 2024
ADFA:					
Capital assets, nondepreciable/amortizable:					
Land	$ 670	$	$	$	$ 670
Capital assets, depreciable/amortizable:					
Building	2,032				2,032
Equipment	1,616		37	(5)	1,648
Intangibles	10,629				10,629
Total capital assets, depreciable/amortizable	14,277		37	(5)	14,309
Less accumulated depreciation/amortization for:					
Building	(975)		(63)		(1,038)
Equipment	(1,176)		(20)	5	(1,191)
Intangibles	(10,629)				(10,629)
Total accumulated depreciated/amortization	(12,780)		(83)	5	(12,858)
Total capital assets, depreciable/amortizable, net	1,497		(46)		1,451
Total ADFA capital assets, net	$ 2,167	$	$ (46)	$	$ 2,121

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

Activity for U of A Foundation, Inc., for the year ended June 30, 2024, was as follows (expressed in thousands):

	Balance June 30, 2023	Adjustments/ Transfers (1)	Additions	Deletions	Balance June 30, 2024
U of A Foundation, Inc.:					
Capital assets, nondepreciable/amortizable:					
Land	$ 30	$	$	$ 30	$

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

Depreciation and Amortization

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

Primary Government

Governmental Activities:	
Education	$ 11,618
Commerce	3,881
Recreation and tourism	24,478
Health and human services	47,681
Transportation	598,816
Law, justice, and public safety	38,879
Resource development	3,722
General government	43,904
Regulation of business and professionals	370
Total depreciation and amortization expense	$ 773,349

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Business-type Activities:

Enterprise funds	$	364,222
Total depreciation and amortization expense	$	364,222

Component Unit

ADFA	$	83
Total depreciation and amortization expense	$	83

(9) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2024, are summarized as follows (expressed in thousands):

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due within One Year	Due Greater Than One Year
Governmental Activities:						
Bonds payable:						
General obligation	$ 514,130	$ 30,000	$ 106,725	$ 437,405	$ 89,880	$ 347,525
Add (deduct):						
Issuance premium (discount):						
General obligation	29,436	935	9,689	20,682	7,649	13,033
Notes payable to component unit	14,633		705	13,928	674	13,254
Installment purchases with component unit	2,783		213	2,570	211	2,359
Total bonds payable	560,982	30,935	117,332	474,585	98,414	376,171
Notes payable to component unit	109,571	29,178	6,830	131,919	8,041	123,878
Installment purchases with component unit	138,944	181	7,687	131,438	9,912	121,526
Total bonds, notes, and installment purchases	809,497	60,294	131,849	737,942	116,367	621,575
Lease obligations	65,972	24,009	25,855	64,126	22,260	41,866
SBITA obligations	24,262	71,520	27,743	68,039	20,622	47,417
Recycling tax obligation (1)	111,140	83,849	18,704	176,285	19,294	156,991
Claims, judgments, and arbitrage (1)	133,709	345,728	317,953	161,484	129,500	31,984
Compensated absences (1)	163,170	114,022	109,362	167,830	23,097	144,733
Total claims, judgments, arbitrage, and compensated absences	296,879	459,750	427,315	329,314	152,597	176,717
Pollution remediation (1)	22,262	5,066	83	27,245	4,259	22,986
Total OPEB liability (1)	1,419,579		66,901	1,352,678	55,664	1,297,014
Net pension liability (1)	2,218,823	104,543		2,323,366		2,323,366
Governmental activities total	$ 4,968,414	$ 809,031	$ 698,450	$ 5,078,995	$ 391,063	$ 4,687,932

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

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year	Due Greater Than One Year
Business-type Activities:						
Bonds payable:						
Special obligation:						
Construction Assistance						
Revolving Loan Fund	$	$ 72,590	$ 2,555	$ 70,035	$ 3,410	$ 66,625
Safe Drinking Water						
Revolving Loan Fund		36,645	2,065	34,580	3,005	31,575
College and University	2,227,555	217,535	265,565	2,179,525	99,720	2,079,805
Revenue bonds from direct placement	7,316		572	6,744	248	6,496
Add:						
Issuance premiums (discounts)	148,405	29,504	27,096	150,813	5,276	145,537
Total bonds payable	2,383,276	356,274	297,853	2,441,697	111,659	2,330,038
Notes payable from direct placement	116,755	1,928	16,154	102,529	18,577	83,952
Notes payable with component unit	6,987		540	6,447	552	5,895
Total notes payable	123,742	1,928	16,694	108,976	19,129	89,847
Installment purchase agreements payable	54,213		6,783	47,430	3,179	44,251
Total bonds, notes, and installment purchases	2,561,231	358,202	321,330	2,598,103	133,967	2,464,136
Lease obligations	164,188	56,129	49,216	171,101	27,972	143,129
SBITA obligations	21,860	14,066	8,388	27,538	7,366	20,172
Claims and judgments	224,597	648,924	648,037	225,484	83,065	142,419
Compensated absences	142,192	129,503	129,594	142,101	18,284	123,817
Total claims, judgments, and compensated absences	366,789	778,427	777,631	367,585	101,349	266,236
Total OPEB liability	116,382	1,999		118,381	5,062	113,319
Net pension liability	170,019		7,665	162,354		162,354
Business-type activities total	$ 3,400,469	$ 1,208,823	$ 1,164,230	$ 3,445,062	$ 275,716	$ 3,169,346

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year	Due Greater Than One Year
Component units:						
Arkansas Development Finance Authority:						
Bonds payable	$ 404,447	$ 53,368	$ 27,948	$ 429,867	$ 23,050	$ 406,817
Notes payable from direct placement	3,241		139	3,102	142	2,960
Add: issuance premiums (discounts)		550	4	546		546
Total bonds and notes payable ADFA	407,688	53,918	28,091	433,515	23,192	410,323
Total OPEB liability	2,091		176	1,915	83	1,832
Net pension liability	3,784	354		4,138		4,138
U of A Foundation						
Annuity obligations	14,051	2,164	3,226	12,989	943	12,046
Component units total	$ 427,614	$ 56,436	$ 31,493	$ 452,557	$ 24,218	$ 428,339

Primary Government

Governmental Activities

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

General obligation bonds outstanding at June 30, 2024, were as follows (expressed in thousands):

	Final maturity date (1)	Interest rates %	Balance
Federal Highway Grant Anticipation and Tax			
Revenue G.O. Bonds:			
2012 Series Federal Highway G.O.Bonds	2025	3.00	$ 11,855
2013 Series Federal Highway G.O.Bonds	2026	4.00 - 5.00	29,175
2014 Series Federal Highway G.O.Bonds	2027	5.00	53,125
Arkansas Economic Development Commission Bonds:			
2014 Series Capital Improvement G.O. Bonds - A	2035	0.46 - 4.11	43,010
Arkansas Natural Resources Commission Bonds:			
2016A Series Water, Waste, and Pollution	2034	3.50 - 5.00	18,320
2017A Series Water, Waste, and Pollution	2028	2.00 - 2.80	6,485
2017B Series Water, Waste, and Pollution	2040	2.13 - 5.00	14,615
2019A Series Water, Waste, and Pollution	2050	2.10 - 3.35	26,580
2020A Series Water, Waste, and Pollution	2027	0.30 - 0.55	4,145
2020B Series Water, Waste, and Pollution	2048	1.05 - 2.50	29,385
2022A Series Water, Waste, and Pollution	2043	2.00 - 3.25	21,675
2022B Series Water, Waste, and Pollution	2043	2.00 - 3.25	15,655
2023 Series Water, Waste, and Pollution	2034	4.25 - 5.00	39,505
2024A Series Water, Waste, and Pollution	2045	4.57 - 5.20	17,000
2024B Series Water, Waste, and Pollution	2045	4.00 - 5.00	13,000
Higher Education Bonds:			
2015 Series, G.O. Bonds	2029	4.00 - 4.25	93,875
Total			$ 437,405

(1) Fiscal year

Future amounts required to pay principal and interest on general obligation bonds at June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 89,880	$ 16,193	$ 106,073
2026	70,325	12,682	83,007
2027	49,845	9,932	59,777
2028	37,865	8,157	46,022
2029	27,270	6,714	33,984
2030-2034	83,485	22,024	105,509
2035-2039	36,420	10,794	47,214
2040-2044	31,440	4,811	36,251
2045-2049	10,875	921	11,796
Total	$ 437,405	$ 92,228	$ 529,633

Details of general obligation bonds outstanding are as follows:

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

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

Designated Revenues for GARVEE Bonds

Revenues and Apportionments			Projected Revenues and Apportionments		
Year ending June 30:	Additional Diesel Tax Revenues	Apportioned FIMF	Year ending June 30:	Additional Diesel Tax Revenues	Apportioned FIMF
2019	$ 18,399	$ 103,074	2025	$ 19,000	$ 100,000
2020	18,164	105,135	2026	19,000	100,000
2021	18,800	107,238	2027	19,000	100,000
2022	19,790	109,383			
2023	19,590	113,802			
2024	20,171	116,078			

General Obligation Amendment 82 Bonds – Amendment 82 to the State Constitution was approved by a vote of the people in 2004 and modified by Amendment 90, which was approved by a vote of the people in 2010. The amendment authorized the issuance of general obligation bonds for the purpose of financing the costs of infrastructure or other needs to attract large economic development projects. All bonds issued under this authority are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The 2014 series, the first issuance under this authority, is for a total of $125.0 million to provide $70.0 million in infrastructure improvements, $50.0 million in a loan, and $5.0 million for issuance costs. No bonds were issued under this act in the 2024 fiscal year.

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

Higher Education General Obligation Bonds – Act 1282 of 2005 authorized the State to issue Higher Education General Obligation Bonds. All bonds issued under the authority of this act are general obligations of the State and are secured by an irrevocable pledge of the full faith, credit, and resources of the State. The act limited the total principal amount to approximately $250.0 million. However, the total outstanding principal amount of Higher Education General Obligation Bonds issued under Act 1282 of 2005 and the College Savings Bond Act of 1989 shall not have scheduled debt service payments on a combined basis in excess of $24.0 million in any one fiscal year. The Higher Education General Obligation Bonds were issued to provide funds to finance technology and facility improvements for State institutions of higher education and to refund certain outstanding bonds. The bonds are payable from the net general revenues of the State and investment earnings on the proceeds of the bonds. No bonds were issued under this act in the 2024 fiscal year.

Revenue Bond Guaranty Fund – Under the Arkansas Development Finance Authority Bond Guaranty Act of 1985, the Arkansas Economic Development Commission (AEDC) may guarantee amortization payments on industrial development revenue bonds issued by counties and municipalities within the State of Arkansas. At June 30, 2024, total bonds guaranteed by the Revenue Bond Guaranty Fund were approximately $11.9 million.

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

Future amounts required to pay principal and interest on notes payable to component unit at June 30, 2024 were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 8,041	$ 5,439	$ 13,480
2026	7,519	4,750	12,269
2027	7,654	4,490	12,144
2028	6,328	4,226	10,554
2029	4,547	4,015	8,562
2030-2034	36,097	17,151	53,248
2035-2039	31,430	10,897	42,327
2040-2044	25,278	4,972	30,250
2045-2049	3,445	660	4,105
2050-2054	1,580	59	1,639
Total	$ 131,919	$ 56,659	$ 188,578

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

Future amounts required to pay principal and interest on installment purchases with component unit at June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 9,912	$ 4,167	$ 14,079
2026	10,102	3,557	13,659
2027	8,298	3,235	11,533
2028	8,619	2,985	11,604
2029	8,901	2,724	11,625
2030-2034	41,617	9,729	51,346
2035-2039	28,460	4,027	32,487
2040-2044	8,664	1,531	10,195
2045-2049	5,724	684	6,408
2050-2054	1,141	34	1,175
Total	$ 131,438	$ 32,673	$ 164,111

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

The State had no significant lease expenses related to variable payments as of June 30, 2024. The State did not incur any lease expenses related to residual value guarantees, lease termination penalties, or losses due to impairment. The State did not have any commitments for any leases prior to the start of the lease term.

Future amounts required to pay principal and interest on governmental activity lease obligations as of June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 22,260	$ 1,533	$ 23,793
2026	15,118	949	16,067
2027	8,631	616	9,247
2028	5,783	415	6,198
2029	4,795	275	5,070
2030-2034	6,935	377	7,312
2035-2039	431	31	462
2040-2044	113	10	123
2045-2049	60	2	62
Total	$ 64,126	$ 4,208	$ 68,334

Significant lease obligations for governmental activities as of June 30, 2024, consists of local offices for Department of Human Services (35%), Child Support (19%), Disability Determination for Social Security Administration (9%), State Revenue (8%), and Arkansas Workforce Centers (5%).

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

The State had no significant SBITA expenses related to variable payments as of June 30, 2024. The State did not incur any SBITA expenses related to SBITA termination penalties, or losses due to impairment. For information on the State's SBITA commitments, refer to Note 18.

Future amounts required to pay principal and interest on governmental activity SBITA obligations as of June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 20,622	$ 1,957	$ 22,579
2026	21,192	1,277	22,469
2027	20,424	596	21,020
2028	2,881	140	3,021
2029	1,270	83	1,353
2030-2034	1,650	67	1,717
Total	$ 68,039	$ 4,120	$ 72,159

Significant SBITA obligations for governmental activities as of June 30, 2024, consists of cloud service subscriptions for Arkansas Game and Fish Commission (6%), Arkansas Department of

Transportation (5%), Arkansas Department of Information Systems (60%), Arkansas Department of Education (11%), and Arkansas Division of Emergency Management (6%).

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

Big River Steel subsequently expanded the facility and met the requirements for a qualified expansion project under Ark. Code Ann. § 26-51-506. ATRS negotiated to purchase tax credits of $11.0 million per year for the first 11 years and $4.0 million in the 12th year. Under Ark. Code Ann. § 26-51-506 the State will purchase the credits from ATRS at a 20% discount and pay $8.8 million for the first 11 years and $3.2 million in the 12the year. The State considers this a structured payout and has used a discount rate of 2.96% to record an obligation of $83.9 million to ATRS as of the agreement date.

Future amounts required to pay principal and interest on the recycling tax obligation at June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 19,294	$ 5,506	$ 24,800
2026	19,903	4,897	24,800
2027	20,530	4,270	24,800
2028	21,177	3,623	24,800
2029	21,845	2,955	24,800
2030-2034	70,428	5,572	76,000
2035-2039	3,108	92	3,200
Total	$ 176,285	$ 26,915	$ 203,200

Business-Type Activities

Special Obligation Bonds – Special Obligation Bonds outstanding at June 30, 2024, issued pursuant to specific statutory provisions enacted by the Legislature and paid from specifically dedicated fees and other revenues generated by a particular program that do not constitute general debt of the State, were as follows (expressed in thousands):

	Final Maturity Date (1)	Interest Rates %		Balance
Contruction Assistance Revolving Loan Fund	2043	5.00	$	70,035
Safe Drinking Water Revolving Loan Fund	2043	5.00		34,580
Total			$	104,615

(1) Fiscal year

Details of the Special Obligation Bonds outstanding are as follows:

Construction Assistance Revolving Loan Fund (the CA Fund) – ADFA issues special obligation bonds on behalf of the CA Fund. The CA Fund uses the proceeds to support operations. The CA Fund is responsible for providing a perpetual fund for financing the construction of wastewater treatment facilities for municipalities and other public entities. The bonds are payable solely from loan repayments, interest on investments and financing fees generated by the CA Fund. The State is not obligated to pay the bonds, and neither the faith and credit nor the taxing power of the State is pledged to the payment of principal redemption price or interest on the bonds.

Safe Drinking Water Revolving Loan Fund (the SDW Fund) – ADFA issues special obligation bonds on behalf of the SDW Fund. The SDW Fund uses the proceeds to support operations. The SDW Fund is responsible for financing the construction of drinking water treatment facilities for municipalities and other public entities. The bonds are payable solely from loan repayments, interest on investments and financing fees generated by the SDW Fund. The State is not obligated to pay the bonds, and neither the faith and credit nor the taxing power of the State is pledged to the payment of principal redemption price or interest on the bonds.

The principal amount shown below differs from the amount on the combined statement of net position due to unamortized premiums of approximately $7.3 million for the CA fund and approximately $3.3 million for the SDW Fund. Future amounts required to pay principal and interest on the special obligation bonds at June 30, 2024, were as follows (expressed in thousands):

		Principal		Interest		Total
Year Ended June 30:						
2025	$	6,415	$	5,231	$	11,646
2026		7,715		4,910		12,625
2027		8,430		4,524		12,954
2028		8,680		4,103		12,783
2029		8,795		3,669		12,464
2030-2034		31,730		12,637		44,367
2035-2039		22,725		5,392		28,117
2040-2044		10,125		1,254		11,379
Total	$	104,615	$	41,720	$	146,335

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

The principal amount shown below differs from the amount on the combined statement of net position due to unamortized discounts/premiums of approximately $140.2 million. At June 30, 2024, business-type activity revenue bonds outstanding were as follows (expressed in thousands):

Arkansas State University - System	**Final Maturity Date (1)**	**Interest Rates %**	**Balance**
Arkansas State University – Beebe	2039	1.00-3.63	$ 21,055
Arkansas State University – Jonesboro	2044	0.52-5.00	89,810
Arkansas State University – Midsouth	2042	1.00-4.70	16,515
Arkansas State University – Mountain Home	2033	2.00-3.12	3,365
Arkansas State University – Newport	2033	0.66-3.82	1,995
Henderson State University	2040	1.00-5.00	37,035
University of Arkansas - System			
Cossatot Community College of the University of Arkansas	2035	1.00-5.00	2,380
Phillips Community College of the University of Arkansas	2039	2.00-4.00	8,040
University of Arkansas – Fayetteville	2054	0.05-5.47	783,440
University of Arkansas – Fort Smith	2039	0.35-5.00	35,305
University of Arkansas – Little Rock	2038	0.44-5.00	65,710
University of Arkansas – Monticello	2042	0.49-5.00	22,235
University of Arkansas – Pine Bluff	2053	2.00-5.00	27,770
University of Arkansas – Pulaski Technical College	2041	1.80-5.00	68,195
University of Arkansas Community College – Hope-Texarkana	2039	1.00-3.65	1,735
University of Arkansas Community College – Morrilton	2046	2.00-5.00	8,690
University of Arkansas Community College – Rich Mountain	2049	1.00-5.00	10,860
University of Arkansas for Medical Sciences	2052	0.85-5.00	552,720
Other Institutions			
Arkansas Northeastern College	2047	1.95-4.00	6,280
Arkansas Tech University	2053	0.51-5.00	84,660
Black River Technical College	2044	2.00-4.00	7,399
East Arkansas Community College	2040	1.13-2.25	2,875
National Park College	2051	2.00-4.50	33,310
North Arkansas College	2043	2.00-4.00	7,040
Northwest Arkansas Community College	2035	2.00-4.00	22,425
Ozarka College	2043	1.00-3.00	4,330
South Arkansas College	2039	2.00-4.00	2,420
Southern Arkansas University – Magnolia	2048	1.00-4.25	59,070
Southern Arkansas University Tech – Camden	2043	1.70-4.50	4,295
University of Central Arkansas	2050	0.55-6.13	189,860
Southeast Arkansas College	2044	4.25-5.13	5,450
Total			$ 2,186,269

(1) Fiscal year

Future amounts required to pay principal and interest on business-type activity revenue bonds as of June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 99,968	$ 84,731	$ 184,699
2026	102,236	81,258	183,494
2027	103,434	77,533	180,967
2028	106,127	73,669	179,796
2029	106,490	70,755	177,245
2030-2034	562,419	286,951	849,370
2035-2039	486,315	182,929	669,244
2040-2044	339,010	103,373	442,383
2045-2049	205,025	39,686	244,711
2050-2054	75,245	7,855	83,100
Total	$ 2,186,269	$ 1,008,740	$ 3,195,009

Business-type activity notes payable outstanding at June 30, 2024, were as follows (expressed in thousands):

Arkansas State University - System	**Final Maturity Date (1)**	**Interest Rates %**	**Balance**
Arkansas State University – Midsouth	2038	3.3	$ 1,176
Henderson State University (2)	2040	3.08-5.74	23,083
University of Arkansas - System			
University of Arkansas – Fayetteville	2029	1.38-1.81	18,664
University of Arkansas for Medical Sciences	2033	1.93-9.17	33,730
University of Arkansas for Math/Science	2030	2.5	600
University of Arkansas System Office	2029	3.00	15,987
University of Arkansas Community College – Hope-Texarkana	2041	2.15	4,204
University of Arkansas Community College – Rich Mountain	2028	2.00	650
University of Arkansas – Fort Smith	2042	0.77	367
Other Institutions			
East Arkansas Community College	2040	2.43-3.10	2,370
National Park College	2027	0.00	156
North Arkansas College	2031	2.63	898
Northwest Arkansas Community College	2030	2.69	3,820
Ozarka College	2025	3.85	260
South Arkansas College	2032	2.05	1,477
Southern Arkansas University – Magnolia	2029	0.00-4.25	633
University of Central Arkansas	2028	3.94	901
Total			$ 108,976

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

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

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

Future amounts required to pay principal and interest on business-type activity notes payable as of June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 19,129	$ 3,133	$ 22,262
2026	17,076	2,599	19,675
2027	15,238	2,100	17,338
2028	14,302	1,722	16,024
2029	11,286	1,306	12,592
2030-2034	20,998	3,623	24,621
2035-2039	8,978	1,148	10,126
2040-2044	1,969	66	2,035
Total	$ 108,976	$ 15,697	$ 124,673

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

Future amounts required to pay principal and interest on business-type activity installment purchase agreements payable as of June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 3,179	$ 1,300	$ 4,479
2026	3,347	1,223	4,570
2027	3,468	1,142	4,610
2028	3,523	1,061	4,584
2029	3,700	975	4,675
2030-2034	18,595	3,438	22,033
2035-2039	7,770	1,280	9,050
2040-2044	1,648	682	2,330
2045-2049	1,791	321	2,112
2050-2054	409	14	423
Total	$ 47,430	$ 11,436	$ 58,866

Lease Obligations

Future amounts required to pay principal and interest on business-type activity lease obligations as of June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 27,972	$ 5,551	$ 33,523
2026	25,686	4,633	30,319
2027	14,272	3,959	18,231
2028	9,995	3,550	13,545
2029	8,300	3,227	11,527
2030-2034	34,194	12,254	46,448
2035-2039	15,597	7,843	23,440
2040-2044	9,085	5,703	14,788
2045-2049	8,510	4,032	12,542
2050-2054	9,511	2,196	11,707
2055-2059	7,159	530	7,689
2060-2064	820	8	828
Total	$ 171,101	$ 53,486	$ 224,587

Significant lease obligations for business-type activities as of June 30, 2024, consists of University of Arkansas Buildings (94%).

SBITA Obligations

Future amounts required to pay principal and interest on business-type activity SBITA obligations as of June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 7,366	$ 599	$ 7,965
2026	7,329	396	7,725
2027	6,663	206	6,869
2028	2,260	73	2,333
2029	2,287	20	2,307
2030 - 2034	1,633	2	1,635
Total	$ 27,538	$ 1,296	$ 28,834

Significant SBITA obligations for business-type activities as of June 30, 2024, consists of University of Arkansas IT Software subscriptions (77%).

Component Units

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

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

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

During the normal course of business, ADFA issues economic development revenue bonds and multi-family housing revenue bonds on behalf of private companies within the State of Arkansas. The bonds are payable solely from and secured by a pledge of revenues from the private companies to which the bond proceeds were remitted, and accordingly, are not obligations of ADFA or the State of Arkansas and are excluded from the ADFA combined financial statements. At June 30, 2024, the bonds outstanding issued under these programs aggregated $2.7 billion.

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

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

Bonds and notes payable at June 30, 2024, were as follows (expressed in thousands):

	Final Maturity Date (1)	Interest Rates %	Balance
Single family bonds payable	2055	3.40-6.10	$ 65,321
Federal housing notes payable	2046	1.00	3,102
Bond guaranty program	2040	2.25-6.00	27,907
State facilities bonds payable	2051	0.95-5.00	267,403
Tobacco bonds payable	2047	4.85-5.10	69,782
Total			$ 433,515

(1) Fiscal year

The principal amount shown below differs from the amount on the balance sheet due to accreted interest of $44.8 million and unamortized premiums and discounts of $546,000. Future amounts required to pay principal and interest on ADFA's debt at June 30, 2024, were as follows (expressed in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 23,192	$ 11,928	$ 35,120
2026	24,456	12,233	36,689
2027	24,110	11,589	35,699
2028	28,767	10,786	39,553
2029	21,717	10,019	31,736
2030-2034	120,667	41,208	161,875
2035-2039	102,702	25,966	128,668
2040-2044	73,260	14,906	88,166
2045-2049	40,810	7,048	47,858
2050-2054	17,060	2,407	19,467
2055-2059	1,030	26	1,056
Total	$ 477,771	$ 148,116	$ 625,887

U of A Foundation – The U of A Foundation receives gifts in return for lifetime annuities from some of its contributors. The terms of these annuities vary depending upon the life expectancy of the recipients. The quarterly payments as of June 30, 2024, were $323,324 including interest ranging from 3.00% to 15.00%.

Aggregate annual maturities of annuity obligations at June 30, 2024, were as follows (expressed in thousands):

	Principal
Year ending June 30:	
2025	$ 943
2026	993
2027	912
2028	888
2029	824
2030-2034	3,092
2035-2039	2,376
2040-2044	1,413
2045-2049	1,521
2050-2054	27
Total	$ 12,989

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

Current Refundings

Primary Government

Higher Education

On August 3, 2023, the University of Arkansas (Fayetteville Campus), issued $10.3 million in Athletic Facilities Revenue Bonds Refunding Series 2023, with an interest rate of 5.00%. The proceeds of the bonds were issued to refund the Board's Athletic Facilities Revenue Bonds, Series 2013A (except for the September 15, 2023 maturity thereof), and to pay costs of issuance. Net bond proceeds and premiums of $10.6 million from Series 2023 were deposited into an escrow account to retire the bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1.0 million. This difference, reported in the accompanying financial statements as deferred outflows of resources, will be amortized through fiscal year 2028. The University completed the refunding to reduce its total debt service payments over the next five years by $406,275 and to obtain a net present value economic gain of $399,900.

On August 3, 2023, the University of Arkansas, Little Rock (UALR Campus) issued the Various Facilities Revenue Bonds Refunding Series 2023. The bonds were issued in the original amount of $13.8 million, with a premium of $1.2 million, and bear interest at 5.00%. The bonds are payable in annual installments through October 2030. Proceeds from the issuance of the bonds were used to current refund the Student Fee Revenue Capital Improvement Bonds, Series 2013C.

On August 3, 2023, the University of Arkansas for Medical Sciences (UAMS) issued the Various Facilities Revenue Bonds Refunding Series 2023. The bonds were issued in the original amount of $64.6 million, with a premium of $8.9 million, and bear interest at 5.00%. The bonds are payable in annual installments through November 2034. Proceeds from the issuance of the bonds were used to current refund Various Facilities Revenue Refunding Bonds, Series 2013.

On August 17, 2023, the University of Arkansas (Fayetteville Campus), issued $60.1 million in Various Facility Revenue Bonds, Refunding Series 2023B, with an interest rate of 5.00%. The proceeds of the bonds were used to accomplish the current refunding of certain portions of the Series 2016A, Series 2017, Series 2019B and Series 2021 Bonds that were validly tendered for purchase and to pay costs of issuance of the Series 2023B Bonds. A total of $68.7 million was deposited into the escrow account upon closing comprised of the net bond proceeds and premiums from the Series 2023B Bonds of $67.9 million and a contribution from the University of $775,629. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4.0 million. This difference, reported in the financial statements as a deferred outflow of resources, will be amortized through the fiscal year 2045. The University completed the refunding to reduce its total debt service payments over the next twenty-two years by $7.0 million and to obtain an economic gain of $4.8 million.

(10) Pledged Revenues

Primary Government

Governmental Activities

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

A summary of the remaining principal and interest due (approximate amount of pledge), the gross pledged revenue collected, and principal and interest paid during the year June 30, 2024, is as follows (expressed in thousands):

Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
License plate fees	Prison construction	2039	$ 24,276	38.18%	$ 4,239	$ 1,483
Court filing fees	Construction of building and refunding	2050	22,319	86.71%	990	832
Rental income	Purchase of building park facilities	2030	40,893	164.31%	4,148	2,623
Drivers license revenue	Construction of building	2035	29,221	77.00%	3,450	2,732

(1) Fiscal year

Business-Type Activities

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

A summary of the remaining principal and interest due (approximate amount of pledge), the gross pledged revenue collected, and principal and interest paid during the year ended June 30, 2024, is as follows (expressed in thousands):

Entity	Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
University of Arkansas at Fayetteville	Various facility revenue	Construction and renovation of facilities, refunding of prior issues and land purchases	2053	$ 998,420	6.36%	$ 541,550	$ 52,297
	Athletic fees	Construction of facilities and refunding of prior issues	2037	157,910	9.47%	128,331	14,333
University of Arkansas at Fort Smith	Student fees	Construction of facilities, refunding of prior issues and general improvements	2039	43,931	7.70%	38,024	4,774
University of Arkansas at Little Rock	Student fees	Refunding of prior issues, general improvements and capital improvements	2038	57,196	6.40%	63,799	7,018
	Auxiliary revenue	Construction of facilities and refunding of prior issues	2035	20,677	14.03%	13,399	1,879
University of Arkansas for Medical Sciences	Clinical programs revenue	Construction of facilities and refunding of prior issues	2052	828,775	2.81%	1,054,776	32,301
	Parking fees	Construction of facilities and refunding of prior issues	2052	48,589	53.98%	3,215	2,069
University of Arkansas at Monticello	Student fee & various facility reve	Construction of facilities and refunding of prior issues	2042	30,515	6.57%	25,797	1,992
University of Arkansas at Pine Bluff	Student tuition & fee revenue	Refunding of prior issues and capital improvements	2053	46,899	4.75%	34,014	1,932
Cossatot Community College of the University of Arkansas	Student fees	Purchase of property	2035	2,911	6.69%	3,955	267
Phillips Community College of the University of Arkansas	Student fees	Construction of facilities and refunding of prior issues	2039	10,219	25.31%	2,692	678
University of Arkansas Community College at Hope-Texarkana	Student fees	Construction of facilities and refunding of prior issues	2039	2,260	4.81%	3,130	155
University of Arkansas Community College at Morrilton	Student fees	Construction of facilities and refunding of prior issues	2046	13,411	9.25%	6,589	610
University of Arkansas - Pulaski Technical College	Student tuition & fee revenue	Construction and renovation of facilities and refunding of prior issues	2041	90,325	22.02%	24,130	5,015
University of Arkansas Community College at Rich Mountain	Student tuition & fee revenue & auxiliary	Capital improvements	2049	11,605	16.08%	2,887	487
	Millage revenue	Capital improvements and refunding of prior issue	2042	4,916	53.13%	514	271
Arkansas State University - Jonesboro	Student tuition & fee revenue	Construction of facilities, property purchase, and refunding of prior issues	2044	35,627	1.87%	95,180	2,384
	Housing fees	Construction of facilities and refunding of prior issues	2042	67,949	23.03%	16,389	6,116
	Student union/parking fees	Refunding of prior issues	2025	420	12.41%	3,385	1,611
	Recreation center fees	Construction of facilities	2037	12,332	64.97%	1,460	945
Arkansas State University - Beebe	Student tuition & fee revenue	Construction, renovation, and refunding of prior issues	2036	18,962	18.08%	8,742	1,856
	Housing fees	Construction of facilities and refunding of prior issues	2039	7,331	65.87%	742	486
Arkansas State University - Mid South	Millage revenue	Construction of facilities and refunding of prior issues	2042	23,518	35.86%	3,643	1,307
Arkansas State University - Mountain Home	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2033	3,769	9.25%	4,528	490
Arkansas State University - Newport	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2033	2,222	3.22%	7,664	433

(1) Fiscal year

Entity	Revenue Pledged	Purpose of Debt	Term of Commitment (1)	Approximate Amount of Pledge	Approximate Proportion of Revenue Pledged	Pledged Revenue	Principal and Interest
Arkansas State University-Henderson	Auxiliary revenue	Refunding of prior issues and capital improvements	2040	$ 42,322	30.55%	$ 8,657	$ 3,179
	Student tuition & fee revenue	Renovation and maintenance of other auxiliary services and refunding of existing auxiliary service bonds	2032	5,170	3.76%	17,173	819
Arkansas Tech University	Housing fees	Construction and renovation of facilities	2041	27,870	16.20%	10,117	2,286
	Student tuition & fee revenue	Construction and renovation of facilities and upgrade computer system and software	2044	30,123	2.57%	58,686	2,289
	Athletic/food service revenue	Construction of facilities	2043	10,708	5.47%	10,306	614
	Student union fees	Construction of facilities	2053	53,627	81.82%	2,260	1,849
Southern Arkansas University - Magnolia	Student fees	Construction of facilities, capital improvements, and refunding of prior issues	2048	45,834	4.02%	47,525	2,336
	Auxiliary revenue	Athletic improvements, capital improvements to facilities and refunding of prior issues	2048	39,331	11.54%	14,197	2,029
Southern Arkansas University - Tech Branch	Student tuition & fee revenue	Capital improvements and refunding of prior issue	2043	6,025	17.59%	1,803	320
University of Central Arkansas	Student fees	Construction of facilities, capital improvements, and refunding of prior issues	2050	130,030	7.73%	64,663	7,072
	Housing fees	Construction of facilities and refunding of prior issues	2049	115,627	35.66%	12,971	6,131
	Auxiliary revenue	Construction of facilities and refunding of prior issues	2042	19,759	7.66%	14,325	2,272
East Arkansas Community College	Millage revenue	Construction and renovation of facilities, and refunding of prior issues	2040	3,397	50.19%	423	212
National Park College	Millage revenue	Capital improvements and refunding of prior issue	2052	41,373	74.44%	1,985	1,423
	Housing revenue	Acquisition, construction, furnishing, and equipping a new student housing facility	2049	11,630	3.87%	12,017	467
Arkansas Northeastern College	Millage revenue	Construction of facilities and refunding of prior issues	2047	9,542	55.76%	744	415
North Arkansas College	Millage revenue	Capital improvements and refunding of prior issue	2043	8,800	42.65%	1,086	611
South Arkansas Community College	Millage revenue	Construction of facilities and refunding of prior issues	2039	3,232	46.84%	460	215
Northwest Arkansas Community College	Millage revenue & support fees	Construction of facilities and refunding of prior issues	2035	24,167	14.44%	15,218	1,765
	Student fees	Workday loan	2030	4,188	7.83%	8,917	698
	Student tuition	Land purchase	2035	1,802	1.08%	15,110	166
Black River Technical College	Student tuition & fee revenue	Renovation and expansion of facilities and refunding of prior issues	2044	9,884	6.63%	7,457	659
Ozarka College	Student tuition & fee revenue	Construction of facilities and refunding of prior issues	2043	5,319	33.85%	827	353
Southeast Arkansas College	Student tuition & fee revenue	Performance energy contract	2044	8,751	14.34%	3,051	329

(1) Fiscal year

(11) Arbitrage Rebate and Excess Earnings Liability

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

(12) Pollution Remediation

Primary Government

Governmental Activities

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

	2024	2023
Balance, beginning of year	$ 22,262	$ 21,348
Incurred claims	5,066	1,422
Payments	(83)	(508)
Balance, end of year	$ 27,245	$ 22,262
Current portion	$ 4,259	$ 3,088
Noncurrent portion	22,986	19,174
	$ 27,245	$ 22,262

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

Of the above-mentioned obligations, $9.2 million is covered by the Hazardous Substance Remedial Action Trust Fund (HSRATF), which was established by Ark. Code Ann. § 19-5-930 pursuant to the Arkansas Remedial Action Trust Fund Act (RATFA), and Ark. Code Ann. § 8-7-501, which provides the State with the funds and authority to investigate, control, prevent, abate, treat, or contain releases of hazardous substances for the protection of human health and the environment. Funding for RATFA is generated mostly by fees collected from companies that require disposal of large quantities of hazardous waste annually as well as other fees assessed by RATFA, if required. The HSRATF had a cash and cash equivalent balance of $9.7 million at June 30, 2024.

Of the above-mentioned obligations, $17.3 million is covered by the Landfill Post-Closure Trust Fund (LPCTF), which was established by Ark. Code Ann. § 19-5-979. Funding for LPCTF is generated mostly by landfill disposal fees. The LPCTF had a cash and cash equivalent balance of $19.7 million at June 30, 2024. While the largest parts of the Nabors Landfill Cleanup Project are completed, there will be ongoing expenses related to testing and ground water monitoring. The budget projections for future investigations, design, and corrective action cost estimation for closed landfills for the upcoming fiscal year are $2.0 million.

(13) Fund Balance/Net Position

Governmental Fund Balances – Restricted, Committed, and Assigned

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

A summary of the nature and purpose of these fund balances by fund type at June 30, 2024, is as follows (expressed in thousands):

	Restricted Purposes	Committed Purposes
Capital projects	$ 11,313	$ 150,574
Debt service	229,345	
Program requirements	719,526	1,782,628
Lottery funds	318,281	
Wildlife management	67,732	
Tobacco settlement	5,000	91,972
Transportation programs	450,705	402,080
Disaster assistance		10,249
State employee insurance		164,903
Long-term reserve		4,228,604
Other		2,015,353
Total	$ 1,801,902	$ 8,846,363

The State's fund balance includes (1) $719.5 million in federal program revenue, private grants, and revenue restricted by enabling legislation for specific programs, of which 61.18% is held by the health and human services function of the State, 11.49% is held by the general government function of the State to be used for administrative costs that are federally funded, and 16.53% is held by the education function of the State; (2) $450.7 million in four-lane highway construction and improvement funds restricted by voter passage of Amendment 91; (3) $1.8 billion in revenue committed by the Arkansas General Assembly through legislation for State programs (i.e., property tax relief trust, health and human services, education, operations of constitutional offices and state central services, Arkansas natural and cultural resources, public safety and disaster assistance, business regulation and incentives, agricultural and environmental regulation, recreation and tourism, and educational adequacy) as specified in Arkansas Code; (4) $402.1 million in revenue provided to the Arkansas Department of Transportation committed for maintenance, operation, and improvement of State highways as specified in Arkansas Code; and (5) $2.0 billion committed for various reasons as specified in Arkansas Code, including education assistance, educator compensation reform, Medicaid reserve, economic development, and risk financing activities.

Net Position Restricted by Enabling Legislation

Enabling legislation is limited to legislation that the government itself approves. It establishes restrictions if it includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. "Legally enforceable" means that a government can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purpose specified by the legislation. At June 30, 2024, the government-wide statement of net position reported $4.1 billion in restricted net position for governmental activities, of which $1.2 billion was restricted by enabling legislation.

Donor-Restricted Endowments

The State has donor-restricted endowments with net appreciation of $81.4 million on investments that are available for expenditure by the respective governing boards. Such amounts are included in Restricted Net Position in accordance with the restriction of the gift instrument. Arkansas Code outlines the restrictions placed on the endowment fund and the net appreciation. Ark. Code Ann. § 28-69-804 states, "Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution."

Deficit Net Position

The Workers' Compensation Commission (WCC) had a $59.3 million deficit in net position as of June 30, 2024. The deficit is due to a change in actuarial assumptions during the fiscal year ended June 30, 1997. During 1987, the structure of the law changed by tying workers' compensation payments to the State's average weekly wage, beginning on January 1, 1989. However, the threshold at which the Agency's Permanent and Total Disability Trust Fund takes over indemnity payments was not changed and remained static at $75,000 from 1982 to 2008, although the State maximum total disability rate has increased over 300% since that time. This increased payout of claims, without a concomitant increase in the takeover threshold and without any increase in the premium tax that funds the Agency, is the primary contributor to the deficit. A major step toward reducing the deficit was taken during the 2007 legislative session with the passage of Act 1599, which set the threshold to 325 times the maximum total disability rate until it was removed as of June 30, 2019, with the passage of Act 5 below. The resulting reductions in claims paid have not been sufficient to cover the added liability caused by a change in the actuarial assumptions increasing the assumed life expectancy of claimants. Therefore, Act 5 of the Third Extraordinary Session of 2016 was passed. It provides that no claims shall be made to the Death and Permanent Total Disability Trust Fund after June 30, 2019. Upon the final payment of the liabilities of the Death and Permanent Total Disability Trust Fund under Ark. Code Ann. § 11-9-502, the tax rate under this section shall not exceed 1.5%.

(14) Pensions

Defined Benefit Plans

Plan descriptions

The State provides pension benefits through the following plans:

- **Arkansas Public Employees Retirement System (APERS)**, a cost-sharing multiple-employer defined benefit pension plan, provides pension benefits to all State employees not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees, and certain non-teaching school employees. Benefits are also provided for the Governor, General Assembly members, State and county constitutional officers, and quasi-judicial members. APERS is administered by the Arkansas Public Employees Retirement System Board of Trustees.

- **Arkansas Teacher Retirement System (ATRS)**, a cost-sharing multiple-employer defined benefit pension plan, provides pension benefits to employees of schools and education-related agencies. Education-related agencies include the Arkansas School for the Blind, Arkansas School for the Deaf, Arkansas Activities Association, State Board of Education, regional education service cooperatives, ATRS, Arkansas Educational Television Network, area vocational-technical schools, Arkansas Rehabilitation Services, enterprises privatized by a public school district, and educational nonprofit organizations licensed and regulated by the Department of Human Services' Division of Developmental Disabilities Services. ATRS is administered by the Arkansas Teacher Retirement System Board of Trustees.
- **Arkansas Judicial Retirement System (AJRS)**, a single-employer defined benefit pension plan administered by APERS, provides pension benefits to all Chancery, Circuit, and Court of Appeals Judges and Supreme Court Justices.
- **Arkansas State Police Retirement System (ASPRS)**, a single-employer defined benefit pension plan administered by APERS, provides pension benefits to all commissioned police officers of the Department of Public Safety's Division of Arkansas State Police.
- **Arkansas State Highway Employees' Retirement System (ASHERS)**, a single-employer defined benefit pension plan administered by the Arkansas State Highway Employees' Retirement System Board of Trustees, provides pension benefits to all employees of the Arkansas Department of Transportation.

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

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

Benefits Provided

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

APERS

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

(2) the number of years of credited service. For members first hired prior to July 1, 2022, FAC is the average of the three highest annual compensations paid for a completed fiscal year of credited service, and, for members first hired on or after July 1, 2022, FAC is the average of the five highest annual compenations paid for a completed fiscal year of credited service.

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

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

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

ATRS

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

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

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

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

AJRS

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

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

Tier Two members are eligible for full retirement benefits at any age with 20 years of actual service or at age 65 with eight years of actual service. Members are eligible for reduced benefits if they are between the ages of 62 and 65 and have eight years of actual service. The normal retirement benefit is 3.2% of the salary of the last judicial office held multiplied by the number of years of actual service but cannot exceed 80% of the salary of the last judicial office held. The benefit is paid monthly. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The recalculated amount is the benefit payable as of the immediately preceding July 1, increased by 3%.

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

ASPRS

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

Tier One (hired prior to April 3, 1997) noncontributory members are eligible for full retirement benefits at any age with 28 years of actual service, at age 52 with five years of actual service, or at age 65 with five years of actual service. The age requirement is reduced by one month for every two months of Public Safety service credit but not below age 52. Members are eligible for a reduced benefit after five years of actual service once the covered employee is within 10 years of becoming eligible for full benefits. Public Safety service credit is granted at the rate of 1.5 months of credit for each actual month of Public Safety employment.

Tier Two (hired on or after April 3, 1997) noncontributory members are eligible for full retirement benefits at any age with 28 years of actual service, or at age 65 with five years of actual service. The age requirement is reduced by 75% of a month for each credited month of service but not below age 55. Members are eligible for a reduced benefit after five years of actual service once the covered employee is within 10 years of becoming eligible for full benefits.

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

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

The ASPRS also provides disability and survivor benefits.

ASHERS

Members are eligible for full retirement benefits at age 65 with five or more years of service, at age 62 with 15 or more years of service, at age 60 with 20 years of service, or at any age with 28 or more years of service. A member may retire with a reduced benefit at age 55 with five years of service.

The retirement benefit is paid monthly and is determined based on the member's average salary and the number of years and months of credited service. Average salary is the greater of (1) average of the highest 60 consecutive months' salary, or (2) average of the highest 36 consecutive months' salary. Retiree benefits are calculated each year on July 1 for the following 12 months. The redetermined amount shall be the amount of the benefit payable as of June 30 each year, increased by a percentage calculated using the Consumer Price Index for Urban Wage Earners & Clerical Workers for the one-year period ending December of the previous calendar year. The increase is capped at 3% and calculated benefits for the next year will not be less than the previous year.

The ASHERS also provides disability and survivor benefits.

Employees Covered by Benefit Terms

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

	ARJS (2024)	ASPRS (2024)	ASHERS (2023)
Inactive employees or beneficiaries currently receiving benefits	179	789	3,599
Inactive employees entitled to but not yet receiving benefits	13	121	355
Active employees	145	527	3,711
Total	337	1,437	7,665

Contributions

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

APERS

Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2023, the employer contribution rates, as a percentage of active member payroll, ranged from 4% to 42.61%. Contributions to APERS from the State were $213.2 million for the year ended June 30, 2024.

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, 2023, the employer contribution rate was 15.0% of covered employee payroll. Contributions to ATRS from the State were $13.6 million for the year ended June 30, 2024.

ATRS has contributory and noncontributory plans. The contributory plan has been in effect since the establishment of ATRS. Contributory members of ATRS contribute 7.0% of their gross wages. The noncontributory plan began July 1, 1986. Effective July 1, 2021, all new members under contract for 185 or more days are required to be contributory. Noncontributory members may make an irrevocable election to become contributory on July 1 of each fiscal year.

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

AJRS

Employer contributions for Tier One and Tier Two are 12% of active member payroll. In addition, the State makes an annual transfer to the plan based on the dollar amount of actuarially determined employer contribution determined in the most recent actuarial valuation less the employer statutory contribution amount, reduced by court cost revenue received. The State’s supplemental contribution for fiscal year 2024 was $6.4 million.

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

ASPRS

Employer contributions are 26% of active member payroll. In addition, the State makes an annual transfer to the plan based on the actuarially determined employer rate in the most recent annual actuarial valuation less the employer statutory contribution, reduced by the driver’s license reinstatement fees. The State’s supplemental contribution for fiscal year 2024 was $11.4 million. For any members still employed and covered by the Tier One contributory plan, the employee contribution rate is 9.25% of the member’s salary.

ASHERS

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

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

Net Pension Liability

At June 30, 2024, the State reported the following for the various plans (expressed in thousands):

Primary Government

	Measurement Date	Net Pension Liability
APERS	June 30, 2023	$ 1,816,653
ATRS	June 30, 2023	143,426
AJRS	June 30, 2024	18,879
ASPRS	June 30, 2024	134,570
ASHERS	June 30, 2023	372,192
Total		$ 2,485,720

Component Unit - APERS

	Measurement Date	Net Pension Liability
ADFA	June 30, 2023	$ 4,138

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

For APERS and ATRS, the State's proportion of the net pension liability was based on actual contributions in the 2024 fiscal year of all participating employers. At June 30, 2024, the State's proportion was 62.34% for APERS and 2.76% for ATRS, decreases 0.31% and 0.04%, respectively.

Actuarial assumptions

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

	APERS	ATRS	AJRS	ASPRS	ASHERS
Actuarial valuation date	June 30, 2023	June 30, 2023	June 30, 2024	June 30, 2024	June 30, 2023
Inflation rate	3.25% wages, 2.50% price	2.75% wages, 2.50% price	3.25% wages, 2.5% price	3.25% wages, 2.50% price	2.50%
Salary increases (1)	3.25%	2.75%	3.25%	3.25%	3.00%
Investment rate of return (1)	7.00%	7.25%	5.50%	7.00%	7.50%
Mortality rates	PubG-2010 Amount - Weighted Below - Median Income General Retiree Mortality for healthy retirees, multiplied by 114% for males and 132% for females.	Pub-2010 General Healthy Retired, General Disabled Retiree and General Employee Mortality amount weighted tables for males and females.	PubG-2010 Above-Median Income Retiree Mortality evaluating tables for healthy retirees.	PubS - 2010 Amount-Weighted Below-Median Income Safety Retiree Mortality for healthy retirees, multiplied by 114% for males and 108% for females.	Pub-2010 Public Retirement Plans for males and females, amount weighted Mortality Table for General employees with below median income, scaled at 105% with no setback. Generational mortality improvements are in accordance with MP-2020 from the table's base year of 2010 (both before and after the measurement date).
Actuarial experience study dates	July 1, 2017 - June 30, 2022	July 1, 2015 - June 30, 2020	July 1, 2016 - June 30, 2021	July 1, 2017 - June 30, 2022	N/A

(1) Includes assumed inflation

Investment Rate of Return

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

APERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023-2032 were provided by the plan's investment consultants.

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

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

ATRS

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Total equity	53.00%	5.00%
Fixed income	15.00%	1.80%
Alternatives	5.00%	4.80%
Real assets	15.00%	4.50%
Private equity	12.00%	7.30%
Cash equivalents		1.00%
Total	100.00%	

AJRS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2024 to 2033 were based on capital market assumptions provided by the plan's investment consultants.

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	37.00%	5.18%
International equity	15.00%	6.59%
Real estate	8.00%	4.77%
Domestic fixed	40.00%	2.56%
Cash equivalents		
Total	100.00%	

ASPRS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2024-2033 were based on capital market assumptions provided by the plan's investment consultants.

For each major asset class included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	39.00%	5.03%
International equity	17.00%	6.34%
Real assets	16.00%	4.51%
Private Equity	5.00%	9.00%
Hedge Funds	2.00%	3.63%
Domestic fixed	21.00%	3.38%
Total	100.00%	

ASHERS

The plan operates with an asset allocation of no more than 75%, with a plus 5% tolerance, of the System's portfolio invested in equities, and no more than 75%, with a plus 5% tolerance, invested in fixed income. For the year ended June 30, 2024, the rate of return on pension plan investments, net of pension plan investment expenses, was (13.59%).

Discount rate

The discount rate for each plan was determined as follows:

APERS

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

ATRS

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 7.00% and 15.00% of active member payroll, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

AJRS

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

ASPRS

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

ASHERS

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

Changes in the Net Pension Liability

The following tables provide the changes in net pension liability for each single-employer defined benefit pension plan (expressed in thousands):

ASPRS	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance, June 30, 2023	$ 551,398	$ 402,335	$ 149,063
Changes for the year:			
Service cost	9,796		9,796
Interest	37,841		37,841
Differences between expected and actual experience	6,451		6,451
Contributions – employer		29,586	(29,586)
Net investment income		39,222	(39,222)
Benefit payments, including refunds of employee contributions	(31,411)	(31,411)	
Administrative expense		(227)	227
Net changes	22,677	37,170	(14,493)
Balance, June 30, 2024	$ 574,075	$ 439,505	$ 134,570

AJRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance, June 30, 2023	$ 350,008	$ 308,095	$ 41,913
Changes for the year:			
Service cost	8,578		8,578
Interest	18,988		18,988
Differences between expected and actual experience	(5,897)		(5,897)
Contributions – employer		10,267	(10,267)
Contributions – employee		1,308	(1,308)
Net investment income		33,278	(33,278)
Benefit payments, including refunds of employee contributions	(18,108)	(18,108)	
Administrative expense		(150)	150
Net changes	3,561	26,595	(23,034)
Balance, June 30, 2024	$ 353,569	$ 334,690	$ 18,879

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ASHERS	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance, June 30, 2023	$ 1,829,589	$ 1,468,838	$ 360,751
Changes for the year:			
Service cost	19,679		19,679
Interest	133,014		133,014
Contributions – employer		29,712	(29,712)
Contributions – employee		12,689	(12,689)
Differences between expected and actual experience	26,321		26,321
Net investment income		125,318	(125,318)
Benefit payments, including refunds of employee contributions	(131,809)	(131,809)	
Administrative expense		(146)	146
Net changes	47,205	35,764	11,441
Balance, June 30, 2024	$ 1,876,794	$ 1,504,602	$ 372,192

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

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

Primary Government

	1% Lower Than Current Discount Rate		Current Discount Rate		1% Higher Than Current Discount Rate	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Pension Liability (Asset)
APERS	6.00%	$ 2,895,581	7.00%	$ 1,816,653	8.00%	$ 927,718
ATRS	6.25%	232,947	7.25%	143,426	8.25%	69,205
AJRS	4.50%	60,362	5.50%	18,879	6.50%	(16,537)
ASPRS	6.00%	206,890	7.00%	134,570	8.00%	74,718
ASHERS	6.50%	575,176	7.50%	372,192	8.50%	208,504

Component Unit - APERS

	1% Lower Than Current Discount Rate		Current Discount Rate		1% Higher Than Current Discount Rate	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Pension Liability (Asset)
ADFA	6.00%	$ 6,595	7.00%	$ 4,138	8.00%	$ 2,113

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2024, the State recognized total pension expense of $6.6 million, which consists of $900 thousand, $78.1 million, ($114.0 million), $11.3 million, and $30.3 million for the ATRS, APERS, ASHERS, AJRS, and ASPRS plans, respectively.

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to pensions as follows (expressed in thousands):

Primary Government

	Deferred Outflows of Resources	Deferred Inflows of Resources
APERS		
Differences between expected and actual experience	$ 102,546	$ 9,980
Changes of assumptions	85,405	
Net differences between projected and actual earnings on pension plan investments	226,108	
Changes in proportion and differences between State contributions and proportionate share of contribution	46,082	74,372
State contributions subsequent to the measurement date	213,197	
Total	$ 673,338	$ 84,352
ATRS		
Differences between expected and actual experience	$ 5,216	$ 168
Changes of assumptions	10,443	
Net differences between projected and actual earnings on pension plan investments	9,445	
Changes in proportion and differences between State contributions and proportionate share of contribution	6,690	18,602
State contributions subsequent to the measurement date	13,594	
Total	$ 45,388	$ 18,770
AJRS		
Differences between expected and actual experience	$ 4,163	$ 4,609
Changes of assumptions	6,662	
Net differences between projected and actual earnings on pension plan investments		1,268
Changes in proportion and differences between State contributions and proportionate share of contribution		
State contributions subsequent to the measurement date		
Total	$ 10,825	$ 5,877

		Deferred Outflows of Resources		Deferred Inflows of Resources
ASPRS				
Differences between expected and actual experience	$	17,857	$	1,620
Changes of assumptions		7,559		
Net differences between projected and actual earnings on pension plan investments		3,883		
Changes in proportion and differences between State contributions and proportionate share of contribution				
State contributions subsequent to the measurement date				
Total	$	29,299	$	1,620
ASHERS				
Differences between expected and actual experience	$	35,775	$	15,071
Changes of assumptions				6,038
Net differences between projected and actual earnings on pension plan investments		36,161		
Changes in proportion and differences between State contributions and proportionate share of contribution				
State contributions subsequent to the measurement date		31,269		
Total	$	103,205	$	21,109
Total				
Differences between expected and actual experience	$	165,557	$	31,448
Changes of assumptions		110,069		6,038
Net differences between projected and actual earnings on pension plan investments		275,597		1,268
Changes in proportion and differences between State contributions and proportionate share of contribution		52,772		92,974
State contributions subsequent to the measurement date		258,060		
Total	$	862,055	$	131,728

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Component Unit - APERS

ADFA	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 234	$ 22
Changes of assumptions	194	
Net differences between projected and actual earnings on pension plan investments	515	
Changes in proportion and differences between State contributions and proportionate share of contribution	26	235
State contributions subsequent to the measurement date	492	
Total	$ 1,461	$ 257

The primary government reported $258 million as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Primary Government

Year ended June 30:	APERS	ATRS	AJRS	ASPRS	ASHERS	Total
2025	$ 81,249	$ 2,467	$ 1,335	$ 6,486	$ (8,152)	$ 83,385
2026	35,723	(4,401)	12,146	22,838	(5,739)	60,567
2027	274,079	15,968	(4,546)	560	63,158	349,219
2028	(15,261)	1,011	(3,988)	(2,206)	1,561	(18,883)

Component Unit - APERS

Year ended June 30:	ADFA
2025	$ 49
2026	63
2027	634
2028	(35)

State Employee Deferred Compensation Plan

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

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

The assets of the plan are held in trust by the custodian, Voya Institutional Trust Company (VITC) of New York, NY, according to terms specified by contract, for the exclusive benefit of plan participants and their beneficiaries. The plan is also administered by VITC, acting under contract in an agency capacity for the Department of Transformation and Shared Services – Employee Benefits Division to provide investment direction, asset transfer or withdrawal instruction, or other instruction to the custodian. In accordance with GASB Statement No. 32, plan balances and activities are not reflected in the State's financial statements. According to the custodian, plan assets totaled $1.16 billion at June 30, 2024.

Higher Education

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

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

Each college or university contributes a percentage of an employee's salary ranging from 5% to 15.32% to a VALIC, TIAA-CREF, Fidelity Fund, or other retirement account. These amounts are allocated between the funds according to the employee's choice. In addition, employees may make voluntary contributions of any amount up to the individual maximum allowance. During 2024, total employer contributions to VALIC, TIAA-CREF, and Fidelity were $174.4 million, while contributions to other plans were $2.5 million. Employee contributions to VALIC, TIAA-CREF, and Fidelity were $179.3 million, while contributions to other plans were $915,568.

(15) Postemployment Benefits Other Than Pensions (OPEB)

Governmental Activities

(a) Plan Descriptions

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

- Arkansas State Police Medical and Rx Plan (ASP); Medical (administered by Health Advantage), Rx Plan (administered by MedImpact), and Dental and Vision (administered by Delta Dental)

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

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

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

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

Benefits Provided

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

ASP

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

ASE

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

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by each plan:

	ASP	ASE
Inactive employees or beneficiaries currently receiving benefits	1,041	16,425
Inactive employees entitled to but not yet receiving benefits		8,654
Active employees	644	29,804
Total	1,685	54,883

(b) Total OPEB Liability

At June 30, 2024, the State reported the following liabilities as determined as of the date listed (expressed in thousands):

Governmental Activities

	Measurement Date	Total OPEB Liability
ASP	June 30, 2024	$ 206,983
ASE	June 30, 2024	1,162,861
Total		$ 1,369,844

Component Unit – ADFA

	Measurement Date	Total OPEB Liability
ASE	June 30, 2024	$ 1,915

Actuarial Assumptions and Other Inputs

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

	ASP		ASE (4)	
Actuarial valuation date	June 30, 2024		June 30, 2024	
Inflation rate	3.25%		2.30%	
Discount rate	4.21%	(1)	3.93%	(2)
Salary increase, including inflation	N/A		3.45%	
Healthcare cost trend rates	7.50% initial 4.25% ultimate		6.90% initial 3.70% ultimate	
Mortality rate	Pub-2010 Public Retirement Plans Mortality Table for Public Safety, using head counts (retired lives at ages 55 and over) projected generationally with Scale MP-2020 from 2010.		PubG-2010 Amount-Weighted Below-Median Income General Employee Mortality Tables for males and females. Mortality rates are multiplied by 75% for males and 75% for females and are adjusted for fully generational mortality improvements using Scale MP-2021.	
Retirees' share of benefit-related costs	100%		19% - 46%	
Actuarial experience study dates	N/A		July 1, 2017, through June 30, 2022	(3)

(1) The discount rate was determined by using a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average credit rating of AA as of the measurement date.
(2) The discount rate was determined by using the Bond Buyer General Obligation 20-Bond Municipal Index, a tax-exempt municipal bond rate based on an index of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
(3) Used actuarial experience study performed for APERS.
(4) ASE assumptions do not include National Park College (NPC). NPC has its own actuarial report for its employees on the State plan. The effect on the above assumptions is considered immaterial.

(c) Changes in the Total OPEB Liability

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

Governmental Activities

	Total OPEB Liability	
	ASP	ASE
Balance, June 30, 2023	$ 199,117	$ 1,238,739
Changes for the current fiscal year:		
Service cost	6,756	49,641
Interest	8,275	46,128
Differences between expected and actual experience		66,516
Changes in assumptions or other inputs	(2,911) (1)	(188,219) (2)
Change in proportion		52
Benefit payments	(4,254)	(49,996)
Net changes	7,866	(75,878)
Balance, June 30, 2024	$ 206,983	$ 1,162,861

Component Unit – ADFA

	Total OPEB Liability
	ASE
Balance, June 30, 2023	$ 2,091
Changes for the current fiscal year:	
Service cost	82
Interest	76
Differences between expected and actual experience	110
Changes in assumptions or other inputs	(310) (2)
Changes in proportion	(52)
Benefit payments	(82)
Net changes	(176)
Balance, June 30, 2024	$ 1,915

(1) The discount rate used was 4.13% at June 30, 2023, and 4.21% at June 30, 2024.
(2) The discount rate used was 3.65% at June 30, 2023, and 3.93% at June 30, 2024.

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

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

Governmental Activities

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASP	3.21%	$ 248,599	4.21%	$ 206,983	5.21%	$ 178,629
ASE	2.93%	$ 1,320,611	3.93%	$ 1,161,220	4.93%	$ 1,029,435
NPC	3.21%	1,750	4.21%	1,641	5.21%	1,539
ASE total		$ 1,322,361		$ 1,162,861		$ 1,030,974

Component Unit – ADFA

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASE	2.93%	$ 2,178	3.93%	$ 1,915	4.93%	$ 1,697

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

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

Governmental Activities

	Total OPEB Liability		
	1% Decrease	Current Health Care Cost Trend Rate (1)	1% Increase
ASP	$ 173,833	$ 206,983	$ 256,994
ASE	$ 1,006,267	$ 1,161,220	$ 1,354,198
NPC	1,468	1,641	1,849
ASE total	$ 1,007,735	$ 1,162,861	$ 1,356,047

Component Unit – ADFA

	Total OPEB Liability		
	1% Decrease	Current Health Care Cost Trend Rate (1)	1% Increase
ASE	$ 1,659	$ 1,915	$ 2,233

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

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

For the year ended June 30, 2024, the State recognized OPEB expense for each plan and in total as follows (expressed in thousands):

Governmental Activities

	Total OPEB Expense
ASP	$ 12,009
ASE	(5,346)
NPC	331
ASE Total	(5,015)
Total	$ 6,994

Component Unit – ADFA

	Total OPEB Expense
ASE	$ (55)

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB for each plan from the following sources (expressed in thousands):

Governmental Activities

	ASE		NPC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 70,047	$ (85,703)	$ 177	$ (34)
Changes of assumptions and other inputs	(65)	(463,478)	475	(79)
Total	$ 69,982	$ (549,181)	$ 652	$ (113)

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	ASP		TOTAL	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 10,455	$ (5,090)	$ 80,679	$ (90,827)
Changes of assumptions and other inputs	12,159	(50,189)	12,569	(513,746)
Total	$ 22,614	$ (55,279)	$ 93,248	$ (604,573)

Component Unit – ADFA

	ASE	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 115	$ (141)
Changes of assumptions and other inputs	65	(833)
Total	$ 180	$ (974)

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

Governmental Activities

	Year ended June 30:						
	2025	2026	2027	2028	2029	Thereafter	Total
ASP	$ (3,022)	$ (3,022)	$ (8,505)	$ (9,245)	$ (8,455)	$ (415)	$ (32,664)
ASE	$ (213,344)	$ (193,659)	$ (36,083)	$ (36,113)	$	$	$ (479,199)
NPC	155	155	155	8	8	59	540
ASE total	$ (213,189)	$ (193,504)	$ (35,928)	$ (36,105)	$ 8	$ 59	$ (478,659)

Component Unit – ADFA

	Year ended June 30:						
	2025	2026	2027	2028	2029	Thereafter	Total
ASE	$ (408)	$ (273)	$ (72)	$ (41)	$	$	$ (794)

Business-Type Activities

Higher Education

(a) General Information

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

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

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

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

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

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

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

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

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

Benefits Provided

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

Arkansas State University (ASU)

The plan offers postemployment medical and life insurance benefits to employees of ASU System who retire after attaining the earlier of age 55 with at least 70 points (age plus continuous full-time service) or age 60 with at least 10 years of continuous full-time service. Pre-Medicare benefits are available to retirees and their eligible dependents (if covered at the same time the employee retires). Certain employees who retire under a voluntary retirement window approved by the Board of Trustees of ASU are also eligible for benefits. The spouse of the retiree may continue coverage when the retiree dies or becomes eligible for Medicare but must pay 100% of the premium. Life insurance benefits are provided to the beneficiary of a retiree who dies prior to age 65 up to a maximum of

$50,000. Employees hired on or after January 1, 2019, are not eligible to receive postretirement benefits.

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

Henderson State University (HSU)

The plan offers postemployment health care benefits and basic life insurance benefits to all employees who were hired before July 1, 2015, and who officially retire from HSU and meet certain age and service-related criteria. Active employees are eligible to receive medical coverage upon retirement at age 55 with at least 70 points. Medical coverage ceases when the retiree becomes eligible for Medicare for employees retiring prior to July 1, 2022. Life insurance benefits are provided to beneficiaries of retirees who die prior to age 65, up to a maximum of $20,000.

Arkansas Tech University (ATU)

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

Northwest Arkansas Community College (NWACC)

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

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

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

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

- An employee whose age and service total at least 75, with minimum service of 15 years, can receive health insurance, and SAUT/SAU will pay the same percentage of the premium as it pays for active employees to age 65.

University of Arkansas (U of A)

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

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

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

University of Central Arkansas (UCA)

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

Arkansas Northeastern College (ANC)

The plan offers postemployment medical, dental, and life insurance coverage to active employees who retiree with at least 15 years of service and are at least age 60. Coverage ends when the retiree becomes eligible for Medicare. Retirees must pay the same premium as an active employee and the entire cost of dental and life insurance coverage. The college also pays $100/month for any full-time employee who retires with 10 or more years of service.

Black River Technical College (BRTC)

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

East Arkansas Community College (EACC)

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

National Park College (NPC)

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

North Arkansas College (NAC)

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

Ozarka College (OC)

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

South Arkansas Community College (SACC)

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

Employees Covered by Benefit Term

At June 30, 2024, the following employees were covered by benefit terms of each plan:

Plan	Inactive employees or beneficiaries currently receiving benefit payments (1)	Active Employees	Total
ASU	150	1,251	1,401
ATU	49	729	778
NWACC	7	395	402
SAUT	13	112	125
SAU	12	422	434
U of A	1,853	19,449	21,302
UCA	42	1,167	1,209
ANC	9	145	154
BRTC	69	131	200
EACC	3	123	126
NPC	1	66	67
NAC	9	174	183
OC	27	89	116
SACC	22	138	160
Total	2,266	24,391	26,657

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

(b) Total OPEB Liability

At June 30, 2024, the State reported the following liabilities as determined as of the date listed (expressed in thousands):

	Measurement Date	Total OPEB Liability
ASU	June 30, 2024	$ 10,036
ATU	June 30, 2023	6,265
NWACC	June 30, 2024	1,354
SAUT	June 30, 2024	1,356
SAU	June 30, 2024	2,521
U of A	June 30, 2023	75,221
UCA	June 30, 2024	3,448
ANC	June 30, 2024	1,024
BRTC	June 30, 2024	1,522
EACC	June 30, 2024	708
NPC	June 30, 2024	544
NAC	June 30, 2024	1,315
OC	June 30, 2024	865
SACC	June 30, 2024	780
Total		$ 106,959

Actuarial Assumptions and Other Inputs

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

	ASU	ATU	NWACC	SAUT	SAU
Actuarial valuation date	January 1, 2024	June 30, 2023	June 30, 2024	June 30, 2022	June 30, 2024
Inflation rate	N/A	2.40%	3.00%	3.00%	3.00%
Salary increases	3.00%	3.25%	N/A	N/A	N/A
Discount rate	4.21% (2)	3.65% (1)	4.21% (3)	4.21% (3)	4.21% (2)
Healthcare cost trend rates	6.0% initial 4.70% ultimate	7.5% initial 3.83% ultimate	9% initial 4.5% ultimate	8% initial 4.75% ultimate	7% initial 4% ultimate
Retirees' share of benefit-related costs	50%	80% to 100%	95% to 100%	1% to 4%	28%
Mortality rates	Pub-2010 total dataset mortality for general employees, with generational projection according to Scale MP-2021	SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2017	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2019.	RP-2014 Mortality Table with Improvement Scale MP-2021
Actuarial experience study date	January 1, 2024	N/A	N/A	N/A	N/A

	U of A	UCA	ANC	BRTC	EACC
Actuarial valuation date	July 1, 2023	June 30, 2024	June 30, 2022	June 30, 2024	June 30, 2024
Inflation rate	2.70%	3.00%	3.00%	3.00%	2.50%
Salary increases	4.00%	N/A	N/A	N/A	N/A
Discount rate	3.65% (1)	4.21% (2)	4.21% (3)	4.21% (3)	4.21% (3)
Healthcare cost trend rates	7.0% initial 4.14% ultimate	7% initial 4% ultimate	8% initial 5% ultimate	8% initial 5% ultimate	8% initial 5% ultimate
Retirees' share of benefit-related costs	10% to 100%	75% to 100%	9% to 80%	0% to 57%	0% to 100%
Mortality rates	Pub-2010 Teachers Headcount weighted Mortality Tables using projection scale MP-2021 from base year 2010.	RP-2012 Mortality Table with Improvement Scale MP-2021	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP-2019
Actuarial experience study date	N/A	N/A	N/A	N/A	N/A

	NPC	NAC	OC	SACC
Actuarial valuation date	July 1, 2023	June 30, 2023	June 30, 2023	June 30, 2023
Inflation rate	2.50%	3.00%	3.00%	3.00%
Salary increases	N/A	N/A	N/A	N/A
Discount rate	4.21% (3)	4.21% (3)	4.21% (3)	4.21% (3)
Healthcare cost trend rates	7.5% initial 4.25% ultimate	8% initial 4.5% ultimate	9% initial 5% ultimate	8% initial 5% ultimate
Retirees' share of benefit-related costs	25%	100%	0% to 15%	0% to 75%
Mortality rates	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2020.	Pub-T 2010 Mortality Table (headcount basis), projected generationally with Scale MP 2019.
Actuarial experience study date	N/A	N/A	N/A	N/A

(1) The discount rate was based upon the Bond Buyer 20-Bond GO Index.
(2) The discount rate was based upon the S&P Muni Bond 20 Year High Grade Rate Index.
(3) The discount rate was based upon a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

(c) Changes in the Total OPEB Liability

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

	ASU		ATU		NWACC	
Balance, June 30, 2023	$ 10,971		$ 6,648		$ 1,211	
Changes for the current fiscal year:						
Service cost	393		396		98	
Interest cost	447		240		52	
Differences between expected and actual experience	131		(162)			
Changes in assumptions or other inputs	(796)	(3)	(321)	(4)	(7)	(1)
Benefit payments	(1,110)		(536)			
Net changes	(935)		(383)		143	
Balance, June 30, 2024	$ 10,036		$ 6,265		$ 1,354	

	SAUT		SAU		U of A	
Balance, June 30, 2023	$ 1,721		$ 2,611		$ 70,782	
Changes for the current fiscal year:						
Service cost	124		249		4,579	
Interest cost	72		104		2,630	
Differences between expected and actual experience	(499)		388		132	
Changes in assumptions or other inputs	(7)	(1)	(15)	(1)	(713)	(2)
Benefit payments	(55)		(816)		(2,189)	
Net changes	(365)		(90)		4,439	
Balance, June 30, 2024	$ 1,356		$ 2,521		$ 75,221	

	UCA		ANC		BRTC	
Balance, June 30, 2023	$ 3,790		$ 800		$ 1,717	
Changes for the current fiscal year:						
Service cost	287		37		80	
Interest cost	149		33		71	
Differences between expected and actual experience	(715)		189		(270)	
Changes in assumptions or other inputs	(21)	(1)	(5)	(1)	(7)	(1)
Benefit payments	(42)		(30)		(69)	
Net changes	(342)		224		(195)	
Balance, June 30, 2024	$ 3,448		$ 1,024		$ 1,522	

	EACC		NPC		NAC	
Balance, June 30, 2023	$ 753		$ 489		$ 1,221	
Changes for the current fiscal year:						
Service cost	51		41		51	
Interest cost	32		21		52	
Differences between expected and actual experience	(98)		-			
Changes in assumptions or other inputs	(26)	(1)	(3)	(1)	(9)	(1)
Benefit payments	(4)		(4)			
Net changes	(45)		55		94	
Balance, June 30, 2024	$ 708		$ 544		$ 1,315	

	OC		SACC	
Balance, June 30, 2023	$ 803		$ 713	
Changes for the current fiscal year:				
Service cost	40		57	
Interest cost	34		30	
Differences between expected and actual experience				
Changes in assumptions or other inputs	(6)	(1)	(5)	(1)
Benefit payments	(6)		(15)	
Net changes	62		67	
Balance, June 30, 2024	$ 865		$ 780	

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

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

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

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASU	3.21%	$ 10,683	4.21%	$ 10,036	5.21%	$ 9,443
ATU	2.65%	6,783	3.65%	6,265	4.65%	5,825
NWACC	3.21%	1,452	4.21%	1,354	5.21%	1,261
SAUT	3.21%	1,448	4.21%	1,356	5.21%	1,270
SAU	3.21%	2,759	4.21%	2,521	5.21%	2,307
U of A	2.65%	82,316	3.65%	75,221	4.65%	68,864
UCA	3.21%	3,727	4.21%	3,448	5.21%	3,197
ANC	3.21%	996	4.21%	1,024	5.21%	893
BRTC	3.21%	1,614	4.21%	1,522	5.21%	1,434
EACC	3.21%	762	4.21%	708	5.21%	658
NPC	3.21%	588	4.21%	544	5.21%	503
NAC	3.21%	1,369	4.21%	1,315	5.21%	1,135
OC	3.21%	949	4.21%	865	5.21%	791
SACC	3.21%	840	4.21%	780	5.21%	715

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

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

	Total OPEB Liability		
	1% Decrease	Current Healthcare Cost Trend Rate (1)	1% Increase
ASU	$ 9,364	$ 10,036	$ 10,796
ATU	5,865	6,265	6,726
NWACC	1,227	1,354	1,506
SAUT	1,214	1,356	1,526
SAU	2,249	2,521	2,842
U of A	68,117	75,221	83,520
UCA	3,147	3,488	3,799
ANC	942	1,024	1,119
BRTC	1,381	1,522	1,686
EACC	629	708	804
NPC	477	544	626
NAC	1,159	1,315	1,502
OC	760	865	992
SACC	683	780	901

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

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

For the year ended June 30, 2024, the State recognized OPEB expense for each plan and in total as follows (expressed in thousands):

	Total OPEB Expense
ASU	$ (2,217)
ATU	107
NWACC	114
SAUT	132
SAU	357
U of A	5,122
UCA	286
ANC	105
BRTC	89
EACC	75
NPC	18
NAC	123
OC	56
SACC	61
Total	$ 4,428

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB for each plan from the following sources (expressed in thousands):

	ASU		ATU		NWACC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 604	$ (2,945)	$	$ (1,312)	$	$ (390)
Changes of assumptions and other inputs	81	(2,235)	800	(2,845)	216	(124)
State benefit payments and administrative expenses subsequent to the measurement			626			
Total	$ 685	$ (5,180)	$ 1,426	$ (4,157)	$ 216	$ (514)

	SAUT		SAU		U of A	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 174	$ (564)	$ 1,214	$ (777)	$ 1,556	$ (5,475)
Changes of assumptions and other inputs	59	(221)	215	(480)	2,770	(6,756)
State benefit payments and administrative expenses subsequent to the measurement date					2,200	
Total	$ 233	$ (785)	$ 1,429	$ (1,257)	$ 6,526	$ (12,231)

	UCA		ANC		BRTC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 431	$ (1,327)	$ 291	$	$	$ (386)
Changes of assumptions and other inputs	233	(628)	41	(82)	72	(186)
State benefit payments and administrative expenses subsequent to the measurement date						
Total	$ 664	$ (1,955)	$ 332	$ (82)	$ 72	$ (572)

	EACC		NPC		NAC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 70	$ (102)	$ 64	$ (201)	$ 196	$ (51)
Changes of assumptions and other inputs	32	(102)	26	(154)	111	(179)
State benefit payments and administrative expenses subsequent to the measurement date						
Total	$ 102	$ (204)	$ 90	$ (355)	$ 307	$ (230)

	OC		SACC	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 18	$ (52)	$	$ (99)
Changes of assumptions and other inputs	54	(171)	33	(139)
State benefit payments and administrative expenses subsequent to the measurement date				
Total	$ 72	$ (223)	$ 33	$ (238)

	TOTAL	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 4,618	$ (13,681)
Changes of assumptions and other inputs	4,743	(14,302)
State benefit payments and administrative expenses subsequent to the measurement date	2,826	
Total	$ 12,187	$ (27,983)

$2.8 million reported as deferred outflows of resources related to OPEB resulting from State benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025.

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

	Fiscal Year-ended June 30:						
	2025	2026	2027	2028	2029	Thereafter	Total
ASU	$ (2,982)	$ (1,364)	$ (141)	$ (8)	$	$	$ (4,495)
ATU	(528)	(528)	(528)	(528)	(529)	(716)	(3,357)
NWACC	(36)	(36)	(36)	(37)	(37)	(116)	(298)
SAUT	(66)	(65)	(65)	(65)	(65)	(226)	(552)
SAU	4	4	4	4	4	152	172
U of A	(1,757)	(2,355)	(2,827)	(586)	(110)	(270)	(7,905)
UCA	(150)	(150)	(151)	(151)	(151)	(538)	(1,291)
ANC	35	35	35	34	34	77	250
BRTC	(62)	(62)	(62)	(62)	(63)	(189)	(500)
EACC	(7)	(7)	(7)	(8)	(8)	(65)	(102)
NPC	(45)	(45)	(45)	(18)	(18)	(94)	(265)
NAC	20	20	21	21	21	(26)	77
OC	17	18	18	18	18	62	151
SACC	(27)	(26)	(26)	(26)	(26)	(74)	(205)

Total OPEB Liability

Reconciliation of Total OPEB Liability to Financial Statements	
Governmental	$ 1,352,678
Business-type	118,381
Fiduciary	5,744
Component units	1,915
Total OPEB liability	$ 1,478,718

Total OPEB Expense

Summary of Total OPEB Expense	
Governmental	$ 6,735
Business-type	4,714
Fiduciary	(27)
Component units	(55)
Total OPEB expense	$ 11,367

(16) Additional Information – Enterprise Funds

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

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

Condensed Statement of Net Position (expressed in thousands):

	Construction Assistance Revolving Loan Fund	Safe Drinking Water Revolving Loan Fund
Current assets	$ 105,295	$ 160,714
Noncurrent assets		
Advances to other funds	334	
Other noncurrent assets	461,192	206,327
Total assets	$ 566,821	$ 367,041
Current liabilities		
Due to other funds	$	$ 401
Other current liabilities	4,082	3,365
Noncurrent liabilities	73,973	34,885
Total liabilities	78,055	38,651
Net position		
Restricted	488,766	328,390
Total liabilities and net position	$ 566,821	$ 367,041

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

	Construction Assistance Revolving Loan Fund	Safe Drinking Water Revolving Loan Fund
Operating revenue/expenses:		
Licenses, permits, and fees	$ 4,316	$ 1,202
Operating expenses	(6,290)	(6,169)
Operating income (loss)	(1,974)	(4,967)
Nonoperating revenue/expenses:		
Investment earnings (pledged against bonds)	10,573	9,557
Grants and contributions	2,557	7,649
Nonoperating revenue	13,130	17,206
Transfers in (out), net	2,140	579
Change in net position	13,296	12,818
Total net position, beginning of year	475,470	315,572
Total net position, end of year	$ 488,766	$ 328,390

Condensed Statement of Cash Flows (expressed in thousands):

	Construction Assistance Revolving Loan Fund	Safe Drinking Water Revolving Loan Fund
Net cash provided (used) by:		
Operating activities	$ 2,986	$
Noncapital financing activities	79,423	44,759
Investing activities	(36,396)	5,029
Net increase (decrease)	46,013	49,788
Cash and cash equivalents, beginning	55,606	109,721
Cash and cash equivalents, ending	$ 101,619	$ 159,509

(17) Risk Management Programs

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

Primary Government

Governmental Activities

(a) Health and Life Plans

State Employee Health and Life Benefit Plan

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

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

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

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

	2024	2023
Claim liability, beginning of year	$ 23,152	$ 25,794
Incurred claims:		
Provision for insured events of current year	278,696	288,942
Provision for insured events of prior years	3,069	568
Total incurred claims	281,765	289,510
Payments:		
Claims payments attributed to insured events of current year	254,576	267,119
Claims payments attributed to insured events of prior years	25,424	25,033
Total payments	280,000	292,152
Claim liability, end of year	$ 24,917	$ 23,152

Arkansas State Police Health Insurance Plan

Pursuant to Ark. Code Ann. § 12-8-210, the Arkansas State Police (ASP) offers healthcare benefits to active uniformed members and retirees. The ASP Administrative Services section serves as Plan Administrator. Healthcare benefits are funded by employer and retired employee contributions and Act 1500 of the 2001 Regular Session, 83rd General Assembly. Act 1500 stipulates that for every Arkansas driver's license sold, $12 of the license fee is used to fund the ASP Health Plan. The plan is self-funded. Plan years cover January 1 through December 31 of any given year. Employer contribution rates are set by the ASP with final approval by the ASP Commission. The ASP Commission is authorized by Ark. Code Ann. § 12-8-210 to direct the plan. The current monthly budgeted premium, set on July 1, 2023, is $985 per budgeted commissioned position.

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

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

The amounts of these liabilities, based on evaluation of claims data for those claims that were incurred before year-end and paid after year-end for June 30, 2024, are as follows (expressed in thousands):

	2024	2023
Claim liability, beginning of year	$ 695	$ 767
Incurred claims:		
Provision for insured events of current year	15,025	13,420
Increase in provision for insured events of prior years	502	496
Total incurred claims and claim adjustment expense	15,527	13,916
Payments:		
Claims payments attributed to insured events of current year	14,207	12,725
Claims payments attributed to insured evens of prior years	1,197	1,263
Total payments	15,404	13,988
Claim liability, end of year	$ 818	$ 695

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

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

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

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

	2024	2023
Claim liability, beginning of year	$ 82,745	$ 80,879
Incurred claims:		
Provision for insured events of current year	15,189	15,002
Decrease in provision for insured events of prior years	(7,228)	(736)
Total incurred claims and claim adjustment expense	7,961	14,266
Payments:		
Claims payments attributed to insured events of current year	4,899	4,516
Claims payments attributed to insured events of prior years	7,508	7,884
Total payments	12,407	12,400
Claim liability, end of year	$ 78,299	$ 82,745

(c) Petroleum Storage Tank Trust Fund

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

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

	2024	2023
Claim liability, beginning of year	$ 26,318	$ 23,444
Incurred claims:		
Provision for insured events of current year	8,109	8,521
Payments:		
Claims payments attributed to insured events of current year	9,134	5,647
Claim liability, end of year	$ 25,293	$ 26,318

(d) Risk Management Division Office

The State established the Risk Management Division Office (RISK), Act 272 of the 1981 Regular Session, 73rd General Assembly, in accordance with State law for the purpose of analyzing and making recommendations as to cost effective loss control and safety programs for the various State agencies. Accordingly, State agencies retain the ultimate decision authority over whether to purchase commercial insurance coverage for losses. However, Ark Code Ann. § 25-35-104 does require mandatory participation for those State agencies that choose to procure property and causality insurance offered through the Arkansas Multi-Agency Insurance Trust Fund (AMAIT).

For those State buildings covered by commercial insurance through the AMAIT Plan, the building and contents are generally insured for replacement cost, subject to a $8.5 million aggregate retention paid from the AMAIT, Act 1762 of the 2003 Regular Session, 84th General Assembly, with varying deductible amounts retained by the participating State agency entities from $2,500 up to $250,000 per occurrence. The total annual payout by AMAIT for the All-Other Perils coverage is capped at $8.5 million. Losses arising from earth movement are generally insured for the full amount of loss, subject to a deductible of 5% of the combined building and content total value at the location where the loss or damage occurs with a minimum $25,000 per occurrence deductible per location. Due to market conditions, limited availability, and excessive cost, total earth movement coverage is limited to $35 million aggregate limit in Insurance Services Office (ISO) earthquake Zones 2, 3, and Sharp County and $100 million for Zones 4 and 5. The State has secured domestic and foreign terrorism insurance coverage. Certain State agencies have chosen not to purchase commercial insurance on certain buildings, and as such, losses for these buildings are recorded as expenditures in the General Fund when incurred. Flood coverage is provided with varying limits and deductibles according to the various flood zones. Aggregate limits vary from $10 million in a Special Flood Hazard Zone A, with a $1 million deductible per occurrence, per location, per agency, up to $35 million in Zone B and X shaded, with a $100,000 deductible per occurrence, per agency, and up to $100 million in Zone X, with a $100,000 deductible per occurrence, per agency. Both earthquake and flood coverage limits are annual aggregate total maximum limits for the State.

The State does not purchase commercial general liability insurance coverage for claims arising from third party losses on State property as the State relies on sovereign immunity against such claims. Claims against the State for such losses are heard before the State Claims Commission. Act 1188 of the 2015 Regular Session, 90th General Assembly, amended the AMAIT to allow for cyber security insurance. Cyber data liability insurance including, but not limited to, first-party coverage and third-party coverage for all participating State agencies became, effective on August 14, 2018.

RISK provides staff for the Arkansas Governmental Bonding Board in the administration of the State of Arkansas Self-Insured Fidelity Bond Program in accordance with Act 728 of the 1987 Regular Session, 76th General Assembly. The Bond Program provides fidelity bond coverage for actual losses through fraudulent and dishonest acts caused by employees or officials of all participating governments: State, county, municipal and school district entities. The bond policy limit is $300,000 per occurrence, in accordance with Ark. Code Ann. § 21-2-704(b)(1).

RISK provides staff for the Arkansas Cyber Response Board in the administration of the State of Arkansas Self-Insured Cyber Response Program in accordance with Act 846 of 2023. The Cyber Response Program provides coverage for cybersecurity incidents and risks, damages, or losses caused by cyberattack that are committed against participating county, municipal, and school district entities. The policy limit is $100,000 per occurrence, in accordance with Ark. Code Ann. § 21-2-804(b)(1)(A).

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

Business-Type Activities

(a) Health and Life Plans

Higher Education Health Plans

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

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

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

	2024	2023
Claim liability, beginning of year	$ 20,524	$ 16,301
Incurred Claims:		
Provision for insured events of current year	225,928	208,578
Increase (decrease) in provision for insured events of prior years	4,221	5
Total incurred claims and claim adjustment expense	230,149	208,583
Payments:		
Claims payments attributed to insured events of current year	200,707	188,054
Claims payments attributed to insured events of prior years	24,745	16,306
Total Payments	225,452	204,360
Claim liability, end of year	$ 25,221	$ 20,524

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

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

Public School Employee Health and Life Benefit Plan

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

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

Premiums for certain retirees and COBRA participants were collected by EBD, and the health and life components were paid to the health and life insurance companies, respectively. Employee contributions and school district matching provide funding for the Public-School Employee Health and Life Benefit Plan. Premiums are set by the State Board of Finance and are based upon family composition and claims history. The combination of employee contributions and school district matching was determined individually by the school districts with school district match being $234.50 for July 2023 – December 2023 and $234.50 for Plan Year January 2024 - June 2024. Some school districts provide additional support for their employees through locally generated funding. Act 1745 of the 2001 Regular Session, 83rd General Assembly, provides the State Legislature the authority to establish the minimum school district matching amount. Act 517 of 2013 amended Ark. Code Ann. § 6-17-1117 so that the contribution rate increases annually by the same percentage that the legislature increases the salary and benefit component of the per-student foundation funding amount under Ark. Code Ann. § 6-20-2305. The plans have not purchased any annuity contracts on behalf of claimants. Effective July 1, 2017, Ark. Code Ann. § 6-17-1117 authorizes the Department of Education to pay an additional matching amount of $142 million per fiscal year to EBD.

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

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

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

	2024	2023
Claim liability, beginning of year	$ 37,788	$ 37,821
Incurred claims:		
Provision for insured events of current year	413,872	374,651
Provision for insured events of prior years	3,610	(614)
Total incurred claims	417,482	374,037
Payments:		
Claims payments attributed to insured events of current year	369,884	337,135
Claims payments attributed to insured events of prior years	40,087	36,935
Total payments	409,971	374,070
Claim liability, end of year	$ 45,299	$ 37,788

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

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

Death and Permanent Total Disability Trust Fund

Act 4 of 1948, as amended, established the workers' compensation laws to provide for the timely payment of temporary and permanent disability payments to all legitimately injured workers who suffer injury or disease arising out of their employment. Employers are required to provide coverage for compensation with insurance carriers authorized to write workers' compensation insurance or to pay benefits directly as a self-insurer. Generally, employers are liable for medical services and supplies for injured employees. Ark. Code Ann. § 11-9-502 provides for the first $75,000 of weekly benefits (the indemnity threshold) for death or permanent total disability to be paid by the employer or its insurance carrier. Act 1599 of the 2007 Regular Session, 86th General Assembly, amended Ark. Code Ann. § 11-9-502 to move the indemnity threshold up to 325 times the maximum total disability rate. Accordingly, the Disability Trust Fund was established. The taxation rate is determined by the Workers' Compensation Commission in accordance with Ark. Code Ann. § 11-9-306 which limits the tax rate to 3% of written manual premiums of workers' compensation insurance written on all risks within the State. Similarly, self-insured employers and public employers are taxed based on what they would have to pay if they were covered by insurance. Act 5 of the 2016 Third Extraordinary Session, 90th General Assembly, provides that no claims shall be made to the Death and Permanent Total Disability Trust Fund after June 30, 2019. Upon the final payment of the liabilities of the Death and Permanent Total Disability Trust Fund under Ark. Code Ann. § 11-9-502, the current maximum premium tax rate of 3% will change to 1.5%.

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

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

	2024	2023
Claim liability, beginning of year	$ 166,285	$ 177,626
Incurred claims:		
Provision for insured events of current year		
Decrease in provision for insured events of prior years	(6,706)	(6,931)
Increase due to decrease in discount period	7,999	8,557
Total incurred claims and claim adjustment expense	1,293	1,626
Payments:		
Claims payments attributed to insured events of prior years	12,614	12,967
Claim liability, end of year	$ 154,964	$ 166,285

(18) Commitments and Contingencies

Primary Government

Governmental Activities

(a) Litigation

The State, its agencies, and its employees are defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, alleged inmate wrongs and other alleged torts, alleged breaches of contract, condemnation proceedings, challenges of State law, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the State but remained unpaid by the State as of the balance sheet date. The State has accrued liabilities in the approximate amount of $32.1 million for the payment of such claims. As of June 30, 2024, there were no outstanding claims within the state-accrued liabilities that were approved by the General Assembly and waiting payment through an appropriations bill through the Arkansas State Claims Commission (the Commission). The Commission may authorize awards up to $15,000 without legislative approval. Claims awarding death and disability benefits for certain public employees do not require legislative approval. Awards are recorded in government financial statements. For other cases where it is reasonably possible that a loss will be incurred and the amount of the potential judgment can be reasonably estimated, the Attorney General and other counsel estimate the liability to be approximately $284,638.

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

	2024	2023
Litigation, beginning of year	$ 800	$ 800
Incurred litigation	32,365	105
Litigation payments/dismissals	(1,008)	(105)
Litigation, end of year	$ 32,157	$ 800

(b) Federal Grants

The State, including its institutions of higher education, receives significant financial assistance from the U.S. Government in the form of grants and federal revenue sharing entitlements. Entitlement to those resources is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable federal regulation, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits under either the Federal Single Audit Act or by grantor agencies of the federal government or their designees. At June 30, 2024, the amount of expenditures disallowed and returned to the grantor after fiscal year-end as a result of the financial and compliance audits was $2.6 million.

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

(c) Construction and Other Commitments

At June 30, 2024, the State had commitments of approximately $1.8 billion for construction and other contracts, approximately $1.5 billion for professional service contracts, and approximately $3.7 million for subscription based information technology arrangements (SBITAs). The Arkansas Natural Resources Commission has approved $56.2 million in loans for projects for water systems, waste water, and pollution abatement that had not been disbursed at June 30, 2024.

(d) Bond Guarantees

The Arkansas Development Finance Authority (ADFA) has authority to guarantee bonds issued by cities and counties for industrial development purposes, bonds and loans issued by ADFA, and obligations issued by a venture capital investor group. As of June 30, 2024, there was on deposit in ADFA's Guaranty Reserve Account approximately $16.8 million. As of June 30, 2024, ADFA had outstanding guarantees on obligations aggregating approximately $54.6 million in principal amount. Approximately $2.7 million in principal amount was in default and in a workout posture. In the event that it is necessary to meet its guarantee obligations, ADFA may issue its revenue bonds, which will be secured by a pledge of interest earnings derived from investment of the State's daily Treasury balances. No such bonds have yet been issued by ADFA.

The Arkansas Economic Development Commission (AEDC) has authority to guarantee repayment of indebtedness incurred by private borrowers, not to exceed $5 million in each instance, to promote industrial development within the State. In connection with such guarantees given in the past, AEDC has received fees that have been deposited into a guaranty fund. In the event AEDC's guarantee is called upon, monies in the guaranty fund are applied to satisfy the obligation. In the event monies in the guaranty fund are insufficient to repay any such obligation, AEDC is authorized to issue its revenue bonds secured by a pledge of interest earnings on the State's daily Treasury balances. As of June 30, 2024, there was approximately $13.2 million on deposit in AEDC's Bond Reserve Guaranty Fund. As of June 30, 2024, AEDC had outstanding guarantees on approximately $11.8 million in principal amount of debt in connection with the program described above. Approximately $488,140 in principal amount was in default.

(e) Tobacco Settlement

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

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

In fiscal year 2006, ADFA issued $36.8 million in Tobacco Settlement Revenue Bonds. ADFA has made the proceeds of the bonds available to the University of Arkansas Board of Trustees (UA Board) to fund an expansion to the Arkansas Cancer Research Center

(ACRC) on the campus of the University of Arkansas for Medical Sciences (UAMS). The bonds have an approximate yield to maturity of 4.85% to 5.10%. Principal and accumulated interest are payable beginning in 2021 through 2031 for $22.2 million of serial bonds and beginning in 2036 through 2046 for $14.6 million of term bonds. Funds received from the Arkansas Tobacco Settlement Funds Act of 2000 are pledged for debt service and are the primary source of payment for the bonds. In accordance with a loan agreement dated June 1, 2006, between the UA Board and ADFA, the UA Board will be required to make debt service payments on the Series 2006 bond issue in the event of a shortfall in tobacco settlement revenues. However, no such payments will be made unless the debt service revenues are insufficient to make such payments. Management believes the debt service revenues will be sufficient to service the entire principal and interest due. The *Global Insights USA, Inc.*, report, prepared in August 2006 on the *Forecast of U.S. Cigarette Consumption (2004-2046)*, indicates that tobacco consumption in 2046 is expected to decline by 54% from the 2003 level. For fiscal year 2003, Arkansas received $60.1 million from the Tobacco Settlement Fund. Using the 54% decline from above, Arkansas should receive approximately $27.6 million in 2046, with the first $5.0 million dedicated to pay the debt service on the above bond issue. If debt service revenues had been considered insufficient at June 30, 2024, the University would have incurred a $69.8 million liability related to the issue. This would include draw down of funds related to the project, issuance costs, discounts, accreted interest, and other expenses related to the issue.

While Arkansas's share of the base payments will not change over time, the amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), while other adjustments will likely cause decreases in payments (volume adjustments, for example). The net effect of these adjustments on future payments is unclear; therefore, the financial statements only reflect the amounts that were earned in fiscal year 2024. In fiscal year 2024, the State recorded a total of $49.6 million, with $5.0 million being transferred to ADFA for the Tobacco Settlement Debt Service Account.

Business-Type Activities

(a) Litigation

The State's business-type activities and employees may be defendants in numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, other alleged torts, alleged breaches of contract, condemnation proceedings, challenges to State law, and other alleged violations of state and federal laws. At June 30, 2024, there were no accrued liabilities involving litigation for business-type activities. For other cases where it is reasonably possible that a loss will be incurred and the amount of the potential judgment can be reasonably estimated, the Attorney General and other counsel estimate that there is no liability at June 30, 2024.

(b) Construction and Other Commitments

Higher Education

At June 30, 2024, the State had commitments in its business-type activities of approximately $238.1 million for construction and other contracts, and approximately $3.9 million for professional service contracts.

Office of the Arkansas Lottery

The Arkansas Department of Finance and Administration – Office of the Arkansas Lottery (OAL) contracts with two vendors for its online lottery game services, instant ticket lottery game services, and gaming system. These services are incurred as a percentage of sales, and as such, future obligations cannot be easily determined. OAL has multi-year contracts with both vendors that expire in fiscal year 2027. Total fees paid on these contracts for the fiscal year ended June 30, 2024, were $30.0 million**.**

Component Unit Activities

Construction and Other Commitments

Arkansas Development Finance Authority

ADFA has $21.1 million recorded as cash and investments in the statement of net position that may be disbursed under loan and lease agreements closed prior to June 30, 2024.

In 2003, ADFA initiated the funding for the Arkansas Institutional Fund (AIF), an institutional fund of venture capital investment program funds created by the Arkansas General Assembly in 2001. The Venture Capital Act of 2001 authorizes ADFA to assist in increasing the availability of equity and near-equity capital for emerging, expanding, relocating, and restructuring enterprises in the State through the creation of an institutional partnership fund. The Bond Guaranty Fund is subject to the first $10.0 million of losses incurred by the AIF. The funding is structured as a guaranteed line of credit with a financial institution, with draws occurring on an as-needed basis. The outstanding balance as of June 30, 2024, was $2.8 million.

Outstanding commitments to various funds/companies were $4.7 million for the year ending June 30, 2024.

At June 30, 2024, the Bond Guaranty Fund guaranteed a letter of credit with a financial institution for up to $3.8 million in the event of non-performance by the borrower.

(19) Business Incentives

(a) Create Rebate Program

The Create Rebate Program is authorized by the Consolidated Incentives Act of 2003 (Ark. Code Ann. §§ 15-4-2701 – 2712). Financial incentive agreements are offered to non-retail, for-profit businesses in highly competitive circumstances at the discretion of the director of the Arkansas Economic Development Commission. The agreements can be offered for a period of up to 10 years. Cash payments are based on a company's annual payroll for new, full-time, permanent employees. To be eligible, a company is required to maintain a minimum payroll of $1.25 million to $2.0 million annually for new, full-time, permanent employees, depending on the county tier, and file a claim with the Department of Finance and Administration (DFA). No claims may be filed until the minimum annual payroll is met. The threshold must be met within 24 months of inception of the agreement. The State has accrued liabilities of approximately $303.6 million for the Create Rebate business incentive.

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

	2024	2023
Create Rebate business incentives, beginning of year	$ 243,310	$ 262,466
Incurred Create Rebate business incentives, net of allowance	80,890	19,935
Create Rebate business incentives payments/dismissals	(20,573)	(39,091)
Create Rebate business incentives, end of year	$ 303,627	$ 243,310
Current Create Rebate business incentives	$ 15,247	$ 14,574
Noncurrent Create Rebate business incentives	288,380	228,736

(b) Tax Back Program

The Tax Back Program is authorized under Ark. Code Ann. § 15-4-2706(d). The program provides sales and use tax refunds on the purchase of building materials, machinery, and equipment to qualifying businesses that create new jobs as a result of construction, expansion, or facility modernization projects in Arkansas. All claims for refunds must be filed with the Revenue Division of DFA within three years from the date of purchase. The State has accrued liabilities in the approximate amount of $28.4 million for the Tax Back business incentive. For more information on the Tax Back Program, refer to Note 20.

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

	2024	2023
Tax Back business incentives, beginning of year	$ 2,173	$ 1,796
Incurred Tax Back business incentives, net of allowance	28,366	1,857
Tax Back business incentives payments/dismissals	(2,177)	(1,480)
Tax Back business incentives, end of year	$ 28,362	$ 2,173
Current Tax Back business incentives	$ 2,593	$ 2,173
Noncurrent Tax Back business incentives	25,769	

(c) Motion Picture Program

The Motion Picture Program is authorized by the Digital Product and Motion Picture Industry Development Act of 2009 (Ark. Code Ann. §§ 15-4-2001 – 2012). The Director of the Arkansas Economic Development Commission may offer to a production company a tax incentive of 25% on all qualified production costs in connection with the production of a state-certified film project and various additional rebates or tax credits related to various aspects of the production costs. The maximum total tax incentives are 30% of the total qualified production expenditures. To qualify for this tax incentive, a production company shall spend at least $200,000 within a 6-month period in connection with the productions of one project. The State has accrued liabilities of approximately $1.5 million for the Motion Picture business incentive.

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

	2024	2023
Motion Picture business incentives, beginning of year	$ 713	$ 454
Incurred Motion Picture business incentives, net of allowance	2,355	1,251
Motion Picture business incentives payments/dismissals	(1,568)	(992)
Motion Picture business incentives, end of year	$ 1,500	$ 713
Current Motion Picture business incentives	$ 1,500	$ 713
Noncurrent Motion Picture business incentives		

(20) Tax Abatements

As of June 30, 2024, the State provides tax abatements through 11 programs. These programs provide incentives in the form of reduced taxes for the purposes of business development and job creation, housing development, tourism development, and other programs.

(a) Advantage Arkansas Program

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

(b) ArkPlus Program

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

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

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

No other commitments were made by the State as part of these agreements. Because taxes are abated after eligible costs are incurred and verified, there are no recapture provisions. No income taxes were abated under this program for the fiscal year ended June 30, 2024.

(c) InvestArk Program

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

(d) Tax Back Program

The Tax Back Program provides for abatement of sales and use taxes to encourage economic development through job creation. The program is authorized under Ark. Code

Ann. § 15-4-2706(d). To be eligible, a business must be endorsed by the governing authority of the municipality, county, or both in whose jurisdiction the business will be located; propose a minimum investment of $200,000; and sign a job creation financial incentive agreement under Ark. Code Ann. § 15-4-2705 or Ark. Code Ann. § 15-4-2707. An eligible business must apply for this program prior to the start of eligible activities. A refund of sales and use taxes paid on eligible purchases shall be authorized by the Revenue Division after verification. All claims for refunds must be filed with the Revenue Division within three years from the date of purchase. No refunds are made for sales and use taxes dedicated to the Educational Adequacy Fund and the Conservation Tax Fund. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program. No income taxes were abated under this program for the fiscal year ended June 30, 2024.

(e) In-House Research and Development Program

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

(f) Targeted Research Program

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

(g) Targeted Business Payroll Program

The Targeted Business Payroll Program provides for abatement of income taxes to encourage the development of jobs that pay significantly more than the average hourly wage of the county in which the business is located or the State average hourly wage, if less. The program is authorized under Ark. Code Ann. § 15-4-2709. To be eligible, a business must be identified by the AEDC as being in a business sector targeted for growth under Ark. Code Ann. § 15-4-2703(39). An eligible business must apply for this program prior to the start of eligible activities. The eligible business must meet annual payroll requirements as well as average hourly wage requirements. The term of the financial incentive agreement cannot exceed five years. An income tax credit is earned equal to 10% of the targeted business' annual payroll but not to exceed $100,000 in any one year. Any unused credits may be carried forward up to nine years after the year the credit is earned. The targeted business may apply to the AEDC for permission to sell unused credits. Because taxes are abated after qualified expenditures are made, no recapture provisions are provided. No other commitments are made by the State under this program. No income taxes were abated under this program for the fiscal year ended June 30, 2024.

(h) Tourism Development Program

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

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

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

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

(i) Water Resource Conservation and Development Program

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

(j) Wetland and Riparian Zone Program

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

(k) Low Income Housing Program

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

(l) Historic Rehabilitation Program

The Historic Rehabilitation Program provides for abatement of income and premium taxes to promote the rehabilitation of historic structures throughout Arkansas. The program is authorized under Ark. Code Ann. §§ 26-51-2202 – 26-51-2208. To be eligible, the taxpayer must own an interest in either an income-producing property in Arkansas that qualifies as a certified historic structure or a non-income producing property that is listed on the Nation

Register of Historic Places and receives a certificate of completion issued by the Division of Arkansas Heritage. An eligible entity must submit documentation that the completed rehabilitation qualifies as a certified rehabilitation. The income tax credit is only allowed one time in a twenty-four-month period for each eligible property. Taxes are abated using an income tax credit equal to 30-40% of the total qualified rehabilitation expenses. The amount of credit taken in any one tax year cannot exceed the State income or premium taxes due from the taxpayer. Any unused credits may be carried forward up to five years. The maximum amount of State income tax credits that can be awarded under this program each year cannot exceed $8 million in any one fiscal year. No other commitments are made by the State under this program.

(m) Philanthropic Investment in Arkansas Kids Program

The Philanthropic Investment in Arkansas Kids Program provides for abatement of income taxes to encourage contributions to a scholarship-granting organization. The program is authorized under Ark. Code Ann. §§ 6-18-2301 – 6-18-2308. A tax credit claimed shall be in an amount equal to the total eligible contributions during the calendar year in which the receipt is issued by a scholarship-granting organization. The receipt must be filed with the taxpayer’s return for any year the contribution is claimed. An eligible contribution shall not be claimed as a charitable deduction. Taxes are abated using an income tax credit equal to 100% of eligible contributions made to a scholarship-granting organization. The amount of credit taken in any one tax year cannot exceed the State income taxes due from the taxpayer. Any unused credits may be carried forward up to three years. At the beginning of each calendar year the Department of Finance and Administration shall certify the total amount of state income tax credits that may be awarded in that year. The maximum amount of State income tax credits that can be awarded under this program each year cannot exceed $6 million in any one calendar year. No other commitments are made by the State under this program.

(n) Railroad Modernization Program

The Railroad Modernization Program provides for abatement of income taxes to encourage maintenance, reconstruction, and replacement of railroad track throughout the State. The program is authorized under Ark. Code Ann. §§ 26-51-2801 – 26-51-2804. To be eligible, the taxpayer must be a railroad that is classified as a Class II or Class III railroad by the United States Surface Transportation Board, owns or leases the property and existed as of July 28, 2021. Eligible expenses include, without limitation roadbed, bridges, industrial leads and side track, and related track structures, to the extent the expenditures are on railroad track located in the state. Taxes are abated using an income tax credit equal to 50% of eligible maintenance expenses and shall not exceed the product of $5,000 and the number of miles of track owned or leased within the state at close of the taxable year. The amount of credit taken in any one tax year cannot exceed the State income taxes due from the taxpayer. Any unused credits may be carried forward up to five years. No other commitments are made by the State under this program.

(o) Recycling Equipment Tax Credit Program

The Recycling Equipment Tax Credit Program, also known as the Recycling Tax Credit, provides for abatement of income taxes to engage in the business of reducing, reusing, or recycling solid waste. The program is authorized under Ark. Code Ann. § 26-51-506. An eligible applicant must be engaged in the business of reducing, reusing, or recycling recovered material for commercial purposes in Arkansas. The income tax credits can be obtained through an application by the business to the Arkansas Department of Energy and Environment. Applicants for a tax credit certification must submit an application for certification no later than ninety (90) days following the end of the calendar year in which the purchase of waste reduction, reuse, or recycling equipment occurs and provide a narrative describing the project or equipment purpose. The tax credits may be authorized for 30% of the amount paid for eligible recycling equipment and installation to offset the business' tax liability but cannot exceed the State income taxes due. Any unused credits may be carried forward up to three years after year first earned or until exhausted, whichever occurs first. No other commitments are made by the State under this program.

A summary of the taxes abated by tax abatement program for fiscal year ended June 30, 2024, is as follows (expressed in thousands):

Tax Abatement Program		2024
Income Tax Abatements		
In-House Research and Development Program	$	2,057
Advantage Arkansas Program		895
Water Resource Conservation and Development Program		624
Low Income Housing Program		249
Targeted Research Program		1,676
Wetland and Riparian Zone Program		189
Arkansas Historic Rehabilitation Program		4,806
Philanthropic Investment in Arkansas Kids Program		1,421
Railroad Modernization Program		6,249
Waste Reduction, Reuse, or Recycling Equipment Program		4,595
Sales and Use Tax Abatements		
InvestArk Program		23,234
Tourism Development Program		1,036

(21) Joint Ventures

GASB Statement No. 14, The Financial Reporting Entity, as amended, defines a joint venture as a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain 1) an ongoing financial interest or 2) an ongoing financial responsibility. During the fiscal year ended June 30, 2024, the Office of Arkansas Lottery (OAL) was an active participant in several joint venture arrangements with the Multi-State Lottery Association (MUSL).

Multi-State Lottery Association

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

As a member of MUSL, the OAL is required to contribute to various prize reserve funds for Powerball® and Mega Millions® which are maintained by MUSL. The MUSL prize reserve funds serve as a contingency reserve to protect MUSL and its member state lotteries from unforeseen prize payment liabilities. MUSL periodically reallocates the prize reserve funds among the member state lotteries based on relative Powerball® and Mega Millions® sales levels. All remaining funds remitted, and the related interest earnings (net of administrative costs), less any portion of unanticipated prize claims that may have been paid from the fund, would be returned to the OAL if it were to ever leave MUSL. As of June 30, 2024, the OAL had reserve fund deposits with MUSL of $2.0 million. MUSL does not maintain prize reserves funds for Lucky for Life®.

A copy of the MUSL financial statements may be obtained by submitting a written request to MUSL, Attn: Bret Toyne, Executive Director or Shannon Underwood, Director of Finance, 8101 Birchwood Court, Suite R, Johnston, Iowa 50131.

The OAL's portion of the MUSL's games for the fiscal year ended June 30, 2024, is summarized in the table below (expressed in thousands):

	Operating Revenues	Prizes
Powerball®	$ 44,798	$ 21,300
Mega Millions®	28,448	13,541
Lucky for Life®	8,119	4,660

(22) Public-Public and Public-Private Partnership Arrangements

Southeast Arkansas College (the College) entered into a public-private partnership (PPP) agreement that is considered a service concession arrangement (SCA) with P3 SEARK Student Housing, LLC (the LLC). The agreement, which was entered into in FY2023, is for the purchase, renovation, and operation of a student housing facility in Pine Bluff, Arkansas. The facility was purchased, renovated, and placed into service in FY2024. The College has recorded the facility as an asset with a value of $6,153,042 and recorded a deferred inflow of $3,128,478. The term of the SCA is 10 years, with the deferred inflow being amortized from FY2024 – FY2033 to be recognized as service concession revenue. Housing revenue from students will not be recognized as revenue of the College but will be collected on behalf of and forwarded to the LLC. Operations of the student housing facility are paid for by the College. The LLC will take the collected housing revenues and subtract operating costs, debt service costs on the property, and a third-party management fee to determine net proceeds. These net proceeds will then be shared with the College in a 50/50 split, which the College will recognize as additional housing revenue. At the end of the term, the College has the option to purchase the facility for $10, and the College intends to exercise that option.

(23) Subsequent Events

Primary Government

Governmental Activities

Arkansas Department of Corrections

On October 31, 2024, Governor Sarah Huckabee Sanders, Arkansas Department of Corrections Secretary Lindsay Wallace, Arkansas Board of Corrections Chairman Benny Magness, and other state and local officials announced that the State of Arkansas purchased land in Charleston to build a new prison. The state purchased a secluded 815 acre property for $3.0 million. This parcel offers the infrastructure needed for a new prison, including cell reception, water lines, electricity, and a nearby fire department, and is also close to more than 100,000 workers who could staff the new facility. The property is large enough to offer privacy to both neighbors and inmates.

Arkansas Commissioner of State Lands

On November 15, 2024, the Legislative Council granted the commissioner of state lands request for a $4.0 million increase in spending authority to purchase a parcel of land and office building in West Little Rock suitable for housing the business office. The property and office building were purchased for $3.5 million on December 12, 2024.

Business-Type Activities

Arkansas Department of Finance and Administration – Office of Arkansas Lottery (OAL)

On August 14, 2024, the Arkansas Division of Higher Education (ADHE), refunded $4.8 million to the OAL. This amount was due to a refund of excess requested Lottery scholarship trust funds over scholarships issued. On October 10, 2024, a payment of $30.0 million was made from the Scholarship Trust Account to ADHE for the Academic Challenge Scholarship funding for the fall 2024 semester.

University of Arkansas System

On August 28, 2024, the University of Arkansas (the University) issued $29.8 million in Various Facility Revenue Bonds (Fayetteville Campus), Series 2024A, with an interest rate of 5%. Bond proceeds and premiums of $3.3 million were issued to finance costs of certain capital improvements on or for the Fayetteville Campus including, without limitation, (a) the renovation, acquisition, construction, furnishing, and equipping the Health, Physical Education, and Recreation Building; (b) the acquisition of property for expansion purposes and other purposes of the Fayetteville Campus; and (c) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for University of Arkansas, Fayetteville.

On August 28, 2024, the University issued $72.3 million in Various Facility Revenue Bonds (Fayetteville Campus), Refunding Series 2024B, with an interest rate between 4% and 5%. The proceeds of the Series 2024B Bonds premiums of $10.3 million were used to accomplish the current refunding of certain portions of the Invited Bonds that are validly tendered for purchase (the "Purchased Bonds") and to pay costs of issuance of the Series 2024B Bonds and costs of accomplishing the refunding and purchase of the Purchased Bonds. A total of $82.0 million was deposited into the Series 2024B Purchase Account used to purchase for a purchase price of $82.0 million for the tendered bonds. On the closing date, a transferred proceeds penalty associated with the Series 2021 Bonds of $87,000 was remitted to the IRS. The combined refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $7.3 million. This difference will be amortized through the fiscal year 2046. The university completed the refunding to reduce its total debt service payments over the next 22 years by $6.8 million and to obtain an economic gain of $4.5 million.

On September 12, 2024, the Board of Trustees of the University of Arkansas issued the Refunding Series 2024 Revenue Bonds (the 2024 Bonds) on behalf of the University of Arkansas at Fort Smith (UAFS). The 2024 Bonds consist of Student Fee Revenue Bonds in the original amount of $7.2 million, with a premium of $870,942, which bear interest at 5%. The 2024 Bonds are payable in annual installments through June 2039. Proceeds from the issuance of the bonds were used to current refund Student Fee Revenue Bonds, Series 2014B.

On October 22, 2024, the Board of Trustees of the University of Arkansas issued the Refunding Series 2024 Revenue Bonds (the 2024 Bonds) on behalf of the University of Arkansas Community College at Morrilton (UACCM). The 2024 Bonds consist of Student Fee Revenue Bonds in the original amount of $10.2 million, with a premium of $937,280, which bear interest at 5%. The 2024 Bonds are payable in annual installments through May 2046. Proceeds from the issuance of the bonds will be used to finance certain capital improvements, fund capitalized interest, and pay costs of issuance.

Arkansas State University System

On June 28, 2024, the Arkansas State University System (ASU System) entered into a subscription-based information technology arrangement (SBITA) with Ellucian for cloud software and support. The SBITA is for all campuses of the ASU System. The SBITA began on July 1, 2024, and ends on June 30, 2029. The amount of the SBITA is $4.1 million with an interest rate of 8.50%.

On June 28, 2024, the ASU System entered into a SBITA with Ellucian for managed cloud services. The SBITA is for all campuses of the ASU System. The SBITA began on July 1, 2024, and ends on June 30, 2027. The amount of the SBITA is $1.7 million with an interest rate of 8.50%.

On September 1, 2024, the ASU System entered into a loan agreement with the Arkansas Department of Higher Education for critical and deferred maintenance. The loan is made through the College Savings Bond Revolving Loan Fund. The funds can be used by any campus in the ASU System. The amount of the loan is $2.9 million with an interest rate of 0.20%. The term of the loan is ten years with annual payments commencing on September 1, 2025.

On July 30, 2024, the ASU System entered into a SBITA with Dell (Jonesboro Campus). The SBITA provides for server monitoring and management. The SBITA began August 1, 2024, and ends on July 31, 2029, with payments commencing August 1, 2024. The amount of the SBITA is $1.7 million with an interest rate of 4.79%.

On August 30, 2024, the ASU System entered into a loan agreement with the Arkansas Department of Finance and Administration-Division of Building Authority for roof replacements (Jonesboro Campus). The amount of the loan is $2.9 million with an interest rate of 0%. The term of the loan is ten years with semi-annual payments commencing on January 1, 2025.

On September 19, 2024, the Board of Trustees authorized the ASU System to begin the process of issuing student fee revenue bonds for the construction of the College of Veterinary Medicine (Jonesboro Campus). The aggregate principal amount of the bonds will be approximately $30.0 million, and the term of the bonds is not expected to exceed thirty (30) years. The anticipated average interest rate of the bonds will be 5.50% and the average annual debt service on the bonds will be approximately $2.0 million. Construction of the College of Veterinary Medicine is expected to begin in April 2025 and be completed in June 2026 for the Fall 2026 term.

On September 19, 2024, the Board of Trustees authorized the ASU System to purchase equipment to be utilized in the creation of the Center for Advanced Materials and Steel Manufacturing (Jonesboro Campus). The purchase of this equipment will enable the University to support future initiatives in advanced materials and steel manufacturing. The capital project, which is estimated to total $10.0 million, will be funded entirely through federal grant funds.

On September 19, 2024, the Board of Trustees authorized the ASU System to begin renovation of the North Park Plaza (Jonesboro Campus). The University has received funding from a $4.8 million federal grant through the Arkansas Department of Human Services. The remodeling of North Park Plaza will allow the University to provide services related to this grant.

On July 3, 2024, construction documents were signed with Clark Contractors in the amount of $7.4 million for the construction of a new nursing building (Three Rivers Campus). Funding for the building is from an $8.0 million federal grant from the U.S. Department of Health and Human Services.

Black River Technical College

Black River Technical College (BRTC) signed a contract effective January 15, 2024, with Brackett Krennerich & Associates, PA, to design and oversee the construction of the Law Enforcement Training Academy Barracks on the Pocahontas campus. On September 30, 2024, the college signed the construction contract for the Barracks in the amount of $4.4 million with Clark General Contractors, Inc., and notice to proceed was given. The architect fee is 6.5% of construction. Construction is estimated to be complete by December 2025. BRTC has a federal grant through the state of Arkansas for $4.7 million in State & Local Fiscal Recovery Funds through the American Rescue Plan Act for the construction and furnishing of the Barracks.

Arkansas Tech University

On August 29, 2024, the University was authorized to issue $10.1 million in student fee revenue bonds. The issue, referred to as Student Fee Revenue Bond, Series 2024A is for the purpose of capital improvements. The term of the bonds is 15 years with an interest rate of 4.14%. Only interest shall be due for approximately 12 months, making the first principal due September 1, 2025. The bond issue costs of $148,999 were expensed in fiscal year 2025. The bond proceeds of $9.9 million were deposited into the construction fund in fiscal year 2025.

Component Units

Arkansas Development Finance Authority

On September 24, 2024, The Authority issued 2024 Series C Bonds for $50.0 million at rates ranging between 3.2% - 5% with a premium of $919,000 and maturing on January 1, 2055. The proceeds from these bonds will be used to fund loans with mortgage interest rates ranging from 5.50% - 5.875%.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Arkansas Judicial Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 8,578	$ 8,102	$ 8,053	$ 7,197	$ 7,096	$ 6,919	$ 6,927	$ 7,221	$ 7,230	$ 5,342
Interest	18,988	18,132	17,515	16,823	16,175	15,878	15,379	16,121	15,770	14,883
Differences between expected and actual experience	(5,897)	6,858	(37)	3,798	2,340	(4,482)	(744)	(3,463)	(5,184)	12,970
Changes of assumptions			16,745					2,369		24,290
Benefit payments	(18,108)	(17,412)	(17,060)	(15,310)	(13,441)	(12,980)	(12,769)	(12,310)	(12,007)	(10,763)
Refunds				(48)	(6)	(22)		(78)	(1)	(14)
Net changes in total pension liability	3,561	15,680	25,216	12,460	12,164	5,313	8,793	9,860	5,808	46,708
Total pension liability - beginning	350,008	334,328	309,112	296,652	284,488	279,175	270,382	260,522	254,714	208,006
Total pension liability - ending (a)	$ 353,569	$ 350,008	$ 334,328	$ 309,112	$ 296,652	$ 284,488	$ 279,175	$ 270,382	$ 260,522	$ 254,714
Plan Fiduciary Net Position										
Employer contributions	$ 10,267	$ 8,231	$ 8,964	$ 8,210	$ 8,573	$ 8,234	$ 8,421	$ 8,486	$ 5,561	$ 5,690
Employee contributions	1,308	1,268	1,301	1,117	1,138	988	1,016	1,063	1,011	946
Net investment income	33,278	19,324	(43,074)	72,229	17,434	14,656	19,162	28,044	(1,744)	9,972
Benefit payments	(18,108)	(17,412)	(17,060)	(15,310)	(13,441)	(12,980)	(12,769)	(12,310)	(12,007)	(10,763)
Refunds				(49)	(6)	(22)		(79)	(1)	(14)
Administrative expense	(150)	(171)	(164)	(145)	(142)	(147)	(142)	(169)	(159)	(138)
Other					1	42				
Net change in plan fiduciary net position	26,595	11,240	(50,033)	66,052	13,557	10,771	15,688	25,035	(7,339)	5,693
Plan fiduciary net position - beginning	308,095	296,855	346,888	280,836	267,279	256,508	240,820	215,785	223,124	217,431
Plan fiduciary net position - ending (b)	$ 334,690	$ 308,095	$ 296,855	$ 346,888	$ 280,836	$ 267,279	$ 256,508	$ 240,820	$ 215,785	$ 223,124
State's net pension liability - ending (a-b)	$ 18,879	$ 41,913	$ 37,473	$ (37,776)	$ 15,816	$ 17,209	$ 22,667	$ 29,562	$ 44,737	$ 31,590
Plan fiduciary net position as a percentage of total pension liability	94.66%	88.03%	88.79%	112.22%	94.67%	93.95%	91.88%	89.07%	82.83%	87.60%
Covered payroll	$ 28,123	$ 27,529	$ 26,259	$ 25,479	$ 24,586	$ 23,603	$ 23,435	$ 22,918	$ 22,308	$ 22,308
Net pension liability as percentage of covered payroll	67.13%	152.25%	142.71%	(148.26%)	64.33%	72.91%	96.72%	128.99%	200.54%	141.61%

Required Supplementary Information
Arkansas State Police Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 9,796	$ 7,156	$ 7,194	$ 6,536	$ 5,861	$ 6,691	$ 6,577	$ 5,474	$ 5,488	$ 6,102
Interest	37,841	35,099	34,673	33,333	31,967	31,300	30,678	30,323	29,470	29,219
Benefit changes				9,590	998					
Differences between expected and actual experience	6,451	24,740	(4,037)	(2,821)	7,544	(1,805)	467	(3,053)	1,757	(3,107)
Changes of assumptions		14,370 (2)					(4,529)	15,875		8,703
Benefit payments	(31,411)	(34,561)	(29,150)	(27,294)	(27,934)	(24,930)	(24,185)	(24,632)	(26,035)	(23,359)
Net changes in total pension liability	22,677	46,804 (2)	8,680	19,344	18,436	11,256	9,008	23,987	10,680	17,558
Total pension liability - beginning	551,398	504,594	495,914	476,570	458,134	446,878	437,870	413,883	403,203	385,645
Total pension liability - ending (a)	$ 574,075	$ 551,398 (2)	$ 504,594	$ 495,914	$ 476,570	$ 458,134	$ 446,878	$ 437,870	$ 413,883	$ 403,203
Plan Fiduciary Net Position										
Employer contributions	$ 29,586	$ 23,989	$ 22,694	$ 22,784	$ 21,873	$ 21,254	$ 21,004	$ 19,961	$ 19,713	$ 19,784
Employee contributions										95
Net investment income	39,222	31,211	(46,248)	101,415	6,701	17,031	28,823	31,484	(210)	6,132
Benefit payments	(31,411)	(34,561)	(29,150)	(27,294)	(27,934)	(24,930)	(24,185)	(24,632)	(26,035)	(23,359)
Administrative expense	(227)	(244)	(230)	(215)	(195)	(554)	(229)	(208)	(206)	(196)
Net change in plan fiduciary net position	37,170	20,395	(52,934)	96,690	445	12,801	25,413	26,605	(6,738)	2,456
Plan fiduciary net position - beginning	402,335	381,940	434,874	338,184	337,739	324,938	299,525	272,920	279,658	277,202
Plan fiduciary net position - ending (b)	$ 439,505	$ 402,335	$ 381,940	$ 434,874	$ 338,184	$ 337,739	$ 324,938	$ 299,525	$ 272,920	$ 279,658
State's net pension liability - ending (a-b)	$ 134,570	$ 149,063 (2)	$ 122,654	$ 61,040	$ 138,386	$ 120,395	$ 121,940	$ 138,345	$ 140,963	$ 123,545
Plan fiduciary net position as a percentage of total pension liability	76.56%	72.97%	75.69%	87.69%	70.96%	73.72%	72.71%	68.41%	65.94%	69.36%
Covered payroll (1)	$ 42,913	$ 37,711	$ 32,757	$ 33,585	$ 33,311	$ 30,288	$ 29,593	$ 29,077	$ 29,449	$ 29,929
Net pension liability as a percentage of covered payroll	313.59%	395.28%	374.44%	181.75%	415.44%	397.50%	412.06%	475.79%	478.67%	412.79%

(1) In 2017 and thereafter, actual Deferred Retirement Option Participant (DROP) pays were used. In 2015 and 2016, an estimate of average annual payroll for DROP participants of $75,000 and $67,241, respectively, was used.

(2) Restated due to rounding.

Required Supplementary Information
Arkansas State Highway Employees Retirement System
Schedule of Changes in the State's Net Pension Liability and Related Ratios
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 19,679	$ 19,372 (3)	$ 20,916	$ 19,569	$ 19,699	$ 23,601	$ 42,816	$ 18,935	$ 18,413	$ 16,863
Interest	133,014	129,721	133,729	127,936	128,527	113,809	110,544	126,829	115,441	112,962
Benefit changes			(21,617)		(21,399)		(101,042)			
Differences between expected and actual experience	26,321	24,531	(33,301)	(8,753)	26,324	49,165	(31,507)	20,926	20,791	
Changes of assumptions			(15,094)		(216,056)	(331,140)	(137,435)	790,990	91,941	
Benefit payments, including refunds of employee contributions	(131,809)	(127,935)	(125,737)	(122,790)	(119,412)	(115,747)	(111,905)	(106,756)	(102,246)	(95,455)
Net changes in total pension liability	47,205	45,689 (3)	(41,104)	15,962	(182,317)	(260,312)	(228,529)	850,924	144,340	34,370
Total pension liability - beginning	1,829,589	1,783,900	1,825,004	1,809,042	1,991,359	2,251,671	2,480,200	1,629,276	1,484,936	1,450,566
Total pension liability - ending (a)	$ 1,876,794	$ 1,829,589 (3)	$ 1,783,900	$ 1,825,004	$ 1,809,042	$ 1,991,359	$ 2,251,671	$ 2,480,200	$ 1,629,276	$ 1,484,936
Plan Fiduciary Net Position										
Employer contributions	$ 29,712	$ 27,993	$ 24,092	$ 23,209	$ 19,282	$ 19,294	$ 19,175	$ 19,232	$ 19,059	$ 18,615
Employee contributions	12,689	11,935	11,428	10,265	9,250	9,164	9,144	9,379	9,138	8,884
Net investment income	125,318	(158,126)	398,243	110,542	4,559	205,498	133,168	(60,344)	25,384	234,209
Benefit payments, including refunds of employee contributions	(131,809)	(127,936)	(125,737)	(122,790)	(119,412)	(115,748)	(111,905)	(106,756)	(102,246)	(95,455)
Administrative expense	(146)	(122) (3)	(106)	(129)	(75)	(56)	(130)	(118)	(91)	(43)
Net change in plan fiduciary net position	35,764	(246,256) (3)	307,920	21,097	(86,396)	118,152	49,452	(138,607)	(48,756)	166,210
Plan fiduciary net position - beginning	1,468,838	1,715,094	1,407,174	1,386,077	1,472,473	1,354,321	1,304,869	1,443,476	1,492,232	1,326,022
Plan fiduciary net position - ending (b)	$ 1,504,602	$ 1,468,838 (3)	$ 1,715,094	$ 1,407,174	$ 1,386,077	$ 1,472,473	$ 1,354,321	$ 1,304,869	$ 1,443,476	$ 1,492,232
State's net pension liability - ending (a-b)	$ 372,192	$ 360,751 (3)	$ 68,806	$ 417,830	$ 422,965	$ 518,886	$ 897,350	$ 1,175,331	$ 185,800	$ (7,296)
Plan fiduciary net position as a percentage of total pension liability	80.17%	80.28%	96.14%	77.11%	76.62%	73.94%	60.15%	52.61%	88.60%	100.49%
Covered payroll (2)	$ 199,408	$ 187,870	$ 159,568	$ 149,977	$ 146,461	$ 148,528	$ 141,155	$ 141,906	$ 140,544	$ 137,262
Net pension liability as a percentage of covered payroll	186.65%	192.02%	43.12%	278.60%	288.79%	349.35%	635.72%	828.24%	132.20%	(5.32)%

(1) Measurement date is as of the State's prior fiscal year-end date.

(2) Beginning with 2022, the covered payroll amount increased for the additional salaries for those on DROP that now have an employer contribution applied. During fiscal years 2019 through 2022, the covered payroll is the payroll on which contributions to a pension plan are based. Prior to fiscal year 2019, the covered payroll is the reported salary for active members (who are not in the DROP) as of the measurement date. If the reported salary was for a period of less than 12 months, then it has been annualized.

(3) Restated due to rounding.

Required Supplementary Information
Arkansas Judicial Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined	$ 10,267	$ 8,231	$ 8,963	$ 8,210	$ 8,573	$ 8,234	$ 8,421	$ 8,485	$ 5,561	$ 5,690
Contributions in relation to the actuarially determined contribution	10,267	8,231	8,963	8,210	8,573	8,234	8,421	8,485	5,561	5,690
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 28,123	$ 27,529	$ 26,259	$ 25,479	$ 24,586	$ 23,603	$ 23,435	$ 22,918	$ 22,308	$ 22,308
Contributions as a percentage	36.51%	29.90%	34.13%	32.22%	34.87%	34.89%	35.93%	37.02%	24.93%	25.51%

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple periods of 10-20 years
Asset valuation method	4-year smoothed market, 25% corridor
Inflation	2.50% price inflation
Salary increases	3.25%
Investment rate of return	5.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	PubG-2010 mortality tables, adjusted for mortality improvement back to the observation period base year of 2010, and using the MP-2021 improvement scale.

Required Supplementary Information
Arkansas State Police Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined	$ 24,300	$ 18,300	$ 15,900	$ 16,700	$ 16,900	$ 15,600	$ 15,200 (2)	$ 14,100	$ 14,300	$ 14,200
Contributions in relation to the actuarially determined contribution	29,600	24,000	22,700	22,800	21,900	21,300	21,000	20,000	19,700	19,800
Contribution deficiency (excess)	$ (5,300)	$ (5,700)	$ (6,800)	$ (6,100)	$ (5,000)	$ (5,700)	$ (5,800) (2)	$ (5,900)	$ (5,400)	$ (5,600)
Covered payroll (1)	$ 42,900	$ 37,700	$ 32,800	$ 33,600	$ 33,300	$ 30,300	$ 30,000	$ 29,100	$ 29,400	$ 29,900
Contributions as a percentage	69.00%	63.66%	69.21%	67.86%	65.77%	70.30%	70.00%	68.73%	67.01%	66.22%

(1) In 2017 and thereafter, actual Deferred Retirement Option Participant (DROP) pays were used. In 2015 and 2016, an estimate of average annual payroll for DROP participants of $75,000 and $67,241, respectively, was used.
(2) Restated to match actuary.

Valuation date:
Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	4-year smoothed market
Inflation	2.50% price inflation
Salary increases	4.05% to 8.25% including inflation
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Based on PubS-2010 Healthy Annuitant benefit weighted generational morality table for males and females. Mortality rates are multiplied by 114% for males and 108% for females and are adjusted for future mortality improvements using Scale MP-2021.

Required Supplementary Information
Arkansas State Highway Employees Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018		2017	2016	2015
Statutorily determined contribution	$ 31,353	$ 27,957	$ 23,578	$ 24,092	$ 23,209	$ 19,282	$ 19,294		$ 19,175	$ 19,232	$ 19,059
Contributions in relation to the actuarially determined contribution	31,269	29,712	27,993	24,092	23,209	19,282	19,294		19,175	19,232	19,059
Contribution deficiency (excess)	$ 84	$ (1,755)	$ (4,415)	$ 0	$ 0	$ 0	$ 0		$ 0	$ 0	$ 0
Covered payroll (1)	$ 209,859	$ 199,408	$ 187,870	$ 159,568	$ 149,977	$ 146,461	$ 148,528	(2)	$ 141,155	$ 141,906	$ 140,544
Contributions as a percentage	14.90%	14.90%	14.90%	15.10%	15.47%	13.16%	12.99%	(2)	13.58%	13.55%	13.56%

(1) Beginning with 2022, the covered payroll amount increased for the additional salaries for those on DROP that now have an employer contribution applied. During fiscal years 2019 through 2022, the covered payroll is the payroll on which contributions to a pension plan are based. Prior to fiscal year 2019, the covered payroll is the reported salary for active members (who are not in the DROP) as of the measurement date. If the reported salary was for a period of less than 12 months, then it has been annualized.

(2) Restated to match actuary.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of salary
Remaining amortization period	Closed Layers, beginning at 18 years
Asset valuation method	4-year smoothed market
Inflation	2.50% price inflation
Salary increases	3.50% to 10.50% total payroll growth of 3.0%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	105% Pub-2010-G(B) with no setback scaled with MP-2020 for males and females.

Required Supplementary Information
Arkansas Public Employees Retirement System
Schedule of State's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset)	62.34%	62.65% (2)	64.89%	64.97%	65.48%	65.78%	65.68%	66.75%	67.27%	67.64%
State's proportionate share of the net pension liability (asset)	$ 1,816,653	$ 1,689,372	$ 498,876	$ 1,860,489	$ 1,579,726	$ 1,451,086	$ 1,697,154	$ 1,596,332	$ 1,238,862	$ 959,763
State's covered payroll	$ 1,254,501	$ 1,189,456	$ 1,138,768	$ 1,162,671	$ 1,196,492	$ 1,179,811	$ 1,101,174	$ 1,125,557	$ 1,112,250	$ 1,105,688
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	144.81%	142.03%	43.81%	160.02%	132.03%	122.99%	154.12%	141.83%	111.38%	86.80%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

(1) The amounts presented for each fiscal year were determined as of the prior fiscal year-end.
(2) Restated.

Required Supplementary Information
Arkansas Teachers Retirement System
Schedule of State's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (1)
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset)	2.76%	2.80%	2.94%	3.24%	3.44%	3.60%	3.79%	3.96%	4.14%	4.29%
State's proportionate share of the net pension liability (asset)	$ 143,426	$ 147,670	$ 81,442	$ 183,496	$ 143,543	$ 130,937	$ 159,385	$ 174,692	$ 134,997	$ 112,517
State's covered payroll	$ 94,552	$ 95,180	$ 95,566	$ 99,701	$ 106,771	$ 109,372	$ 111,173	$ 115,753 (2)	$ 119,107	$ 121,357
State's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	151.69%	155.15%	85.22%	184.05%	134.44%	119.72%	143.37%	150.92%	113.34%	92.72%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

(1) The amounts presented for each fiscal year were determined as of the prior fiscal year-end.
(2) Restated to match actuary.

Required Supplementary Information
Arkansas Public Employees Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily determined contribution	$ 213,197	$ 204,709	$ 200,732	$ 199,257	$ 193,899	$ 191,079	$ 180,533	$ 170,844	$ 174,479	$ 175,750
Contributions in relation to the statutorily determined contribution	213,197	204,709	200,732	199,257	193,899	191,079	180,533	170,844	174,479	175,750
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 1,253,552	$ 1,254,501	$ 1,189,456 (1)	$ 1,138,768 (1)	$ 1,162,671 (1)	$ 1,196,492 (1)	$ 1,179,811 (1)	$ 1,101,174	$ 1,125,557 (1)	$ 1,112,250 (1)
Contributions as a percentage of covered payroll	17.01%	16.32%	16.88%	17.50%	16.68%	15.97%	15.30%	15.51%	15.50%	15.80%

(1) Restated to match actuary.

Required Supplementary Information
Arkansas Teachers Retirement System
Schedule of State Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily determined contribution	$ 13,594	$ 14,803	$ 14,113	$ 14,295	$ 14,448	$ 14,876	$ 15,213	$ 15,619	$ 16,337	$ 17,118
Contributions in relation to the statutorily determined contribution	13,594	14,803	14,113	14,295	14,448	14,876	15,213	15,619	16,337	17,118
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 87,769	$ 94,552	$ 95,180 (1)	$ 95,566 (1)	$ 99,701 (1)	$ 106,771 (1)	$ 109,372	$ 111,173	$ 115,753 (1)	$ 119,107 (1)
Contributions as a percentage of covered payroll	15.49%	15.66%	14.83%	14.96%	14.49%	13.93%	13.91%	14.05%	14.11%	14.37%

(1) Restated to match actuary.

Required Supplementary Information
Schedule of Expenditures – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2024
(Expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget – Positive
	Original	Final	Amounts	(Negative)
Expenditures (1)				
Current:				
Commerce	$ 674,446	$ 971,740	$ 504,692	$ 467,048
Education	5,783,124	6,671,180	4,960,890	1,710,290
General government	3,054,987	3,226,399	2,604,339	622,060
Health and human services	11,703,231	11,989,575	10,618,844	1,370,731
Law, justice, and public safety	1,249,656	1,613,929	1,235,473	378,456
Recreation and tourism	399,202	471,745	293,661	178,084
Regulation of business and professionals	38,629	38,924	30,104	8,820
Resource development	403,220	918,317	303,072	615,245
Transportation	854,505	1,375,606	646,976	728,630
Capital outlay	2,085,039	2,745,601	1,386,316	1,359,285
Debt service	141,502	149,660	132,073	17,587
Total expenditures	$ 26,387,541	$ 30,172,676	$ 22,716,440	$ 7,456,236

(1) Expenditures are appropriated; amounts blocked determine available budget. Blocking is revised quarterly to match the forecast revisions of available resources. Expenditures may not exceed the lesser of budget or resources available.

See Notes to Schedule of Expenditures – Budget and Actual on next page.

Required Supplementary Information
Notes to Schedule of Expenditures – Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2024

(a) Budgetary Basis of Accounting

The State's budget is adopted in accordance with a statutory cash basis of accounting, which is not in accordance with GAAP. Revenues are recognized when cash is received and deposited in the State Treasury or reported to the Department of Finance and Administration (DFA). Expenditures are recorded when cash is disbursed. If goods or services are not received before year-end, all encumbrances lapse, except those appropriations for multi-year projects.

(b) Budgetary Basis Reporting – Budgetary Process

State finance law requires that a balanced line item expenditure budget be approved by the Governor and the General Assembly. The Governor presents an annual budget to the General Assembly. The General Assembly, which has full authority to amend the budget, adopts a line item expenditure budget by appropriating monies in annual appropriation acts. Before signing the appropriation act, the Governor may veto any specific item, subject to legislative override.

The original appropriation may be adjusted by several items subsequent to the appropriation act. The adjustment items may be supplemental appropriations or subsequent legislative acts, revisions to the forecast of available resources, restrictions on spending by Executive Order, and carryforward provisions.

The State does not adopt a revenue budget but does monitor the available resources and forecast of available resources and makes appropriate revisions to the line item expenditure budget based on such forecasts. These forecasts are adjusted quarterly to reflect actual receipts of resources.

The General Assembly also must enact legislation pursuant to the Revenue Stabilization Law (the Stabilization Law) to provide an allotment process of funding line item expenditure appropriations in order to comply with the State law prohibiting deficit spending. The Governor may restrict spending to a level below appropriation amounts. The State uses specific funds (i.e., general and special revenue allotment accounts) for receipt and distribution of revenues. Pursuant to the Stabilization Law, all general revenue receipts are deposited in the General Revenue Allotment Account. From the General Revenue Allotment Account, 3% of all revenues are distributed to the Constitutional Officers Fund and the Central Services Fund to provide support for the State's elected constitutional offices (legislators, executive department, and judges), their staffs, and DFA. The balance, net of income tax refunds, court settlement arrangements, etc., is then distributed to separate funds proportionately as established by the Stabilization Law. Special revenues are deposited into the Special Revenue Allotment Account from which 3% of revenues collected by DFA and 1.5% of all special revenues collected by other agencies are first distributed to support the State's elected officials, their staffs, and DFA. The balance is then distributed to the funds for which the special revenues were collected as provided by law. Special revenues, which are primarily user taxes, are generally earmarked for the program or agency providing the related service.

General revenues are transferred into funds established and maintained by the Treasurer for major programs and agencies of the State in accordance with the General Revenue Allotment Account funding priorities established by the General Assembly.

Pursuant to the Stabilization Law, the General Assembly established three levels of priority for general revenue spending levels: "A," "A1," and "B." Successive levels of appropriations are funded only in the event sufficient revenues have been generated to fully fund any prior level. Accordingly, appropriations made to programs and agencies are only maximum authorizations to spend. Actual expenditures are limited to the lesser of monies flowing into programs or agencies' funds maintained by the Treasurer or the maximum appropriation by the General Assembly.

The majority of the State's appropriations are noncontinuing accounts that lapse at the end of each fiscal year. Others are continuing accounts for which the General Assembly has authorized that an unspent balance from the prior year be carried forward and made available for current spending. In addition, the General Assembly may direct that certain revenues be retained and made available for spending within a specific appropriation account.

The rate of spending of appropriations is controlled by DFA, which utilizes quarterly allotments that restrict spending to a certain percentage of the annual appropriation. The percentage is established to coincide with the expected actual rate of revenue collections, thereby ensuring adequate cash flow throughout the year. The funded portion of the quarterly allotment is then made available for expenditure, and the remainder is blocked.

DFA has the responsibility to ensure that budgetary spending control is maintained on an individual appropriation classification basis. Appropriation classifications are subdivisions of appropriations, define the purposes for which the appropriation can be used, and restrict the amount of expenditures for the various classifications to amounts established in the appropriation acts. Appropriation classifications may include regular salaries, extra help, overtime, maintenance and general operation, personal services matching, conference and travel expenses, professional fees, capital outlay, data processing, grants assistance and special aid, construction and permanent improvements, and other special classifications. Budgetary control is maintained through the Arkansas Administrative Statewide Information System (AASIS). AASIS ensures that expenditures are not processed if they exceed the appropriation classification total available spending authorization, which is considered its budget. Generally, expenditures may not exceed the level of spending authorized. However, Arkansas law authorizes DFA to transfer specific holding appropriations when other sources of funding are received, such as a federal grant.

Budget is controlled at the appropriation line item (commitment item) within the appropriation act, which is the legal level of budgetary control. For financial reporting, the State groups these appropriation account categories by function to conform to its organizational structure. The separately issued Budget Compliance Report tracks budget compliance at the appropriation and commitment item level and can be obtained at this web address:

https://www.dfa.arkansas.gov/office/accounting/annual-comprehensive-financial-report-acfr/

The following is a reconciliation of GAAP basis expenditures presented in the financial statements to the statutory cash basis expenditures of the General Fund (expressed in thousands):

Total GAAP basis expenditures General Fund	$ 22,159,960
Less non-cash expenditures	(605,863)
Less non-appropriated expenditures	(9,253,888)
Plus expenditures eliminated or reclassed as transfers for reporting purposes	9,100,449
Plus refunds treated as reduction of revenue for financial statements purposes	71,420
Plus basis of accounting differences	1,244,362
Total statutory cash basis expenditures General Fund	$ 22,716,440

Required Supplementary Information
Ten-Year Claims Development Information (1)
Employee Benefits Division – Public School Employee Health and Life Benefit Plan

	2024	2023	2022	2021
Premium and investment revenues:				
Premium income	$ 423,130,385	$ 435,475,198	$ 421,223,328	$ 353,861,571
Investment interest income	13,182,664	6,508,936	197,671	236,842
Totals	$ 436,313,049	$ 441,984,134	$ 421,420,999	$ 354,098,413
Unallocated expenses:				
Operating costs	$ 9,514,030	$ 4,684,985	$ 4,113,182	$ 3,064,078
Estimated incurred claims and expenses, end of fiscal year	$ 417,482,000	$ 374,955,000 (3)	$ 366,544,000 (3)	$ 360,153,000 (3)
Paid (cumulative) claims and claims adjustment expenses:				
End of fiscal year	409,971,000	374,988,000 (3)	330,691,000 (3)	347,608,000
One year later		375,017,000	368,371,000 (3)	355,764,000
Two years later			370,720,000	355,921,000
Re-estimated incurred claims and expenses (2):				
End of fiscal year	417,482,000	374,037,000	365,994,000	360,212,000
One year later		374,037,000	365,994,000	360,212,000
Two years later			365,994,000	360,212,000
Increase (decrease) in estimated incurred claims and expense from end of policy year	0	0	0	0
Increase (decrease) in net incurred claims and claim adjustment expenses from original estimate	0	0	0	0
Number of plan participants	65,384	66,008	65,829	64,859

(1) Government Accounting Standards Board Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Activities, as amended, requires certain disclosures for public entity risk pools. This schedule provides 10-year claim development information for the program as described by GASB Statement No. 10, as amended.

(2) Because the Public School Employee Health and Life Benefit Plan is not restating Claims IBNR each year, the re-estimated incurred claims and expenses remain the original estimate.

(3) Restated.

2020	2019	2018	2017	2016	2015
325,116,026	314,954,651	309,752,545	305,452,670	301,501,278	301,894,264
2,169,178	3,380,809	2,525,713	1,167,240	292,270	181,804
327,285,204	318,335,460	312,278,258	306,619,910	301,793,548	302,076,068
6,747,838	6,683,244	8,668,569	9,037,550	10,579,867	11,658,122
324,983,000 (3)	281,668,000	271,486,000	241,903,000	253,985,000	234,202,000
296,386,000	282,668,000	269,586,000	245,903,000	252,285,000	234,202,000
322,132,000	290,217,000	271,399,761	241,802,196	253,882,147	234,066,260
321,802,000	300,166,000	271,401,376	241,874,673	253,952,179	234,171,258
325,031,000	281,668,000	271,486,000	241,903,000	253,985,000	234,202,000
325,031,000	281,668,000	271,486,000	241,903,000	253,985,000	234,202,000
325,031,000	281,668,000	271,486,000	241,903,000	253,985,000	234,202,000
0	0	0	0	0	0
0	0	0	0	0	0
63,874	62,416	60,929	59,388	58,181	57,879

Required Supplementary Information
Ten-Year Claims Development Information (1)
Workers' Compensation Commission – Death and Permanent Total Disability Trust Fund

	2024	2023	2022	2021
Premium and investment revenues:				
Premium income	$ 8,281,066	$ 6,737,745	$ 6,351,840	$ 8,078,777
Investment interest income	3,135,974	2,556,071	292,487	541,557
Totals	$ 11,417,040	$ 9,293,816	$ 6,644,327	$ 8,620,334
Unallocated expenses:				
Operating costs (2)	$ 570,140	$ 597,890	$ 539,936	$ 533,765
Estimated incurred claims and expenses, end of fiscal year	$ 0	$ 0	$ 0	$ 0
Paid (cumulative) claims and claims adjustment expenses:				
End of fund year	0	0	0	0
One year later		0	0	0
Two years later			0	0
Three years later				0
Four years later				
Five years later				
Six years later				
Seven years later				
Eight years later				
Nine years later				
Re-estimated incurred claims and expenses:				
End of fund year	0	0	0	0
One year later		0	0	0
Two years later			0	0
Three years later				0
Four years later				
Five years later				
Six years later				
Seven years later				
Eight years later				
Nine years later				
Increase (decrease) in estimated incurred claims and expense from end of policy year (3)	0	0	0	0
Number of fund participants receiving benefits at end of year	1,020	1,066	1,093	1,145

(1) Government Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Activities*, as amended, requires disclosures for public entity risk pools. This schedule provides 10-year claim development information for the program as described by GASB Statement No. 10, as amended.
(2) The amounts reflected as operating costs of the program for the respective years that were paid from the Workers' Compensation Trust Fund.
(3) Restated

2020	2019	2018	2017	2016	2015
$ 8,094,866	$ 8,655,652	$ 9,753,376	$ 10,074,701	$ 9,519,983	$ 8,642,283
1,593,050	3,710,195	1,333,563	1,395,741	718,453	515,618
$ 9,687,916	$ 12,365,847	$ 11,086,939	$ 11,470,442	$ 10,238,436	$ 9,157,901
$ 575,733	$ 595,682	$ 270,595	$ 277,340	$ 220,142	$ 227,326
$ 0	$ 6,937,646	$ 7,334,183	$ 7,334,041	$ 6,864,888	$ 6,706,673
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
	0	0	0	0	0
		38,244	45,312	35,336	46,870
			176,424	174,922	219,828
				368,883	436,656
					715,649
0	4,183,068	2,940,203	1,242,119	2,754,013	2,600,334
0	4,075,961	6,254,793	2,260,839	4,978,108	4,457,931
0	3,017,823	6,939,375	1,272,953	5,441,589	4,575,545
0	3,322,879	6,205,123	1,468,021	5,459,593	4,561,986
0	4,327,734	5,904,938	2,803,102	5,206,901	4,713,597
	4,308,607	5,344,323	3,329,015	4,593,743	4,539,697
		5,792,777	4,733,730	5,489,251	4,305,358
			5,202,074	5,121,901	5,554,371
				4,412,378	5,755,207
					5,604,199
0	(2,629,039)	(1,541,406)	(2,131,967)	(2,452,510)	(1,102,474)
1,188	1,235	1,265	1,333	1,369	1,403

Required Supplementary Information
Other Postemployment Benefits
Ten -Year Schedule of Changes in Total OPEB Liability and Related Ratios
(Expressed in thousands)

Plan		Fiscal Year	Service Cost	Interest Cost	Change of Benefit Terms	Difference Between Expected and Actual Experience	Changes in Assumptions and Other Inputs
Governmental Activities							
Arkansas State Police		2024	$ 6,756	$ 8,275	$	$	$ (2,911)
		2023	5,938	7,467		2,256	5,940
		2022	11,529	5,427			(76,310)
		2021	10,155	6,440		(10,179)	3,857
		2020	9,701	6,234			5,920
		2019	6,409	5,062		35,377	8,488
		2018	6,114	4,959			3,949
Arkansas Employee Benefits Plan		2024	49,641	46,128		66,516	(188,167)
		2023	53,325	45,715		23,256	(93,604)
	(2)	2022	129,793	57,538	(660,043)	(214,256)	(573,400)
	(2)	2021	123,540	55,967		7,308	(106,370)
		2020	70,390	68,690		(66,272)	628,240
	(3)	2019	66,616	78,141		12,982	(194,015)
	(2)	2018	69,996	73,092		(13,267)	(92,281)
Component Unit							
Arkansas Employee Benefits Plan		2024	82	76		110	(362)
		2023	90	77		39	(109)
		2022	214	95	(1,089)	(354)	(979)
		2021	206	93		12	(73)
		2020	114	112		(108)	1,140
		2019	104	122		20	(966)
		2018	132	137		(55)	(144)
Higher Education							
Arkansas Northeastern College		2024	37	33		189	(5)
		2023	37	31			(1)
		2022	42	16		117	(109)
		2021	39	18			20
		2020	31	16		77	48
		2019	29	16			7
		2018	29	17			5
Arkansas State University		2024	393	447		131	(796)
		2023	377	428		339	37
	(4)	2022	910	385	(2,986)	(1,221)	(2,518)
	(4)	2021	1,400	560	37	(823)	(5,355)
	(4)	2020	1,632	987	999	(10,181)	(636)
	(4)	2019	1,931	886	(322)	2,540	459
	(4)	2018	1,858	818		(569)	322
Arkansas Tech University		2024	396	240		(162)	(321)
		2023	539	173		(389)	(854)
		2022	641	207		(200)	(1,306)
		2021	566	312		(757)	937
		2020	557	332	(217)	(144)	475
		2019	691	333	(446)	(177)	(381)
		2018	655	331		(274)	(1,990)
Black River Technical College		2024	80	71		(270)	(7)
		2023	81	67			(4)
		2022	124	44		(197)	(253)
		2021	116	50			58
		2020	102	50		(8)	37
		2019	100	50			19
		2018	98	50			15
East Arkansas Community College		2024	51	32		(98)	(26)
		2023	49	30		(17)	(2)
		2022	56	18		35	(139)
		2021	52	20			24
		2020	42	17		91	25
		2019	41	17			8
		2018	40	16			6
		2017 to 2015 (1)					

(1) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 75 in fiscal year 2018. Information for the schedule was not available prior to this fiscal year.
(2) Restated to show reallocation of covered employee payroll between Arkansas Employee Benefit plan and National Park College plan.
(3) Restated to add National Park College.
(4) Restated to add Henderson State University.
Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for any of the plans above.

Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability Beginning	Total OPEB Liability Ending	Total OPEB Liability Proportionate Share	Covered Employee Payroll	Total OPEB Liability as a Percentage of Covered Employee Payroll
$ (4,254)	$ 7,866	$ 199,117	$ 206,983		$ 48,796	424.18%
(4,183)	17,418	181,699	199,117		47,315	420.83%
(4,290)	(63,644)	245,343	181,699		39,557	459.33%
(3,889)	6,384	238,959	245,343		38,931	630.20%
(3,011)	18,844	220,115	238,959		37,504	637.16%
(3,811)	51,525	168,590	220,115		35,433	621.21%
(3,614)	11,408	157,182	168,590		33,508	503.13%
(49,996)	(75,878)	1,238,739	1,162,861	99.84%	1,628,727	71.40%
(55,282)	(26,590)	1,265,329	1,238,739	99.83%	1,673,965	74.00%
(65,922)	(1,326,290)	2,591,619	1,265,329	99.84%	1,510,210	83.78%
(55,500)	24,945	2,566,674	2,591,619	99.83%	1,452,075	178.48%
(53,515)	647,533	1,919,141	2,566,674	99.84%	1,461,341	175.64%
(60,316)	(96,592)	2,015,733	1,919,141	99.84%	1,437,502	133.51%
(58,018)	(20,478)	2,036,211	2,015,733	99.81%	1,409,773	142.98%
(82)	(176)	2,091	1,915	0.16%	3,225	59.38%
(93)	4	2,087	2,091	0.17%	3,325	62.89%
(109)	(2,222)	4,309	2,087	0.16%	2,952	70.70%
(92)	146	4,163	4,309	0.17%	2,959	145.62%
(87)	1,171	2,992	4,163	0.16%	3,372	123.46%
(94)	(814)	3,806	2,992	0.16%	3,428	87.28%
(109)	(39)	3,845	3,806	0.19%	3,394	112.14%
(30)	224	800	1,024		7,952	12.88%
(33)	34	766	800		8,051	9.94%
(35)	31	735	766		7,755	9.88%
(41)	36	699	735		7,841	9.37%
(31)	141	558	699		8,188	8.54%
(46)	6	552	558		7,859	7.10%
(65)	(14)	566	552		8,382	6.59%
(1,110)	(935)	10,971	10,036		85,567	11.73%
(602)	579	10,392	10,971		98,300	11.16%
(474)	(5,904)	17,560	11,656		108,217	10.77%
(425)	(4,606)	22,166	17,560		139,336	12.60%
(304)	(7,503)	29,669	22,166		148,157	14.96%
(912)	4,582	25,087	29,669		139,541	21.26%
(1,097)	1,332	23,755	25,087		137,682	18.22%
(536)	(383)	6,648	6,265		41,924	14.94%
(577)	(1,108)	7,756	6,648		43,722	15.21%
(636)	(1,294)	9,050	7,756		48,650	15.94%
(700)	358	8,692	9,050		44,466	20.35%
(641)	362	8,330	8,692		45,450	19.12%
(691)	(671)	9,001	8,330		46,943	17.74%
(788)	(2,066)	11,067	9,001		43,684	20.60%
(69)	(195)	1,717	1,522		6,078	25.04%
(77)	67	1,650	1,717		5,606	30.63%
(82)	(364)	2,014	1,650		5,531	29.83%
(82)	142	1,872	2,014		6,862	29.35%
(76)	105	1,767	1,872		6,807	27.50%
(77)	92	1,675	1,767		6,832	25.86%
(66)	97	1,578	1,675		6,980	24.00%
(4)	(45)	753	708		6,394	11.07%
(43)	17	736	753		6,361	11.84%
(43)	(73)	809	736		5,887	12.50%
(40)	56	753	809		5,966	13.56%
(25)	150	603	753		6,450	11.67%
(21)	45	558	603		5,016	12.02%
(21)	41	517	558		6,613	8.44%

Continued on the following page

Required Supplementary Information
Other Postemployment Benefits
Ten -Year Schedule of Changes in Total OPEB Liability and Related Ratios
(Expressed in thousands)

Continued from previous page

Plan	Fiscal Year	Service Cost	Interest Cost	Change of Benefit Terms	Difference Between Expected and Actual Experience	Changes in Assumptions and Other Inputs
North Arkansas College	2024	$ 51	$ 52	$	$	$ (9)
	2023	48	50		(61)	(5)
	2022	65	29			(223)
	2021	45	28		130	75
	2020	44	27			12
	2019	22	18		219	101
	2018	21	18			8
National Park College	2024	41	21			(3)
	2023	51	27		(244)	8
	(2) 2022	67	15			(102)
	(2) 2021	27	14		106	26
	2020	34	13			3
	2019	43	20		(4)	(239)
	(2) 2018	42	20			7
Northwest Arkansas Community College	2024	98	52			(7)
	2023	77	50		(200)	95
	2022	100	28			(162)
	2021	59	35		(247)	71
	2020	58	34			15
	2019	53	33		(152)	173
	2018	52	32			15
Ozarka College	2024	40	34			(6)
	2023	38	33		22	(66)
	2022	51	19			(153)
	2021	40	22		(59)	49
	2020	39	21			10
	2019	36	21		(30)	29
	2018	35	20			10
South Arkansas Community College	2024	57	30			(5)
	2023	59	34		(110)	(53)
	2022	80	19			(132)
	2021	72	20		(4)	36
	2020	70	19			8
	2019	54	18		(21)	11
	2018	52	17			7
Southern Arkansas University - Technical Branch	2024	124	72		(499)	(7)
	2023	126	67			(4)
	2022	120	34		240	(290)
	2021	113	39			45
	2020	111	42		(211)	30
	2019	108	42			17
	2018	105	40			13
Southern Arkansas University	2024	249	104		388	(15)
	2023	273	94		620	(138)
	2022	338	65		(515)	(358)
	2021	296	63		(82)	33
	2020	240	86		(202)	302
	2019	156	56		545	(113)
	2018	160	60		(360)	(1)
University of Arkansas System Self-Funded Plan	2024	4,579	2,630		132	(713)
	2023	5,244	1,818		(4,434)	(9,569)
	2022	4,891	1,776		(971)	398
	2021	4,510	2,736	(10,108)	(2,196)	9,159
	2020	4,026	2,831		(3,244)	3,131
	2019	3,953	2,569	832	(3,266)	(691)
	2018	4,589	2,321			(13,905)
University of Central Arkansas	2024	287	149		(715)	(21)
	2023	233	115		286	(166)
	2022	313	83		(658)	(410)
	2021	326	81		(108)	42
	2020	255	106		(3)	369
	2019	204	86		407	(491)
	2018	198	85		(191)	
	2017 to 2015 (1)					

(1) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 75 in fiscal year 2018. Information for the schedule was not available prior to this fiscal year.
(2) Restated to show reallocation of covered employee payroll between Arkansas Employee Benefit plan and National Park College plan.
Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for any of the plans above.

Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability Beginning	Total OPEB Liability Ending	Total OPEB Liability Proportionate Share	Covered Employee Payroll	Total OPEB Liability as a Percentage of Covered Employee Payroll
$	$ 94	$ 1,221	$ 1,315		$ 7,866	16.72%
	32	1,189	1,221		7,890	15.48%
	(129)	1,318	1,189		7,234	16.44%
	278	1,040	1,318		7,384	17.85%
	83	957	1,040		7,188	14.47%
	360	597	957		6,815	14.04%
	47	550	597		6,955	8.58%
(4)	55	489	544		2,549	21.34%
(4)	(162)	651	489		2,852	17.15%
(4)	(24)	675	651		3,879	16.78%
(4)	169	506	675		4,291	15.73%
(13)	37	469	506		4,667	10.84%
(10)	(190)	659	469		4,115	11.40%
(20)	49	610	659		3,999	16.48%
	143	1,211	1,354		28,273	4.79%
	22	1,189	1,211		27,743	4.37%
	(34)	1,223	1,189		26,495	4.49%
	(82)	1,305	1,223		20,622	5.93%
	107	1,198	1,305		17,481	7.47%
	107	1,091	1,198		26,429	4.53%
	99	992	1,091		20,606	5.29%
(6)	62	803	865		4,792	18.05%
(5)	22	781	803		4,570	17.57%
	(83)	864	781		4,385	17.81%
	52	812	864		4,477	19.30%
	70	742	812		4,225	19.22%
(5)	51	691	742		4,144	17.91%
(13)	52	639	691		3,854	17.93%
(15)	67	713	780		3,823	20.40%
(18)	(88)	801	713		7,769	9.18%
(15)	(48)	849	801		6,885	11.63%
(9)	115	734	849		7,469	11.37%
(6)	91	643	734		7,956	9.23%
(12)	50	593	643		7,670	8.38%
(11)	65	528	593		7,786	7.62%
(55)	(365)	1,721	1,356		6,358	21.33%
(72)	117	1,604	1,721		6,428	26.77%
(67)	37	1,567	1,604		6,559	24.45%
(57)	140	1,427	1,567		6,203	25.26%
(37)	(65)	1,492	1,427		6,064	23.53%
(43)	124	1,368	1,492		5,923	25.19%
(37)	121	1,247	1,368		6,071	22.53%
(816)	(90)	2,611	2,521		22,478	11.22%
(1,001)	(152)	2,763	2,611		23,006	11.35%
(20)	(490)	3,253	2,763		24,239	11.40%
(2)	308	2,945	3,253		23,674	13.74%
(30)	396	2,549	2,945		23,902	12.32%
(30)	614	1,935	2,549		24,822	10.27%
(16)	(157)	2,092	1,935		23,815	8.13%
(2,189)	4,439	70,782	75,221		1,668,004	4.51%
(2,595)	(9,536)	80,318	70,782		1,592,376	4.45%
(2,379)	3,715	76,603	80,318		1,455,294	5.52%
(2,245)	1,856	74,747	76,603		1,351,363	5.67%
(2,180)	4,564	70,183	74,747		1,328,526	5.63%
(2,019)	1,378	68,805	70,183		1,309,045	5.36%
(2,109)	(9,104)	77,909	68,805		1,320,436	5.21%
(42)	(342)	3,790	3,448		81,779	4.22%
(68)	400	3,390	3,790		80,196	4.73%
(48)	(720)	4,110	3,390		77,894	4.35%
(65)	276	3,834	4,110		77,340	5.31%
(56)	671	3,163	3,834		78,963	4.86%
(50)	156	3,007	3,163		79,580	3.97%
(61)	31	2,976	3,007		82,107	3.66%

ARKANSAS STATE GOVERNMENT

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COMBINING FINANCIAL STATEMENTS

NON-MAJOR ENTERPRISE FUNDS

The enterprise funds are used to account for operations of those State agencies and/or programs providing goods or services to the general public on a user-charge basis or where the State has decided that periodic determination of revenues earned, expenses incurred, and/or income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes. The non-major enterprise funds consist of the following:

Construction Assistance Revolving Loan Fund – This program is responsible for providing a perpetual fund for financing the construction of wastewater treatment facilities for municipalities and other public entities.

Public School Employee Health and Life Benefit Plan – This program is responsible for providing health and life insurance, along with a prescription drug benefit, to participating public school employees.

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

Other Revolving Loan Funds – These programs are responsible for providing a perpetual fund for financing the planning, design, acquisition, construction, expansion, equipping, and/or rehabilitation for water systems; financing capitalizable educational and general projects for community and technical colleges; financing energy efficiency and conservation projects for residential homes; providing funding for communities to address affordable housing needs in metropolitan and rural areas in Arkansas; and for no-cost assistance for energy performance contracting for State agencies, institutions of higher learning, municipalities, and counties.

Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2024
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Formerly Major Fund Workers' Compensation Commission	Revolving Loan Funds and Other Enterprise Funds	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 101,619	$ 138,250	$ 14,653	$ 175,341	$ 429,863
Investments	2,931	106,519	82,785	3	192,238
Receivables:					
Accounts	176	16,452	8,031	41	24,700
Interest	569	611	657	816	2,653
Investment principal			14		14
Advances to other funds				888	888
Due from other funds			376		376
Due from other governments				429	429
Prepaid Items			42		42
Total current assets	105,295	261,832	106,558	177,518	651,203
Noncurrent assets:					
Advances to other funds	334			3,825	4,159
Loans receivable, restricted	461,192			207,178	668,370
Financial assurance instruments			7,475		7,475
Capital assets:					
Nondepreciable			580		580
Depreciable, net			12		12
Total noncurrent assets	461,526		8,067	211,003	680,596
Total assets	566,821	261,832	114,625	388,521	1,331,799
Deferred Outflows of Resources:					
Related to pensions			2,412		2,412
Related to other postemployment benefits			344		344
Total deferred outflows of resources			2,756		2,756
Total assets and deferred outflows of resources	$ 566,821	$ 261,832	$ 117,381	$ 388,521	$ 1,334,555

Combining Statement of Fund Net Position
Non-Major Enterprise Funds
June 30, 2024
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Formerly Major Fund Workers' Compensation Commission	Revolving Loan Funds and Other Enterprise Funds	Total
Liabilities					
Current liabilities:					
Accounts payable	$ 380	$ 5,476	$	$ 251	$ 6,107
Accrued interest	292			144	436
Accrued and other current liabilities			130		130
Investment principal payable			16		16
Advances from other funds			11		11
Due to other funds		87		401	488
Workers' compensation benefits payable			12,544		12,544
Bonds, notes, and installment agreements payable	3,410			3,005	6,415
Claims, judgments, and compensated absences		45,300	92		45,392
Other postemployment benefits liability			159		159
Unearned revenue			336		336
Total current liabilities	4,082	50,863	13,288	3,801	72,034
Noncurrent liabilities:					
Workers' compensation benefits payable			142,420		142,420
Bonds, notes, and installment agreements payable	73,973			34,885	108,858
Other postemployment liability			3,496		3,496
Net pension liability			6,953		6,953
Claims, judgments, and compensated absences			577		577
Other noncurrent liabilities			7,475		7,475
Total noncurrent liabilities	73,973		160,921	34,885	269,779
Total liabilities	78,055	50,863	174,209	38,686	341,813
Deferred Inflows of Resources:					
Related to pensions			475		475
Related to other postemployment benefits			1,953		1,953
Total deferred inflows of resources			2,428		2,428
Total liabilities and deferred inflows of resources	78,055	50,863	176,637	38,686	344,241
Net Position:					
Net investment in capital assets			592		592
Restricted for:					
Program requirements	488,766			349,835	838,601
Unrestricted		210,969	(59,848)		151,121
Total net position	488,766	210,969	(59,256)	349,835	990,314
Total liabilities, deferred inflows of resources, and net position	$ 566,821	$ 261,832	$ 117,381	$ 388,521	$ 1,334,555

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2024
(Expressed in thousands)

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	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Formerly Major Fund Workers' Compensation Commission	Revolving Loan Funds and Other Enterprise Funds	Total
Operating revenues:					
Charges for sales and services	$	$ 449,004	$	$	$ 449,004
Licenses, permits, and fees	4,316			2,305	6,621
Insurance taxes			17,566		17,566
Other operating revenues			80		80
Total operating revenues	4,316	449,004	17,646	2,305	473,271
Operating expenses:					
Compensation and benefits			7,296		7,296
Supplies and services		1,526	808		2,334
General and administrative expenses	2,083		294	1,710	4,087
Benefit and aid payments		455,872	1,288		457,160
Federal financial assistance	1,954			3,400	5,354
Bond interest	2,253			1,118	3,371
Depreciation and amortization		306	60		366
Total operating expenses	6,290	457,704	9,746	6,228	479,968
Operating income (loss)	(1,974)	(8,700)	7,900	(3,923)	(6,697)
Nonoperating revenues (expenses):					
Investment earnings	10,531	11,550	4,448	9,703	36,232
Grants and contributions	2,557		(12)	7,649	10,194
Interest and amortization expense			(1)		(1)
Net increase (decrease) in fair value of investments	42			104	146
Gain (loss) on sale of capital assets			(1)		(1)
Total nonoperating revenues (expenses)	13,130	11,550	4,434	17,456	46,570
Income (loss) before transfers and contributions	11,156	2,850	12,334	13,533	39,873
Transfers in	2,143		11	3,706	5,860
Transfers out	(3)	(964)	(493)	(3,127)	(4,587)
Change in net position	13,296	1,886	11,852	14,112	41,146
Total net position - beginning, as previously reported	475,470	209,083		335,723	1,020,276
Change within financial reporting entity (major to nonmajor fund)			(71,108)		(71,108)
Total net position - beginning, as adjusted	475,470	209,083	(71,108)	335,723	949,168
Total net position - ending	$ 488,766	$ 210,969	$ (59,256)	$ 349,835	$ 990,314

Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2024
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Formerly Major Fund Workers' Compensation Commission	Revolving Loan Funds and Other Enterprise Funds	Total
Cash flows from operating activities:					
Cash received from customers	$	$ 438,856	$	$	$ 438,856
Compensation and benefits		(448,275)	(20,002)		(468,277)
Payments to suppliers		(6,737)	(1,109)		(7,846)
Insurance taxes			17,263		17,263
Loan administration received				494	494
Other operating receipts	2,986		27		3,013
Net cash provided by (used in) operating activities	2,986	(16,156)	(3,821)	494	(16,497)
Cash flows from noncapital financing activities:					
Grants and contributions	2,557		(12)	7,646	10,191
Proceeds from bond issuance	80,709			40,360	121,069
Payments of bond principal	(3,251)			(2,425)	(5,676)
Payments of interest	(2,732)			(1,379)	(4,111)
Transfers in	2,143		11	557	2,711
Transfers out	(3)	(964)	(493)		(1,460)
Net cash provided by (used in) noncapital financing activities	79,423	(964)	(494)	44,759	122,724
Cash flows from capital and related financing activities:					
Principal paid on capital debts and leases			(33)		(33)
Interest paid on capital debts and leases			(1)		(1)
Net cash used in capital and related financing activities			(34)		(34)
Cash flows from investing activities:					
Purchase of investments	(3,666)	(36,877)	(34,194)		(74,737)
Proceeds from sale and maturities of investments	3,073			104	3,177
Interest and dividends on investments	5,063	11,570	3,824	8,646	29,103
Loan disbursements	(66,413)			(32,069)	(98,482)
Principal repayments on loans	22,190			31,213	53,403
Interest received on loans	5,311			1,465	6,776
Federal grant funds expended	(1,954)			(3,400)	(5,354)
Net cash provided by (used in) investing activities	(36,396)	(25,307)	(30,370)	5,959	(86,114)
Net increase (decrease) in cash and cash equivalents	46,013	(42,427)	(34,719)	51,212	20,079
Cash and cash equivalents - beginning	55,606	180,677	49,372	124,129	409,784
Cash and cash equivalents - ending	$ 101,619	$ 138,250	$ 14,653	$ 175,341	$ 429,863

Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2024
(Expressed in thousands)

	Construction Assistance Revolving Loan Fund	Public School Employee Health and Life Benefit Plan	Formerly Major Fund Workers' Compensation Commission	Revolving Loan Funds and Other Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (1,974)	$ (8,700)	$ 7,900	$ (3,923)	$ (6,697)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation and amortization		306	60		366
Interest on investments				(551)	(551)
Bond interest	3,024			1,523	4,547
Bond issuance cost	696			360	1,056
Amortization of bond premiums	(771)			(405)	(1,176)
Federal grants expended	1,954			3,400	5,354
Net changes in assets, liabilities, and deferred outflows/inflows:					
Accounts receivable	1	(10,148)	(282)	62	(10,367)
Prepaid items			3		3
Accounts payable and other accrued liabilities	56	2,386	(11,400)	28	(8,930)
Other postemployment benefits liabilities			(340)		(340)
Net pension liability			284		284
Deferred outflows related to pensions			(35)		(35)
Deferred outflows related to OPEB			288		288
Deferred inflows related to pensions			(123)		(123)
Deferred inflows related to OPEB			(210)		(210)
Compensated absences			34		34
Net cash provided by (used in) operating activities	$ 2,986	$ (16,156)	$ (3,821)	$ 494	$ (16,497)
Non-cash investing, capital, and financing activities:					
Investment principal payable	$	$	$ 16	$	$ 16
Investment principal receivable			14		14
Net gain/loss on disposal of assets			(1)		(1)

PENSION TRUST FUNDS

Pension trust funds are used to account for assets held by the State in a fiduciary capacity or as an agent for individuals. The pension trust funds are accounted for in essentially the same manner as proprietary funds and consist of the following:

Public Employee Retirement System (which also administers the State Police Retirement System and the Judicial Retirement System)

Teacher Retirement System

State Highway Employees Retirement System

Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2024
(Expressed in thousands)

	Public Employees Retirement System	State Police Retirement System	Judicial Retirement System	Teacher Retirement System	State Highway Employees Retirement System	Total
Assets						
Cash and cash equivalents	$ 318,440	$ 22,713	$ 2,803	$ 382,291	$ 173,462	$ 899,709
Receivables:						
Employee	1,088			11,441	536	13,065
Employer	8,403	2	182	27,147	1,249	36,983
Investment principal	38,856	1,512	60	24,089		64,517
Interest and dividends	25,227	982	1,102	28,238	2,675	58,224
Other	53		5	5,226	91	5,375
Due from other funds	28			4,324		4,352
Total receivables	73,655	2,496	1,349	100,465	4,551	182,516
Investments at fair value:						
U.S. government securities	465,865	18,128	43,896	68,102	181,720	777,711
Bonds, notes, mortgages, and preferred stock	55,889	2,175	487	974,940	270,764	1,304,255
Common stock	3,914,332	152,312	129,862	3,058,324	291,887	7,546,717
Real estate	1,459,729	56,800	26,454	167,593		1,710,576
International investments	2,010,122	78,217	22,733	1,197,286	126,429	3,434,787
Mutual funds					506,539	506,539
Pooled investment funds	1,748,173	68,024	44,590	5,709,152	1,120	7,571,059
Corporate obligations	594,313	23,126	32,534	740,587	57,883	1,448,443
Asset and mortgage-backed securities	304,336	11,842	30,189	42,947		389,314
State recycling tax credit				203,200		203,200
Other	142,542	5,547	178	9,851,979		10,000,246
Total investments	10,695,301	416,171	330,923	22,014,110	1,436,342	34,892,847
Other assets:						
Securities lending collateral	650,974	25,330		427,159	163,222	1,266,685
Capital assets	9,131			61		9,192
Other assets	405			134		539
Total other assets	660,510	25,330		427,354	163,222	1,276,416
Total assets	11,747,906	466,710	335,075	22,924,220	1,777,577	37,251,488
Deferred Outflows of Resources						
Deferred outflows related to other postemployment benefits	168			263		431
Total assets and deferred outflows of resources	$ 11,748,074	$ 466,710	$ 335,075	$ 22,924,483	$ 1,777,577	$ 37,251,919
Liabilities						
Accounts payable and other liabilities	$ 15,399	$ 609	$ 345	$ 18,340	$ 2,262	$ 36,955
Investment principal payable	32,431	1,262	40	115,302		149,035
Obligations under securities lending	651,069	25,334		427,106	163,246	1,266,755
Other postemployment benefits	2,715			3,029		5,744
Due to other funds	12					12
Total liabilities	701,626	27,205	385	563,777	165,508	1,458,501
Deferred Inflows of Resources						
Deferred inflows related to other postemployment benefits	1,312			1,475		2,787
Total liabilities and deferred inflows of resources	$ 702,938	$ 27,205	$ 385	$ 565,252	$ 165,508	$ 1,461,288
Net Position						
Net position restricted for pensions	$ 11,045,136	$ 439,505	$ 334,690	$ 22,359,231	$ 1,612,069	$ 35,790,631

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2024
(Expressed in thousands)

	Public Employees Retirement System	State Police Retirement System	Judicial Retirement System	Teacher Retirement System	State Highway Employees Retirement System	Total
Additions:						
Contributions:						
Members	$ 102,239	$ 8	$ 1,308	$ 211,036	$ 13,410	$ 328,001
Employers	348,654	11,012	3,447	554,738	31,269	949,120
Supplemental contributions		11,427	6,413			17,840
Title fees		4,916				4,916
Court fees		675	406			1,081
Reinstatement fees		1,547				1,547
Total contributions	450,893	29,585	11,574	765,774	44,679	1,302,505
Investment income:						
Net increase (decrease) in fair value of investments	880,204	34,143	25,048	2,276,419	172,360	3,388,174
Interest, dividends, and other	169,082	6,630	9,458	185,055	35,388	405,613
Other investment income	563	22		6,369		6,954
Securities lending income, net of expenses	3,177	123		2,502	407	6,209
Total investment income	1,053,026	40,918	34,506	2,470,345	208,155	3,806,950
Less investment expense	43,709	1,695	1,228	57,645	9,293	113,570
Net investment income	1,009,317	39,223	33,278	2,412,700	198,862	3,693,380
Miscellaneous	3,435			120	4	3,559
Total additions	1,463,645	68,808	44,852	3,178,594	243,545	4,999,444
Deductions:						
Benefits paid to participants or beneficiaries	682,664	31,411	18,108	1,473,871	133,755	2,339,809
Refunds of employee/employer contributions	19,159			12,117	2,218	33,494
Administrative expenses	12,330	227	149	8,427	105	21,238
Total deductions	714,153	31,638	18,257	1,494,415	136,078	2,394,541
Change in net position held in trust for						
Net position - beginning	10,295,644	402,335	308,095	20,675,052	1,504,602	33,185,728
Net position - ending	$ 11,045,136	$ 439,505	$ 334,690	$ 22,359,231	$ 1,612,069	$ 35,790,631

ARKANSAS STATE GOVERNMENT

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STATISTICAL SECTION

ARKANSAS STATE GOVERNMENT

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Statistical Section – Table of Contents

This section contains statistical tables that reflect financial trend information, revenue capacity information, debt capacity information, demographic and economic information, operating information, and other information. These tables differ from the financial statements because they usually cover more than two fiscal years and may present non-accounting data. Prior-year data may include revisions based on the latest available official release.

The Statistical Section is divided into six sections as follows:

Contents **Page**

Schedule 1
Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022
Primary government			
Governmental activities			
Net investment in capital assets	$ 15,008,185	$ 14,281,541	$ 13,585,993
Restricted	4,094,663	6,990,512	5,963,009
Unrestricted	2,535,022	(1,195,922)	(2,066,187)
Total governmental activities net position	21,637,870	20,076,131	17,482,815
Business-type activities			
Net investment in capital assets	2,267,495	2,203,200	2,123,732
Restricted	1,446,580	1,392,381	1,318,257
Unrestricted	2,613,353	2,489,436	2,392,461
Total business-type activities net position	6,327,428	6,085,017	5,834,450
Total primary government			
Net investment in capital assets	17,275,680	16,484,741	15,709,725
Restricted	5,541,243	8,382,893	7,281,266
Unrestricted	5,148,375	1,293,514	326,274
Total primary government activities net position	$ 27,965,298	$ 26,161,148	$ 23,317,265

(1) Fiscal year 2017 balances restated in fiscal year 2018.
(2) Fiscal year 2020 balances restated in fiscal year 2021.

2021	2020 (2)	2019	2018	2017 (1)	2016	2015
$ 12,881,572	$ 12,244,621	$ 11,879,274	$ 11,602,289	$ 11,116,044	$ 10,573,154	$ 10,418,250
3,972,239	3,284,221	2,899,173	2,426,386	2,318,037	2,142,787	1,627,433
(2,732,113)	(3,041,816)	(3,178,832)	(3,115,348)	(3,044,139)	(1,548,988)	(1,406,667)
14,121,698	12,487,026	11,599,615	10,913,327	10,389,942	11,166,953	10,639,016
2,061,401	2,082,158	2,062,077	2,015,796	1,992,873	1,997,666	1,995,542
1,264,813	1,195,709	1,135,777	1,193,250	1,132,263	1,046,934	1,049,397
2,215,955	1,930,875	1,868,254	1,568,292	1,398,280	1,233,085	1,019,309
5,542,169	5,208,742	5,066,108	4,777,338	4,523,416	4,277,685	4,064,248
14,942,973	14,326,779	13,941,351	13,618,085	13,108,917	12,570,820	12,413,792
5,237,052	4,479,930	4,034,950	3,619,636	3,450,300	3,189,721	2,676,830
(516,158)	(1,110,941)	(1,310,578)	(1,547,056)	(1,645,859)	(315,903)	(387,358)
$ 19,663,867	$ 17,695,768	$ 16,665,723	$ 15,690,665	$ 14,913,358	$ 15,444,638	$ 14,703,264

Schedule 2
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022
Governmental expenses			
General government	$ 1,715,246	$ 1,519,309	$ 713,045
Education	4,917,505	4,604,255	4,638,304
Health and human services	11,060,760	12,408,738	11,811,414
Transportation	1,356,360	1,205,270	987,510
Law, justice, and public safety	1,254,534	1,079,395	1,018,650
Recreation and tourism	264,582	252,151	221,103
Regulation of business and professionals	28,789	27,703	26,737
Resource development	284,239	238,758	214,473
Commerce	585,411	385,317	520,486
Interest expense	29,016	24,339	34,528
Total expenses	21,496,442	21,745,235	20,186,250
Program revenues			
Charges for services			
General government	413,286	443,479	418,048
Education	3,818	4,538	3,949
Health and human services	466,494	468,299	409,283
Transportation	146,887	142,204	139,799
Law, justice, and public safety	164,281	167,908	167,581
Recreation and tourism	78,074	71,995	69,243
Regulation of business and professionals	23,226	21,875	21,907
Resource development	86,539	81,857	80,939
Commerce	111,474	93,457	104,681
Operating grants	10,274,730	11,578,353	11,344,966
Capital grants and contributions	1,083,849	938,391	766,011
Total program revenues	12,852,658	14,012,356	13,526,407
Net (expense)	(8,643,784)	(7,732,879)	(6,659,843)
General revenues, special items, and transfers			
Taxes			
Personal and corporate income	3,520,692	3,935,189	4,489,965
Consumer sales and use	4,623,007	4,558,369	4,220,058
Gas and motor carrier	509,347	494,691	506,400
Other	1,603,950	1,651,859	1,570,923
Investment earnings	442,735	49,453	(472,773)
Miscellaneous income	527,176	599,355	582,862
Special items:			
Disposal of operations			
Issuance of tax credits			
Transfers - internal activities	(1,021,384)	(962,721)	(876,475)
Restatement			
Total general revenues, special items, and transfers	10,205,523	10,326,195	10,020,960
Total governmental activities change in net position	$ 1,561,739	$ 2,593,316	$ 3,361,117

(1) Fiscal year 2017 balances restated in fiscal year 2018.
(2) Primary government functional areas changed in 2020 due to Act 910 of 2019. Did not restate prior years.
(3) Fiscal year 2020 balances restated in fiscal year 2021.

2021	2020 (2) (3)	2019	2018	2017 (1)	2016	2015
$ 1,901,668	$ 1,682,289	$ 1,662,161	$ 1,695,822	$ 1,607,462	$ 1,553,087	$ 1,581,265
4,181,586	3,736,183	3,765,007	3,755,721	3,751,603	3,718,585	3,677,244
10,760,985	9,561,794	9,284,039	8,872,832	8,949,631	8,461,524	8,119,737
1,287,824	1,169,812	1,013,447	1,070,420	1,290,944	954,670	909,171
973,492	925,432	899,186	847,513	820,043	829,280	789,477
204,219	204,395	280,067	289,991	277,979	275,987	283,446
24,395	25,195	126,535	122,444	126,905	134,567	132,211
177,001	141,779					
572,567	457,881					
43,104	49,039	52,584	56,192	60,318	61,920	61,106
20,126,841	17,953,799	17,083,026	16,710,935	16,884,885	15,989,620	15,553,657
397,282	367,952	446,659	433,410	433,652	415,138	431,891
3,866	3,772	5,157	5,011	5,632	5,092	2,111
408,577	378,902	384,045	408,368	414,670	413,515	471,443
131,987	123,422	126,967	123,462	122,438	120,004	121,225
161,356	133,388	89,698	95,302	67,948	95,585	88,904
65,618	57,642	95,372	98,008	101,985	97,925	119,160
19,031	20,757	131,594	100,122	116,413	116,206	106,167
79,862	81,161					
85,759	80,131					
10,192,325	8,735,224	7,719,932	7,477,492	7,691,132	7,333,883	7,043,670
809,547	549,292	566,097	780,600	781,522	572,654	520,477
12,355,210	10,531,643	9,565,521	9,521,775	9,735,392	9,170,002	8,905,048
(7,771,631)	(7,422,156)	(7,517,505)	(7,189,160)	(7,149,493)	(6,819,618)	(6,648,609)
3,926,344	3,652,717	3,526,596	3,237,048	3,163,104	3,222,351	3,209,528
3,887,187	3,422,311	3,284,531	3,216,406	3,114,497	3,028,285	2,932,562
488,974	477,659	476,675	475,227	468,822	463,126	443,413
1,397,747	1,199,047	1,058,412	1,043,766	1,023,700	989,901	1,006,692
(25,725)	110,418	187,790	61,087	60,201	84,100	40,471
572,546	456,927	439,952	457,515	346,077	335,198	380,547
(11,913)				33,611		
				(187,598)		
(829,755)	(1,009,512)	(770,163)	(778,504)	(766,675)	(775,406)	(768,742)
	898			(883,257)		(94,351)
9,405,405	8,310,465	8,203,793	7,712,545	6,372,482	7,347,555	7,150,120
$ 1,633,774	$ 888,309	$ 686,288	$ 523,385	$ (777,011)	$ 527,937	$ 501,511

Continued on the next page

Schedule 2
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

Continued from the previous page

	2024	2023	2022
Business-type expenses			
Higher education	$ 5,134,705	$ 4,931,856	$ 4,702,199
Division of Workforce Services	75,066	72,062	114,733
Office of the Arkansas Lottery	499,132	500,166	479,947
War Memorial Stadium Commission (2)			
Public School Employee Health and Life Benefit Plan	457,704	417,427	398,664
Workers' Compensation Commission	9,746	7,439	4,575
Revolving loans	12,520	6,942	11,364
Total expenses	6,188,873	5,935,892	5,711,482
Program revenues			
Charges for services			
Higher education	2,580,265	2,425,566	2,356,821
Division of Workforce Services	85,083	88,961	102,956
Office of the Arkansas Lottery	613,636	608,223	580,234
War Memorial Stadium Commission (2)			
Public School Employee Health and Life Benefit Plan	449,004	450,655	440,567
Workers' Compensation Commission	17,566	15,438	21,297
Revolving loans	6,621	6,258	6,115
Operating grants	1,016,763	1,091,674	1,248,909
Capital grants and contributions	62,111	49,559	78,917
Total program revenues	4,831,049	4,736,334	4,835,816
Net (expense)	(1,357,824)	(1,199,558)	(875,666)
Business-type revenues, special items, and transfers			
Taxes			
Other	39,729	38,970	38,802
Investment earnings (loss)	197,481	110,544	(30,686)
Miscellaneous income	341,641	337,890	283,356
Special items:			
Assisted Living Incentive Fund (3)			
Disposal of operations			
Transfers - internal activities	1,021,384	962,721	876,475
Restatement			
Total business-type revenues, special items, and transfers	1,600,235	1,450,125	1,167,947
Total business-type activities change in net position	242,411	250,567	292,281
Total primary government change in net position	$ 1,804,150	$ 2,843,883	$ 3,653,398

(1) Fiscal year 2017 balance restated in fiscal year 2018.
(2) War Memorial Stadium Commission was merged with the Department of Parks, Heritage, and Tourism in 2018.
(3) In fiscal year 2019, the program and funds of the Assisted Living Incentive Fund were transferred to ADFA component unit.

2021	2020	2019	2018	2017 (1)	2016	2015
$ 4,394,289	$ 4,274,112	$ 4,185,164	$ 4,125,923	$ 3,971,283	$ 3,806,452	$ 3,676,886
1,671,273	1,757,900	100,296	130,895	147,061	216,398	256,048
529,723	444,164	421,017	409,282	366,200	368,085	337,072
				2,630	3,419	2,828
399,831	354,163	315,396	297,257	270,234	284,984	266,650
9,315	12,892	19,629	18,410	12,115	19,905	17,922
6,494	11,254	7,956	6,610	4,281	4,848	9,934
7,010,925	6,854,485	5,049,458	4,988,377	4,773,804	4,704,091	4,567,340
2,292,585	2,216,971	2,329,275	2,247,823	2,234,590	2,039,020	1,825,742
118,577	124,681	185,418	198,337	242,692	301,567	327,907
632,579	531,932	516,222	500,484	449,911	456,317	409,214
				1,639	2,279	2,056
368,297	332,455	318,482	310,412	306,087	302,445	303,474
16,906	16,637	18,159	19,409	19,905	17,864	16,240
4,753	4,484	4,209	2,611	2,589	4,024	4,269
2,638,386	2,313,876	811,887	796,739	784,516	826,300	856,669
29,609	85,962	72,299	112,104	46,482	31,627	71,050
6,101,692	5,626,998	4,255,951	4,187,919	4,088,411	3,981,443	3,816,621
(909,233)	(1,227,487)	(793,507)	(800,458)	(685,393)	(722,648)	(750,719)
40,633	38,023	36,829	34,966	32,397	31,935	31,148
106,384	74,149	85,734	66,185	68,636	21,217	30,869
265,888	248,437	193,550	174,725	96,293	107,527	180,398
		(3,999)				
				(664)		
829,755	1,009,512	770,163	778,504	766,675	775,406	768,742
				(32,213)		
1,242,660	1,370,121	1,082,277	1,054,380	931,124	936,085	1,011,157
333,427	142,634	288,770	253,922	245,731	213,437	260,438
$ 1,967,201	$ 1,030,943	$ 975,058	$ 777,307	$ (531,280)	$ 741,374	$ 761,949

Schedule 3
Fund Balances, Governmental Fund (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022 Restated	2021	2020 Restated
General fund					
Nonspendable	$ 134,009	$ 121,566	$ 153,144	$ 176,527	$ 117,748
Restricted	1,801,902	2,254,660	1,843,368	1,684,008	2,211,805
Committed	8,846,363	6,661,455	5,213,593	3,795,155	2,253,863
Assigned		178,140	86,048	85,872	118,213
Unassigned	(213,529)	328,438	644,754	826,996	789,132
Total general fund	$ 10,568,745	$ 9,544,259	$ 7,940,907	$ 6,568,558	$ 5,490,761

2019	2018	2017	2016	2015
$ 111,863	$ 108,481	$ 106,448	$ 100,632	$ 124,784
1,984,048	1,594,604	1,488,099	1,507,742	1,409,242
2,025,202	1,981,386	1,837,219	1,489,615	1,449,480
71,693	72,964	152,890	337,504	267,283
572,265	414,529	547,275	788,136	811,336
$ 4,765,071	$ 4,171,964	$ 4,131,931	$ 4,223,629	$ 4,062,125

Schedule 4
Changes in Fund Balance, Governmental Fund (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021 (3)
Revenues:				
Taxes:				
Personal and corporate income	$ 3,521,101	$ 3,932,123	$ 4,490,595	$ 3,921,586
Consumer sales and use	4,639,049	4,559,747	4,199,145	3,860,050
Gas and motor carrier	506,911	494,805	506,521	488,737
Other	1,628,312	1,629,533	1,571,273	1,410,108
Intergovernmental	11,221,223	12,490,430	12,177,163	10,836,160
Licenses, permits, and fees	1,516,933	1,520,617	1,441,788	1,369,747
Investment earnings (loss)	442,735	49,453	(472,773)	(25,725)
Miscellaneous	569,347	603,654	550,515	531,176
Total revenues	24,045,611	25,280,362	24,464,227	22,391,839
Expenditures: (2)				
Current:				
General government	1,646,752	1,635,355	1,580,566	1,642,741
Education	4,912,965	4,604,347	4,638,723	4,177,850
Health and human services	10,915,820	12,389,117	11,968,473	10,740,086
Transportation	847,497	760,392	784,338	731,333
Law, justice, and public safety	1,216,678	1,036,743	988,209	935,489
Recreation and tourism development	241,563	229,063	198,020	181,550
Regulation of business and professionals	28,372	27,602	26,529	24,008
Resource development	277,527	232,005	204,352	165,593
Commerce	464,656	411,949	560,389	554,912
Debt service:				
Principal retirement	121,242	246,451	246,871	240,662
Interest expense	38,144	43,888	54,735	56,288
Bond issuance costs				
Capital outlay	1,448,744	1,239,317	1,139,455	1,106,636
Total expenditures	22,159,960	22,856,229	22,390,660	20,557,148
Excess of revenues over expenditures	1,885,651	2,424,133	2,073,567	1,834,691
Other financing sources (uses):				
Issuance of debt	59,359	60,903	82,819	26,187
Issuance of refunding debt		15,356	16,108	317,110
Bond discounts/premiums	935	242	209	38,881
Payment to refunding escrow agent		(15,356)	(16,378)	(351,662)
Lease proceeds	24,009	26,690	87,834	38,018
Sale of capital assets	4,396	2,906	4,665	4,327
SBITA proceeds	71,520	51,199		
Transfers in	219,298	211,763	221,312	201,716
Transfers out	(1,240,682)	(1,174,484)	(1,097,787)	(1,031,471)
Restatement				
Total other financing uses	(861,165)	(820,781)	(701,218)	(756,894)
Special Items:				
Disposal of operations				
Net change in fund balances	1,024,486	1,603,352	1,372,349	1,077,797
Fund balances-beginning as restated	9,544,259	7,940,907	6,568,558	5,490,761
Fund balances-ending	$ 10,568,745	$ 9,544,259	$ 7,940,907	$ 6,568,558
Debt service as a percentage of noncapital expenditures:	0.77%	1.34%	1.42%	1.53%

(1) Final installment of the fiscal year 2017 disposal of the Arkansas Department of Health In-Home Services.
(2) Primary government functional areas changed in 2020 due to Act 910 of 2019. Did not restate prior years.
(3) Fiscal year 2020 balance restated in fiscal year 2021.

2020	2019	2018	2017	2016	2015
$ 3,654,603	$ 3,532,123	$ 3,232,455	$ 3,165,911	$ 3,219,066	$ 3,207,038
3,410,118	3,280,703	3,218,765	3,113,922	3,031,524	2,929,426
477,660	476,683	475,225	469,542	462,761	443,058
1,204,519	1,057,303	1,044,078	1,023,060	989,962	1,005,951
9,235,843	8,242,021	8,231,911	8,443,611	7,888,337	7,564,360
1,273,012	1,304,469	1,293,003	1,291,699	1,327,225	1,368,678
110,418	187,790	61,087	60,201	84,100	40,471
395,298	446,587	410,043	347,449	330,258	334,145
19,761,471	18,527,679	17,966,567	17,915,395	17,333,233	16,893,127
1,457,416	1,539,201	1,536,902	1,446,481	1,468,346	1,535,963
3,732,911	3,762,150	3,752,555	3,748,403	3,715,057	3,676,561
9,530,819	9,239,216	8,834,154	8,930,024	8,458,304	8,162,633
517,988	457,534	493,272	680,353	521,237	508,716
873,435	852,412	814,586	789,376	796,987	768,521
182,273	259,939	265,003	257,494	255,074	264,169
24,869	124,385	119,428	125,232	131,865	128,769
141,455					
441,429					
176,064	116,756	155,947	102,397	99,689	165,416
60,753	63,846	67,455	77,568	76,631	71,526
93			63	63	1,062
944,402	823,005	1,136,524	1,133,099	875,513	899,502
18,083,907	17,238,444	17,175,826	17,290,490	16,398,766	16,182,838
1,677,564	1,289,235	790,741	624,905	934,467	710,289
30,755	43,041	13,428	22,199	892	374,709
			131,840	28,495	135,155
847	1,342		9,846	1,665	51,338
			(140,877)	(43,636)	(150,513)
21,773	26,225	9,047	2,807	11,323	1,478
3,297	3,427	4,420	4,922	3,707	3,880
175,438	208,501	203,878	180,819	174,908	179,278
(1,184,882)	(978,664)	(983,431)	(959,820)	(950,317)	(947,990)
898					
(951,874)	(696,128)	(752,658)	(748,264)	(772,963)	(352,665)
	(1)	1,950	31,661		
725,690	593,107	40,033	(91,698)	161,504	357,624
4,765,071	4,171,964	4,131,931	4,223,629	4,062,125	3,704,501
$ 5,490,761	$ 4,765,071	$ 4,171,964	$ 4,131,931	$ 4,223,629	$ 4,062,125
1.38%	1.10%	1.39%	1.11%	1.14%	1.56%

Schedule 5
Revenue Base-Sales and Use Tax Collections by Industry (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands)

Industry	2024 Revenue base	2024 Percent of total	2023 Revenue base	2023 Percent of total	2022 Revenue base	2022 Percent of total	2021 Revenue base	2021 Percent of total
Agriculture, forestry, fishing, and hunting	$ 133,840	0.18%	$ 127,080	0.17%	$ 137,244	0.20%	$ 108,259	0.18%
Mining	205,623	0.27%	192,529	0.26%	216,198	0.32%	166,584	0.27%
Utilities	6,529,986	8.56%	7,229,355	9.76%	5,995,932	8.79%	5,377,619	8.76%
Construction	1,773,027	2.33%	1,523,309	2.06%	1,282,963	1.88%	1,038,563	1.69%
Manufacturing	5,695,267	7.47%	5,734,531	7.74%	5,079,603	7.44%	4,441,710	7.24%
Wholesale trade	6,678,032	8.76%	6,678,860	9.02%	5,959,050	8.73%	5,145,638	8.38%
Retail trade	36,635,828	48.05%	35,200,633	47.52%	33,491,428	49.09%	31,030,255	50.55%
Transportation and warehousing	709,915	0.93%	670,045	0.91%	517,296	0.76%	336,543	0.55%
Information	2,666,965	3.50%	2,666,634	3.60%	2,739,522	4.02%	2,535,771	4.13%
Finance and insurance	150,442	0.20%	142,411	0.19%	154,198	0.23%	146,938	0.24%
Real estate, rental, and leasing	2,148,599	2.82%	1,739,513	2.35%	1,631,089	2.39%	1,623,554	2.64%
Professional, scientific, and technical services	591,698	0.78%	515,915	0.70%	476,758	0.70%	407,206	0.66%
Management of companies and enterprises	48,657	0.06%	26,177	0.04%	5,249	0.01%	2,791	0.00%
Administrative, support, waste management, and remediation services	1,797,714	2.36%	1,553,166	2.10%	1,352,857	1.98%	1,174,717	1.91%
Educational services	77,953	0.10%	77,522	0.10%	71,516	0.10%	59,386	0.10%
Health care and social services	97,017	0.13%	83,898	0.11%	64,460	0.09%	80,938	0.13%
Arts, entertainment and recreation	502,224	0.66%	462,658	0.62%	434,664	0.64%	330,797	0.54%
Accommodation and food services	6,968,587	9.14%	6,676,791	9.01%	6,121,915	8.97%	5,187,079	8.45%
Other services (except public administration)	2,691,070	3.53%	2,628,304	3.55%	2,359,631	3.46%	2,014,992	3.28%
Public administration	145,593	0.19%	141,451	0.19%	137,396	0.20%	178,188	0.29%
Total (1)	$ 76,248,037	100%	$ 74,070,782	100%	$ 68,228,969	100%	$ 61,387,528	100%

	2024	2023	2022	2021
Direct sales tax rate	6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 0.625% (Mfg Repair Appr. Project)	6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 0.625% (Mfg Repair Appr. Project)	6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 1.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)	6.50% (General) 0.125% (Food) 0.625% (Mfg util tax) 1.625% (Elec) 2.50% (Mfg Repair) 0.625% (Mfg Repair Appr. Project)

(1) Amounts do not include tax collected on automobile transactions.

Source: Department of Finance and Administration Revenue Division – Sales and Use Tax Section

2020		2019		2018		2017		2016		2015	
Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total	Revenue base	Percent of total
$ 114,384	0.21%	$ 112,348	0.22%	$ 94,688	0.19%	$ 92,103	0.19%	$ 97,579	0.21%	$ 96,945	0.21%
161,907	0.30%	164,244	0.31%	170,316	0.34%	127,753	0.26%	174,093	0.37%	213,038	0.45%
4,935,097	9.14%	4,981,909	9.49%	5,150,000	10.19%	4,761,393	9.82%	4,690,082	10.02%	4,459,479	9.51%
930,484	1.72%	918,210	1.75%	848,747	1.68%	868,432	1.79%	811,057	1.73%	703,596	1.50%
4,435,943	8.21%	4,146,807	7.90%	3,800,632	7.52%	3,960,281	8.17%	4,038,757	8.63%	3,966,593	8.46%
4,561,076	8.45%	4,403,208	8.39%	4,262,562	8.43%	3,882,947	8.01%	3,835,197	8.19%	4,465,509	9.53%
26,085,606	48.30%	24,691,217	47.03%	23,338,973	46.16%	22,165,564	45.71%	21,332,067	45.58%	21,183,817	45.18%
303,591	0.56%	269,546	0.51%	272,277	0.54%	286,595	0.59%	252,137	0.54%	287,545	0.61%
2,406,815	4.46%	2,617,057	4.99%	2,886,407	5.71%	2,930,387	6.04%	2,632,096	5.62%	3,006,826	6.41%
127,926	0.24%	113,528	0.22%	102,196	0.20%	108,919	0.22%	94,030	0.20%	83,532	0.18%
1,385,852	2.57%	1,365,668	2.60%	1,288,153	2.55%	1,218,863	2.51%	1,123,616	2.40%	989,814	2.11%
283,406	0.52%	231,362	0.44%	216,562	0.43%	211,277	0.44%	213,535	0.46%	194,865	0.42%
5,050	0.01%	1,626	0.00%	1,133	0.00%	715	0.00%	2,156	0.00%	4,691	0.01%
1,108,804	2.05%	1,051,761	2.00%	1,023,010	2.02%	960,065	1.98%	884,244	1.89%	852,431	1.82%
73,623	0.14%	75,830	0.14%	69,919	0.14%	71,001	0.15%	64,333	0.14%	57,180	0.12%
57,766	0.11%	69,703	0.13%	54,836	0.11%	71,528	0.15%	52,051	0.11%	85,280	0.18%
298,737	0.55%	307,170	0.59%	279,755	0.55%	251,958	0.52%	289,079	0.62%	271,720	0.58%
4,770,199	8.83%	5,014,457	9.55%	4,789,282	9.47%	4,629,764	9.55%	4,457,348	9.52%	4,293,021	9.16%
1,845,453	3.42%	1,841,655	3.51%	1,792,064	3.54%	1,762,280	3.64%	1,711,584	3.66%	1,631,985	3.48%
117,368	0.21%	119,368	0.23%	114,991	0.23%	124,613	0.26%	50,447	0.11%	35,182	0.08%
$ 54,009,087	100%	$ 52,496,674	100%	$ 50,556,503	100%	$ 48,486,438	100%	$ 46,805,488	100%	$ 46,883,049	100%

2020	2019	2018	2017	2016	2015
6.50% (General)	6.50% (General)	6.50% (General)	6.50% (General)	6.50% (General)	6.50% (General)
0.125% (Food)	0.125% (Food)	1.50% (Food)	1.50% (Food)	1.50% (Food)	1.50% (Food)
0.625% (Mfg util tax)	0.625 (Mfg util tax)	0.625% (Mfg util tax)	0.625% (Mfg util tax)	0.625% (Mfg util tax)	1.625% (Mfg util tax)
1.625% (Elec)	1.625% (Elec.)	1.625% (Elec.)	1.625% (Elec.)	1.625% (Elec.)	3.25% (Elec.) 1/1-12/31/14
3.50% (Mfg Repair)	4.50% (Mfg Repair)	5.50% (Mfg Repair)	5.50% (Mfg Repair)	5.50% (Mfg Repair)	1.625% (Elec.) 1/1/15
0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project)	0.625% (Mfg Repair Appr. Project) 7/1/14

Schedule 6
Revenue Payers (Unaudited)
Current Fiscal Year as Compared to 2015
(Expressed in thousands, except number of taxpayers)

Industry	2024 Sales tax collected	2024 Percent of total	2024 Number of taxpayers	2024 Percent of total	2015 Sales tax collected	2015 Percent of total	2015 Number of taxpayers	2015 Percent of total
Agriculture, forestry, fishing, and hunting	$ 8,379	0.19%	474	0.72%	$ 6,180	0.22%	597	0.92%
Mining	13,116	0.30%	178	0.27%	13,603	0.50%	207	0.32%
Utilities	389,958	8.91%	706	1.07%	276,671	10.09%	716	1.11%
Construction	115,225	2.63%	2,903	4.42%	45,720	1.67%	2,466	3.80%
Manufacturing	341,054	7.79%	6,653	10.12%	232,172	8.46%	4,816	7.42%
Wholesale	413,280	9.44%	6,334	9.64%	282,521	10.30%	5,588	8.61%
Retail trade	1,901,573	43.43%	22,957	34.93%	1,121,728	40.89%	24,346	37.53%
Transportation and warehousing	46,036	1.05%	705	1.07%	18,643	0.68%	980	1.51%
Information	173,345	3.96%	1,286	1.96%	195,436	7.12%	975	1.50%
Finance and insurance	9,778	0.22%	351	0.53%	5,429	0.20%	382	0.59%
Real estate, rental, and leasing	132,334	3.02%	1,459	2.22%	64,276	2.34%	1,510	2.33%
Professional, scientific, and technical services	38,413	0.88%	2,347	3.57%	12,652	0.46%	2,029	3.13%
Management of companies and enterprises	2,845	0.06%	29	0.04%	305	0.01%	25	0.04%
Administrative, support, waste management, and remediation services	116,740	2.67%	3,552	5.40%	55,398	2.02%	3,636	5.60%
Educational services	5,064	0.12%	389	0.59%	3,714	0.14%	315	0.49%
Health care and social services	6,263	0.14%	1,017	1.55%	5,499	0.20%	1,248	1.92%
Arts, entertainment, and recreation	32,448	0.74%	1,245	1.90%	17,240	0.63%	1,200	1.85%
Accommodation and food services	449,153	10.26%	6,534	9.94%	277,770	10.13%	6,629	10.22%
Other services (except public administration)	174,578	3.99%	6,533	9.94%	105,951	3.86%	7,143	11.01%
Public administration	8,546	0.20%	76	0.12%	2,286	0.08%	67	0.10%
Total	$ 4,378,128	100.00%	65,728	100.00%	$ 2,743,194	100.00%	64,875	100.00%

Source: Department of Finance and Administration Revenue Division – Sales and Use Tax Section

Schedule 7
Ratios of Outstanding Debt by Type (Unaudited)
Last Ten Fiscal Years
(Expressed in thousands, except per capita amount)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental										
General obligation bonds	$ 437,405	$ 514,130	$ 702,090	$ 881,565	$ 1,125,440	$ 1,250,480	$ 1,310,345	$ 1,447,370	$ 1,518,148	$ 1,602,810
Revenue bond guaranty fund										300
Add (deduct):										
Issuance premiums	37,180	46,852	67,047	88,281	70,541	82,687	94,654	108,042	112,405	123,199
Loan payable to component unit							4,200			
Notes payable to component unit	131,919	109,571	106,844	79,892	61,039	59,399	59,567	60,514	68,915	79,163
Capital leases (6)				51	551	1,039	1,499	1,891	2,202	2,581
Installment purchases with component unit (6)	131,438	138,944	139,259	149,909	127,740	127,387	110,185	109,493	114,926	123,076
Lease obligations (6)	64,126	65,972	65,382							
SBITA obligations (6)	68,039	24,262								
Installment sale with component unit										
Total governmental activities debt	870,107	899,731	1,080,622	1,199,698	1,385,311	1,520,992	1,580,450	1,727,310	1,816,596	1,931,129
Business-Type										
Special obligation:										
War Memorial Stadium Commission									500	1,000
Construction Assistance Revolving Loan Fund	70,035				17,475	20,220	23,140	25,485	27,890	35,295
Safe Drinking Water Revolving Loan Fund	34,580				13,150	15,215	17,420	19,185	20,995	22,800
College & university revenue bonds	2,179,525	2,227,555	2,202,650	2,147,000	2,095,095	1,951,875	1,973,331	1,898,326	1,836,895	1,879,827
Revenue bonds from direct placement	6,744	7,316	7,880	8,443	12,547	10,957				
Add: issuance premiums	150,813	148,405	153,429	164,055	145,447	129,848	134,062	119,742	115,742	97,062
Notes payable from direct placement	102,529	116,755	113,325	95,642	95,223	66,038	69,155	66,945	83,988	92,045
Notes payable with component unit	6,447	6,987	7,512	8,021	8,517	8,998	9,466	9,921	10,137	134
Capital leases (6)				70,975	79,135	67,219	66,288	60,808	46,802	39,327
Installment purchases with component unit (6)	47,430	54,213	58,410							
Lease obligations (6)	171,101	164,188	105,942							
SBITA obligations (6)	27,538	21,860								
Total business-type activities debt	2,796,742	2,747,279	2,649,148	2,494,136	2,466,589	2,270,370	2,292,862	2,200,412	2,142,949	2,167,490
Total Primary Government Debt	3,666,849	3,647,010	3,729,770	3,693,834	3,851,900	3,791,362	3,873,312	3,927,722	3,959,545	4,098,619
Debt Ratios: Primary Government										
Ratio of primary government debt to personal income (1)	2.04%	2.21%	2.44%	2.49%	2.78%	2.88%	3.04%	3.18%	3.29%	3.50%
Per capita (2)	1,191	1,193	1,229	1,224	1,280	1,263	1,294	1,315	1,330	1,382
Net General Obligation Bonded Debt										
Gross bonded debt (3)	437,405	514,130	702,090	881,565	1,125,440	1,250,480	1,310,345	1,447,370	1,518,148	1,602,810
Less: debt service funds (4)	(224,358)	(221,757)	(221,540)	(187,416)	(182,986)	(168,094)	(197,637)	(245,864)	(58,985)	(235,713)
Net bonded debt	213,047	292,373	480,550	694,149	942,454	1,082,386	1,112,708	1,201,506	1,459,163	1,367,097
Per capita (2)	69	96	158	230	313	361	372	402	490	461
Supplementary Information										
Component Unit Debt										
Arkansas Development Finance Authority (5):										
Bonds payable	429,867	404,447	494,513	553,336	476,485	556,282	593,955	625,743	714,085	809,992
Notes payable from direct placement	3,102	3,241	8,003	9,442	20,141	11,640	29,441	82,656	66,906	70,421
Add: issuance premiums	546		(544)	(645)	(745)	109	152		104	315
Less: unamortized bond issuance cost								(1,046)	(1,146)	(1,247)
U of A Foundation annuity obligations	12,989	14,051	15,402	18,677	14,670	15,492	15,458	14,069	14,065	15,068
Total Component Unit Debt	446,504	421,739	517,374	580,810	510,551	583,523	639,006	721,422	794,014	894,549
Total Debt	$ 4,113,353	$ 4,068,749	$ 4,247,144	$ 4,274,644	$ 4,362,451	$ 4,374,885	$ 4,512,318	$ 4,649,144	$ 4,753,559	$ 4,993,168
Debt Ratios										
Ratio of total debt to personal income (1)	2.28%	2.46%	2.77%	2.88%	3.15%	3.32%	3.54%	3.77%	3.95%	4.27%
Per capita (2)	$ 1,336	$ 1,331	$ 1,399	$ 1,416	$ 1,450	$ 1,458	$ 1,507	$ 1,557	$ 1,597	$ 1,683

(1) Personal income data can be found in Schedule 9.
(2) Population can be found in Schedule 9.
(3) Bond detail can be found in Note 9 to the financial statements.
(4) As restated to reflect full accrual rather than modified accrual balances.
(5) As restated to reflect the merger of Student Loan Authority and Development Finance Authority in fiscal year 2018.
(6) Due to changes as a result of GASB 87: Leases and GASB 96: SBITAs.

Schedule 8
Pledged Revenue Bond Coverage (Unaudited)
Last Ten Years
(Expressed in thousands)

Colleges and Universities	Revenue Available for Debt Service (1)	Principal	Interest	Total Debt Service	Coverage
Refunding Bonds					
2024	$ 1,400,192	$ 37,806	$ 35,509	$ 73,315	19.10
2023	1,411,054	52,878	28,081	80,959	17.43
2022	1,392,570	41,878	30,951	72,829	19.12
2021	1,353,957	39,237	29,923	69,160	19.58
2020	1,280,786	34,084	29,383	63,467	20.18
2019	1,298,006	25,741	23,747	49,488	26.23
2018	1,219,331	22,950	23,469	46,419	26.27
2017	1,154,332	21,709	22,991	44,700	25.82
2016	1,109,845	22,100	23,213	45,313	24.49
2015	482,896	18,055	14,683	32,738	14.75
Housing Bonds					
2024	$ 106,136	$ 11,002	$ 7,162	$ 18,164	5.84
2023	102,253	10,517	7,405	17,922	5.71
2022	100,644	10,522	7,912	18,434	5.46
2021	101,528	8,560	7,922	16,482	6.16
2020	105,077	10,295	10,072	20,367	5.16
2019	87,094	8,795	9,354	18,149	4.80
2018	87,884	8,360	9,070	17,430	5.04
2017	72,549	9,264	9,816	19,080	3.80
2016	95,859	8,492	10,894	19,386	4.94
2015	49,479	6,840	9,149	15,989	3.09
Facilities Bonds					
2024	$ 900,041	$ 48,545	$ 37,769	$ 86,314	10.43
2023	850,489	57,323	26,850	84,173	10.10
2022	769,015	31,048	36,770	67,818	11.34
2021	711,031	33,553	39,591	73,144	9.72
2020	739,535	39,000	40,962	79,962	9.25
2019	793,099	43,395	46,314	89,709	8.84
2018	779,721	38,572	46,107	84,679	9.21
2017	757,397	38,645	41,486	80,131	9.45
2016	686,937	35,693	37,739	73,432	9.35
2015	1,196,485	38,710	50,003	88,713	13.49
General Revenue and Other Bonds					
2024	$ 12,144	$ 1,549	$ 873	$ 2,422	5.01
2023	10,815	883	788	1,671	6.47
2022	18,033	2,462	2,109	4,571	3.95
2021	12,906	5,505	2,096	7,601	1.70
2020	19,311	2,275	2,575	4,850	3.98
2019	11,116	2,300	2,860	5,160	2.15
2018	10,398	2,135	2,809	4,944	2.10
2017	17,005	3,035	3,075	6,110	2.78
2016	21,106	6,105	3,214	9,319	2.26
2015	19,377	3,585	4,040	7,625	2.54

(1) Revenue Available for Debt Service includes student tuition and fees, housing fees, rent, athletic fees, millage revenue, and other auxiliary revenues.

Schedule 9
Demographic and Economic Indicators (Unaudited)
Last Ten Years

Calendar Year		Total Population (in thousands)		Total Personal Income (in millions)		Per Capita Personal Income	Unemployment Rate
2024	(1)	3,079	$	180,079	$	58,480	3.4%
2023		3,057		174,350		57,030	3.1%
2022		3,037		161,625		53,214	3.3%
2021		3,021		151,701		50,211	5.2%
2020		3,010		137,284		45,615	5.0%
2019		3,001		130,244		43,398	3.5%
2018		2,994		126,189		42,141	3.7%
2017		2,986		121,719		40,761	3.8%
2016		2,976		118,349		39,770	4.3%
2015		2,966		115,112		38,806	5.5%

(1) Projected numbers

Note: Prior-year data may include revisions based on the latest available official release.

Source: Arkansas Department of Finance and Administration Economic Analysis and Tax Research

Schedule 10
Principal Employers (Unaudited)
Fiscal Year 2024 as Compared to 2015

2024	Employer	Total Employees	Percentage of Total Arkansas Employment
1	Wal-Mart Stores, Inc.	56,738	4.4%
2	Arkansas State Government (1)	27,176	2.1%
3	U.S. Federal Government	21,865	1.7%
4	Tyson Foods, Inc.	14,477	1.1%
5	University of Arkansas for Medical Sciences (UAMS)	12,263	0.9%
6	University of Arkansas	7,659	0.6%
7	Baptist Health	6,720	0.5%
8	Mercy Hospital	6,198	0.5%
9	J.B. Hunt Transport Services, Inc.	5,516	0.4%
10	Amazon Services, Inc.	4,933	0.4%
		163,545	12.6%

2015	Employer	Total Employees	Percentage of Total Arkansas Employment
1	Arkansas State Government	56,956	4.7%
2	Wal-Mart Stores, Inc.	50,096	4.1%
3	Tyson Foods, Inc.	23,000	1.9%
4	U.S. Federal Government	20,200	1.6%
5	Baptist Health	8,083	0.7%
6	Community Health Systems, Inc.	5,700	0.5%
7	Mercy	4,950	0.4%
8	CHI St Vincent	4,691	0.4%
9	Arkansas Children's Hospital	4,337	0.4%
10	Kroger Company	4,102	0.3%
		182,115	15.0%

Source: Arkansas Division of Workforce Services
(1) For current fiscal year, Arkansas Department of Transportation, Colleges, and Universities are not included in the Arkansas State Government number.

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Schedule 11
State Employees by Function (Unaudited)
Last Ten Fiscal Years

Full-Time Employees

	2024	2023		2022	2021
Resource Development					
Agriculture Department	450	568		594	521
All other	505	587		601	567
Commerce					
Division of Workforce Services	415	662		769	919
All other	659	745		754	730
Law, Justice, and Public Safety					
Division of Correction	3,056	3,022		3,049	3,191
Department of the Military	413	538		442	457
Arkansas State Police	955	933		918	956
All other	2,575	2,788		2,770	2,767
Education					
Division of Elementary and Secondary Education	459	316		327	342
All other	511	618		657	595
General Government					
Department of Finance and Administration - Revenue	1,255	1,271		1,332	1,319
All other	4,951	2,093		2,140	2,087
Health and Human Services					
Department of Human Services	6,537	6,815		6,894	6,938
Department of Health	1,858	1,992		2,014	1,989
All other	740	916		865	840
Regulation of Business and Professionals					
Arkansas Public Service Commission	96	93		93	99
All other	175	303		306	227
Recreation and Tourism					
Department of Parks, Heritage, and Tourism	634	1,158		1,102	1,066
Arkansas Game and Fish Commission	615	695		680	658
All other	176	271		274	227
Transportation					
Department of Transportation	3,777	3,648		3,647	3,695
Proprietary Funds					
Colleges and Universities (1)	35,176	27,039	(2)	26,952	28,066
Workers' Compensation Commission	79	80		78	80
Office of the Arkansas Lottery	62	64		63	63
State Total	66,129	57,215		57,321	58,399

(1) Commencing in 2016, the educational institutions included part-time faculty and graduate assistants in their employee counts.
(2) Prior year data includes revisions based on the latest available information.

Source: Department of Transformation and Shared Services, Arkansas Department of Transportation, Department of Higher Education, and the Arkansas Democrat-Gazette

2020	2019	2018	2017	2016	2015
562	583	572	561	558	566
582	563	600	584	582	608
963	928	914	878	893	941
700	853	848	876	888	932
3,770	4,121	4,098	4,072	4,143	4,102
1,401	725	512	725	1,046	978
946	986	968	958	997	995
2,754	2,591	2,617	2,536	2,478	2,224
339	366	369	383	374	401
635	628	716	779	777	793
1,255	1,293	1,297	1,354	1,338	1,385
2,111	2,169	2,175	2,245	2,277	2,321
7,375	7,710	7,882	8,039	7,772	7,852
2,027	2,054	2,028	2,117	2,362	2,633
836	827	845	830	826	829
100	101	103	106	105	104
297	314	293	288	293	291
1,083	1,343	1,365	1,385	1,384	1,403
642	686	689	677	694	671
275	228	234	251	260	267
3,695	3,692	3,701	3,671	3,715	3,634
28,004	28,472	28,577	27,050	26,893	22,861
86	88	90	89	96	101
65	64	66	66	65	64
60,503	61,385	61,559	60,520	60,816	56,956

Schedule 12
Operating Indicators by Function (Unaudited)
Last Ten Fiscal Years

	2024	2023	2022
General Government			
Department of Finance & Administration-Revenue			
Office of Driver Services			
Licenses and ID cards issued	772,758	648,197	554,738
Registered vehicles	4,996,287	4,884,662	4,803,804
Income Tax Administration			
Total electronic tax filers	1,568,786	1,452,741	1,451,121
EFT estimate payments by corporations	14,453	12,317	12,028
EFT withholding payments	899,556	914,986	827,151
Education			
Division of Elementary and Secondary Education			
All school districts			
Average daily membership	445,162	448,849	447,375
Number of certified personnel	36,318	35,445	35,615
Average salary of K-12 classroom full-time employees	$ 59,022	$ 55,156	$ 53,416
Per pupil expenditures	$ 13,326	$ 12,751	$ 12,203
Foundation aid per student	$ 7,618	$ 7,413	$ 7,182
Assessed valuation (in millions)	$ 61,385	$ 61,308	$ 56,735
Higher Education			
Public institutions			
Net enrollment	135,643	132,715 (2)	130,461
Undergraduate degrees awarded	41,328	39,197 (2)	39,566
Graduate degrees awarded	7,608	7,114 (2)	6,798
Private institutions			
Fall net enrollment	15,458	15,380 (2)	15,524
Undergraduate degrees awarded	2,369	2,391	2,468
Graduate degrees awarded	946	905	803
Health and Human Services			
Department of Human Services			
Foster care recipients	5,958	6,815	7,439
Percent of population	0.19%	0.22%	0.24%
SNAP recipients	377,312	402,521	462,877
Percent of population	12.27%	13.17%	15.22%
Medicaid recipients (1)	1,319,636	1,204,773	1,180,015
Percent of population	42.91%	39.43%	38.81%
Department of Health			
Women, Infants, and Children Nutrition Program (WIC)			
Recipients	107,925	109,942	104,153
Percent of population	3.51%	3.60%	3.43%
Doses of vaccine administered	291,479	347,825	377,834

(1) In fiscal year 2016, the number of people who purchased health care through the Health Care Independence Act, commonly known as the Private Option, increased. As a result, the number of Medicaid recipients also increased as more people became eligible for Medicaid.
(2) Prior year data includes revisions based on the latest available information.

Sources: Arkansas State Police; Arkansas Game and Fish Commission; Department of Finance and Administration - Revenue Division; Department of Education; Department of Higher Education; Department of Health; Department of Human Services; Department of Transportation; Department of Correction; Department of Parks, Heritage, and Tourism; and Department of Commerce

2021	2020	2019	2018	2017	2016	2015
495,969	780,643	903,612	863,312	932,555	912,820	893,069
4,728,319	4,950,287	4,983,539 (2)	4,908,311 (2)	4,334,774	4,252,854	4,149,491
1,521,123	1,263,203	1,302,435	1,218,689	1,152,797	1,137,497	1,106,280
10,714	7,786	8,030	7,211	6,619	6,123	5,616
755,330	722,082	685,368	647,558	613,249	577,097	539,549
446,065	455,763	456,479	459,275	459,774	459,858	460,693
35,385	36,460	36,610	36,581	36,238	36,028	36,260
$ 52,552	$ 51,336	$ 50,295	$ 49,840	$ 49,104	$ 48,976	$ 48,575
$ 11,232	$ 10,155	$ 10,229	$ 10,039	$ 9,807	$ 9,701	$ 9,365
$ 7,018	$ 6,899	$ 6,781	$ 6,713	$ 6,646	$ 6,584	$ 6,521
$ 53,837	$ 51,718	$ 50,347	$ 48,797	$ 47,624	$ 46,135	$ 45,163
132,346	141,181 (2)	143,474	145,977 (2)	148,605 (2)	149,475 (2)	150,759
37,403 (2)	37,791 (2)	37,348	33,887 (2)	33,326 (2)	33,342 (2)	33,183
7,052 (2)	6,796	6,832	7,013 (2)	6,991	6,081	5,598
15,242	15,657	15,988	16,024	16,528	16,611	16,494
2,635	2,559	2,725	2,637	2,757	2,781	2,845
751	609	626	603	637	600	582
7,614	7,568	7,673	8,358	9,032	8,555	7,686
0.25%	0.23%	0.24%	0.26%	0.28%	0.27%	0.25%
510,941	496,712	429,378	508,171	537,536	642,571	659,887
16.88% (2)	15.11%	13.22%	15.82%	16.92%	20.46%	21.24%
1,217,331	1,085,938	1,086,485	824,868	1,164,197	1,085,787	933,033
40.22% (2)	33.04%	33.44%	25.68%	36.65%	34.57%	30.03%
104,211	117,548	128,946	136,003	141,694	148,441	149,536
3.43%	4.02%	3.97%	4.23%	4.46%	4.73%	4.81%
335,515	470,962	498,515	504,859	554,079	663,689	665,550

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Schedule 12
Operating Indicators by Function (Unaudited)
Last Ten Fiscal Years

Continued from previous page

	2024	2023	2022
Transportation			
Department of Transportation			
Miles of state highway maintained	16,385	16,436	16,451
Law, Justice, and Public Safety			
Division of Correction			
Custody population count	15,931	15,311	14,775
Inmate cost per day	$ 70	$ 70	$ 66
Operating capacity	16,241	15,440	14,886
Inmate care/custody operating expenses (in thousands)	$ 324,497	$ 363,217	$ 357,967
Arkansas State Police			
Commissioned officers	555	519	515
Number of homicides investigated (3)	28	56	52
Total citations issued	183,159	157,687	133,263
Total motorist assists	35,512	31,380	21,471
Total number of traffic accidents	28,126	18,563	12,146
Total criminal investigations	926	1,000	1,200
Recreation and Tourism			
Department of Parks, Heritage, and Tourism			
Acres of state parks maintained	55,181	55,145	55,007
Game and Fish Commission			
Fishing licenses sold	550,944	622,106	601,821
Hunting licenses sold	506,576	604,336	590,584
Lifetime licenses sold	23,324	23,897	22,351
Other licenses sold (4)	25,931	15,214	17,975
Commerce			
Department of Insurance			
Number of active licensed insurance agents	219,036	217,042	207,259
Total consumer complaints received	2,408	1,914	1,818
Total consumer complaints closed	2,306	1,888	1,752
Total dollars recovered for consumers (in thousands)	$ 13,576	$ 7,862	$ 5,557

(3) In fiscal year 2017, State Police started using a new reporting system that identifies cause of death by type (e.g., homicide, suicide, accidental death, and natural death) as determined by the State Medical Examiner's Office.

(4) In fiscal year 2016 and prior years, the quantity of reprinted license sales was reported as other licenses. In fiscal year 2017, a new process was implemented, and there is no longer a charge for reprinted licenses. As a result, the quantity of other licenses sold decreased.

Sources: Arkansas State Police; Arkansas Game and Fish Commission; Department of Finance and Administration - Revenue Division; Department of Education; Department of Higher Education; Department of Health; Department of Human Services; Department of Transportation; Department of Correction; Department of Parks, Heritage, and Tourism; and Department of Commerce

2021	2020	2019	2018	2017	2016	2015
16,451	16,465	16,465	16,466	16,449	16,431	16,424
14,110	15,762	15,594	15,637	15,885	16,050	15,410
$ 71	$ 64	$ 62	$ 61	$ 60	$ 60	$ 63
14,886	15,095	14,710	14,540	14,900	14,821	14,397
$ 365,777	$ 369,247	$ 354,108	$ 351,613	$ 346,549	$ 338,441	$ 336,640
533	544	535	532	526	559	553
118	72	80	63	73	200	246
135,092	186,734	195,127	179,863	162,928	222,922	230,655
24,989	21,876	26,039	27,522	27,064	26,872	26,552
19,114	16,881	18,201	18,778	19,862	18,962	17,853
1,653	1,670	1,712	1,682	1,712	1,820	1,870
54,770	54,770	54,769	54,680	54,643	54,602	54,466
653,134	641,987	593,556	648,985	647,888	681,493	653,598
614,320	589,237	580,096	615,322	506,497	505,058	515,307
27,060	23,786	22,955	21,404	30,826	28,997	28,643
16,980	16,692	15,773	15,954	21,349	36,873	36,347
169,373	156,501	138,665	130,144	123,313	119,066	110,192
1,745	2,163	2,267	2,270	2,409	2,437	2,417
1,782	2,195	2,381	2,301	2,386	2,218	2,310
$ 4,203	$ 3,885	$ 6,128	$ 4,822	$ 3,200	$ 3,557	$ 3,173

Schedule 13
Capital Asset Statistics by Function (Unaudited)
Last Ten Fiscal Years

	2024	2023	2022	2021	2020 (2)	2019	2018	2017	2016	2015
General Government										
Department of Finance and Administration - Revenue										
Vehicles	143	154	156	151	152	176	177	183	170	191
Education										
Division of Elementary and Secondary Education										
Vehicles	30	8	8	9	9	8	7	7	7	5
Higher Education										
Campuses (public institutions)	33	33	33	33	33	33	33	33	33	33
Health and Human Services										
Department of Human Services										
Buildings (1)	274	274	274	274	292	292	292	293	292	298
Vehicles (1)	439	415	430	438	504	467	447	457	459	440
Department of Health										
Buildings	8	8	9	9	8	8	8	7	7	7
Vehicles (1)	109	129	126	126	127	138	133	135	137	133
Transportation										
Department of Transportation										
Passenger vehicles	2061	2068	2109	1861	1775	1820	1728	1841	1845	1761
Law, Justice, and Public Safety										
Division of Correction										
Correctional units	21	21	21	21	21	21	20	21	21	21
Vehicles (1)	391	382	385	392	385	371	389	387	425	406
Arkansas State Police										
Police stations	12	12	12	12	12	12	12	12	12	12
Vehicles (1)	1151	981	945	970	940	866	854	836	910	898
Recreation and Tourism										
Department of Parks, Heritage, and Tourism										
State parks and museums	52	52	52	52	52	52	52	52	52	52
Vehicles (1)	265	257	254	251	261	254	262	275	253	256
Game and Fish Commission										
Hatcheries	6	6	6	5	5	5	5	5	5	5
Vehicles (1)	605	514	455	462	450	456	480	531	571	579
Boats	568	565	583	556	543	554	585	569	581	569
Regulation of Business and Professionals										
Vehicles (1)	33	33	29	28	23	99	94	91	92	94
Commerce										
Vehicles	102	100	91	81	89	N/A	N/A	N/A	N/A	N/A

(1) Prior year counts updated based on more accurate information.
(2) In fiscal year 2020, functional areas grouping changed due to the Transformation and Efficiencies Act 910 of 2019.

Source: Arkansas State Police; Arkansas Game and Fish Commission; Arkansas Department of Transportation; Department of Finance and Administration - Office of Accounting; Department of Education; Department of Correction; Department of Parks, Heritage, and Tourism

ARKANSAS

Schedule 14
Miscellaneous Statistics (Unaudited)

State Capital	Little Rock
Statehood	June 15, 1836
Nickname	The Natural State
State Motto	Regnat populus (The people rule)
Land Area	34,034,560 Acres
Counties	75
Largest Cities	Little Rock, Fayetteville, Fort Smith, Springdale, and Jonesboro

Arkansas lies in the southeastern region of the United States. Its name was derived from the Osage Sioux language from the local Quapaw tribe which means "People of the South Wind". Arkansas offers beautiful rivers, hot springs, mountains, caves, and lakes. More than half of the State of Arkansas is covered by forestland which includes the Ozark National Forest and Ouachita National Forest. Each forest covers more than one million acres, with the Ouachita National Forest being the oldest national forest in the South. Arkansas has over 600,000 acres of lakes and 90,000 miles of rivers and streams. Visitors can mine for diamonds at the only producing diamond mine in the United States.

Agriculture continues to play an important part in Arkansas's economy:

- Arkansas's rice farmers are first in the nation in producing over 49% (107 million bushels) of rice.
- Arkansas is third in the nation for total pounds of broiler meat produced yielding over 7.4 billion pounds.
- Arkansas, at an estimated $6.1 billion, is consistently ranked in the top 5 in total wood fiber produced.

Arkansas is the birthplace of President William “Bill” Clinton, Johnny Cash, Daisy Bates, Paul "Bear" Bryant, Billy Bob Thornton, Johnnie Hunt, Blaze Foley, and Milton Crenchaw.

Source: Arkansas Secretary of State, Arkansas General Assembly, USDA, Encyclopedia of Arkansas

ARKANSAS STATE GOVERNMENT

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