



# **Comprehensive Annual Financial Report 2020**

Year Ended June 30, 2020 | An Enterprise Fund of the State of Arizona.



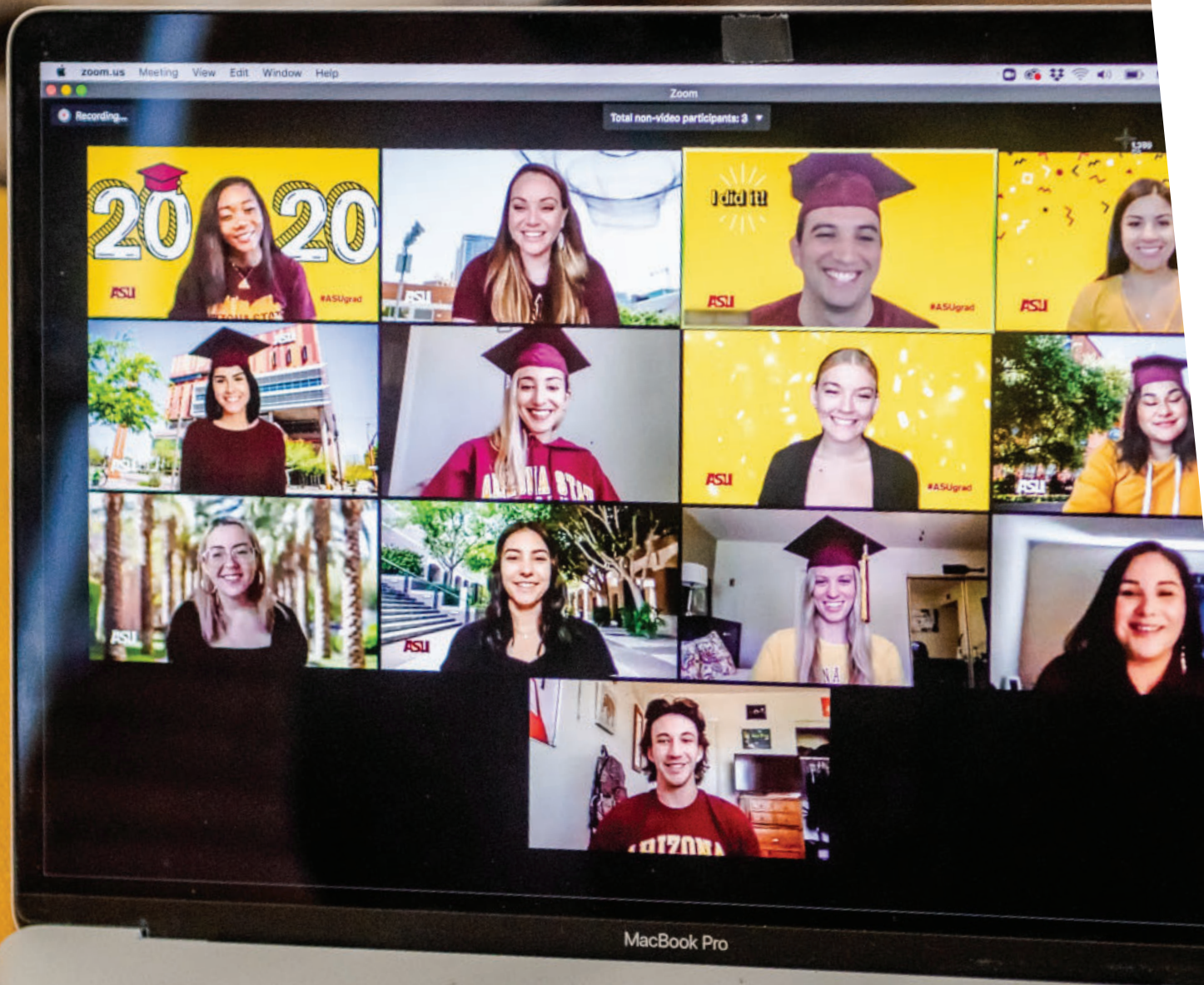


# Comprehensive Annual Financial Report

## Year Ended June 30, 2020

An Enterprise Fund of the State of Arizona  
Prepared by the ASU Financial Services Office







# Arizona State University

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# Introductory Section



# Message from President Michael Crow



Arizona State University was the top choice for more than 128,000 new and returning Sun Devils in fall 2020. ASU Online had its largest fall enrollment to date, representing over 53,000 students included in our total fall enrollment figures. Despite the global COVID-19 pandemic challenges, ASU experienced a 7.6% growth over fall 2019. I believe our fall enrollment expansion represents our community's resilience and a fixed focus on academic goals as the pandemic has bolstered our spirit and facilitated innovation.

Our fall physical spaces preparation included more than 800 learning areas equipped with Zoom capabilities. Zoom use drives ASU Sync, which provides students fully interactive remote learning. By mid-September, ASU hosted over 41,000 Zoom academic sessions.

In addition to the on-site challenges the pandemic presented, we worked nonstop to ensure our communities' well-being. ASU Biodesign Institute researchers developed the Western United States' first FDA-approved, saliva-based, COVID-19 test. We collected approximately 75,827 COVID-19 test results from students and employees as of August 1, 2020. ASU researchers quickly pivoted to develop a new, portable saliva-based testing device that can deliver results in as few as 20 minutes. The new test is supported by \$5.2 million in CARES Act funds from the Arizona governor's office and \$860,000 from the Arizona Department of Health Services. ASU and ADHS additionally partnered to operate nearly 40 free COVID-19 testing sites across Arizona, including those in underserved and high-need communities. In addition to testing, we launched daily health checks via the ASU app and online, where our campus community reports their everyday well-being. We have gathered valuable details that help ASU Biodesign researchers analyze and track COVID-19 spread.

I am pleased to note that *U.S. News & World Report* named ASU the most innovative university for the sixth consecutive year and is among the top 50 public schools in the nation. It is an honor to be selected by peers and U.S. college presidents and provosts who nominate up to 15 schools that have made the most innovative improvements.

As our capacity to innovate advances, so have our leaders. Our executive vice president and chief research and innovation officer, Sethuraman "Panch" Panchanathan, was unanimously confirmed by the U.S. Senate in June as the 15th director of the National Science Foundation. During his six-year appointment, Panch will direct the federal agency's mission, including support for all fundamental science and engineering fields, to keep the U.S. at the forefront of discovery. Under his direction leading the Knowledge Enterprise at ASU, the university's research enterprise expanded to more than \$640 million in research expenditures, growing nearly four times in size. ASU was ranked seventh nationally in 2019 in total research expenditures for universities without a medical school and is currently ranked among the top universities globally for patents.

Innovative research enables us to be better ambassadors in our global community. During early September, ASU launched the Julie Ann Wrigley Global Futures Laboratory. I envision it as a medical school for the Earth. It will consist of a major research institute and practice arm devoted to environmental solutions enhanced with global partnerships. The new lab will also contain the new College of Global Futures, with three distinctive schools: School for the Future of Innovation in Society, School of Complex Adaptive Systems and the School of Sustainability. The new headquarters will thrive in the Interdisciplinary Science and Technology Building 7, and once complete, will be the most extensive research building on campus. ISTB7 will be the hub for more than 550 faculty and scholars and over 1,300 College of Global Futures students. The new Global Futures lab is a significant step in ASU's evolution as one of the world's leading centers for sustainability studies and the future of planetary life.

Our focus on a sustainable future is not always a singular enterprise but supported by our strategic partnerships like Dreamscape Learn. We have our sights set on transforming education through exploration with Dreamscape Immersive, a world-leading virtual reality company. Dreamscape Learn will add avatar-driven VR experiences to campus-based and online courses, starting with introductory biology and expanding through the sciences to other disciplines. Immersive, experiential Dreamscape Learn Labs also will become a part of our ASU campuses. The new labs will eliminate student learning gaps as they solve complex problems alongside pioneering faculty and explore virtual worlds and spaces. Dreamscape Learn will set the standard for how we learn in the 21st century.

I am optimistic for 2021 because of the steady progress ASU has made in redefining how we learn and succeed. Despite the many challenges we have endured, we have continued our forward momentum. We will continue our perpetual evolution to help meet our learners' needs, regardless of age, location or socioeconomic status, and those of other Arizona residents. I am grateful for the dedication of all Sun Devils and their families who make ASU a tremendous institution.



October 30, 2020

Dear President Crow, Members of the Arizona Board of Regents, and University Stakeholders:

Enclosed is the *Arizona State University Comprehensive Annual Financial Report* (CAFR) for the year ended June 30, 2020. The report includes the annual financial statements, Management's Discussion and Analysis (MD&A) and supplemental information to assist the reader in clearly understanding the University's financial activities and outcomes.

University management is responsible for the accuracy and completeness of the information presented, including all disclosures. We believe our system of internal controls is robust and sufficient to disclose material deficiencies in controls and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition. Because the cost of a control should not exceed the benefits that can be derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The University's internal auditors also perform fiscal, compliance, IT and operational audits. University Audit and Advisory Services prepares an annual audit plan based on ASU's Enterprise Risk Assessment model. The audit plan is approved by the University President and reviewed by the Arizona Board of Regents Audit Committee.

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. The University's annual audit is performed by the State of Arizona Office of the Auditor General. The reports resulting from the audit are shared with University management and the Arizona Board of Regents. The audit of the University's federal assistance programs is performed by the Office of the Auditor General in conjunction with the Statewide Single Audit. For the year ended June 30, 2020, the State of Arizona Office of the Auditor General has issued an unmodified opinion on Arizona State University's financial statements, the most favorable outcome possible. The independent auditors' report is displayed in the front of the financial section of the Report.

ASU remains committed to effective budgetary planning and sound financial management as it pursues excellence in teaching, research and public service. We have prepared Management's Discussion and Analysis (MD&A) to provide a narrative introduction, overview and analysis of the basic financial statements, as well as information regarding the University's financial position and the results of operations for the year ended June 30, 2020. The MD&A immediately follows the independent auditors' report, complements this letter of transmittal and should be read in conjunction with it.

### Profile of the University

ASU's charter, mission and goals demonstrate leadership in both academic outcomes and program accessibility. ASU strives to establish national standing in academic quality and impact of all ASU colleges and schools; to establish ASU as a global center for interdisciplinary research, discovery and development; and to enhance our local impact and social embeddedness. These aspirations provide the framework for ASU's continued development as a leading, global research university.

ASU offers more than 800 degree programs and concentrations led by expert faculty from highly-ranked colleges and schools. Each distinctive academic program exemplifies the hallmark of ASU— an exceptional education inspired by vision, scholarship and creativity. ASU is accredited by the North Central Association's Higher Learning Commission and many programs also maintain additional accreditation through specialized accrediting agencies.

ASU was founded as the Territorial Normal School in 1885 by an act of the Thirteenth Territorial Legislature, in response to the growing demand for teachers and leaders in the region. In 1915, agriculture was added to the curriculum in response to the completion of the Roosevelt Dam and subsequent expansion of irrigated farming in the Valley. In 1958, after a series of name changes, the citizens of Arizona voted in favor of a ballot proposition to change the name of the institution to Arizona State University. ASU today is composed of four campuses in the metropolitan Phoenix area, ASU Online, and programs available across Arizona and around the world.

The Arizona Board of Regents (ABOR) governs Arizona State University, as well as the state's other two public universities. ABOR is composed of twelve members, including appointed, ex-officio, and student regents. The Governor of Arizona appoints and the Arizona Senate confirms the eight appointed regents to staggered, eight-year terms as voting members of ABOR. The Governor and Superintendent of Public Instruction serve as ex-officio, voting members while they hold office. Two student regents serve staggered two-year terms, the first year as a nonvoting board member and the second year as a voting member.

The University is considered a part of the reporting entity for the State of Arizona's financial reporting purposes and is included in the State's Comprehensive Annual Financial Report. The financial reporting entity for ASU's financial statements is comprised of the University and eight component units. The University's financial statements and the financial statements for the University's two blended component units, the Thunderbird School of Global Management and the ASU Athletic Facilities District, are prepared in accordance with Governmental Accounting Standards Board (GASB) reporting requirements. Separate financial statements for the University's six



discretely presented component units are compiled in accordance with GASB Statement Nos. 39 and 61, and include ASU Enterprise Partners; Arizona Capital Facilities Finance Corporation; ASU Alumni Association; Arizona State University Research Park, Inc.; ASU Preparatory Academy, Inc. and Sun Angel Foundation. These component units are non-profit, tax-exempt organizations and are discretely presented based on the nature and significance of their relationships to the University.

The University is responsible for using its resources to fulfill its educational, research and public service mission. It also is responsible for planning, developing and controlling budgets within authorized allocations in accordance with University, Arizona Board of Regents, state and federal policies. The University submits its annual operating budget, which includes revenue from state investment, student tuition and fees, auxiliary enterprises, grants and contracts, private gifts and other income, to ABOR for approval. The state legislature reviews the University's local funds budget and adopts and appropriates the general purpose funds budget through legislation. The University monitors budgets with controls incorporated into its enterprise financial system. In addition, colleges and departments utilize financial reports to review financial transactions and monitor budgets. The University also provides periodic financial reporting to the Arizona Board of Regents. The report includes a comparison of budget to actual revenue and expenses, projections for revenues, expenses and net position for the fiscal year end, and variance explanations.

### **Arizona Economy**

*The following economic summary is based on the Arizona Office of Economic Opportunity Employment Projections, released on February 20, 2020 and data compiled by the JPMorgan Chase Economic Outlook Center at the ASU W.P. Carey School of Business.*

In its February 2020 forecast, prior to the economic impacts of the COVID-19 pandemic, the Arizona Office of Economic Opportunity was forecasting gradual gains in Arizona nonfarm employment for the 2019-2021 projection time period, with 160,000 nonfarm jobs growth (2.6% annually) expected from 2019 through 2021. In the forecast, the educational and health services sector was expected to add the largest number of jobs (approximately 19,000), at an annualized rate of growth of 2.9%, while construction-related employment was expected to rise by the largest percentage growth among all sectors at 6.7% annually.

The COVID-19 pandemic has created significant global economic disruptions in capital and debt markets, manufacturing capacities, supply chain deliveries and decreases in employment rates across all sectors. Pre-pandemic trends, which showed growth in real GDP, population, private sector wages, and labor force participation, encourage economists that a relatively short-term economic recovery can be expected barring unforeseen additional disruptions. On the national level, according to the U.S. Bureau of Labor Statistics, job losses due to the pandemic peaked with an unemployment rate of 14.7%, the highest rate in the post-World War II era, and as of August 2020, improved to an unemployment rate of 8.4%. The Arizona unemployment rate as of August 2020 continues to outperform the national average boosted by increased construction activity and significant rebounding in most major employment sectors. Federal CARES Act programs assisted Arizona's recovery efforts by injecting \$17 billion into the state's economy through increased unemployment benefits, the federal Paycheck Protection Program and through economic recovery rebates. The continued low interest rate environment is expected to contribute to economic recovery and growth.

Despite economic trends that remain positive for Arizona's continued economic recovery, constraints on budgets persist for state and local governments as well as for a large number of households. Long-term structural issues in the state economy continue to include low national rankings in per capita income, lagging levels of higher education attainment, education funding challenges, higher-than-average poverty rates and needed critical infrastructure improvements to match increasing population demands.

### **Planning and Initiatives**

As part of the Arizona Board of Regents' strategic plan, *Impact Arizona*, key performance metrics are used to measure the success of ASU and the other state universities in achieving institutional and system-wide goals. *Impact Arizona* goals measure progress in delivering a high-quality university education; increasing the number of Arizonans with a college degree or certificate; creating new knowledge, collaborations, inventions and technology to solve critical problems; and engaging our communities through initiatives and partnerships to improve Arizona's economy and competitiveness. Key measures of progress toward achieving these goals are continually reviewed and monitored by ABOR and the universities. Overarching ASU goals as part of this strategic plan include demonstrating leadership in academic excellence and accessibility; achieving national standing in academic quality and impactful colleges and schools in every field; obtaining recognition as a global center for interdisciplinary research, discovery and development; and enhancing local impact and social embeddedness.

With our Charter as the guiding principle, Arizona State University continues to thrive and make progress toward the challenging goals set by the Arizona Board of Regents.

In the midst of recent world-wide disruptions, which have significantly impacted the higher education sector, ASU remains committed to redesigning the public research university, leaving an indelible mark on the communities we serve. FY 2020 was another successful year for ASU, with research playing an increasing role in ASU's global engagement. The State of Arizona, the nation and the world at large all share the economic and societal benefits of purpose-based research. Major milestones of the past year include:

- ASU has emerged as one of the country's fastest-growing research universities among those with \$100 million+ in annual research expenditures. According to the National Science Foundation Higher Education Research and Development survey, ASU is among the country's top 10 universities for total research expenditures for those institutions without a medical school. Recognized by the Carnegie Classifications of Institutions of Higher Education as a Research I Doctoral University, ASU continues to leverage its traditional research operations with its innovation zones and strategic partnerships with engaged corporate and international partners to advance its research activities. In addition to furthering global efforts to mitigate the impacts of the COVID-19 pandemic through



enhanced testing and community monitoring, ASU continues to grow its research portfolio including cameras developed for the new NASA Mars rover, plastic-eating bacteria development, mechanical trees to reduce carbon dioxide in the air, and ongoing cancer vaccine research efforts.

- To meet the increasing growth of immersion and hybrid student enrollment to over 128,000 students for fall 2020, the University continues to invest in necessary capital infrastructure to support its core mission of instruction, research and public engagement. Construction cranes continue to rise on major intersections around the City of Tempe and the ASU Tempe campus as the University and its Novus Innovation Corridor welcome new construction projects. Recently completed and ongoing projects represent tangible indicators of the ongoing growth of the enterprise and its commitment to meet the demands of the ever-changing landscape of higher education, including renovation of the Tempe campus historic Hayden Library, renovation of the prominently-located Durham Language and Literature Building and construction on the University's largest research facility, ISTB 7.
- ASU continues to reflect excellence in educational opportunity, providing students with access to a world-renowned faculty that includes 37 Guggenheim fellows, 23 National Academy of Sciences members, seven Pulitzer Prize winners, five MacArthur fellows and five Nobel laureates. In addition to our remarkable faculty, ASU's significant undergraduate online programs are rated in the top 10 by U.S. News & World Report and currently offer more than 110 undergraduate and 90 graduate degree programs online.
- ASU researchers continue to work on the front lines of COVID-19 response efforts by developing expanded testing capabilities and researching the novel coronavirus to assist in treatment and cure efforts worldwide. In May 2020, ASU developed the state's first saliva-based COVID-19 test, which returns accurate results in 24-48 hours and is a significant component to the overall return to campus planning efforts for students, faculty and staff. In September 2020, ASU received a \$6.0 million grant from the State of Arizona to deliver a portable saliva-based testing device that will deliver results in as little as 20 minutes. In October 2020, ASU received a \$4.7 million grant from the National Institutes of Health to bring rapid COVID-19 testing to underserved communities which is estimated to deliver more than 29,000 saliva tests to minority communities.

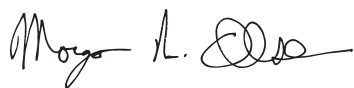
#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its CAFR for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To receive a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized CAFR, and must satisfy both generally accepted accounting principles and applicable legal requirements. The University will submit its CAFR for the fiscal year ended June 30, 2020 to the GFOA and anticipates this year's report will continue to meet the requirements to receive the Certificate of Achievement.

Preparation of this CAFR in a timely manner would not have been possible without the coordinated efforts of the Financial Services Office and other University administrators, faculty and staff. In addition, the State of Arizona Office of the Auditor General provided invaluable assistance.

Sincerely,



Morgan R. Olsen  
Executive Vice President, Treasurer and Chief Financial Officer  
Arizona State University



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Arizona State University**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

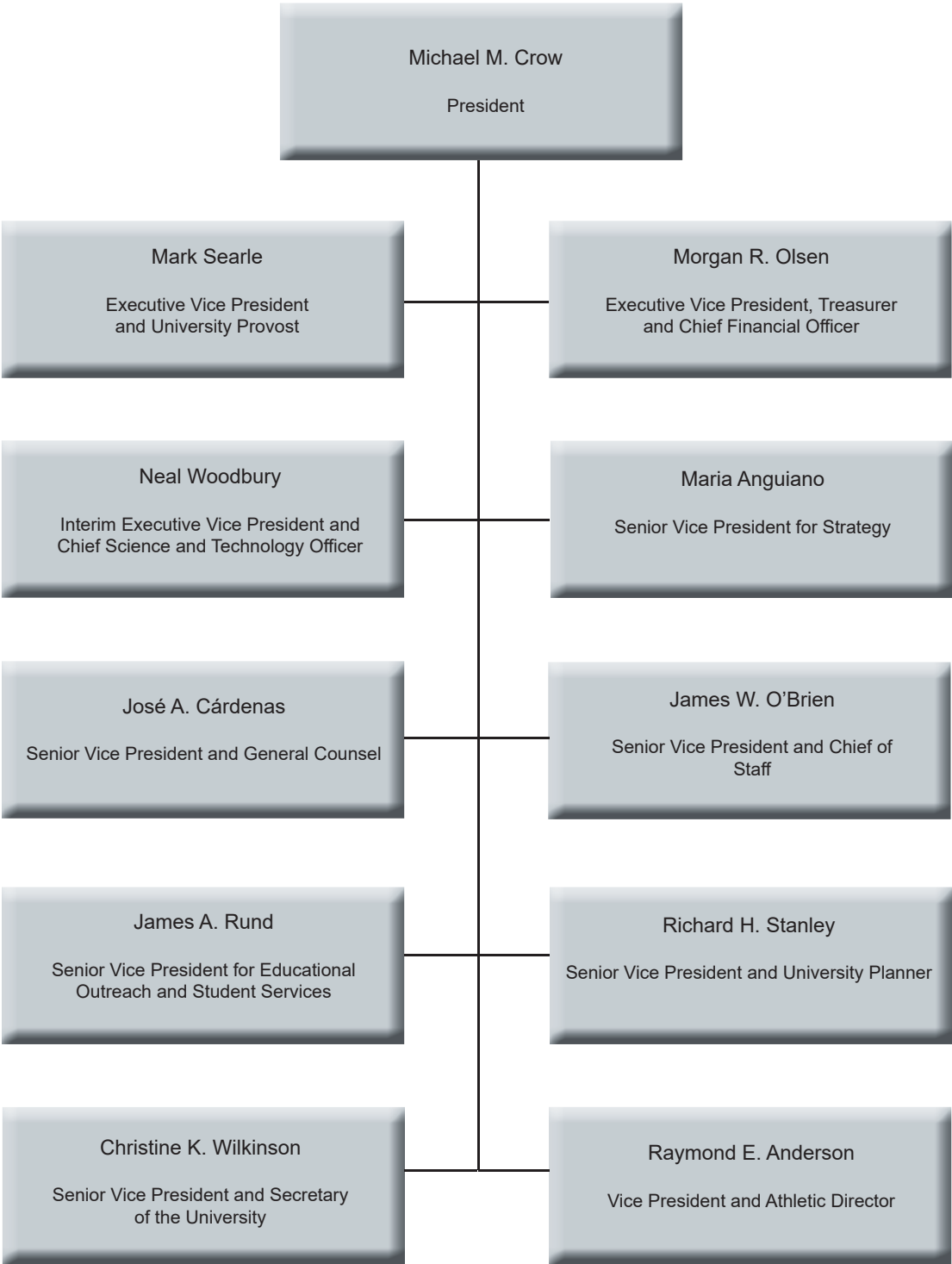
June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# ASU Organizational Chart

As of June 30, 2020





## **Ex-Officio**

Doug Ducey, *Governor of Arizona*

Kathy Hoffman, *Arizona Superintendent of Public Instruction*

## **Appointed**

Larry Penley, *Chair*  
Phoenix

Karrin Taylor Robson, *Secretary*  
Phoenix

Ron Shoopman, *Treasurer*  
Tucson

Lyndel Manson, *Chair Elect*  
Flagstaff

Bill Ridenour  
Paradise Valley

Fred DuVal  
Phoenix

Kathryn Hackett King  
Phoenix

Ram Krishna  
Yuma

Anthony Rusk, *Student Regent*  
University of Arizona

Lauren L'Ecuyer, *Student Regent*  
Northern Arizona University







Attendees of Sparky's Touchdown Tailgate check out a Blackhawk helicopter before the Salute to Service game against the University of Southern California.

## Financial Section



LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

## Independent auditors' report

Members of the Arizona State Legislature

The Arizona Board of Regents

### Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Arizona State University as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### *Management's responsibility for the financial statements*

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

### *Auditors' responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Thunderbird School of Global Management (TSGM) and the aggregate discretely presented component units, which account for the following percentages of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, and expenses of the opinion units affected:

Opinion unit	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses
Business-type activities—TSGM	0.45%	0.06%	0.55%	0.45%
Discretely presented component units	100%	100%	100%	100%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for TSGM or the aggregate discretely presented component units, is based solely on the other auditors' reports. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors did not audit the aggregated discretely presented component units' financial statements, except for the ASU Preparatory Academy, Inc., in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of Arizona State University as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of matter***

As discussed in Note A to the financial statements, the University's financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only those portions of the business-type activities, major fund, and aggregate discretely presented component units of the State of Arizona that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Arizona as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### ***Other matters***

#### ***Required supplementary information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 20 through 26, schedule of the University's proportionate share of the net pension liability and total OPEB liability on page 64, and schedule of university contributions on page 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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 and other information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The combining statements on pages 68 and 69 and

# Independent Auditors' Report

the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements are management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining statements are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other reporting required by *Government Auditing Standards***

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

Lindsey Perry, CPA, CFE  
Auditor General

October 30, 2020



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# Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) provides readers of Arizona State University's financial statements an understanding of the financial position and revenue and expense activities for the year ended June 30, 2020. This discussion has been prepared by University management and should be read in conjunction with the financial statements and notes to the financial statements.

## Arizona State University Reporting Entity

Arizona State University (ASU, University) is a knowledge enterprise committed to knowledge creation, innovation, meaningful impact to our community and global engagement. The University is comprised of an educational network of more than 800 accredited undergraduate majors, highly ranked graduate degrees, and concentrations. ASU's fall 2019 enrollment was over 119,000 students comprised of 96,000 undergraduate students and 23,000 graduate students, including over 53,000 students participating in ASU's renowned online degree programs. The University is classified as a state instrumentality and since fiscal responsibility for the University remains with the State of Arizona, the University is considered a part of the reporting entity for the State's financial reporting purposes.

The University's financial report includes three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Financial information for FY 2019 is included in Management's Discussion and Analysis (MD&A) in order to illustrate increases and decreases with FY 2020 data. The financial statements and notes along with MD&A have been prepared in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB) for public colleges and universities.

The University's financial statements encompass the University and its two blended component units and six discretely presented component units. MD&A focuses only on the University and blended component units, unless otherwise stated. Information on the component units can be found in the component units' Statement of Financial Position and Statement of Activities, as well as *Note B - ASU Component Units*, *Note O - Summary Financial Information for ASU Component Units*, and Combining Statements of the nonmajor discretely presented component units.

## Financial Highlights for FY 2020

The University strengthened its financial foundation in FY 2020 with a \$7 million increase in net position, compared to a \$85 million increase in FY 2019. This represents the 15th straight year in which ASU reported an increase in net position. At June 30, 2020 the University had total assets of \$4.7 billion and net position of almost \$1.4 billion. Overall, FY 2020 funding sources and uses increased six percent and nine percent, respectively, from FY 2019.

Tuition and fees are ASU's primary revenue source (52 percent), with grants and contracts, state appropriations, financial aid grants and auxiliary enterprise activities also providing significant resources. Over \$1.3 billion was spent on instruction related expenses in FY 2020, representing one-half of the University's total expenses. Scholarships and fellowships combined with student services was the second largest expense category with \$459 million in FY 2020 expenses, while research and public service expenses were \$398 million, with the categories reflecting fifteen and eleven percent increases over FY 2019, respectively.

## Statement of Net Position

The statement of net position presents the financial position of the University at the end of the fiscal year and reports all assets, deferred outflows, liabilities and deferred inflows, and segregates assets and liabilities into current and non-current categories. Assets are resources controlled by ASU that can be used to support its mission and goals. A deferred outflow of resources is a use of net position that is applicable to future reporting periods. Liabilities are obligations of the University. A deferred inflow of resources is the acquisition of net position in future periods.

The change in net position (assets plus deferred outflows of resources less liabilities plus deferred inflows of resources) between years is one indicator of whether the overall financial condition of the University has improved or worsened during the fiscal year.

A summary comparison of the University's financial position as of June 30, 2020 and June 30, 2019 follows.

Condensed Summary of Net Position (Dollars in millions)		
	FY 2020	FY 2019
<b>Assets</b>		
Current assets	\$ 615.9	\$ 553.9
Noncurrent assets	1,131.8	1,134.2
Noncurrent capital assets, net	2,949.1	2,749.3
<b>Total assets</b>	<b>\$ 4,696.8</b>	<b>\$ 4,437.4</b>
<b>Deferred outflows of resources</b>	<b>\$ 233.0</b>	<b>\$ 160.2</b>
<b>Liabilities</b>		
Current liabilities	\$ 592.0	\$ 544.1
Noncurrent liabilities	939.6	759.5
Noncurrent long-term obligations	1,967.0	1,835.8
<b>Total liabilities</b>	<b>\$ 3,498.6</b>	<b>\$ 3,139.4</b>
<b>Deferred inflows of resources</b>	<b>\$ 69.1</b>	<b>\$ 102.9</b>
<b>Net position</b>		
Net investment in capital assets	\$ 1,042.7	\$ 985.1
Restricted:		
Nonexpendable	87.5	84.7
Expendable	127.6	118.6
Unrestricted	104.3	167.0
<b>Total net position</b>	<b>\$ 1,362.1</b>	<b>\$ 1,355.4</b>



Total assets at June 30, 2020 of \$4.7 billion reflect a six percent increase from June 30, 2019. Current assets are used to support operations and include cash and cash equivalents, short-term investments and accounts receivables. Current assets increased \$62 million between years primarily due to increased cash and cash equivalents as the University was strategically holding more liquid assets at June 30, 2020 due to the effects of the COVID-19 pandemic economic disruptions. ASU's investment strategy continued to take advantage of the lack of spread between short-term and long-term rates, allowing for expanded shorter term investments available to fund current obligations as needed.

Noncurrent assets increased \$197 million between years primarily due to a \$200 million increase in net capital assets, a \$6 million increase in endowment investments, partially offset by a \$6 million decrease in restricted cash and cash equivalents and a \$3 million decrease in other investments and student loans receivable. The increase in net capital assets was largely due to ongoing construction of the Interdisciplinary Science and Technology Building 7 (ISTB 7) project and the Health Futures Center, as well as the completion of the Hayden Library Reinvention project. Restricted cash and cash equivalents decreased \$6 million due to expenditures on capital projects offset by the issuance of system revenue bonds in fiscal 2020 to fund the Phase II of ISTB 7, the Durham Language and Literature renovation, phase two of the Health Futures Center, the Downtown Phoenix academic space prepaid lease, IT infrastructure and other infrastructure and deferred maintenance projects. The bond proceeds will be spent as construction costs are incurred.

Deferred outflows of resources increased \$73 million between years primary due to an increase in pension plan and other postemployment benefits activity due to actuarial differences between expected and actual experience as well as changes in actuarial assumptions.

Total liabilities increased \$359 million for the year ended June 30, 2020 to \$3.5 billion, with current liabilities increasing \$48 million between years primarily due to increased unearned revenues and accounts payable. Unearned revenues increased due to grant revenues received prior to all grant obligations being fulfilled resulting in the recognition of the revenue in future periods. Accounts payable increased primarily related to outstanding obligations related to growth in outsourced services.

Noncurrent liabilities increased \$311 million between years with long-term debt increasing by \$131 million and ASU's allocated portion of pension and OPEB liabilities increasing \$48 million and \$113 million, respectively. Long-term debt increased due to the 2020 system revenue bonds issue discussed above and the increased pension liability resulted from an increase in the University's proportionate share of the ASRS plan and differences

between projected and actual earnings on pension plan investments. The increase in OPEB liability resulted from the increased subsidization of retiree health care costs by active employees and greater participation of ASU retirees in the ADOA OPEB plan.

Deferred inflows of resources decreased \$34 million between years due to decreased pension and OPEB plan deferrals due to actuarial changes in assumptions in the measurement of the plan liabilities to be recognized in future periods.

Net position increased \$7 million between years to almost \$1.4 billion. ASU's increase in net position over the last ten years has averaged \$86 million annually reflecting the University's steady growth in net position allowing the University to accumulate unrestricted net position sufficient to absorb the reduction in net position related to GASB pension plan and OPEB liability standards and still retain positive unrestricted net position to support strategic initiatives. Net position is reported as follows:

- Net investment in capital assets represents the University's investment in capital assets such as equipment, buildings, land and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.
- Restricted-nonexpendable net position primarily represents the University's permanent endowment funds received from donors for the purpose of creating permanent funding streams for specific programs or activities. These funds are held in perpetuity and are not available for expenditure by the University. The earnings on these funds support the programs and activities as determined by donors.
- Restricted-expendable net position is the resources which the University is legally or contractually obligated to spend in accordance with restrictions placed by donors and/or other external parties.
- Unrestricted net position is composed of all other funds available to ASU for purposes related to its mission. Unrestricted net position is typically designated or committed for specific academic programs or research initiatives.

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

The statement of revenues, expenses, and changes in net position presents the University's operating results for the fiscal year. A positive increase in net position would typically indicate the financial condition of the University has improved over the prior year. In accordance with GASB, the University recognizes certain essential revenues such as state appropriations, financial aid grants, and private gifts, as nonoperating revenues even though those revenues are used to support the University's core instructional mission.

# Management's Discussion and Analysis

A summary comparison of the University's activities for FY 2020 and FY 2019 follows.

<b>Condensed Summary of Revenues, Expenses, and Changes in Net Position (Dollars in millions)</b>		
	<b>FY 2020</b>	<b>FY 2019</b>
<b>Operating revenues</b>		
Tuition and fees, net	\$ 1,550.6	\$ 1,423.1
Research grants and contracts	365.5	344.1
Auxiliary enterprises, net	170.2	183.5
Other operating revenues	94.3	97.9
Total operating revenues	\$ 2,180.6	\$ 2,048.6
<b>Operating expenses</b>	2,883.5	2,634.7
<b>Operating loss</b>	<b>\$ (702.9)</b>	<b>\$ (586.1)</b>
<b>Net nonoperating revenues (expenses)</b>		
State appropriations	\$ 323.3	\$ 303.4
Other nonoperating revenues	414.1	403.5
Nonoperating expenses	(81.3)	(85.8)
Income before other revenues, expenses, gains, or losses	\$ (46.8)	\$ 35.0
Capital appropriations and other revenues	53.5	50.4
<b>Increase in net position</b>	<b>\$ 6.7</b>	<b>\$ 85.4</b>
Net position at beginning of year	1,355.4	1,270.0
<b>Net position at end of year</b>	<b>\$ 1,362.1</b>	<b>\$ 1,355.4</b>

## Operating Revenues

Operating revenues represent resources generated by the University to fulfill its instruction, research, and public service missions. Student tuition and fees, research grants and contracts, and auxiliary enterprise activities are the primary operating revenues of the University.

Operating revenues increased \$132 million, or six percent, to over \$2.1 billion in FY 2020 with the most significant increases occurring in net tuition and fees and research grants and contracts. The \$128 million increase in tuition and fee revenues is primarily the result of a three percent increase in enrollment, including nonresident enrollment growth of four percent, and a modest increase in tuition and fee rates due to the adoption of the tuition restructure plan to simplify student billing.

Grants and contracts revenue, primarily funded by federal agencies reflected a six percent, or \$21 million, increase between years to over \$365 million. ASU has one of the fastest growing research enterprises in the U.S. and supports several interdisciplinary research centers, institutes and initiatives. These university-wide research centers enable scientists and scholars to collaborate across disciplines; connect researchers with clinical, governmental and corporate partners; and provide the teams and infrastructure to win significant funding opportunities.

There was a \$13 million, or seven percent, decrease in auxiliary revenues due to the impact of the COVID-19 pandemic on auxiliary sales and services, particularly a credit

provided to students in University housing and cancellation of Gammage Broadway Series events.

## Operating Expenses

Expenses are also categorized as operating or nonoperating per GASB. The University reports operating expenses by functional category (instruction, research, etc.) in the statement of revenues, expenses, and changes in net position and displays expenses by their natural classification (personal services and benefits, supplies and services, etc.) in *Note I – Operating Expenses by Natural Classification*.

Operating expenses increased \$249 million or nine percent in FY 2020 with the increase largely reflecting increased instructional, student support and research activities. Instruction and academic support expenses experienced the largest increase, \$122 million, spread across most academic areas of the University, along with continued growth in online programs and instructional support activities. Scholarship and fellowships and student services increased \$61 million largely due to increased Pell grants awards and institutional aid. Research and public service expenses increased \$39 million in correlation with the increased grants and contracts revenues.

Pensions and OPEB expenses totaled \$56 million in FY 2020 compared to an offsetting impact to operating expenses (\$5 million) in FY 2019, representing a \$61 million increase between years impacting all functional classifications. Pensions and OPEB expenses increased due to recognition of actuarial differences between expected and actual experience as well as changes in actuarial assumptions.

## Nonoperating Revenues and Expenses

Due to the required classification of key revenue sources such as state appropriations, financial aid grants, and private gifts as nonoperating revenues, operating expenses will typically exceed operating revenues for public universities, resulting in an operating loss. Total nonoperating revenues increased \$34 million between years, primarily due to a \$20 million increase in state appropriations, \$15 million in CARES Act assistance and \$19 million in financial aid grants, offset by decreases of \$16 million in net investment income and \$4 million in private gifts. The University received an increase of \$13 million in state investment and \$7 million in funding from the Arizona Board of Regents for the Arizona Teachers Academy. Additionally, the University recognized a receivable of \$15 million as of June 30 out of the total of \$64 million in awarded CARES Act funding due to the COVID-19 pandemic. The increase in financial aid grants is primarily related to Pell grant activity. Unrealized gains on investments decreased between fiscal years as did interest earnings on investments, primarily due to market impacts of the COVID-19 pandemic. Nonoperating expenses, primarily comprised of interest on debt and other related expenses decreased \$4 million in part due to sale of real estate associated with the Thunderbird School of Global Management.



<b>Combined Sources and Uses (Dollars in millions)</b>					
	<b>FY 2020</b>		<b>FY 2019</b>		<b>Percentage Change</b>
<b>Sources</b>					
Tuition and fees, net	\$ 1,550.6	52%	\$ 1,423.1	51%	9%
Grants and contracts	423.2	14%	401.5	14%	5%
State appropriations (includes capital appropriations)	348.9	12%	328.8	12%	6%
Financial aid grants	186.8	6%	168.2	6%	11%
Auxiliary enterprises, net	170.2	6%	183.5	7%	(7)%
Private and capital gifts	93.8	3%	97.7	3%	(4)%
Sales and services	72.5	3%	78.5	3%	(8)%
Share of state sales tax (TRIF)	34.1	1%	34.6	1%	(1)%
Other sources	91.5	3%	89.9	3%	2%
<b>Total sources</b>	<b>\$ 2,971.6</b>	<b>100%</b>	<b>\$ 2,805.8</b>	<b>100%</b>	<b>6%</b>
<b>Uses</b>					
Instruction and academic support	\$ 1,388.1	47%	\$ 1,266.2	46%	10%
Research and public service	398.4	13%	359.8	13%	11%
Scholarships and fellowships and student services	459.0	16%	398.4	15%	15%
Institutional support and operation of plant	302.6	10%	293.5	11%	3%
Auxiliary enterprises	191.9	6%	179.6	7%	7%
Depreciation	143.6	5%	137.1	5%	5%
Interest on debt and other expenses	81.3	3%	85.8	3%	(5)%
<b>Total uses</b>	<b>\$ 2,964.9</b>	<b>100%</b>	<b>\$ 2,720.4</b>	<b>100%</b>	<b>9%</b>

### Statement of Cash Flows

A summary comparison of cash flows for the University's FY 2020 and FY 2019 activities follows.

<b>Condensed Summary of Cash Flows (Dollars in millions)</b>		
	<b>FY 2020</b>	<b>FY 2019</b>
<b>Cash provided by/(used for):</b>		
Operating activities	\$ (465.9)	\$ (439.6)
Noncapital financing activities	683.6	664.6
Capital and related financing activities	(224.8)	(138.8)
Investing activities	34.1	139.1
<b>Net increase in cash and cash equivalents</b>	<b>\$ 27.0</b>	<b>\$ 225.3</b>
Cash and cash equivalents at beginning of year	519.4	294.1
<b>Cash and cash equivalents at end of year</b>	<b>\$ 546.4</b>	<b>\$ 519.4</b>

The statement of cash flows provides additional information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. Cash flows from operating activities present the net cash generated or used by the operating activities of the

University. Due to the categorization of operating and nonoperating revenues and expenses by GASB, cash flows from operating expenses are typically a net cash use. Major operating funding sources include student tuition and fees, research grants and contracts, and auxiliary enterprises revenues. Operating expenses include employee salaries and benefits and vendor payments for services and supplies. Net cash flows from noncapital financing activities is a major funding source for operating expenses and includes cash from state appropriations, financial aid grants, and private gifts. Cash flows from capital financing activities include all capital assets and related long-term debt activities, including proceeds from the issuance of debt, capital asset purchases, and principal and interest paid on long-term debt. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and income earned on those investments.

### Capital Assets and Debt Administration

The University is required by state statute and Arizona Board of Regents policy to prepare an annual Capital Improvement Plan (CIP). The CIP details the University's three-year strategic plan of space use and capital investments to enable the success of current and future students and maintain the University's commitment to

# Management's Discussion and Analysis

the people of Arizona regarding research discovery and economic development.

The CIP also outlines any plans to issue debt to finance capital acquisitions or construction to address space deficiencies in academic, research and student programs.

ASU's capital assets continue to grow in order to provide facilities to support the University's instruction, research and public service missions. Overall the University's capital assets, net of accumulated depreciation and deletions, increased by \$200 million in FY 2020, a seven percent increase over FY 2019. Growth in FY 2020 primarily resulted from completion of the Hayden Library renovation project and new projects to support the University's instruction, research and public service programs.

Significant FY 2020 new capital projects included the following:

- **Thunderbird School of Global Management.** This new multi-level classroom and office facility will be located in Downtown Phoenix to accommodate the strategic relocation of the Thunderbird School of Global Management's graduate programs. This 111,000 gross-square-foot classroom and office building will provide a long-term location for these programs, now located in leased Arizona Center space. The proximity of the facility's location to other ASU schools and departments, as well as to valuable community partners in downtown Phoenix, will enhance the university's access to resources that will enable the success of Thunderbird students, faculty and staff.
- **Durham Language and Literature Building Renovation.** This project provides needed renovations to the Durham Language and Literature Building, located prominently on the Tempe campus. This facility is over fifty years old and requires modernization and upgrades to all building infrastructure systems to comply with current building and life safety codes and to advance the University's mission of academic excellence. In addition to extensive demolition of the original flooring, walls and ceilings, the project plan includes the renovation of all exterior facades with brick and the addition of building insulation and new energy-efficient windows which will infuse building spaces with natural light, reduce energy consumption and create a healthier environment.
- **Downtown Phoenix Residence Hall and Entrepreneurial Center.** This third-party project will construct a new student housing facility with academic, innovation and core student support space for the Downtown Phoenix Campus. The 284,000 gross-square-foot facility will be located on the ASU

Downtown Phoenix Campus and will add more than 500 beds for student housing. For fall 2021, programs in popular music, fashion and design within the Herberger Institute for Design and the Arts will transfer to the Downtown Phoenix Campus to take advantage of proximity to the established and emerging arts districts of downtown Phoenix. The first three floors of the project will provide specialized space to support these and other campus programs, with dynamic, creative space that includes workshops, design studios, co-working space, fabrication labs, recording and photography studios and live events.

Additional information about the University's capital assets is presented in *Note D – Capital Assets*.

A summary of the University's outstanding debt including average interest rates, final maturity and outstanding balances for its bonds, certificates of participation and capital leases, is presented in *Note E – Long-Term Debt and Lease Obligations*. In April 2020 the University issued \$184 million in system revenue bonds to fund Phase I of the Durham Language and Literature Renovation, Phase II of the Health Futures Center, Phase II of ISTB 7, IT and other infrastructure and deferred maintenance projects and the prepaid lease portion of the Downtown Phoenix Residence Hall and Entrepreneurial Center.

ASU's current bond ratings are Aa2 by Moody's Investor Services and AA by Standard and Poor's.

## ASU's Component Units

ASU has blended financial activity for two of its component units, The Thunderbird School of Global Management (TSGM) and the ASU Athletic Facilities District. There was no financial activity for the ASU Athletic Facilities District during FY 2020.

For its discretely presented component units, the University presents the financial statements on separate pages from the University's basic financial statements. These component units are reported in distinct financial statements due to their use of different financial reporting models than the University and to emphasize their separation from the University. ASU component units discretely presented in these statements are ASU Enterprise Partners (ASUEP), Arizona Capital Facilities Finance Corporation (ACFFC), ASU Alumni Association, Arizona State University Research Park, Inc., Sun Angel Foundation, and ASU Preparatory Academy, Inc. Even though the component units support the University, they are not subsidiaries of the University.

For more information on these component units, please refer to *Note B – ASU Component Units* and *Note O – Summary Financial Information for ASU Component Units*.

Condensed Summary of Financial Position for ASU Discretely Presented Component Units (Dollars in millions)		
	FY 2020	FY 2019
<b>Assets</b>		
Cash and investments	\$ 1,331.8	\$ 1,288.4
Capital assets, net	155.0	165.6
Receivables, net	252.0	240.5
Other assets	75.8	76.9
<b>Total assets</b>	<b>\$ 1,814.6</b>	<b>\$ 1,771.4</b>
<b>Liabilities</b>		
Long-term debt	\$ 316.6	\$ 333.8
Other liabilities	343.2	328.2
<b>Total liabilities</b>	<b>\$ 659.8</b>	<b>\$ 662.0</b>
<b>Net assets</b>		
Without Donor Restrictions - Unrestricted	\$ 123.3	\$119.7
With Donor Restrictions - Temporarily restricted	427.9	421.9
With Donor Restrictions - Permanently restricted	603.6	567.8
<b>Total net assets</b>	<b>\$ 1,154.8</b>	<b>\$ 1,109.4</b>

Condensed Summary of Activities for ASU Discretely Presented Component Units (Dollars in millions)		
	FY 2020	FY 2019
<b>Revenues</b>		
Contributions	\$ 227.2	\$ 235.0
Other revenues	122.4	216.3
<b>Total revenues</b>	<b>\$ 349.6</b>	<b>\$ 451.3</b>
<b>Expenses</b>		
Payments to the benefit of ASU	\$ 162.7	\$ 146.2
Other expenses	141.3	137.0
<b>Total expenses</b>	<b>\$ 304.0</b>	<b>\$ 283.2</b>
Gains and losses	(0.2)	3.3
Increase in net assets	\$ 45.4	\$ 171.4
Net assets at beginning of year	1,109.4	938.0
<b>Net assets at end of year</b>	<b>\$ 1,154.8</b>	<b>\$ 1,109.4</b>

### Combined ASU and ASU Component Units

ASU and its component units combined for an increase in net position/net assets of \$52 million in FY 2020, including a \$7 million increase for the University and its blended component units and a \$45 million increase for the discretely presented component units. The net asset increase for ASU occurred in net investment in capital assets, \$58 million, and restricted net position \$12 million, offset by a decrease in unrestricted net position of \$63 million. Component unit unrestricted net assets increased by \$4 million while temporarily restricted and permanently restricted component unit net assets increased by \$6 million and \$35 million, respectively. Restricted net position/ net

assets for the University/component units must be spent in compliance with donor directions, and are typically restricted for use by a specific academic department or program. Revenues for the components units decreased \$102 million, or (23 percent), between years, primarily due to a \$102 million decrease in net investment return and a \$8 million decrease in contributions, partially offset by a net \$8 million increase in sales and services, grants and aid, rental and other revenues. Expenses for the component units increased by \$21 million, or seven percent, between years with payments to benefit ASU representing over half of the increase.

End of the Year Net Position of ASU and Net Assets of ASU Component Units on a Combined Basis (Dollars in millions)						
	FY 2020			FY 2019		
	ASU	ASU Component Units	Combined	ASU	ASU Component Units	Combined
Net investment in capital assets	\$ 1,042.7		\$ 1,042.7	\$ 985.1		\$ 985.1
Unrestricted net position/net assets without donor restrictions	104.3	\$ 123.3	227.6	167.0	\$ 119.7	286.7
Restricted net position/net assets with donor restrictions:						
Expendable/Temporarily	127.6	427.9	555.5	118.6	421.9	540.5
Nonexpendable/Permanently	87.5	603.6	691.1	84.7	567.8	652.5
Net position/net assets at end of year	\$ 1,362.1	\$ 1,154.8	\$ 2,516.9	\$ 1,355.4	\$ 1,109.4	\$ 2,464.8



# Management's Discussion and Analysis

## Economic Outlook

ASU continues to deliver essential services to its students and the broader community locally and nationally through its research, teaching and service activities and meeting the demand for education, which remains high from learners of all ages and all stages of life. In the environment of the COVID-19 pandemic, ASU began its fall semester in August 2020 offering courses in various immersion modalities including: ASU immersion (on-campus, in-person, technology-enhanced learning); ASU Sync (synchronous, technology-enhanced and fully-interactive remote learning); and iCourses (courses delivered entirely online with lectures and materials available on demand). To address the numerous issues brought on by the pandemic, the University developed the ASU COVID-19 management framework for its students, staff, faculty, and community members, based upon evaluation of the best science, data and public health practices with a focus on adaptability to an ever-changing environment. For example, the University has operationalized easily-accessible saliva testing capacities for students and staff in conjunction with daily online health check solutions to ensure that individuals can be tested timely and efficiently, and to detect the potential spread of infections.

Recognized by *US News and World Report* as the most innovative higher education institution in the nation for the sixth straight year, ASU continues to lead in advancement and development of new learning technologies in a scalable manner to provide greater access to higher education. ASU continues to invest in its strong university-funded scholarship programs focused on providing both merit-based and need-based aid to residents of Arizona, with continuing priority for need-based aid for talented first-generation low-income students. For fall 2019, 85 percent of ASU undergraduate students received some level of financial assistance and 36 percent of ASU undergraduate students received federal Pell Grants.

Even with the challenges of the pandemic, ASU has experienced its largest enrollment. For the fall 2020 semester, ASU has enrolled more than 128,000 students, with over 74,000 enrolled in immersion, hybrid or Sync classes. ASU's renowned online education degree programs are well-positioned economically and structurally, and they continue to enjoy double-digit growth in student enrollment. The University continues to achieve improvements in student retention and degree completion despite the challenges posed by the increasingly complex and changing environment for learners who are experiencing economic, medical and daily disruptions due to the pandemic.

The recognition of ASU's academic, public service and research efforts are keystones to the university's reputation among its peers as a leader in innovation and academic quality. Recent recognition for ASU's innovation and educational efforts from external sources include:

- #1 university in the U.S. for innovation, for the sixth year in a row; (*U.S. News and World Report*)
- #1 in the U.S. and top five in the world for global impact in research, outreach and stewardship (*Times Higher Education*)
- Top 10 in U.S. patents across universities worldwide; (*U.S. National Academy of Investors and the Intellectual Property Owners Association*);
- Top 10 in the U.S. for first-year student experience (*U.S. News and World Report*)
- Top 10 "Best Buy" of public universities; (*Fiske Guide to Colleges*)
- Top 10 university in the U.S. chosen by international students (*Institute of International Education*)
- A top producer of Fulbright scholars; (*Chronicle of Higher Education*)
- A top university for undergraduate education; (*U.S. News and World Report, Princeton Review*)

ASU management expects that the ongoing economic impacts of the COVID-19 pandemic will present financial challenges to the enterprise, particularly to its auxiliary activities. Despite these challenges, compared to other higher education entities around the country, ASU remains well-positioned due to increased enrollment.

Looking to the future, the University embraces its role to meet the demands of social transformation necessary to contribute to the national agenda for social justice. The University's commitment to its charter and to the transformation of higher education will need to accelerate and learning options will need to diversify in order to keep pace with rapidly changing workforce needs. In September 2020, the University released a 25-point plan to increase these efforts to enhance diversity, growth and opportunity for underrepresented groups and individuals to ensure that all are provided an educational, work and living environment that is welcoming, supportive and empowering to their success. ASU is well-positioned administratively, structurally and financially to confront these challenges and is honored to lead these efforts within the higher education sector.

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# Statement of Net Position

June 30, 2020 (*Dollars in thousands*)

## Assets

### Current Assets:

Cash and cash equivalents (Note C)	\$ 272,636
Short-term investments (Note C)	89,712
Accounts receivables, net	240,862
Other assets	12,664

Total Current Assets	\$ 615,874
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### Noncurrent Assets:

Restricted cash and cash equivalents (Note C)	\$ 273,773
Endowment investments (Note C)	256,932
Other investments (Note C)	594,531
Student loans receivable, net	6,397
Other assets	195
Capital assets, net (Note D)	2,949,115

Total Noncurrent Assets	\$ 4,080,943
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<b>Total Assets</b>	<b>\$ 4,696,817</b>
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## Deferred Outflows of Resources

Interest rate swap (Note F)	\$ 20,107
Unamortized loss on refunding debt	27,536
Pensions related (Note J) and other postemployment benefits (Note K)	185,322

<b>Total Deferred Outflows of Resources</b>	<b>\$ 232,965</b>
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## Liabilities

### Current Liabilities:

Accounts payable and accrued liabilities	\$ 208,749
Compensated absences (Note H)	4,844
Unearned revenues	196,674
Funds held for others	13,338
Current portion of long-term debt (Note E) - Funded by:	
University operating revenues	127,878
State appropriations and other State monies	40,554

Total Current Liabilities	\$ 592,037
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### Noncurrent Liabilities:

Compensated absences (Note H)	\$ 41,093
Other liabilities	17,496
Derivative instrument - Interest rate swap (Note F)	20,107
Net Pension (Note J) and other postemployment benefits liability (Note K)	860,875
Long-term debt (Note E) - Funded by:	
University operating revenues	1,523,219
State appropriations and other State monies	443,799

Total Noncurrent Liabilities	\$ 2,906,589
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<b>Total Liabilities</b>	<b>\$ 3,498,626</b>
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## Deferred Inflows of Resources

Unamortized gain on refunding debt	\$ 1,607
Pensions related (Note J) and other postemployment benefits (Note K)	67,486

<b>Total Deferred Inflows of Resources</b>	<b>\$ 69,093</b>
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## Net Position

Net investment in capital assets	\$ 1,042,673
Restricted (Total of \$215,111):	
Nonexpendable:	
Student aid	80,741
Academic department uses	6,756
Expendable:	
Student aid	36,071
Academic department uses	84,548
Capital projects and debt service	6,995
Unrestricted (Note G)	104,279

<b>Total Net Position</b>	<b>\$ 1,362,063</b>
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See Notes to Financial Statements.



# Component Units

## Statement of Financial Position

June 30, 2020 *(Dollars in thousands)*

### Assets

Cash and cash equivalents	\$ 35,857
Pledges receivables, net	196,910
Other receivables, net	55,074
Investments in securities	1,214,492
Other investments	81,447
Net direct financing leases	54,242
Property and equipment, net	155,043
Other assets	21,559

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<b>Total Assets</b>	<b>\$ 1,814,624</b>
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### Liabilities

Accounts payable and accrued liabilities	\$ 38,703
Deferred revenue	14,193
ASU endowment trust liability	256,932
Other liabilities	33,324
Long-term debt	316,614

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<b>Total Liabilities</b>	<b>\$ 659,766</b>
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### Net Assets

Without Donor Restrictions - Unrestricted	\$ 123,335
With Donor Restrictions - Temporarily restricted	427,888
With Donor Restrictions - Permanently restricted	603,635

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<b>Total Net Assets</b>	<b>\$ 1,154,858</b>
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See Notes to Financial Statements.

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

Year ended June 30, 2020 (*Dollars in thousands*)

## Operating Revenues

Student tuition and fees, net of scholarship allowances of \$462,730	\$ 1,550,581
Research grants and contracts, including \$268,534 in federal funding and \$93,530 in nongovernmental funding	365,498
Sales and services -	
Auxiliary enterprises, net of scholarship allowances of \$22,891	170,182
Educational departments	72,451
Other revenues	21,884
<b>Total Operating Revenues</b>	<b>\$ 2,180,596</b>

## Operating Expenses (Note I)

Educational and general -	
Instruction	\$ 1,016,720
Research	359,936
Public service	38,415
Academic support	371,378
Student services	166,131
Institutional support	188,937
Operation and maintenance of plant	113,640
Scholarships and fellowships	292,914
Auxiliary enterprises	191,862
Depreciation	143,587
<b>Total Operating Expenses</b>	<b>\$ 2,883,520</b>
<b>Operating Loss</b>	<b>\$ (702,924)</b>

## Nonoperating Revenues (Expenses)

State appropriations	\$ 323,332
Share of state sales tax - technology and research initiatives fund	34,075
Financial aid grants, including \$186,504 in federal funding	186,818
Grants and contracts, including \$32,614 in federal funding and \$16,044 in nongovernmental funding	56,494
CARES Act Reimbursements	15,129
Private gifts	76,803
Net investment return	44,756
Interest on debt	(65,342)
Other expenses	(15,982)
<b>Net Nonoperating Revenues</b>	<b>\$ 656,083</b>
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	<b>\$ (46,841)</b>

Capital appropriations - Research Infrastructure and University Capital Infrastructure	\$ 25,622
Capital commitment - Arizona Lottery revenue	9,537
Capital private gifts	17,022
Capital grants	1,165
Additions to permanent endowments	170
<b>Increase in Net Position</b>	<b>\$ 6,675</b>
<b>Net Position at Beginning of Year</b>	<b>1,355,388</b>
<b>Net Position at End of Year</b>	<b>\$ 1,362,063</b>

See Notes to Financial Statements.

# Component Units Statement of Activities

Year ended June 30, 2020 (Dollars in thousands)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Totals</b>
<b><u>Revenues</u></b>					
Contributions	\$ 54,325	\$ 129,591		\$ 43,299	\$ 227,215
Rental revenues	29,206				29,206
Sales and services	44,612				44,612
Net investment return	(34,411)	33,284		(320)	(1,447)
Net assets released from restrictions	165,156	(157,845)		(7,311)	
Grants and aid	37,517	890			38,407
Other revenues	11,406	185			11,591
<b>Total Revenues</b>	<b>\$ 307,811</b>	<b>\$ 6,105</b>		<b>\$ 35,668</b>	<b>\$ 349,584</b>
<b><u>Expenses</u></b>					
Payments to the benefit of ASU -					
Cash donation transfers to ASU	\$ 114,459				\$ 114,459
Vendor payments	28,995				28,995
Scholarship fund transfers to ASU	11,632				11,632
Rent payments to ASU	7,590				7,590
Management and general	105,636				105,636
Interest expense	9,616				9,616
Depreciation/amortization	11,968				11,968
Other expenses	14,078				14,078
<b>Total Expenses</b>	<b>\$ 303,974</b>				<b>\$ 303,974</b>
 Increase in Net Assets, before Loss	 \$ 3,837	 \$ 6,105		 \$ 35,668	 \$ 45,610
Loss on Disposal of Assets	(182)				(182)
 Increase in Net Assets, after Loss	 \$ 3,655	 \$ 6,105		 \$ 35,668	 \$ 45,428
Net Assets at Beginning of Year, restated (Note A)	119,680	421,783		567,967	1,109,430
<b>Net Assets at End of Year</b>	<b>\$ 123,335</b>	<b>\$ 427,888</b>		<b>\$ 603,635</b>	<b>\$ 1,154,858</b>

See Notes to Financial Statements.



# Statement of Cash Flows

Year ended June 30, 2020 (Dollars in thousands)

## Cash Flows from Operating Activities

Student tuition and fees	\$ 1,526,078
Research grants and contracts	364,973
Sales and services of auxiliary enterprises	195,433
Sales and services of educational activities	68,050
Payments for employees' salaries and benefits	(1,483,797)
Payments to vendors for supplies and services	(840,675)
Payments for scholarships and fellowships	(286,287)
Student loans issued	(195)
Other payments	(9,433)
Net cash used for operating activities	\$ (465,853)

## Cash Flows from Noncapital Financing Activities

State appropriations	\$ 323,332
Share of state sales tax - technology and research initiatives fund	36,891
Grants and contracts	250,104
Private gifts for other than capital purposes	76,434
Direct lending program receipts	698,584
Direct lending program disbursements	(695,544)
Funds held for others received	215,073
Funds held for others disbursed	(221,248)
Net cash provided by noncapital financing activities	\$ 683,626

## Cash Flows from Capital and Related Financing Activities

Capital appropriations - Research Infrastructure and University Capital Infrastructure	\$ 25,622
Build America Bonds - federal subsidy	1,979
Capital commitments, including Arizona Lottery revenue	4,708
Capital gifts and grants	12,373
Proceeds from issuance of capital debt	223,939
Purchases of capital assets	(343,720)
Principal paid on capital debt and leases	(70,261)
Interest paid on capital debt and leases	(79,475)
Net cash used for capital and related financing activities	\$ (224,835)

## Cash Flows from Investing Activities

Proceeds from the sales and maturities of investments	\$ 26,823
Purchases of investments	(19,820)
Interest received on investments	27,098
Net cash provided by investing activities	\$ 34,101

Net increase in cash and cash equivalents	27,039
Cash and cash equivalents at beginning of year	519,370
<b>Cash and cash equivalents at end of year</b>	<b>\$ 546,409</b>

## Reconciliation of operating loss to net cash used for operating activities:

Operating loss	\$ (702,924)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	143,587
Miscellaneous nonoperating expenses	(10,987)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Net pension and other postemployment benefits liability	159,527
Deferred outflows of resources related to pensions and other postemployment benefits	(69,984)
Deferred inflows of resources related to pensions and other postemployment benefits	(33,637)
Receivables, net	16,234
Accounts payable and accrued liabilities	16,170
Compensated absences	8,666
Unearned revenues	14,493
Other assets	(6,998)
Net cash used for operating activities	\$ (465,853)

## Significant Noncash Transactions

Amortization of bond premiums and discounts	\$ 19,260
CARES Act receivable	15,129

See Notes to Financial Statements.

June 30, 2020

## **Note A - Basis of Presentation and Significant Accounting Policies**

The accounting policies of Arizona State University (ASU, University) conform to U.S. generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

### **Reporting Entity**

Arizona State University is one of the largest public research universities in the United States under a single administration. Located on four campuses across metropolitan Phoenix, ASU had fall 2019 enrollment of 119,979 students. The accompanying statements of the University include the activity of the Tempe campus, West campus (located in northwest Phoenix adjacent to Glendale), Polytechnic campus (located in Mesa) and the Downtown Phoenix campus, and the University's online degree programs, as well as its component units. Information on component units can be found in *Note B - ASU Component Units* and *Note O - Summary Financial Information for ASU Component Units*.

For financial reporting purposes, the University's portion of the statements includes those funds directly controlled by the University. Control by the University is determined on the basis of financial accountability. The University is classified as a state instrumentality. Since fiscal responsibility for the University remains with the State of Arizona, the University is considered a part of the reporting entity for the State's financial reporting purposes.

### **ASU's Basis of Presentation and Accounting**

The accompanying financial statements of the University include a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows, each of which provide a comprehensive, entity-wide perspective of the University. The statement of net position provides information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at the end of the fiscal year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions, or availability of assets to satisfy the University's obligations. The statement of revenues, expenses, and changes in net position provides information about the University's financial activities during the fiscal year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital additions and additions to endowments. The statement of cash flows provides information about the University's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital and related financing, or investing activities.

For financial reporting purposes under GASB, the University is considered a public institution engaged only in business-type activities. Accordingly, the University's financial statements have been presented under the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus emphasizes the long-term effects of operations on overall net resources (i.e., total assets, total deferred outflows of resources, total liabilities, and total deferred inflows of resources). The statement of revenues, expenses, and changes in net position prepared using the economic resources measurement focus includes only transactions and events that increase or decrease net position during the year. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred, or benefit has been received. All significant intra-university transactions have been eliminated.

### **Restatement of Component Units Net Assets**

Certain amounts have been restated in the component unit financial statements to conform to the FASB ASU 2018-18, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made requirement to classify net assets to two categories: with donor restrictions and without donor restrictions. For ASU Enterprise Partners, the reclassification includes adjustments for prior year investment fee amounts between the with donor restrictions categories (increase of \$124 thousand in permanently restricted and decrease of \$129 thousand in temporarily restricted) and the without donor restrictions category (increase of \$5 thousand).

### **Summary of Significant Accounting Policies**

**Cash and cash equivalents.** In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, all highly liquid investments with an original maturity of three months or less, are considered to be cash and cash equivalents. Funds invested in money market funds or through the State Treasurer's Local Government Investment Pool are also considered cash equivalents. In accordance with GASB, all restricted cash and cash equivalents, including funds held by a bond trustee, are shown as noncurrent cash and cash equivalents.

**Endowment Spending Rate Policy.** Arizona State law permits the University to expend the entire net appreciation of endowment fund investments. When determining the spending rate for endowment funds, the University administration considers long and short-term needs, total investment return and price level trends, and general economic conditions. For FY 2020, the spending rate utilized the constant growth formula which increases spending distributions by the trailing one-year inflation

# Notes to Financial Statements

rate (as measured by CPI-U, Consumer Price Index for all Urban Consumers) mid-fiscal year, as long as distributions do not exceed 4.25 percent or fall below 3.25 percent of the trailing 12-quarter average market value of each endowment fund. The inflation rate used was 2.3 percent for FY 2020.

Investments. Short-term, endowment, and other investments are stated at fair value at June 30, 2020. Fair value typically is the quoted market price for investments. Investment returns include realized and unrealized gains and losses on investments.

Receivables. Total receivables at June 30, 2020 were \$240.9 million. Included in the receivables balance are \$99.9 million related to tuition and fee payments due from students and others making payments on behalf of students. Additionally, there are \$109.0 million in receivables from grant and contract sponsors primarily for the reimbursement of allowable expenses made pursuant to the University's grants and contracts and \$15.1 million in receivables related to FY 2020 CARES Act reimbursements.

Student loans receivable. Loans receivable from students bear interest primarily at 5 percent and are generally repayable in installments to the University over a ten-year period commencing nine months from date of separation from the University. Student loans receivable is recorded net of an allowance for estimated uncollectible amounts and related collection costs.

Capital assets. Capital assets are recorded at cost at the date of acquisition. Capital assets that are gifted to the University are recorded at acquisition value at the date of donation. The University's capitalization policy includes all equipment and works of art and historical treasures with a unit cost of \$5,000 or more. In addition, all equipment under a unit cost of \$5,000 purchased in bulk for a newly constructed, acquired, or leased facility to become initially operational is also capitalized on a vintage concept basis and depreciated over five years. All library resources acquired for use in University libraries are capitalized as a collection. Intangible assets with a unit price of \$5,000,000 or more are capitalized. New construction, as well as renovations to buildings, infrastructure, and land acquisitions and improvements that have a project cost of at least \$100,000 are capitalized. Interest incurred during the construction phase of projects is capitalized, net of interest earned on the invested proceeds over the same period. Non-capital equipment and facility costs, routine repairs, and maintenance are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for non-research buildings and infrastructure, 10 to 50 years for research buildings, 10 years for library resources, 7 years for intangible assets, and 5 to 12

years for equipment. The University does not depreciate works of art and historical treasures that are considered inexhaustible and are held for exhibition, education, research, and public service.

The University utilizes the componentized depreciation method for its research buildings, which is consistent with the method used for government cost-reimbursement purposes. Under the componentized depreciation method, building costs are segregated into component categories with useful lives ranging from 10 to 50 years, and depreciated on a straight line method basis.

Compensated absences. Compensated absences are employee vacation leave balances earned but not used at fiscal year end. Vacation leave benefits are accrued as a liability on the statement of net position and reported as an expense in the statement of revenues, expenses, and changes in net position.

Deferred outflows and inflows of resources. The statement of net position includes sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

Unearned revenues. Unearned revenues consist primarily of student tuition and fees and sponsored grants activities related to the ensuing year. Also included are amounts received from athletic events which have not yet been earned.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to or deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Other postemployment benefits (OPEB). For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the OPEB plans and additions to or deductions from have been determined on the same basis as they are reported by the plans.

Investment earnings. Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments.



Derivative instrument - Interest rate swap. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the University records the hedging derivative instrument on the statement of net position by presenting a liability for the fair value of the derivative instrument at fiscal year end and a deferred outflow of resources.

Net position. The University's net position is classified based on the following three categories:

- Net investment in capital assets: includes capital assets, net of accumulated depreciation and outstanding principal balances of debt and lease obligations attributable to the acquisition, construction, or improvement of those assets.
- Restricted:
  - Nonexpendable – gifts that have been received for endowment purposes, the corpus of which cannot be expended, and the balance in the Perkins Loan program.
  - Expendable – gifts, grants, contracts, earnings on endowments, expendable gifts that have been received for endowment purposes and other resources that have been externally restricted for specific purposes.
- Unrestricted: all other resources, including those designated by management for specific purposes. Substantially all unrestricted resources are designated for academic and research programs and initiatives, and capital projects.

When an expense is incurred that can be paid from either restricted or unrestricted resources, the University's policy is to allow the department incurring the expense to determine the appropriate funding source. Factors used by departments to determine which resources to use include relative priorities of the department in accordance with the University's strategic initiatives, externally imposed matching requirements of certain restricted funds, and any pertinent lapsing provisions of the available restricted or unrestricted funding resources. Major capital purchases are many times split funded from multiple restricted and unrestricted funding sources.

Revenues/Expenses. Revenues and expenses are classified as operating or nonoperating. Operating expenses are those incurred in conducting the primary programs and services of the University. Operating revenues generally result from exchange transactions. Accordingly, revenues such as tuition, and residential life charges are considered to be operating revenues. In addition, grants and contracts for the purposes of providing research are considered operating revenues because of the exchange aspects commonly associated with this type of activity (i.e., financial assistance is provided to acquire property or activity for the government's direct

benefit). Other revenues, such as state appropriations, gifts and non-research grants and contracts not generally generated from exchange transactions, are considered to be nonoperating revenues.

Nonexchange grants and contracts include those for the purpose of student financial aid, primarily Pell financial aid grants, and those for purposes other than organized research, since the providers of these grants and contracts do not typically receive direct benefits, of equal or significant value, for those grants and contracts. Operating expenses, in accordance with GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*, include salaries, wages, benefits, supplies, services, and depreciation on capital assets, irrespective as to whether the revenues associated with these expenses are operating or nonoperating revenues. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

Scholarship allowances. Student tuition and fee revenues and other student related revenues are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for services provided by the University, and the amount that is paid by the students (and/or third parties making payments on a student's behalf). To the extent that revenues from programs such as Pell grants and University funded scholarships are used to satisfy tuition and fees, and other student charges, the University has recorded a scholarship allowance.

Not included in scholarship allowances is \$28.8 million in faculty and staff tuition waivers that are recorded as program expenses on the statement of revenues, expenses, and changes in net position and as personal services and benefits expenses, in *Note I - Operating Expenses by Natural Classification*.

Share of state sales tax - technology and research initiative fund (TRIF). As the governing board of the three state universities, the Arizona Board of Regents (ABOR) administers the portion of the Education 2000 (Proposition 301) sales tax which funds the universities' TRIF initiatives. ABOR receives funding requests from each university and determines the amount and duration of awards. The Governor and the Legislature receive an annual report from ABOR which includes a detailed set of performance measures used to determine the overall effectiveness of each TRIF funded initiative.

#### Other Disclosures

The University earned FY 2020 credit card rebates of \$1.2 million from JP Morgan, \$0.6 million from Commerce Bank, and \$0.3 million from U.S. Bank for the University's travel card program.

# Notes to Financial Statements

## Note B - ASU Component Units

ASU's component units are separate legal entities controlled and governed by independent boards of directors whose goals are to support the University or have a close affiliation with the University. Even though these organizations support the University or have a close affiliation with the University, they are not subsidiaries of the University, and with the exception of the Thunderbird School of Global Management and the ASU Athletic Facilities District, they are neither directly nor indirectly controlled by the University. The University does not have ownership of the financial and capital resources or assets of the component units and does not have the authority to mortgage, pledge, or encumber the assets of these organizations.

Component units can be defined as legally separate entities for which the University is considered to be financially accountable. GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statement Nos. 14 and No. 34*, have set forth criteria to be considered in determining financial accountability. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion under GASB Statement No. 14, a financial benefit or burden relationship also would need to be present between the primary government and the organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 61 clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making that determination. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units an amendment of GASB Statement No. 14*, provides additional criteria for determining whether certain organizations are component units. Organizations that are legally separate, tax-exempt entities and that meet all of the following criteria should also be considered component units, with discrete presentation. These criteria are (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the University, its component units, or its constituents; (2) the University or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the University, or its component units, is entitled to, or has the ability to otherwise access, are significant to the University.

Financial statements of these component unit organizations are audited by independent auditors. All of the component

units have a fiscal year end of June 30, 2020. Because the University's discretely presented component units use a nongovernmental generally accepted accounting principles (GAAP) reporting model, the University has chosen to present the discretely presented component units' aggregated financial information on pages separate from the financial statements of the University. To obtain individual audited financial statements for any of the University's component units, please contact ASU Financial Services at (480) 965-3601.

### **Blended Component Units**

#### **Thunderbird School of Global Management**

The Thunderbird School of Global Management (TSGM), an Arizona nonprofit corporation, is reported as a blended component unit and included in the University's financial statements. TSGM primarily exists to benefit the University by providing a framework for global education programming.

#### **ASU Athletic Facilities District**

The ASU Athletic Facilities District (AFD), a component unit of the University, is reported as a blended component unit and included in the University's financial statements. The AFD is a university athletic facilities district formed pursuant to the provisions of Arizona Revised Statutes (A.R.S.) Title 48, Chapter 26. The AFD supports the University's efforts to construct, reconstruct, finance, furnish, maintain and improve intercollegiate athletic facilities located on ASU's property, including utilities, roads, parking areas or buildings necessary for full use of the athletic facilities. The AFD resides within the Novus Innovation Corridor. Separate financial statements for the AFD are not available as of June 30, 2020, as there was no financial activity.

### **Discretely Presented Component Units**

Arizona State University's discretely presented component units, all Arizona nonprofit corporations, include two major component units, ASU Enterprise Partners (ASUEP) and the Arizona Capital Facilities Finance Corporation (ACFFC), and several smaller component units listed below. The University has determined that ASUEP and ACFFC are major component units based on an evaluation of (1) services provided by the component unit to the University are such that separate reporting as a major component unit is considered to be essential to financial statement users, (2) significant transactions with the University, or (3) significant financial benefit or burden relationship with the University.

A description of the University's discretely presented component units and the basis for including each as a component unit in the University's financial report follows.

- **ASU Enterprise Partners (ASUEP)** - disburses resources at the discretion of its independent board of directors, in accordance with donor directions and ASU Enterprise Partners policy. The majority of assets

held by the ASU Enterprise Partners are endowments restricted for donor specified programs and purposes, the principal of which may not be spent. The directors of the ASU Enterprise Partners make all decisions regarding the ASU Enterprise Partners business affairs, including distributions made to the University. Affiliates of ASUEP include: Arizona State University Foundation for a New American University (ASU Foundation), ASU Research Enterprise, Enterprise Collaboratory at ASU and Subsidiaries (formally known as Research Collaboratory at ASU), Skysong Innovations (formally known as Arizona Science and Technology Enterprises, LLC), University Reality LLC and ASUEP Holdings, LLC.

- ASU Alumni Association - receives funds primarily through donations, dues, and affinity partners, which are used to promote the welfare of the University and its alumni.
- Sun Angel Foundation - receives funds primarily through donations and contributes funds to the University in support of various athletic programs.

The three component units above meet all of the criteria for a legally separate, tax-exempt organization to be reported discretely as a component unit. The economic resources held by these component units are for the direct benefit of the University and the University has the ability to access their economic resources and the economic resources of these component units are significant to the University.

- Arizona Capital Facilities Finance Corporation - provides facilities for use by students of the University or the University itself.
- Arizona State University Research Park, Inc. (Park) - manages a research park to promote and support research activities, in coordination with the University. In developing the research park, the Park has issued

bonds guaranteed by the University.

Per GASB Statement No. 14, as amended by GASB Statement No. 61, a fiscal dependency and financial benefit/burden exists between the University and these two component units. ACFFC and the Park do not meet the blending requirements since each component unit has a separate board of directors, services provided by the component units do not exclusively benefit the University and the total debt outstanding of the component units is not expected to be paid entirely or almost entirely with University resources.

ASU Preparatory Academy, Inc. (ASU Prep) - prepares Arizona K-12 students for success with a university-embedded academic program that empowers them to complete college, compete globally and contribute to their communities.

A fiscal dependency and financial benefit/burden does not exist between the University and ASU Prep, however, it would be misleading to exclude as a component unit due to the close affiliation between the University and ASU Prep. ASU Prep does not meet the blending requirements in GASB Statement No. 14, as amended by GASB Statement No. 61, since it has a separate board of directors and services provided do not exclusively benefit the University.

For financial reporting purposes at the University level, only the discretely presented component units' statement of financial position and statement of activities are included in the University's financial statements as required by generally accepted accounting principles for public colleges and universities. In FY 2020, the ASU Enterprise Partners distributed \$101.0 million in cash donation transfers to the University for both restricted and unrestricted purposes.

## Note C - Cash and Investments

### General

The University's deposits and investments are discussed below in our analysis of deposit and investment risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*; and fair value of investment assets, as required by GASB Statement No. 72, *Fair Value Measurement and Application*.

Included in the University's deposits and investments are \$273.8 million in capital projects and bond debt service funds, which are held in trust and invested with the bond trustee, \$272.6 million in cash and cash equivalents, and \$684.2 million in short-term and other investments. In addition, \$256.9 million in endowment funds is managed by the ASU Foundation, an Arizona nonprofit corporation, whose sole member is ASU Enterprise Partners. These

funds are held in pooled endowment funds managed under a service contract with the ASU Foundation and invested in the ASU Foundation Long Term Investment Pool and the Socially Responsible Investment Pool (Pool). Investment management of the Pool is delegated by the ASU Foundation to its parent company, ASU Enterprise Partners, through an investment services agreement.

ASU Enterprise Partners is responsible for oversight establishing investment policies and management of the Pool. The University's endowment assets are maintained separately on the financial system of the ASU Foundation and receive a proportional share of the Pool activity. As such, the ASU Foundation owns the assets of the Pool; the University has an interest in the Pool, which is considered an external investment pool to the University. The Pool invests in a variety of asset classes, including common stocks, fixed-income, foreign investments, private equity



# Notes to Financial Statements

and hedge funds. The ASU Foundation Endowment Pool is not registered with the Securities and Exchange Commission as an investment company.

The ASU Enterprise Partners Board of Directors-appointed Investment Committee, which includes members of the ASU Foundation Board of Directors, is responsible for oversight of the Pool in accordance with ASU Enterprise Partners policies. The fair value of the University's position in the Pool is based on the University's proportionate share of the Pool, which is marked-to-market monthly. For additional information refer to *Note O - Summary Financial Information for ASU Component Units*. The University also participates in the Arizona Student Financial Aid Trust, which was established by the Arizona Board of Regents and is funded by the Arizona State Legislature and student fees.

## Statutory and Board of Regents' Policies

For nonendowment (operating) funds, Arizona Revised Statutes (Statutes) requires that deposits of the University

not covered by federal deposit insurance be secured through participation in the State of Arizona Collateral Pool administered by the State Treasurer's Office which holds pledged collateral of at least 102 percent of uninsured deposits in eligible depositories. Further policy regarding deposits is provided by the Arizona Board of Regents (ABOR). The Statutes do not specifically address investment policy of the universities, rather ABOR policy governs in this area. ABOR policy requires that each university arrange for the safekeeping of securities by a bank or other financial institutions approved by ABOR. ABOR and University investment policies applicable to University investments are consistent with the Arizona State Treasurer's authorizing statutes and investment policy. Investment of capital project funds are governed by the financing indenture agreements. With regard to endowments, ABOR policy dictates that these funds are to be invested under the direction of an investment committee designated by the president of each university.

Credit Quality Rating for Debt Securities at June 30, 2020 (Dollars in thousands)							
Investment Description	Fair Value	Not Rated	Standard and Poor's				
			AAA /AAA <sub>m</sub> / AA <sub>Af</sub>	A-1+/SP-1+ AA	A	BBB	<BB
Corporate bonds	\$ 366,112	\$ 1,223	\$ 2,421	\$ 16,343	\$ 138,039	\$ 202,652	\$ 5,434
Money market mutual funds	396,666		396,666				
Federal agency securities	69,833			69,833			
Asset backed securities	48,333	13,493	33,989	851			
Municipal bonds	22,545	784	1,008	16,889	1,933	1,931	
Mortgage backed securities	10,771	9,069	1,702				
Commercial paper	1,999			1,999			
State of Arizona LGIP (Pool 5)	1,582		1,582				
<b>Total</b>	<b>\$ 917,841</b>	<b>\$ 24,569</b>	<b>\$ 437,368</b>	<b>\$ 105,915</b>	<b>\$ 139,972</b>	<b>\$ 204,583</b>	<b>\$ 5,434</b>

At Arizona State University, the Investment Committee is responsible for advising on the definition, development and implementation of investment objectives, policies, and restrictions. However, if donors restrict the investments, ABOR policy requires that the University invest those funds separately as directed by the donor, and the individual endowments bear all changes in value.

ABOR policy addresses requirements for concentration of credit risk and interest rate risk, but neither ABOR policy nor the Statutes include any specific requirements on foreign currency risk for investments of the universities. The State of Arizona Board of Investment provides oversight for the State of Arizona Treasurer's pools. The fair value of a participant's portion in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

## Deposit and Investment Risk

**Custodial Credit Risk.** University policy for its operating funds requires collateralization for all certificates of deposit and repurchase agreements. Beyond this requirement

and those established by Statute or ABOR, the University does not have a policy that specifically addresses custodial credit risk.

**Credit Risk.** With regard to credit risk, ABOR policy requires that negotiable certificates of deposit, corporate bonds, debentures and notes, bankers acceptances and State of Arizona bonds carry a minimum BBB or better rating from Standard and Poor's Rating Service or Baa or better rating from Moody's Investors Service at the time of purchase and that the investment will be sold in an orderly manner or held until maturity without further investments being made if it falls below this credit rating; and that commercial paper be rated by at least two nationally recognized statistical rating organizations (NRSROs) and be of the two highest rating categories for short-term obligations of at least two of the NRSROs. Capital projects and bond debt service funds are invested by the bond trustee in accordance with the applicable financing indenture, generally limited to United States Treasury securities and other Federal agency securities, certificates of deposit (minimum rating of

P-1/A-1), commercial paper (minimum rating of P-1/A-1+), and money market funds rated AAAM or better invested in short-term debt securities. The University does not have a formal policy that specifically addresses credit risk over endowment funds. The University's endowment funds are invested in an unrated external investment pool managed by the ASU Foundation, subject to the ASU Enterprise Partners investment policy. For endowment funds, the investment committee that directs the investments held in the Pool manages the credit risk associated with the Pool by following the credit quality and guideline restrictions stated in the investment policy.

**Concentration of Credit Risk.** Other than United States Treasury securities and other federal agency securities, which can represent greater than five percent of total investments, University policy limits investment in a single issuer to five percent or less of the fair value of the total portfolio. Except for those issuers allowed by policy, the University does not have an investment in any single issuer that exceeds five percent of the overall portfolio. At June 30, 2020, the University had investments in the United States Treasuries, \$282.1 million or 18.5 percent of total investments, respectively.

**Interest Rate Risk.** ABOR and University policies do not limit the overall maturity of the investments held by the operating and endowment funds, however, the operating fund investment policy includes guidelines addressing diversification and liquidity. The capital projects funds portfolio is not limited as to the overall maturity of its investments, with the funds invested per the financing indentures to coincide with capital spending needs and debt service requirements, which are typically less than three years, with the additional limitation that certificates of deposit and commercial paper have maximum maturities of 360 days and 270 days.

Interest Rate Risk for the University's Debt Investments at June 30, 2020 - utilizing the weighted average maturity method (Dollars in thousands)		
Investment Description	Fair Value	Weighted Average Maturity (Years)
Corporate bonds	\$ 366,112	2.4
Money market mutual funds	396,666	0.1
Federal agency securities	69,833	4.0
Asset backed securities	48,333	3.3
Municipal bonds	22,545	6.7
Mortgage backed securities	10,771	26.0
Commercial paper	1,999	0.2
State of Arizona LGIP (Pool 5)	1,582	0.1
Subtotal, before U.S. Treasury securities	\$ 917,841	
U.S. Treasury securities	282,114	1.2
<b>Total</b>	<b>\$ 1,199,955</b>	

**Foreign Currency Risk.** Non-endowment funds may not be invested in foreign-denominated securities, and the University has no non-endowment investments exposed to foreign currency risk. The University's endowment funds are invested in an external investment pool managed by the ASU Foundation, which include U.S. dollar denominated foreign investments.

### **Fair Value of Investment Assets**

The University measures and categorizes its investments using the fair value measurement guidelines established by generally accepted accounting principles. These guidelines establish a three-tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

- **Level 1** - Quoted prices for identical investments in active markets that are accessible at the measurement date;
- **Level 2** - Inputs, other than quoted market prices included in Level 1, that are observable, either directly or indirectly;
- **Level 3** - Prices or valuations that require inputs that are significant to the fair value measurement and unobservable.

**Investments Classified in Fair Value Hierarchy.** Investments categorized as Level 1 of the fair value hierarchy are valued using unadjusted prices quoted for identical assets in active, exchange and brokered markets for those securities. Investments categorized as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments categorized as Level 3 of the fair value hierarchy are valued using various methods. Real estate is valued by using the income approach to measuring fair value which discounts future amounts to a single current amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

**Other Investments at Fair Value.** The fair value of a participant's portion in the State of Arizona LGIP (Pool 5) approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the University held. The fair value of the University's position in the ASU Foundation Endowment Pool is based on the University's proportionate share of the Pool, which is valued at marked-to-market monthly.

# Notes to Financial Statements

University Investments Measured at Fair Value (Dollars in thousands)				
Investments Classified in Fair Value Hierarchy	As of 06/30/2020	Hierarchy Fair Value		
		Level 1	Level 2	Level 3
Corporate bonds	\$ 366,112		\$ 366,112	
Money market mutual funds	396,666	\$ 3,767	392,899	
U.S. Treasury securities	282,114	282,114		
Federal agency securities	69,833		69,833	
Real estate	64,519			\$ 64,519
Asset backed securities	48,333		48,333	
Municipal bonds	22,545		22,545	
Mortgage backed securities	10,771		10,771	
Commercial paper	1,999		1,999	
<b>Total Investments Classified in Fair Value Hierarchy</b>	<b>\$ 1,262,892</b>	<b>\$ 285,881</b>	<b>\$ 912,492</b>	<b>\$ 64,519</b>
<b>Other Investments at Fair Value</b>				
State of Arizona LGIP (Pool 5)	\$ 1,582			
ASU Foundation Endowment Pool (ASU Portion)	256,932			
<b>Total Other Investments at Fair Value</b>	<b>\$ 258,514</b>			
<b>Total University Investments at Fair Value</b>	<b>\$ 1,521,406</b>			



High-throughput automated liquid handler currently used for the COVID-19 testing at the ASU Biodesign Clinical Testing Laboratory.



## Note D - Capital Assets

Capital asset activity for the year ended June 30, 2020 follows:

Capital asset activity for the year ended June 30, 2020 (Dollars in thousands)				
	Balance 07/1/2019	Additions/ Increases	Retirements/ Decreases	Balance 06/30/2020
Non-depreciated capital assets				
Land and Land improvements	\$ 142,501	\$ 3,602	\$ (9,628)	\$ 136,475
Construction in progress -				
Buildings	113,302	217,407	(91,252)	239,457
Works of art and historical treasures	22,330	5,691	(15)	28,006
Total	\$ 278,133	\$ 226,700	\$ (100,895)	\$ 403,938
Depreciated capital assets				
Infrastructure	\$ 196,069	\$ 32,996	\$ (1,315)	\$ 227,750
Buildings	3,305,188	145,645	(786)	3,450,047
Equipment	478,373	28,385	(10,731)	496,027
Software	48,984			48,984
Library books	136,071	12,557	(13,922)	134,706
Less accumulated depreciation				
Infrastructure	(67,818)	(5,253)	504	(72,567)
Buildings	(1,173,589)	(93,828)	333	(1,267,084)
Equipment	(348,338)	(29,409)	10,049	(367,698)
Software	(29,549)	(3,406)		(32,955)
Library books	(74,266)	(11,689)	13,922	(72,033)
Total	\$ 2,471,125	\$ 75,998	\$ (1,946)	\$ 2,545,177
<b>Capital assets, net</b>	<b>\$ 2,749,258</b>	<b>\$ 302,698</b>	<b>\$ (102,841)</b>	<b>\$ 2,949,115</b>

Construction in progress additions reflected above represent expenses for approved projects net of capital assets placed in service. It is estimated \$329.8 million in additional expenses will be required to complete the

approved projects under construction at June 30, 2020. Construction in progress encumbrances committed through purchase orders at June 30, 2020, totaled \$226.5 million.

## Note E - Long-Term Debt and Lease Obligations

As of June 30, 2020 the University had issued a combination of fixed and variable rate bonds, fixed rate certificates of participation (COPs), direct placements and other lease obligations, of which \$2.1 billion is outstanding. The University's long-term obligations generally are structured with level debt service, semi-annual interest, and call

options at a prescribed date. Certain revenue bonds of the University have been defeased through advance refundings by depositing sufficient U.S. Government securities in an irrevocable trust to pay all future debt service. Accordingly, the liabilities for these defeased bonds are not included in the University's financial statements. The principal amount of defeased bonds outstanding at June 30, 2020 totaled \$168.0 million.

# Notes to Financial Statements

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2020 (Dollars in thousands)							
	Average Interest Rate	Final Maturity	Balance 07/01/2019	Additions	Reductions	Balance 06/30/2020	Current Portion
<b>Bonds:</b>							
2008A/B Variable Rate Demand System Refunding Bonds	0.14%	07/01/34	\$ 79,645		\$ (3,370)	\$ 76,275	\$ 76,275
2009A System Revenue Bonds	3.76%	07/01/19	1,305		(1,305)		
2010A/B System Revenue Bonds	5.99% <sup>1</sup>	07/01/39	152,155		(4,890)	147,265	5,045
2010A/B SPEED Revenue Bonds	5.48% <sup>2</sup>	08/01/30	28,370		(1,945)	26,425	2,005
2010C System Revenue Bonds	4.51%	07/01/20	6,605		(3,220)	3,385	3,385
2011 SPEED Revenue Bonds	3.93%	08/01/31	26,605		(1,520)	25,085	1,600
2012 A/B System Revenue and Refunding Bonds	3.64%	07/01/37	58,455		(4,855)	53,600	3,965
2013 A/B System Revenue and Refunding Bonds	3.47%	07/01/35	31,970		(5,650)	26,320	2,465
2014 SPEED Revenue Bonds	3.72%	08/01/44	70,225		(2,655)	67,570	2,790
2015A/B/C System Revenue and Refunding Bonds	3.34%	07/01/46	351,255		(11,615)	339,640	20,165
2015D System Revenue Bonds	3.67%	07/01/46	100,520		(1,130)	99,390	1,200
2016A System Revenue Refunding Bonds	2.29%	07/01/31	36,165		(2,810)	33,355	15
2016B/C System Revenue Bonds	3.25%	07/01/47	222,685		(3,245)	219,440	3,400
2017A/B/C System Revenue and Refunding Bonds	3.38%	07/01/43	196,400		(1,850)	194,550	3,235
2019AB System Revenue Bonds	3.32%	07/01/49	194,450			194,450	1,400
2020ABC Bonds	2.84%	07/01/50		\$ 184,455		184,455	
Subtotal: Par Amount of Bonds			\$ 1,556,810	\$ 184,455	\$ (50,060)	\$ 1,691,205	\$ 126,945
<b>Certificates of Participation:</b>							
2006 Certificates of Participation	4.53%	06/01/31	9,595		(615)	8,980	650
2011A Mercado Refunding Certificates of Participation	4.27%	07/01/24	4,380		(655)	3,725	680
2013A/B Refunding Certificates of Participation	3.09%	09/01/26	56,465		(3,255)	53,210	7,980
Subtotal: Par Amount of COPs			\$ 70,440		\$ (4,525)	\$ 65,915	\$ 9,310
<b>Direct Placements:</b>							
2014A/B Refunding Certificates of Participation	3.04%	09/01/30	64,280		(4,545)	59,735	170
2017 Refunding Certificates of Participation	1.87%	07/01/26	38,355		(6,740)	31,615	6,880
Subtotal: Par Amount of Direct Placements			\$ 102,635		\$ (11,285)	\$ 91,350	\$ 7,050
<b>Capital Leases/Lease Purchases:</b>							
Fulton Center	4.01%	06/15/34	20,035		(1,005)	19,030	1,040
Flexible Display Center	6.29%, 3.25%	03/01/34	26,657		(1,372)	25,285	1,453
Hassayampa Academic Village	3.24%, 5.36%	06/10/39	10,116		(189)	9,927	213
Nursing and Health Innovation	4.84%	01/01/36	8,560		(335)	8,225	350
Washington DC Facility	3.60%	06/15/35	30,900		(1,470)	29,430	1,520
Other Lease Purchases	3.60%	02/07/22	62		(20)	42	21
Subtotal: Capital Leases/Other Lease Purchases			\$ 96,330		\$ (4,391)	\$ 91,939	\$ 4,597
Total Par Amount of Bonds, COPs, Capital Leases and Other Lease Purchases			\$ 1,826,215	\$ 184,455	\$ (70,261)	\$ 1,940,409	\$ 147,902
Premium/(Discount) on Sale of Bonds and COPs			174,817	39,484	(19,260)	195,041	20,530
<b>Total Bonds Payable/COPs/ Capital Leases/ Other Lease Purchases</b>			<b>\$ 2,001,032</b>	<b>\$ 223,939</b>	<b>\$ (89,521)</b>	<b>\$ 2,135,450</b>	<b>\$ 168,432</b>

<sup>1</sup> The average interest rate net of the Build America bonds federal direct payment subsidy is 3.94%.

<sup>2</sup> The average interest rate net of the Build America bonds federal direct payment subsidy is 3.74%.

## **System Revenue Bonds**

The University has pledged gross revenues as defined in the bond indentures towards the payment of debt related to various senior lien system revenue bonds outstanding at June 30, 2020. These related system revenue bonds are primarily for new academic and research facilities, academic and laboratory renovations, and infrastructure improvements. The pledged revenues include student tuition and fees, certain auxiliary enterprise revenue, net investment income, and indirect cost recovery revenue. Pledged revenues do not include state appropriations, gifts, endowment income, or other restricted revenues. For the year ended June 30, 2020, pledged revenues totaled \$1.90 billion of which 6.1 percent (\$115.1 million, net of federal direct payments) was required to cover current year debt service.

In April 2020, the University issued \$184.5 million of system revenue bonds, Series 2020 A, B and C, with an average maturity of 16.7 years and an average interest rate of 2.84 percent. The bonds were issued to fund the construction of Phase II of the Interdisciplinary Science and Technology building 7, Phase II of the Health Futures Center, IT Infrastructure Improvements, Phase I of the Durham Language and Literature renovation project, the Downtown Phoenix Academic Prepaid Lease and infrastructure and deferred maintenance. In addition to using pledged revenues to pay the debt service, the University will pay half the debt service of the 2020A bonds from the Capital Infrastructure Fund (CIF) established by the State pursuant to ARS 15-1671. Pursuant to the CIF Law, State General Fund monies will be appropriated and deposited into the University's CIF for FY 2019 through FY 2043. The annual deposit will be adjusted annually by a growth rate of 2.0 percent or the change in the U.S. Gross Domestic Product Price Deflator between the two prior fiscal years, whichever is less, but not less than the prior fiscal year's appropriated amount. CIF funds are available exclusively for either paying the costs of, or paying up to one-half of the debt service on debt financing for, capital projects of the University. While funding for the payment of debt service will be made as described, pledged revenues secure all of the 2020 Bonds.

## **SPEED Revenue Bonds**

In June 2008, the State of Arizona Legislature approved the Stimulus Plan for Economic and Educational Development (SPEED) which provides Arizona universities with capital improvement funds for critical construction and deferred maintenance projects. SPEED projects are debt financed with revenue bonds and repaid primarily with Arizona Lottery revenues. Specifically, up to 80 percent of SPEED debt service is paid from Arizona Lottery revenues, with the balance being the responsibility of the University as evidenced by the subordinated pledge of University revenues.

## **Direct Placements**

The University has outstanding two series of direct placement Certificates of Participation (COPs), the Series 2014 Refunding COPs and the 2017 Refunding COPs. The direct placement COPs were issued with similar terms to the University's other outstanding COPs with no acceleration or priority provisions. The University utilizes COPs to acquire buildings, equipment and land. The COPs are generally callable and collateralized by the acquired asset which is subject to a leasehold interest by the trustee. In the event of a default the underlying asset value would be removed from the University's financial statements.

## **Variable Rate Bonds**

The University has two series of variable rate demand system revenue refunding bonds outstanding, Series 2008A and Series 2008B, totaling \$76.3 million with final maturities of July 1, 2034. The interest rate in effect on June 30, 2020 was 0.13 percent for the Series 2008A bonds and 0.14 percent for the Series 2008B bonds.

The University's variable rate demand bonds have remarketing features which allow bondholders to put debt back to the University. In accordance with GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Government Entities*, the total outstanding principal balance for variable rate demand bonds is required to be classified as a current liability. As of May 4, 2016 the University executed a self-liquidity facility agreement to provide liquidity if the bonds are put by bondholders. It is the University's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the official statement, however, in the absence of a "take out agreement" the University has classified the total outstanding principal balance of the 2008 bonds as a current liability.

## **Capital Leases**

In October 2003, the University entered into a 30-year lease agreement with ASUF, LLC, an Arizona limited liability company, of which the sole member is the University Realty LLC, an Arizona limited liability company, whose sole member is ASU Enterprise Partners, an Arizona nonprofit corporation and component unit of the University, to lease four floors of office space in the Fulton Center and the related parking structure. In April 2004, the University entered into a 30-year sublease agreement with Nanotechnology Research, LLC, an Arizona limited liability company, whose sole member is Arizona Capital Facilities Finance Corporation (ACFFC), to lease the Flexible Display Center located at the ASU Research Park. In July 2005, the University entered into a 34-year lease with McAllister Academic Village, LLC, an Arizona limited liability company, whose sole member is ACFFC, to lease the nonresidential portion of the McAllister Academic Village (MAV), which



# Notes to Financial Statements

operates under the name of Hassayampa Academic Village. ACFFC has overall responsibility for the residential portion, comprising approximately 92 percent of the facility, with the University leasing the nonresidential portion of the facility. In November 2008, the University committed to a capital lease with the City of Phoenix related to construction of the fourth and fifth floors of the Nursing and Health Innovation building at ASU's Downtown Phoenix campus. In December 2014, the University entered into a 20-year lease with ASUF DC, LLC, an Arizona limited liability company, whose sole member is the University Realty LLC, an Arizona limited liability company, whose sole member is ASU Enterprise Partners, to lease a multi-use office building in Washington, D.C. Buildings under capital lease are as follows:

Capital lease book value as of June 30, 2020 (Dollars in thousands)			
	Book Value	Accumulated Depreciation	Net Book Value
Fulton Center	\$ 29,551	\$ (12,126)	\$ 17,425
Flexible Display Center	37,314	(14,867)	22,447
Hassayampa Academic Village	12,451	(4,242)	8,209
Nursing and Health Innovation	11,788	(2,990)	8,798
Washington DC Facility	35,000	(5,099)	29,901

## Future Payments

Future pledged revenues required to pay all remaining debt service for the University's senior and subordinate revenue bonds through final maturity of July 1, 2050 total \$2.7 billion. In addition to a senior pledge of revenues for ASU system revenue bonds, the University has pledged the

same revenues on a subordinated basis to secure the ASU SPEED revenue bonds and the Series 2006 Arizona State University Research Park, Inc. Development Refunding Bonds. Research Park bonds outstanding at June 30, 2020 totaled \$1.1 million with a final maturity of July 1, 2021.

The Taxable Series 2010A System Revenue Bonds and the Taxable Series 2010A SPEED Revenue Bonds were issued as Build America Bonds under the provisions of the American Recovery and Reinvestment Act (ARRA). As such, the University is eligible to receive Federal Direct Payments from the United States Treasury equal to 35 percent of the interest owed on each interest payment date. The amount paid to the University by the Federal government may be reduced or limited due to such issues as failure by the University to submit the required information, offsets to reflect any amounts owed by the University to the Federal government, or changes in the law that would reduce or eliminate such payments. During FY 2020, ASU received Federal Direct Payments totaling \$3.5 million, net of a \$0.2 million or 5.9 percent reduction due to the federal budget sequestration. For accounting purposes, any direct payments received from the U.S. Treasury are recorded as nonoperating revenue.

Securities and cash restricted for bonds and COPs debt service held by the trustee at June 30, 2020 totaled \$90.3 million and \$8.0 million, respectively. Payment commitments to investors, including interest, for bonds, COPs and other lease obligations, using the interest rate in effect at June 30, 2020 for variable rate issues, are shown below:

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2020 (Dollars in thousands)											
FY	System and SPEED Revenue Bonds				Certificates of Participation		Direct Placements		Capital Leases / Lease Purchases		
	Principal	Interest	Net Payments on Swap Agreement	Federal Direct Payments	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 54,210	\$ 77,817	\$ 2,735	\$ (3,552)	\$ 9,310	\$ 2,869	\$ 7,050	\$ 2,256	\$ 4,597	\$ 3,596	
2022	58,155	75,205	2,595	(3,419)	9,780	2,388	7,170	2,120	4,818	3,393	
2023	64,090	72,292	2,449	(3,276)	10,270	1,888	3,600	2,051	5,007	3,199	
2024	67,065	69,179	2,295	(3,125)	10,795	1,360	3,670	1,980	5,205	3,014	
2025	70,505	65,888	2,133	(2,967)	11,335	806	3,740	1,908	5,408	2,820	
2026-2030	366,105	276,502	7,946	(12,051)	13,420	1,128	53,925	5,456	30,517	10,880	
2031-2035	351,390	194,504	2,509	(7,147)	1,005	41	12,195	62	32,315	4,610	
2036-2040	316,330	112,061		(2,217)					4,072	460	
2041-2045	257,740	40,641									
2046-2050	83,075	4,309									
2051	2,540										
<b>Total</b>	<b>\$ 1,691,205</b>	<b>\$ 988,398</b>	<b>\$ 22,662</b>	<b>\$ (37,754)</b>	<b>\$ 65,915</b>	<b>\$ 10,480</b>	<b>\$ 91,350</b>	<b>\$ 15,833</b>	<b>\$ 91,939</b>	<b>\$ 31,972</b>	

Funding responsibility for the June 30, 2020 outstanding debt and lease obligations (Dollars in thousands)			
	Current Portion	Noncurrent Portion	Total
From Arizona State University operating revenues	\$ 127,878	\$1,523,219	\$1,651,097
From State of Arizona appropriations and other State monies	40,554	443,799	484,353
	<b>\$ 168,432</b>	<b>\$1,967,018</b>	<b>\$2,135,450</b>

### **Subsequent Events**

The University presently plans to issue up to \$210.0 million in system revenue bonds prior to fiscal year end 2021.

### **Operating Leases**

**Brickyard.** In July 2004, the University entered into a 25 year master lease of the Brickyard, owned by the ASUF Brickyard, LLC, an Arizona limited liability company, of which the sole member is University Realty, LLC, an Arizona limited liability company, whose sole member is ASU Enterprise Partners. The majority of the facility is being used by the University for classrooms, offices and research areas, with the remaining portion being leased by the University to various firms for retail and restaurant operations. In June 2018, the University entered into an additional 5 year lease in the interest of executing mixed-use project of existing improvements consisting of a parking garage and commercial building.

**SkySong.** In June 2006, the University entered into a 15 year lease, for approximately 80,000 square feet of office space within a development known as SkySong. The University's use of the leased space focuses on supporting entrepreneurial activities and interdisciplinary research programs in engineering-related fields and education technology. In July 2013, the University entered into a 12 year lease for an additional 15,000 square feet of office space within the SkySong development. A third lease was entered into in December 2016 for an additional 12,452 square feet of office space within the SkySong development for a 12 year period. In April 2019, the University entered into a 12.4 year lease for an additional 44,760 square feet of office space within the SkySong development.

**American Campus Communities OP (ACC).** The University entered into two operating leases with American Campus Communities, a Delaware limited liability company. In August 2018, the University entered into a sublease agreement with ACC for student housing at Vista del Sol and Villas at Vista. In August 2020, the University entered into a lease with Campus Investors 922 Apache Property Owners, LLC (922 Place) to expand student housing.

**Herald Examiner Building (HEB).** In August 2018, the University entered into a 12 year lease for 85,118 square feet of office space known as Herald Examiner Building. The century-old former newspaper headquarters will provide educational, community engagement and other programming space for the Herberger Institute, the Walter Cronkite School of Journalism and Mass Communication and other University programs.

**Phoenix Biomedical Building (Wexford).** In December 2018, the University entered into a 15 year lease for 113,615 square feet of the Wexford facility. Wexford is the first public-private development effort between the city of Phoenix, the University and Wexford Science and Technology and will serve as a global center for interdisciplinary research, discovery and development. The University portion of the facility will house academic research and clinical space.

**Ryan Building (Ryan).** In March 2019, the University entered into a 10 year lease with Ryan University Realty, LLC for 169,223 square feet of office and ground floor retail space located within the Novus Innovation Corridor. The University intends to use the Ryan property for general office, administrative and educational purposes including classrooms and collaborative spaces.

**Other.** The University has entered into other operating leases with various entities for classroom, office, research and student housing and activity space.



Starship Technologies' autonomous food-delivery robots make their way across McAllister Avenue on the Tempe campus.

# Notes to Financial Statements

The future minimum operating lease payments are as follows (Dollars in thousands):

FY	Operating Lease Payments							
	Brickyard	SkySong	ACC	HEB	Wexford	Ryan	Other	Total
2021	\$ 2,798	\$ 6,559	\$ 28,420	\$ 4,206	\$ 1,184	\$ 1,788	\$ 11,701	\$ 56,656
2022	2,807	6,784	5,139	4,304	2,870	3,105	4,946	29,955
2023	2,810	6,873	125	4,405	2,942	3,175	4,158	24,488
2024	2,822	6,441	127	4,510	3,016	3,246	2,526	22,688
2025	2,830	6,552	119	4,617	3,091	3,319	1,625	22,153
2026-2030	14,307	25,306		24,816	16,655	17,750	4,748	103,582
2031-2035	11,680	3,147		10,800	18,843	1,560	378	46,408
2036-2040					2,342			2,342
<b>Total</b>	<b>\$ 40,054</b>	<b>\$ 61,662</b>	<b>\$ 33,930</b>	<b>\$ 57,658</b>	<b>\$ 50,943</b>	<b>\$ 33,943</b>	<b>\$ 30,082</b>	<b>\$ 308,272</b>

## Note F - Interest Rate Swap Agreement

Effective January 1, 2007, the University entered into a \$103 million notional amount swap agreement (hedging derivative instrument) expiring on July 1, 2034, in conjunction with the 2008 variable rate demand system revenue refunding bonds (2008 Bonds). The outstanding \$75.8 million notional amount at June 30, 2020 is not exchanged; it is only the basis on which the interest payments are calculated and it decreases as principal payments are made on the 2008 Bonds. The intention of the swap is to effectively convert the variable rate interest on the 2008 Bonds to a synthetic fixed rate. Under the terms of the swap agreement, the University pays the counterparty interest calculated at a fixed rate of 3.91 percent and receives payments from the counterparty based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index set weekly. The SIFMA rate at June 30, 2020 was 0.13 percent. At June 30, 2020, the synthetic fixed interest rate on the bonds was:

Interest Rate Swap:	Terms	Rates (%)
Fixed payment to counterparty	Fixed	3.91
Variable payment from the counterparty	SIFMA	(0.13)
Net interest rate swap payments		3.78
Variable rate bond coupon payments	Spread to SIFMA	0.14
Synthetic fixed interest rate on bonds		3.92

The University continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the University effectively pays a fixed rate on the debt. If the counterparty defaults or if the swap is terminated, the University will revert to paying a variable rate. A termination of the swap agreement may also result in the University making or receiving a termination payment. The University is exposed to interest rate risk based on the SIFMA indexed variable payment

received from the counterparty versus the variable rate paid to bondholders. The swap exposes the University to basis risk should the weekly SIFMA rate paid by the counterparty fall below the weekly interest rate due on the bonds. As of June 30, 2020, the University was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA- by Fitch, A+ by Standard & Poor's and Aa2 by Moody's Investor Services as of June 30, 2020.

Based on current ratings, the counterparty was not required to provide collateral. In the event a rating downgrade occurs, the counterparty may be required to provide collateral if the University's overall exposure exceeds predetermined levels.

Collateral may be held by the University or a third party custodian. As of June 30, 2020, the swap had a fair value of \$(20.1) million, which represents the cost to the University to terminate the swap. The June 30, 2019 fair value was \$(15.3) million. The fair value was developed by an independent third party, with no vested interest in the transaction, using the zero coupon discounting method. This method calculates the future payments required by the swap, assuming the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. In accordance with GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, the fair value of the University's hedging derivative instrument is reported on the statement of net position as a deferred outflow of resources and a liability (derivative instrument).



### Note G - Unrestricted Net Position

As discussed in the Summary of Significant Accounting Policies, the University follows accounting standards for external reporting purposes that require net position to be classified for accounting and reporting purposes into one of three net position categories according to externally imposed restrictions. Unrestricted net position, as defined by GASB, is not subject to externally imposed stipulations; however, it is subject to internal designations.

For example, unrestricted net position may be designated for specific purposes by actions of management or may otherwise be limited by contractual purchase obligation agreements with outside parties. As of June 30, 2020, substantially all of the University's unrestricted net position was from University-generated revenues and was internally designated for academic and research programs and initiatives, and capital projects.

### Note H - Compensated Absences

The University has recorded a liability for accruals of vacation leave earned, but not taken at fiscal year end. At fiscal year end the University accrued up to the maximum 22 days allowed by University policy for which an employee can be paid upon termination of employment.

Changes in accrued compensated absences for the year ended June 30, 2020 consisted of the following (Dollars in thousands):

Beginning Balance	\$ 37,271
Additions	53,643
Reductions	(44,977)
Ending Balance	\$ 45,937
Current Portion	\$ 4,844

### Note I - Operating Expenses by Natural Classification

Operating expenses by functional and natural classification for the year ended June 30, 2020, are summarized as follows (Dollars in thousands):

	Year ended June 30, 2020				
	Personal Services and Benefits	Supplies and Services	Student Aid	Depreciation	Total
Instruction	\$ 756,048	\$ 260,672			\$ 1,016,720
Research	212,099	147,837			359,936
Public service	23,984	14,431			38,415
Academic support	263,011	108,367			371,378
Student services	114,737	51,394			166,131
Institutional support	110,572	78,365			188,937
Operation and maintenance of plant	31,072	82,568			113,640
Scholarships and fellowships			\$ 292,914		292,914
Auxiliary enterprises	91,349	100,513			191,862
Depreciation				\$ 143,587	143,587
<b>Total Operating Expenses</b>	<b>\$ 1,602,872</b>	<b>\$ 844,147</b>	<b>\$ 292,914</b>	<b>\$ 143,587</b>	<b>\$ 2,883,520</b>

### Note J - Retirement Plans

The University participates in the Arizona State Retirement System (ASRS), a cost-sharing, multiple-employer defined benefit pension plan, and two defined contribution plans which are described on page 50. The University also contributes to the Public Safety Personnel Retirement System (PSPRS), which is comprised of a state administered agent multiple-employer defined benefit pension plan and a defined contribution plan. Although a PSPRS net pension liability has been recorded at June 30, 2020, PSPRS has

not been further disclosed due to its relative insignificance to the University's financial statements.

The University's net pension liability at June 30, 2020, was comprised of the following (Dollars in thousands):

ASRS	\$ 555,246
PSPRS	23,639
Defined contribution pension plans	27,940
Total net pension liability	\$ 606,825

# Notes to Financial Statements

Changes in the University's net pension liability during the fiscal year ended June 30, 2020, were as follows (Dollars in thousands):

Beginning balance	\$ 558,761
Increases	198,625
Decreases	(150,561)
Ending balance	\$ 606,825

## Defined Benefit Plan

**Arizona State Retirement System (ASRS).** The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. Certain eligible staff categories are required and eligible University faculty and other staff categories have the option to participate in the ASRS defined benefit plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. That report may be obtained by visiting [www.azasrs.gov](http://www.azasrs.gov).

**Benefits Provided.** The ASRS provides retirement and survivor benefits. Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.94 percent of the members' annual covered payroll, and the University was required by statute to contribute at the actuarially determined rate of 11.45 percent of the active members' annual covered payroll. In addition, the University was required by statute to contribute at the actuarially determined rate of 10.29 percent of annual covered payroll of retired members who worked for the University in positions that would typically be filled by an employee who contributes to the ASRS. The University's contributions to the pension plan for the year ended June 30, 2020, were \$47.8 million.

**Pension Liability.** At June 30, 2020, the University reported a liability of \$555.2 million for its proportionate share of the ASRS' net pension liability. The net pension liability (NPL) was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

The University's proportion of the net pension liability was based on the University's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The University's proportion measured as of June 30, 2019 was 3.816 percent which was an increase of 0.149 from its proportion measured as of June 30, 2018.

	Retirement Initial Membership Date	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years / age 62 5 years / age 50* Any years / age 65	30 years / age 55 25 years / age 60 10 years / age 62 5 years / age 50* Any years / age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2020, the University recognized pension expense for ASRS of \$80.4 million. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (Dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,031	\$ 104
Changes in assumptions	2,347	22,111
Net difference between projected and actual earnings on pension plan investments		12,480
Changes in proportion and differences between University contributions and proportionate share of contributions	25,098	
University contributions subsequent to the measurement date	47,835	
<b>Total</b>	<b>\$ 85,311</b>	<b>\$ 34,695</b>

The \$47.8 million reported as deferred outflows of resources related to ASRS pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows. (Dollars in thousands, positive amount indicates an increase in pension expense):

Year ending June 30,	
2021	\$ 9,778
2022	(7,943)
2023	(2,396)
2024	3,342

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7% - 7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	50%	6.09%
Credit	20%	5.36%
Fixed income	10%	1.62%
Real estate	20%	5.85%
<b>Total</b>	<b>100%</b>	

Discount Rate. At June 30, 2019, the discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those 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.

Sensitivity of the University's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate (Dollars in thousands):

	University's proportionate share of the NPL
1% decrease (6.5%)	\$ 790,244
Current discount rate (7.5%)	555,246
1% increase (8.5%)	358,849



# Notes to Financial Statements

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

**Pension Contributions Payable.** The University reported accrued payroll and employee benefits of \$1.9 million for outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2020.

**Defined Contribution Plans**

**Plan Description.** In accordance with A.R.S. section 15-1628, University faculty and most University staff have the option to participate in defined contribution pension plans. For the year ended June 30, 2020, plans offered by TIAA and Fidelity Investments Tax-Exempt Services Company (Fidelity) were approved by the Arizona Board of Regents. Benefits under these plans depend solely on the contributed amounts and the returns earned on investments of those contributions. Contributions made by members vest immediately; University contributions vest after five years of full-time employment. Non-vested contributions held by the University earn interest. Member and University contributions and associated returns earned on investments may be withdrawn upon termination of employment, death, or retirement. The distribution of member contributions and associated investment earnings

are made in accordance with the member's contract with the applicable insurance and annuity companies.

**Funding Policy.** The Arizona State Legislature establishes the contribution rates for active plan members and the University. The Arizona Revised Statutes define the authority under which benefit terms are established or may be amended. For the year ended June 30, 2020, plan members and the University were each required by statute to contribute an amount equal to 7 percent of a member's compensation.

**Pension Liability.** At June 30, 2020, the University reported a liability of \$27.9 million, of which \$27.0 is non-vested defined contributions. If individuals terminate employment prior to vesting, any non-vested University contributions are retained by the University.

**Pension Expense.** For the year ended June 30, 2020, the University recognized pension expense for Defined Contribution Plans of \$33.8 million, which excludes \$1.9 million in forfeitures.

**Pension Contributions Payable.** The University's accrued payroll and employee benefits included \$0.9 million of outstanding pension contribution amounts payable to TIAA and Fidelity for the year ended June 30, 2020.

**Note K - Other Postemployment Benefits (OPEB)**

Other postemployment benefits provided as part of University employment include the Arizona Department of Administration sponsored single-employer defined benefit postemployment plan as well as the ASRS sponsored cost-sharing, multi-employer defined benefit plan for the Long-Term Disability and the Health Benefit Supplement Fund. University public safety personnel participate in the Public Safety Personnel Retirement System (PSPRS). PSPRS administers an agent multi-employer defined benefit health insurance premium benefit plan. Although an ASRS net OPEB liability and PSPRS net OPEB asset has been recorded at June 30, 2020, these plans have not been further disclosed due to the relative insignificance to the University's financial statements.

The University's net OPEB liability at June 30, 2020, was \$254.1 million. Changes in the University's net OPEB liability during the fiscal year ended June 30, 2020, were as follows (Dollars in thousands):

Beginning balance	\$ 141,296
Increases	119,987
Decreases	(7,233)
Ending balance	\$ 254,050

**Single-Employer Plan**

**Plan Description.** The Arizona Department of Administration (ADOA) administers a single-employer defined benefit postemployment plan (ADOA Plan) that provides medical and accident benefits to retired state employees and their dependents, including University employees and their dependents. For financial reporting purposes, the University presents its proportionate share of the ADOA Plan total liability and the related note disclosures similar to a multi-employer plan. Title 38, Chapter 4 of the A.R.S. assigns the authority to establish and amend the benefit provisions of the ADOA Plan to the Arizona State Legislature. The ADOA pays the medical costs incurred by retired employees, net of related premiums that are paid entirely by the retiree or on behalf of the retiree. These premium rates are based on a blend of active employee and retiree experience, resulting in a contribution basis that is lower than the expected claim costs for retirees, creating an implicit subsidization of retirees by the ADOA Plan. A portion of the ADOA Plan's implicit rate subsidy represents an obligation of the University for its proportionate share of the total OPEB liability.

**Funding Policy and Contributions.** The ADOA's current funding policy is pay-as-you-go for OPEB benefits. There are no dedicated assets at this time to offset the actuarial accrued liability.

**Benefits Provided.** The ADOA provides medical and accident benefits to retired University employees and their dependents. The ADOA pays the medical costs incurred by retired employees who choose to participate in the plan minus a specified premium amount which is paid for entirely by the retiree or on behalf of the retiree. Premium rates are based on a blend of active employee and retiree experience, resulting in a contribution basis which is lower than the expected claim costs for retirees only, which results in an implicit subsidization of retirees by the University. Dental and vision benefits are also available, but are not valued as there is no implicit subsidization in the retiree rates.

**OPEB Liability.** At June 30, 2020, the University reported a liability of \$252.9 million for its proportionate share of the ADOA total OPEB liability. The total OPEB liability was measured as of June 30, 2019 and was determined using update procedures to roll forward the liability from an actuarial valuation as of June 30, 2018. The University's proportion of the total OPEB liability was based on the University's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019.

The total OPEB liability as of June 30, 2019 reflects the following changes in benefit terms and actuarial assumptions:

- The discount rate decreased due to changes in the tax-exempt municipal bond index rate.
- Per capita costs and contributions and related trend rates were adjusted to reflect updated experience.

The University's proportion measured as of June 30, 2018 was 16.16 percent and as of June 30, 2019 was 19.87 percent.

**OPEB Expense and Deferred Outflow/Inflows of Resources.** For the year ended June 30, 2020, the University recognized ADOA OPEB expense of \$28.5 million. At June 30, 2020, the University reported deferred outflows of resources and inflows of resources related to OPEB from the following sources (Dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
University benefit payments subsequent to the measurement date	\$ 5,656	
Changes in assumptions or other inputs	46,321	\$ 25,252
Difference between expected and actual experience in the Total OPEB Liability	35,199	3,991
<b>Total</b>	<b>\$ 87,176</b>	<b>\$ 29,243</b>

The \$5.6 million reported as deferred outflows of resources related to ADOA OPEB resulting from University benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to ADOA OPEB will be recognized in pension expense as follows (Dollars in thousands):

Year ending June 30,		
2021	\$	6,274
2022		6,274
2023		6,274
2024		6,274
2025		9,507
Thereafter		17,674

**Actuarial Assumptions.** Projections of ADOA Plan benefits for financial reporting purposes include the types of benefits provided at the time of each valuation and the pattern of sharing of cost between the employer and the ADOA Plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The ADOA Plan's actuarial methods and significant assumptions for the most recent actuarial valuation are as follows:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Projected salary increases	2.70% - 7.2% varying by years of service
Healthcare cost trend rates:	
Medical (pre-65)	7.20% graded to 4.25%
Medical (post-65)	6.50% graded to 4.25%
Administrative costs	3.0%
Discount rate	3.13%
Mortality rates:	Level dollar, open
Employees	RP-2014 Employee Mortality Tables projected generationally from 2014 with 1% improvement rate per year
Healthy retirees and spouses	2017 State Retirees of Arizona Mortality Tables projected generationally from 2017 with 1% improvement per year
Disabled retirees	RP-2014 Disabled Retiree Mortality Tables projected generationally from 2014 with 1% improvement per year

# Notes to Financial Statements

Discount Rate. The discount rate used to measure the total OPEB liability was 3.13 percent which was set based on the Bond Buyer 20-Bond General Obligation (GO) Municipal Bond Index as of the measurement date.

Sensitivity of the University's Proportionate Share of the ADOA total OPEB liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability calculated when using the discount rate of 3.13 percent, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13 percent) or 1 percentage point higher (4.13 percent) than the current rate (Dollars in thousands):

	University's proportionate share of the total OPEB liability
1% decrease (2.13%)	\$ 303,660
Current discount rate (3.13%)	252,852
1% increase (4.13%)	213,489

The following table presents the University's proportionate share of the total OPEB liability calculated when using the current trend rate as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rates (Dollars in thousands):

	University's proportionate share of the total OPEB liability
1% decrease in trend rates	\$ 208,400
Current rate trends	252,852
1% increase in trend rates	311,619

## Note L - ASU at the Downtown Phoenix Campus

In June 2005, the University and the City of Phoenix (City) entered into an intergovernmental agreement related to the development of an ASU campus in downtown Phoenix. Per the terms of the agreement, the City has acquired land, existing buildings and constructed new facilities in support of the Downtown Phoenix Campus. ASU is responsible for all operating costs at the campus as well as maintaining a reserve and replacement fund.

Permanent Financing. In March 2006, Phoenix resident voters approved a bond program which included approximately \$188 million in permanent funding for the development of facilities for ASU at the Downtown Phoenix campus, and approximately \$35 million for other investments in the campus districts.

Purchase Option. The University may, prior to the satisfaction of the permanent financing, purchase all or a portion of the Downtown Phoenix campus property from the City for the amount of the indebtedness applicable to the property subject to full defeasance of any outstanding debt. Upon satisfaction of the permanent financing indebtedness, the properties will be transferred to the University at no additional cost, under the condition that the property will be used for the purpose of providing Arizona State University-related post-secondary education.

Mercado Property. The University will transfer property it owns in downtown Phoenix, known as the Mercado property, to the City when final payment of outstanding debt on the property has been made, which is scheduled to occur on July 1, 2024. The City has the option to purchase the Mercado property at any time after the construction of the new Downtown Phoenix campus facilities, and prior to June 15, 2024, subject to certain conditions.

## Note M - Insurance Programs and Other Claims

Risk Management Insurance. Pursuant to A.R.S. section 41-621, the University participates in a self-insurance program administered by the State of Arizona, Department of Administration, Risk Management Section. The State's Risk Management Program covers the University, subject to certain deductibles, for risks of loss related to such situations as theft, damage and destruction of property, buildings, and equipment; errors and omissions; injuries to employees; natural disasters; and liability for acts or omissions of any nature while acting in authorized governmental or proprietary capacities and in the course

and scope of employment or authorization, except as prescribed in A.R.S. section 41-621. Loss risks not covered by the Risk Management Section and where the University has no insurance coverage are losses arising from contractual breaches and losses that arise out of and are directly attributable to an act or omission determined by a court to be a felony. From time to time, various claims and lawsuits associated with the normal conduct of University business are pending or may arise against the University.

In the opinion of University management, any losses from the resolution of any other pending claims or litigation not covered by the Risk Management Section should not have



a material effect on the University's financial statements. Also, in accordance with the disclosure requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, all estimated losses for unsettled claims and actions of

the State are determined on an actuarial basis and are included in the State of Arizona *Comprehensive Annual Financial Report*.

## Note N - Privatized Student Housing

American Campus Communities. The University has entered into ground lease agreements with American Campus Communities (ACC) for student housing projects that provide approximately 7,700 beds and are located on land owned by the University that is ground leased to ACC. Upon completion of the projects, ACC transfers title to the facilities to the University, subject to a leasehold interest under which ACC will maintain and operate the facilities. The ground leases are each for a period of 65 years with two ten-year options to renew. The University has no obligation to support the facilities financially or to guarantee occupancy.

- Vista del Sol, opened in August 2008 on the Tempe campus, consists of apartment-style beds, with amenities such as a pool, community center, parking garage and retail space.
- Villas at Vista del Sol, an expansion of the Vista del Sol complex, opened in August 2012 on the Tempe campus and includes a mix of apartment-style housing and townhome units.
- Barrett Honors College, opened in August 2009 on the Tempe campus, provides housing and academic space for the Barrett Honors College including classrooms, faculty office and dining facilities.
- Casa de Oro, opened in August 2012 on the West campus, features double occupancy suite-style beds.
- Manzanita, a renovated facility, re-opened in August 2013 on the Tempe campus and consists of double occupancy suite-style beds.
- Fulton Schools Residential Community at Tooker House, opened in August 2017 on the Tempe campus, features double occupancy suite-style beds.
- The Greek Leadership Village, opened in August 2018 on the Tempe campus, provides housing for ASU fraternities and sororities.

University House Mesa, LLC. The University entered into a ground lease with University House Mesa, LLC (UHM) for development of student housing on the Polytechnic campus. During the term of the ground lease, 65 years with two ten-year options to renew, UHM is responsible for all costs and expenses of operating and maintaining the housing project. The University has no obligation to support the facility financially or to guarantee occupancy.

- Century Hall, opened in August 2012 on the Polytechnic campus, features double occupancy suite-style beds.

HRSE-Capstone Mesa, LLC. The University entered into a group lease with HRSE-Capstone Mesa, LLC (HRSE) for development of student housing on the Polytechnic campus. During the term of the ground lease, 65 years with two ten-year options to renew, HRSE is responsible for all costs and expenses of operating and maintaining the housing project. The University has no obligation to support the facility financially or to guarantee occupancy.

- Lantana Hall, opened in August 2020 on the Polytechnic campus, features four-bedroom, single occupancy suites and double occupancy suite-style beds.

Downtown Phoenix Student Housing, LLC. The University entered into a ground sublease with Capstone Development Corporation and Downtown Phoenix Student Housing, LLC (DPSH) for development of student housing on the Downtown Phoenix campus. During the term of the ground lease, the earlier of 40 years from the issuance of the financing for the project or the date on which the financing and all obligations have been fully repaid, DPSH is responsible for all costs and expenses of operating and maintaining the housing project. The University has no obligation to support the facility financially or to guarantee occupancy.

- Taylor Place, opened in August 2008 (South Tower) and January 2009 (North Tower) on the Downtown Phoenix campus, features double occupancy suite-style beds.

Downtown Phoenix Student Housing II, LLC. The University entered into a ground sublease with Capstone Development Corporation and Downtown Phoenix Student Housing II, LLC (DPSH II) for development of student housing on the Downtown Phoenix campus. During the term of the ground lease, up to 45 years, DPSH II is responsible for all costs and expenses of operating and maintaining the housing project. The University has no obligation to support the student housing financially or to guarantee occupancy.

- DPSH II, scheduled to open in August 2021 on the Downtown Phoenix campus, features studio, two-bedroom and four-bedroom apartment-style units.

# Notes to Financial Statements

## Note O - Summary Financial Information for ASU Component Units

Arizona State University's discretely presented component units are comprised of two major component units, ASU Enterprise Partners (ASUEP), and Arizona Capital Facilities Finance Corporation (ACFFC), and several smaller component units consisting of the ASU Alumni Association, Arizona State University Research Park, Inc., Sun Angel Foundation, and ASU Preparatory Academy, Inc. For additional information refer to *Note B – ASU Component Units*.

### Summary of Significant Accounting Policies

**Basis of presentation.** The component unit financial statements have been prepared on the accrual basis of accounting according to generally accepted accounting principles (GAAP). Information regarding their financial position and activities is reported according to three classes of net assets: without donor restrictions - unrestricted net assets, with donor restrictions - temporarily restricted net assets, and with donor restrictions - permanently restricted net assets.

**Income taxes.** All of ASU's component units, except ACFFC, qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, therefore, there is no provision for income taxes. In addition, they qualify for the charitable contribution deduction and have been classified as organizations that are not private foundations. Any income determined to be unrelated business taxable income would be taxable. ACFFC is classified as a Section 501(c)(4) organization, a tax-exempt organization but not qualified for the charitable contribution deduction.

**Use of estimates.** The preparation of the component units' financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Contributions.** Contributions received are recorded as without donor restrictions - unrestricted, with donor restrictions - temporarily restricted, or with donor restrictions - permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in with donor restrictions - temporarily or with donor restrictions - permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished), with donor restrictions - temporarily or with donor restrictions - permanently restricted net assets are reclassified to without donor restrictions - unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

### Pledges Receivable

ASUEP pledges receivable (unconditional promises to give) are recorded at their net realizable value, which is net of a discount and loss allowance. Pledges are discounted using the applicable risk free rate at the date the pledge was recognized. The discount rates range from 1.20 percent to 6.00 percent. An allowance for uncollectible pledges is estimated based on the ASUEP's collection history and is recorded as a reduction to contribution support revenue and an increase in the allowance for uncollectible pledges.

The Sun Angel Foundation's pledges receivable are recorded at their net realizable value using a discount rate determined by management ranging from 1.80 percent to 5.14 percent for the year ended June 30, 2020.

Members of the ASUEP's Board of Directors and Board of Trustees have made contributions and pledges to ASUEP in the current and prior years. At June 30, 2020, net unconditional pledges receivable from these members included approximately \$314 thousand. The ASUEP had conditional pledges receivable totaling \$73.0 million at June 30, 2020; none are included in pledges receivable. Conditional pledges receivable are recorded when the conditions are substantially met.

Pledges receivable consist of (Dollars in thousands)			
	ASU Enterprise Partners	Sun Angel Foundation	Total
Gross pledges receivable	\$ 233,646	\$ 35,758	\$ 269,404
Present value discount	(16,769)	(1,707)	(18,476)
Allowance for uncollectible pledges	(51,523)	(2,495)	(54,018)
<b>Net pledges receivable</b>	<b>\$ 165,354</b>	<b>\$ 31,556</b>	<b>\$ 196,910</b>

Gross pledges are receivable as follows (Dollars in thousands)			
	ASU Enterprise Partners	Sun Angel Foundation	Total
Receivable in one year	\$ 79,619	\$ 10,471	\$ 90,090
Receivable in two to five years	57,406	19,611	77,017
Receivable after five years	96,621	5,676	102,297
<b>Total gross pledges to be received</b>	<b>\$ 233,646</b>	<b>\$ 35,758</b>	<b>\$ 269,404</b>

## Investments

ASUEP investments are recorded at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. US GAAP establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. This guidance maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs that market participants would use in pricing the asset or liability are based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs included in the determination of fair value are not observable and require significant management judgment or estimation.

ASUEP reports investments in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The fair values of publicly traded securities are based on quoted market prices and exchange rates, if applicable. The fair values of nonmarketable securities are based on valuations provided by external investment managers.

ASUEP exercises due diligence in assessing the policies, procedures and controls implemented by external investment managers. Investment income is recorded on an accrual basis, and purchases and sales of investment securities are reflected on a trade-date basis. Realized gains and losses are calculated using the average cost for securities sold. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility.

ASUEP spending policy for the consolidated investment pools follows the objectives of the investment policy and establishes the amount made available for spending in the endowment pools.

- The current spending policy is based on a constant growth formula, in which the amount available for spending is based on the prior year spending amount plus an inflation factor (2.3 percent), collared by a cap and floor of 4.25 percent and 3.25 percent, respectively, of a 12-quarter moving average calculated mid-fiscal year.
- In the event the current market value of the endowment is less than the historical gift value, spending will continue, unless the gift agreement does not permit spending in this circumstance.

ASUEP has ownership of certain cash and cash equivalents that are not in the possession of ASUEP but are held, along with other marketable securities, by outside investment managers for the benefit of the ASUEP. Although these cash and cash equivalents are readily available to ASUEP, it is the intent of ASUEP to hold these cash and cash equivalents for investment purposes and, accordingly, these cash and cash equivalents are classified as investment assets in the accompanying combined financial statements.

Investments, in general, are exposed to various risks, such as interest rate, credit and market. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying consolidated financial statements.



# Notes to Financial Statements

## Investment Summary

Investments consist of (Dollars in thousands)				
	ASU Enterprise Partners	ACFFC	Other Component Units	Total
Money market funds and cash equivalents	\$ 36,022	\$ 17,044		\$ 53,066
Global equities	421,640			421,640
Global fixed income	326,128			326,128
Diversifying strategies	119,935			119,935
Real assets	137,161			137,161
Private capital	137,541			137,541
Other securities			\$ 19,021	19,021
Other investments	81,447			81,447
<b>Total investments</b>	<b>\$ 1,259,874</b>	<b>\$ 17,044</b>	<b>\$ 19,021</b>	<b>\$ 1,295,939</b>

## ASU Enterprise Partners Fair Value of Financial Instruments and Fair Value Measurements

(Dollars in thousands)				
	NAV	Level 1	Level 2	Level 3
<b>Assets at fair value (recurring basis)</b>				
Global equities		\$ 343,289		\$ 78,351
Global fixed income	\$ 90,916	192,817	\$ 11,131	31,264
Diversifying strategies	105,725	326		13,884
Real assets	62	23,166		113,933
Private capital				137,541
Cash and cash equivalents		36,017		5
<b>Total investments at fair value</b>	<b>\$ 196,703</b>	<b>\$ 595,615</b>	<b>\$ 11,131</b>	<b>\$ 374,978</b>
Charitable trust receivable				1,858
Land and buildings held for investment				81,447
Assets with limited use		9,660		
Assets held under split-interest agreements		6,595		
<b>Total assets at fair value</b>	<b>\$ 196,703</b>	<b>\$ 611,870</b>	<b>\$ 11,131</b>	<b>\$ 458,283</b>
<b>Liabilities at fair value (recurring basis)</b>				
Assets held for other entities				\$ 275,953
Unrealized swap liability			\$ 8,712	
<b>Total liabilities at fair value</b>			<b>\$ 8,712</b>	<b>\$ 275,953</b>

## Direct Financing Lease Agreements

**ASU Enterprise Partners.** ASUEP leases a portion of the Fulton Center building (ASUEP headquarters) to the University under a direct financing lease. At the end of the lease, ASUEP will gift their portion of the building to the University and the University will receive title to the building. ASUEP net investment in this direct financing lease at June 30, 2020 is \$19.0 million.

**Arizona Capital Facilities Finance Corporation (ACFFC).** Pursuant to a sublease agreement, dated April 7, 2004 and amended on December 1, 2017 (the Sublease), Nanotechnology Research, LLC (Nano), a wholly-owned subsidiary of ACFFC, leases its interest in the ASU Research Park to the University.

The University will make lease payments at times in amounts sufficient to pay all principal and interest on the Series 2009B and 2017 Bonds. The Sublease has successive annual renewals without action from either party through March 31, 2034. The Sublease is subject to early termination by Nano or the University upon the payment in full of the Series 2009B and 2017 Bonds. Upon termination or expiration of the Sublease, the ACFFC's interest in the premises, including all buildings and improvements on the leased premises, transfers to the University without further consideration. ACFFC's net investment in the Nanotechnology facility direct financing lease is \$25.3 million at June 30, 2020.

In December 2017, Nano issued \$24.4 million in Tax-Exempt Lease Revenue Refunding Bonds (Nano 2017 Bonds). The proceeds of the Nano 2017 Bonds were used to refund and redeem \$23.0 million of the Nano 2009A Bonds, the proceeds of which were used to acquire, improve, renovate and equip the leasehold interest in the ASU Research Park.

Pursuant to a University lease agreement, dated July 1, 2005, McAllister Academic Village, LLC, a wholly-owned subsidiary of ACFFC, leases its interest in the non-residential portion of Hassayampa Academic Village (Hassayampa, HAV) to the University which consists of the academic, tutorial, retail and food service facilities. The lease was amended effective July 1, 2016 to change the annual renewal period through June 30, 2039 to correspond with the maturity of the Hassayampa 2016 Bonds. Any right, title or interest of Hassayampa in and to the academic portions of the Hassayampa Project will pass to the University without further cost upon the payment in full of the Hassayampa 2008 Bonds. Lease payments are based on the fixed interest rates determined by the Hassayampa 2008 and 2016 Bonds maturity schedules. ACFFC's net investment in the McAllister (HAV) direct financing lease is \$9.9 million at June 30, 2020.

### **Contingent Agreements**

The University entered into a contingent agreement which allows the University to contribute funding to the extent a funding shortfall occurs during the fiscal year. The agreement for Hassayampa Academic Village (ACFFC) allows the University to fund deficiencies for debt service and operating expense shortfalls. To date no support has been provided.

### **Power Plant Agreements**

Sun Devil Energy Center. In November 2004, the University entered into a privatized/third party agreement with ACFFC for the construction and operation by a third party energy management firm of a co-generation power plant on the University's Tempe campus with the power plant providing to the University a portion of its energy (electrical, chilled water and steam) needs. In June 2018, \$23.6 million in additional Tax-Exempt Revenue Bonds were issued by Sun Devil Energy Center LLC to add a second turbine to the existing facility in order to meet the university's heating, cooling and electric generating needs for the new Biodesign C facility and future research facilities. The contract with ACFFC is effective through 2038, along with the related ground lease, and calls for minimum annual energy purchase obligations on the part of the University of approximately \$8.7 million to cover ACFFC's fixed management services and capital costs. Additional billing amounts will be based on a pass through to the University of the service provider's variable costs, primarily natural gas.

Polytechnic Central Plant. In December 2008, the University entered into a privatized/third party agreement with ACFFC for the construction and operation by a third party energy management firm of a central plant on the University's Polytechnic campus to provide chilled water and emergency power for certain buildings on that campus. In October 2017, Energy Center LLC issued \$11.3 million in Tax-Exempt Revenue Refunding Bonds (Energy Center 2017 Bonds). The proceeds of the Energy Center 2017 Bonds were used to refund and redeem \$10.5 million of the Energy Center 2008 Bonds for savings. The contract with ACFFC is effective through 2028, along with the related ground lease, and calls for minimum annual purchase obligations by the University of approximately \$1.8 million to cover ACFFC's fixed management services and capital costs. Additional billing amounts will be based on a pass through to the University of the service provider's variable costs, primarily electricity.

### **ASU Foundation Endowment and Net Asset Classification**

Management of the ASUEP's endowment is governed by laws in the State of Arizona created under the Arizona Management of Charitable Funds Act (MCFA). The ASUEP has interpreted the statute as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the ASUEP classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level required to be held in perpetuity. For these funds, the change in value is shown as with donor restrictions - temporarily restricted net investment return and is reported in with donor restrictions - temporarily restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as with donor restrictions - permanently restricted net assets is classified as with donor restrictions - temporarily restricted net assets.

ASUEP endowment is invested in the Long Term Investment Pool (LTIP). ASUEP investment policies for the LTIP are reviewed periodically. The long-term financial objectives of the Pool are to produce a relatively predictable and stable payout stream that increases over time at least as fast as the general rate of inflation and to preserve inter-generational equity by achieving growth of the Pool at a rate that at least keeps pace with the general rate of inflation, net of spending.

# Notes to Financial Statements

## ASU Enterprise Partners Endowment and Net Asset Classifications

ASU Enterprise Partners endowments by net asset category (Dollars in thousands)				
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Donor-restricted endowments		\$ 61,558	\$ 526,437	\$ 587,995
Quasi-endowments		82,406		82,406
<b>Total funds</b>		<b>\$ 143,964</b>	<b>\$ 526,437</b>	<b>\$ 670,401</b>

Changes in endowment net assets (Dollars in thousands)				
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Endowment net assets, June 30, 2019		\$ 143,651	\$ 496,391	\$ 640,042
Adjustment due to reclassification		(176)	122	(54)
Contributions and other additions		4,305	37,555	41,860
Investment return:				
Interest and dividends		(8,255)	1,640	(6,615)
Net realized and unrealized gains		43,809	(1,778)	42,031
Changes in assets due to other entities		(12,813)		(12,813)
Total investment return		22,741	(138)	22,603
Appropriation for expenditure		(23,645)	(182)	(23,827)
Reclassification of donor intent		(2,912)	(7,311)	(10,223)
<b>Endowment net assets, June 30, 2020</b>		<b>\$ 143,964</b>	<b>\$ 526,437</b>	<b>\$ 670,401</b>

## Property and Equipment

Property and equipment consist of (Dollars in thousands)				
	ASU Enterprise Partners	ACFFC	Other Component Units	Total
Cost or donated value:				
Buildings and improvements	\$ 17,397	\$ 196,433	\$ 4,628	\$ 218,458
Furniture, fixtures, and equipment	11,235	79,026	1,689	91,950
Leasehold improvements			16,917	16,917
Land			1,530	1,530
Software			8,332	8,332
Total cost or donated value	28,632	275,459	33,096	337,187
Accumulated depreciation	(14,167)	(150,476)	(17,501)	(182,144)
<b>Net property and equipment</b>	<b>\$ 14,465</b>	<b>\$ 124,983</b>	<b>\$ 15,595</b>	<b>\$ 155,043</b>



## Bonds and Obligations under Capital lease

Bonds payable consist of (Dollars in thousands)					
	Final Maturity	ASU Enterprise Partners	ACFFC	Other Component Units	Total
Series 2018 Tax-Exempt Revenue Bonds (Sun Devil Energy Center)	2038		\$ 22,730		\$ 22,730
Series 2017 Tax-Exempt Lease Revenue Refunding Bonds (Nanotechnology Research)	2034		23,725		23,725
Series 2017 Tax-Exempt Lease Revenue Refunding Bonds (ASU Energy Center)	2028		10,065		10,065
Series 2016 Tax-Exempt Revenue Refunding Bonds (Hassayampa Academic Village)	2039		118,050		118,050
Series 2014A Tax-Exempt Lease Revenue Bonds (DC Project)	2035	\$ 30,900			30,900
Series 2014A Revenue Refunding Bonds (Fulton)	2034	33,885			33,885
Series 2012 Revenue Bonds (Phoenix Collegiate Academy Project)	2042			\$ 4,945	4,945
Series 2009 Revenue Bonds (Energy Management Services)	2024		17,890		17,890
Series 2009B Lease Revenue Refunding Bonds (Nanotechnology Research)	2022		2,035		2,035
Series 2008 Variable Rate Demand Revenue Refunding Bonds (Sun Devil Energy Center)	2030		27,185		27,185
Series 2006 Development Refunding Bonds (ASU Research Park)	2021			1,130	1,130
Series 2004A Variable Rate Revenue Bonds (Brickyard)	2034	22,420			22,420
Series 2004B Variable Rate Revenue Bonds (Brickyard)	2022	2,455			2,455
JPMorgan Chase Loan	2024			433	433
Unamortized loan costs			(2,221)		(2,221)
Deferred Cost of Refunding			(14,588)		(14,588)
Unamortized bond premium (discount)		(1,121)	16,994	(298)	15,575
		\$ 88,539	\$ 221,865	\$ 6,210	\$ 316,614

The following schedule reflects future principal payment commitments to investors:

Future principal commitments consist of (Dollars in thousands)				
Year Ending June 30,	ASU Enterprise Partners	ACFFC	Other Component Units	Total
2021	\$ 4,215	\$ 10,710	\$ 1,315	\$ 16,240
2022	4,395	11,375	215	15,985
2023	4,600	12,035	220	16,855
2024	4,800	12,720	230	17,750
2025	5,010	13,420	168	18,598
Thereafter	65,519	161,605	4,062	231,186
	\$ 88,539	\$ 221,865	\$ 6,210	\$ 316,614

# Notes to Financial Statements

## Financial Statement Information

The following represents summary financial information for ASU's two major component units (ASU Enterprise Partners and ACFFC) and all nonmajor component units combined:

<b>Component Units</b> <b>Statement of Financial Position</b> <b>June 30, 2020</b> <i>(Dollars in thousands)</i>				
	ASU Enterprise Partners	ACFFC	Nonmajor Component Units	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 11,791	\$ 4,714	\$ 19,352	\$ 35,857
Pledges receivables, net	165,354		31,556	196,910
Other receivables, net	7,747	138	47,189	55,074
Investments in securities	1,178,427	17,044	19,021	1,214,492
Other investments	81,447			81,447
Net direct financing leases	19,030	35,212		54,242
Property and equipment, net	14,465	124,983	15,595	155,043
Other assets	19,055	7	2,497	21,559
Total Assets	\$ 1,497,316	\$ 182,098	\$ 135,210	\$ 1,814,624
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 23,315	\$ 9,711	\$ 5,677	\$ 38,703
Deferred revenue			14,193	14,193
ASU endowment trust liability	256,932			256,932
Other liabilities	30,635		2,689	33,324
Long-term debt	88,539	221,865	6,210	316,614
Total Liabilities	\$ 399,421	\$ 231,576	\$ 28,769	\$ 659,766
<b>Net Assets</b>				
Without Donor Restrictions - Unrestricted	\$ 103,903	\$ (49,478)	\$ 68,910	\$ 123,335
With Donor Restrictions - Temporarily restricted	390,357		37,531	427,888
With Donor Restrictions - Permanently restricted	603,635			603,635
<b>Total Net Assets (Deficit)</b>	<b>\$ 1,097,895</b>	<b>\$ (49,478)</b>	<b>\$ 106,441</b>	<b>\$ 1,154,858</b>

**Component Units**  
**Statement of Activities**  
**Year ended June 30, 2020**  
*(Dollars in thousands)*

	<b>ASU Enterprise Partners</b>	<b>ACFFC</b>	<b>Nonmajor Component Units</b>	<b>Total</b>
<b>Revenues</b>				
Contributions	\$ 207,333		\$ 19,882	\$ 227,215
Rental revenues	1,911	\$ 16,038	11,257	29,206
Sales and services	29,168	12,740	2,704	44,612
Net investment return	(2,356)	202	707	(1,447)
Grants and aid			38,407	38,407
Other revenues	4,981	4,389	2,221	11,591
<b>Total Revenues</b>	<b>\$ 241,037</b>	<b>\$ 33,369</b>	<b>\$ 75,178</b>	<b>\$ 349,584</b>
<b>Expenses</b>				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	\$ 100,998		\$ 13,461	\$ 114,459
Vendor payments	28,995			28,995
Scholarship fund transfers to ASU	11,632			11,632
Rent payments to ASU		\$ 3,927	3,663	7,590
Management and general	45,718	10,669	49,249	105,636
Interest expense	1,479	8,020	117	9,616
Depreciation/amortization	1,187	10,376	405	11,968
Other expenses	12,643	2	1,433	14,078
<b>Total Expenses</b>	<b>\$ 202,652</b>	<b>\$ 32,994</b>	<b>\$ 68,328</b>	<b>\$ 303,974</b>
Increase/(Decrease) in Net Assets before Loss	38,385	375	6,850	45,610
Loss on Disposal of Assets			(182)	(182)
Increase/(Decrease) in Net Assets after Loss	38,385	375	6,668	45,428
Net Assets (Deficit), Beginning of Year	1,059,510	(49,853)	99,773	1,109,430
<b>Net Assets (Deficit), End of Year</b>	<b>\$ 1,097,895</b>	<b>\$ (49,478)</b>	<b>\$ 106,441</b>	<b>\$ 1,154,858</b>





**STADIUM INFO**



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# Required Supplementary Information

# Pension and Other Postemployment Benefits Liability

<b>Schedule of the University's Proportionate Share of the Net Pension Liability</b> <b>Arizona State Retirement System</b> <i>(Dollars in thousands)</i>							
	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014) (as restated)	2011 through 2014
University's proportion of the net pension liability	3.82%	3.67%	3.48%	3.39%	3.19%	3.05%	Information not available
University's proportionate share of the net pension liability	\$ 555,246	\$ 511,370	\$ 542,354	\$ 546,672	\$ 497,351	\$ 451,741	
University's covered payroll (trailing)	\$ 402,882	\$ 365,389	\$ 340,502	\$ 318,111	\$ 295,068	\$ 276,395	
University's proportionate share of the net pension liability as a percentage of its covered payroll	137.82%	139.95%	159.28%	171.85%	168.55%	163.44%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

<b>Schedule of the University's Proportionate Share of the Total OPEB Liability</b> <b>Arizona Department of Administration OPEB Plan</b> <i>(Dollars in thousands)</i>					
	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2011 through 2016
University's proportion of the total OPEB liability	19.87%	16.16%	15.95%	15.95%	Information not available
University's proportionate share of the total OPEB liability	\$ 252,852	\$ 140,836	\$ 134,500	\$ 173,187	
Actuarially-determined University's covered payroll	\$ 851,285	\$ 731,068	\$ 711,848	\$ 781,648	
University's proportionate share of the total OPEB liability as a percentage of its covered payroll	29.7%	19.3%	18.9%	22.2%	

**Schedule of University Contributions**  
**Arizona State Retirement System**  
*(Dollars in thousands)*

	2020	2019 <sup>(1)</sup> (as restated)	2018 <sup>(1)</sup> (as restated)	2017 <sup>(1)</sup> (as restated)	2016 <sup>(1)</sup> (as restated)	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 47,835	\$ 44,992	\$ 39,726	\$ 36,607	\$ 34,408	\$ 32,026	\$ 29,447	\$ 26,714	\$ 24,826	\$ 23,825
University's contributions in relation to the statutorily required contribution	47,835	44,992	39,726	36,607	34,408	32,026	29,447	26,714	24,826	23,825
University's contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
University's covered payroll	\$ 418,463	\$ 402,882	\$ 365,389	\$ 340,502	\$ 318,111	\$ 295,068	\$ 276,395	\$ 261,965	\$ 251,539	\$ 264,429
University's contributions as a percentage of covered payroll	11.43%	11.17%	10.87%	10.75%	10.82%	10.85%	10.65%	10.20%	9.87%	9.01%

<sup>(1)</sup> University contributions are based on the employer contributions in the University's records. Each year there is an immaterial difference between employer pension contributions ASRS recognized and the employer contributions in the University's records due to timing differences. Prior year University contributions have been restated using the employer contributions ASRS recognized.









Students help to sort dates harvested from the palm trees that line Palm Walk.

# Supplementary Information

# Nonmajor Discretely Presented Component Units

<b>Nonmajor Component Units</b> <b>Combining Statement of Financial Position</b> <b>June 30, 2020</b> <i>(Dollars in thousands)</i>					
	<b>ASU Alumni Association</b>	<b>ASU Preparatory Academy, Inc.</b>	<b>Arizona State University Research Park, Inc.</b>	<b>Sun Angel Foundation</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 530	\$ 7,925	\$ 4,384	\$ 6,513	\$ 19,352
Pledges receivables, net				31,556	31,556
Other receivables, net	120	3,443	43,468	158	47,189
Investments in securities	19,021				19,021
Property and equipment, net		10,281	5,314		15,595
Other assets	33	235	2,066	163	2,497
<b>Total Assets</b>	<b>\$ 19,704</b>	<b>\$ 21,884</b>	<b>\$ 55,232</b>	<b>\$ 38,390</b>	<b>\$ 135,210</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 55	\$ 5,467	\$ 46	\$ 109	\$ 5,677
Deferred revenue	143	1,565	12,485		14,193
Other liabilities	26		2,663		2,689
Long-term debt		5,105	1,105		6,210
<b>Total Liabilities</b>	<b>\$ 224</b>	<b>\$ 12,137</b>	<b>\$ 16,299</b>	<b>\$ 109</b>	<b>\$ 28,769</b>
<b>Net Assets</b>					
Without Donor Restrictions - Unrestricted	\$ 19,396	\$ 9,274	\$ 38,933	\$ 1,307	\$ 68,910
With Donor Restrictions - Temporarily restricted	84	473		36,974	37,531
With Donor Restrictions - Permanently restricted					
<b>Total Net Assets</b>	<b>\$ 19,480</b>	<b>\$ 9,747</b>	<b>\$ 38,933</b>	<b>\$ 38,281</b>	<b>\$ 106,441</b>

<b>Nonmajor Component Units</b> <b>Combining Statement of Activities</b> <b>Year ended June 30, 2020</b> <i>(Dollars in thousands)</i>					
	<b>ASU Alumni Association</b>	<b>ASU Preparatory Academy, Inc.</b>	<b>Arizona State University Research Park, Inc.</b>	<b>Sun Angel Foundation</b>	<b>Total</b>
<b>Revenues</b>					
Contributions	\$ 1,185	\$ 2,987		\$ 15,710	\$ 19,882
Rental revenues			\$ 11,257		11,257
Sales and services	1,304	1,079		321	2,704
Net investment return	580		16	111	707
Grants and aid		38,407			38,407
Other revenues	(2)	1,939	71	213	2,221
Total Revenues	\$ 3,067	\$ 44,412	\$ 11,344	\$ 16,355	\$ 75,178
<b>Expenses</b>					
Payments to the benefit of ASU - Cash donation transfers to ASU				\$ 13,461	\$ 13,461
Rent payments to ASU			\$ 3,663		3,663
Management and general	\$ 3,149	\$ 44,102	1,134	864	49,249
Interest expense			117		117
Depreciation/amortization			405		405
Other expenses	79		150	1,204	1,433
Total Expenses	\$ 3,228	\$ 44,102	\$ 5,469	\$ 15,529	\$ 68,328
Increase/(Decrease) in Net Assets, before Loss	(161)	310	5,875	826	6,850
Loss on Disposal of Assets		(182)			(182)
Increase/(Decrease) in Net Assets after Loss	(161)	128	5,875	826	6,668
Net Assets (Deficit), Beginning of Year	19,641	9,619	33,058	37,455	99,773
<b>Net Assets (Deficit), End of Year</b>	<b>\$ 19,480</b>	<b>\$ 9,747</b>	<b>\$ 38,933</b>	<b>\$ 38,281</b>	<b>\$ 106,441</b>









# Statistical Section

# Narrative to the Statistical Section

## Financial Trends

73

These schedules contain trend information to help the reader understand how the University's financial performance has changed over time.

- Net Position by Component
- Net Position
- Changes in Net Position
- Operating Expenses by Natural Classification
- Combined Sources and Uses

## Revenue Capacity

81

These schedules contain information to help the reader assess the University's revenue sources.

- Principal Revenue Sources
- Academic Year Tuition and Required Fees

## Composite Financial Index

83

These schedule present information used to determine the Composite Financial Index which is a measurement of the Institution's financial health based on four core ratios.

- Primary Reserve Ratio
- Return Net Position/Net Asset Ratio
- Net Operating Revenues Ratio
- Viability Ratio

## Debt Capacity

86

These schedules present information to help the reader assess the University's current level of outstanding debt.

- Summary of Ratios
- Debt Coverage for Senior and Subordinate Lien Bonds
- Long-term Debt

## Demographic and Economic Information

90

These schedules contain demographic and economic indicators to help the reader understand the environment in which the University's financial activities take place.

- Admissions, Enrollment, and Degrees Earned
- Demographic Data
- Principal Employers

## Operating Information

94

These schedules contain service and infrastructure data to help the reader understand how the University's financial information relates to the activities it performs.

- Faculty and Staff
- Capital Assets



# Net Position by Component

Net Position by Component										
Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<i>(Dollars in thousands)</i>										
Net investment in capital assets <sup>(1)</sup>	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591	\$ 664,867	\$ 643,008	\$ 634,253
Restricted, Nonexpendable	87,497	84,714	78,813	74,102	70,544	64,833	59,476	55,572	52,941	49,513
Restricted, Expendable	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244
Unrestricted <sup>(2)</sup>	104,279	166,899	115,542	282,765	253,728	161,623	563,307	511,298	462,958	359,430
<b>Total Net Position</b>	<b>\$ 1,362,063</b>	<b>\$1,355,388</b>	<b>\$ 1,269,985</b>	<b>\$ 1,333,832</b>	<b>\$ 1,221,116</b>	<b>\$ 1,054,762</b>	<b>\$ 1,432,322</b>	<b>\$ 1,336,617</b>	<b>\$ 1,251,568</b>	<b>\$ 1,130,440</b>
<i>Expressed as a percent of the total</i>										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	76.6	72.7	75.3	63.9	63.8	68.1	48.5	49.7	51.4	56.1
Restricted, Nonexpendable	6.4	6.3	6.2	5.6	5.8	6.2	4.2	4.2	4.2	4.4
Restricted, Expendable	9.4	8.8	9.4	9.3	9.6	10.4	8.0	7.8	7.4	7.7
Unrestricted	7.6	12.2	9.1	21.2	20.8	15.3	39.3	38.3	37.0	31.8
<b>Total Net Position</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Percentage increase/(decrease) from prior year</i>										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	5.8	3.0	12.2	9.4	8.4	3.3	4.6	3.4	1.4	(4.1)
Restricted, Nonexpendable	3.3	7.5	6.4	5.0	8.8	9.0	7.0	5.0	6.9	5.6
Restricted, Expendable	7.6	(0.7)	(4.2)	5.7	7.6	(3.8)	8.6	13.2	6.2	(6.1)
Unrestricted	(37.5)	44.4	(59.1)	11.4	57.0	(71.3)	10.2	10.4	28.8	52.8
<b>Total Net Position</b>	<b>0.5</b>	<b>6.7</b>	<b>(4.8)</b>	<b>9.2</b>	<b>15.8</b>	<b>(26.4)</b>	<b>7.2</b>	<b>6.8</b>	<b>10.7</b>	<b>9.0</b>

<sup>(1)</sup> Balances prior to FY 2014 have not been adjusted for the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*.

<sup>(2)</sup> Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.

# Net Position

Statement of Net Position <sup>(1)</sup> (Dollars in thousands)										
June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Assets</b>										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 272,636	\$ 239,203	\$ 78,147	\$ 167,188	\$ 72,543	\$ 47,316	\$ 33,551	\$ 49,964	\$ 125,473	\$ 265,139
Short-term investments	89,712	70,908	43,789	45,739	68,527	30,775	71,760	118,330	103,282	34,186
Accounts receivables, net	240,862	238,119	134,045	143,601	120,235	110,561	92,554	72,510	62,826	49,459
Receivables from State of Arizona						90,575	90,575	90,575	90,575	90,575
Other assets	12,664	5,714	2,623	4,282	3,344	3,377	8,863	2,188	2,020	2,822
<b>Total Current Assets</b>	<b>\$ 615,874</b>	<b>\$ 553,944</b>	<b>\$ 258,604</b>	<b>\$ 360,810</b>	<b>\$ 264,649</b>	<b>\$ 282,604</b>	<b>\$ 297,303</b>	<b>\$ 333,567</b>	<b>\$ 384,176</b>	<b>\$ 442,181</b>
<i>Noncurrent Assets</i>										
Restricted cash and cash equivalents	\$ 273,773	\$ 280,166	\$ 215,942	\$ 298,730	\$ 236,711	\$ 247,270	\$ 137,343	\$ 140,110	\$ 234,108	\$ 175,659
Endowment investments	256,932	250,356	137,372	130,118	113,659	116,252	114,146	99,822	90,133	94,261
Other investments	594,531	595,537	814,098	732,745	729,729	572,558	501,779	360,591	212,058	79,309
Student loans receivable, net	6,397	7,820	8,185	10,365	10,923	10,668	11,262	10,872	10,916	11,487
Other assets/equity interest for Thunderbird	195	361	595	526	17,200	17,401	1,473	7,018	7,018	
Capital assets, net	2,949,115	2,749,258	2,634,819	2,433,826	2,226,823	2,076,892	1,945,532	1,876,261	1,729,475	1,623,944
<b>Total Noncurrent Assets</b>	<b>\$ 4,080,943</b>	<b>\$ 3,883,498</b>	<b>\$ 3,811,011</b>	<b>\$ 3,606,310</b>	<b>\$ 3,335,045</b>	<b>\$ 3,041,041</b>	<b>\$ 2,711,535</b>	<b>\$ 2,494,674</b>	<b>\$ 2,283,708</b>	<b>\$ 1,984,660</b>
<b>Total Assets</b>	<b>\$ 4,696,817</b>	<b>\$ 4,437,442</b>	<b>\$ 4,069,615</b>	<b>\$ 3,967,120</b>	<b>\$ 3,599,694</b>	<b>\$ 3,323,645</b>	<b>\$ 3,008,838</b>	<b>\$ 2,828,241</b>	<b>\$ 2,667,884</b>	<b>\$ 2,426,841</b>
<b>Deferred Outflows of Resources</b>										
Interest rate swap	\$ 20,107	\$ 15,298	\$ 11,043	\$ 15,379	\$ 23,206	\$ 16,772	\$ 14,135	\$ 14,078	\$ 22,880	\$ 10,028
Unamortized loss on refunding debt	27,536	29,594	31,968	30,449	40,912	42,475	17,763			
Pensions related and other postemployment benefits	185,322	115,338	103,546	138,215	77,199	72,481				
<b>Total Deferred Outflows of Resources</b>	<b>\$ 232,965</b>	<b>\$ 160,230</b>	<b>\$ 146,557</b>	<b>\$ 184,043</b>	<b>\$ 141,317</b>	<b>\$ 131,728</b>	<b>\$ 31,898</b>	<b>\$ 14,078</b>	<b>\$ 22,880</b>	<b>\$ 10,028</b>
<b>Liabilities</b>										
<i>Current Liabilities</i>										
Accounts payable and accrued liabilities	\$ 208,749	\$ 187,417	\$ 149,666	\$ 127,029	\$ 131,156	\$ 94,998	\$ 80,259	\$ 76,697	\$ 64,703	\$ 81,949
Compensated absences	4,844	3,919	3,723	3,286	3,235	3,167	3,297	3,057	2,778	2,720
Unearned revenues	196,674	167,545	78,192	65,619	51,385	55,176	61,964	42,645	30,455	29,150
Funds held for others	13,338	19,961	17,898	23,350	29,054	18,270	12,476	11,409	10,940	10,066
Current portion of long-term debt - Funded by:										
University operating revenues	127,878	132,433	124,356	118,910	127,881	54,904	53,246	37,669	35,414	32,515
State appropriations and other State monies	40,554	32,807	34,360	34,222	31,903	15,876	13,598	12,537	10,593	10,206
<b>Total Current Liabilities</b>	<b>\$ 592,037</b>	<b>\$ 544,082</b>	<b>\$ 408,195</b>	<b>\$ 372,416</b>	<b>\$ 374,614</b>	<b>\$ 242,391</b>	<b>\$ 224,840</b>	<b>\$ 184,014</b>	<b>\$ 154,883</b>	<b>\$ 166,606</b>
<i>Noncurrent Liabilities</i>										
Compensated absences	\$ 41,093	\$ 33,352	\$ 31,570	\$ 28,772	\$ 27,441	\$ 26,847	\$ 24,476	\$ 23,825	\$ 21,434	\$ 23,118
Other liabilities	17,496	10,819	11,614	2,577	3,558	25,815	39,158	12,574	10,603	8,975
Derivative instrument - Interest rate swap	20,107	15,298	11,043	15,379	23,206	16,772	14,135	14,078	22,880	10,028
Net Pension and other postemployment benefits liability	860,875	700,057	719,592	631,938	559,071	484,133				
Long-term debt - Funded by:										
University operating revenues	1,523,219	1,441,660	1,350,987	1,335,986	1,104,411	1,111,056	891,081	917,810	863,255	746,197
State appropriations and other State monies	443,799	394,132	339,683	361,636	385,122	413,981	414,724	353,401	366,141	351,505
<b>Total Noncurrent Liabilities</b>	<b>\$ 2,906,589</b>	<b>\$ 2,595,318</b>	<b>\$ 2,464,489</b>	<b>\$ 2,376,288</b>	<b>\$ 2,102,809</b>	<b>\$ 2,078,604</b>	<b>\$ 1,383,574</b>	<b>\$ 1,321,688</b>	<b>\$ 1,284,313</b>	<b>\$ 1,139,823</b>
<b>Total Liabilities</b>	<b>\$ 3,498,626</b>	<b>\$ 3,139,400</b>	<b>\$ 2,872,684</b>	<b>\$ 2,748,704</b>	<b>\$ 2,477,423</b>	<b>\$ 2,320,995</b>	<b>\$ 1,608,414</b>	<b>\$ 1,505,702</b>	<b>\$ 1,439,196</b>	<b>\$ 1,306,429</b>
<b>Deferred Inflows of Resources</b>										
Unamortized gain on refunding debt	\$ 1,607	\$ 1,761	\$ 1,894	\$ 1,116						
Pensions related and other postemployment benefits	67,486	101,123	71,609	67,511	\$ 42,472	\$ 79,616				
<b>Total Deferred Inflows of Resources</b>	<b>\$ 69,093</b>	<b>\$ 102,884</b>	<b>\$ 73,503</b>	<b>\$ 68,627</b>	<b>\$ 42,472</b>	<b>\$ 79,616</b>				
<b>Net Position</b>										
Net investment in capital assets	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591	\$ 664,867	\$ 643,008	\$ 634,253
Restricted										
Nonexpendable:										
Student aid	80,741	77,959	72,059	67,365	63,807	59,185	54,858	51,572	48,693	45,949
Academic department uses	6,756	6,755	6,754	6,737	6,737	5,648	4,618	4,000	4,248	3,564
Expendable:										
Student aid	36,071	33,821	33,024	40,962	38,907	44,109	46,498	37,777	35,705	37,042
Academic department uses	84,548	78,112	79,868	77,450	72,534	63,919	66,852	66,771	56,540	49,380
Capital projects and debt service	6,995	6,693	6,518	6,291	6,536	1,636	598	332	416	822
Unrestricted	104,279	166,899	115,542	282,765	253,728	161,623	563,307	511,298	462,958	359,430
<b>Total Net Position</b>	<b>\$ 1,362,063</b>	<b>\$ 1,355,388</b>	<b>\$ 1,269,985</b>	<b>\$ 1,333,832</b>	<b>\$ 1,221,116</b>	<b>\$ 1,054,762</b>	<b>\$ 1,432,322</b>	<b>\$ 1,336,617</b>	<b>\$ 1,251,568</b>	<b>\$ 1,130,440</b>

<sup>(1)</sup>Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.

# Net Position (continued)

Statement of Net Position – Adjusted for Pensions and Other Postemployment Benefits <sup>(1)</sup> (Dollars in thousands)										
June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Assets</b>										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 272,636	\$ 239,203	\$ 78,147	\$ 167,188	\$ 72,543	\$ 47,316	\$ 33,551	\$ 49,964	\$ 125,473	\$ 265,139
Short-term investments	89,712	70,908	43,789	45,739	68,527	30,775	71,760	118,330	103,282	34,186
Accounts receivables, net	240,862	238,119	134,045	143,601	120,235	110,561	92,554	72,510	62,826	49,459
Receivables from State of Arizona						90,575	90,575	90,575	90,575	90,575
Other assets	12,664	5,714	2,623	4,282	3,344	3,377	8,863	2,188	2,020	2,822
<b>Total Current Assets</b>	<b>\$ 615,874</b>	<b>\$ 553,944</b>	<b>\$ 258,604</b>	<b>\$ 360,810</b>	<b>\$ 264,649</b>	<b>\$ 282,604</b>	<b>\$ 297,303</b>	<b>\$ 333,567</b>	<b>\$ 384,176</b>	<b>\$ 442,181</b>
<i>Noncurrent Assets</i>										
Restricted cash and cash equivalents	\$ 273,773	\$ 280,166	\$ 215,942	\$ 298,730	\$ 236,711	\$ 247,270	\$ 137,343	\$ 140,110	\$ 234,108	\$ 175,659
Endowment investments	256,932	250,356	137,372	130,118	113,659	116,252	114,146	99,822	90,133	94,261
Other investments	594,531	595,537	814,098	732,745	729,729	572,558	501,779	360,591	212,058	79,309
Student loans receivable, net	6,397	7,820	8,185	10,365	10,923	10,668	11,262	10,872	10,916	11,487
Other assets/equity interest for Thunderbird	195	361	595	526	17,200	17,401	1,473	7,018	7,018	
Capital assets, net	2,949,115	2,749,258	2,634,819	2,433,826	2,226,823	2,076,892	1,945,532	1,876,261	1,729,475	1,623,944
<b>Total Noncurrent Assets</b>	<b>\$ 4,080,943</b>	<b>\$ 3,883,498</b>	<b>\$ 3,811,011</b>	<b>\$ 3,606,310</b>	<b>\$ 3,335,045</b>	<b>\$ 3,041,041</b>	<b>\$ 2,711,535</b>	<b>\$ 2,494,674</b>	<b>\$ 2,283,708</b>	<b>\$ 1,984,660</b>
<b>Total Assets</b>	<b>\$ 4,696,817</b>	<b>\$ 4,437,442</b>	<b>\$ 4,069,615</b>	<b>\$ 3,967,120</b>	<b>\$ 3,599,694</b>	<b>\$ 3,323,645</b>	<b>\$ 3,008,838</b>	<b>\$ 2,828,241</b>	<b>\$ 2,667,884</b>	<b>\$ 2,426,841</b>
<b>Deferred Outflows of Resources</b>										
Interest rate swap	\$ 20,107	\$ 15,298	\$ 11,043	\$ 15,379	\$ 23,206	\$ 16,772	\$ 14,135	\$ 14,078	\$ 22,880	\$ 10,028
Unamortized loss on refunding debt	27,536	29,594	31,968	30,449	40,912	42,475	17,763			
<b>Total Deferred Outflows of Resources</b>	<b>\$ 47,643</b>	<b>\$ 44,892</b>	<b>\$ 43,011</b>	<b>\$ 45,828</b>	<b>\$ 64,118</b>	<b>\$ 59,247</b>	<b>\$ 31,898</b>	<b>\$ 14,078</b>	<b>\$ 22,880</b>	<b>\$ 10,028</b>
<b>Liabilities</b>										
<i>Current Liabilities</i>										
Accounts payable and accrued liabilities	\$ 219,696	\$ 196,100	\$ 157,300	\$ 136,679	\$ 137,378	\$ 99,910	\$ 80,259	\$ 76,697	\$ 64,703	\$ 81,949
Compensated absences	4,844	3,919	3,723	3,286	3,235	3,167	3,297	3,057	2,778	2,720
Unearned revenues	196,674	167,545	78,192	65,619	51,385	55,176	61,964	42,645	30,455	29,150
Funds held for others	13,338	19,961	17,898	23,350	29,054	18,270	12,476	11,409	10,940	10,066
Current portion of long-term debt - Funded by:										
University operating revenues	127,878	132,433	124,356	118,910	127,881	54,904	53,246	37,669	35,414	32,515
State appropriations and other State monies	40,554	32,807	34,360	34,222	31,903	15,876	13,598	12,537	10,593	10,206
<b>Total Current Liabilities</b>	<b>\$ 602,984</b>	<b>\$ 552,765</b>	<b>\$ 415,829</b>	<b>\$ 382,066</b>	<b>\$ 380,836</b>	<b>\$ 247,303</b>	<b>\$ 224,840</b>	<b>\$ 184,014</b>	<b>\$ 154,883</b>	<b>\$ 166,606</b>
<i>Noncurrent Liabilities</i>										
Compensated absences	\$ 41,093	\$ 33,352	\$ 31,570	\$ 28,772	\$ 27,441	\$ 26,847	\$ 24,476	\$ 23,825	\$ 21,434	\$ 23,118
Other liabilities	34,490	28,786	27,427	17,229	18,206	38,302	39,158	12,574	10,603	8,975
Derivative instrument - Interest rate swap	20,107	15,298	11,043	15,379	23,206	16,772	14,135	14,078	22,880	10,028
Long-term debt - Funded by:										
University operating revenues	1,523,219	1,441,660	1,350,987	1,335,986	1,104,411	1,111,056	891,081	917,810	863,255	746,197
State appropriations and other State monies	443,799	394,132	339,683	361,636	385,122	413,981	414,724	353,401	366,141	351,505
<b>Total Noncurrent Liabilities</b>	<b>\$ 2,062,708</b>	<b>\$ 1,913,228</b>	<b>\$ 1,760,710</b>	<b>\$ 1,759,002</b>	<b>\$ 1,558,386</b>	<b>\$ 1,606,958</b>	<b>\$ 1,383,574</b>	<b>\$ 1,321,688</b>	<b>\$ 1,284,313</b>	<b>\$ 1,139,823</b>
<b>Total Liabilities</b>	<b>\$ 2,665,692</b>	<b>\$ 2,465,993</b>	<b>\$ 2,176,539</b>	<b>\$ 2,141,068</b>	<b>\$ 1,939,222</b>	<b>\$ 1,854,261</b>	<b>\$ 1,608,414</b>	<b>\$ 1,505,702</b>	<b>\$ 1,439,196</b>	<b>\$ 1,306,429</b>
<b>Deferred Inflows of Resources</b>										
Unamortized gain on refunding debt	\$ 1,607	\$ 1,761	\$ 1,894	\$ 1,116						
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,607</b>	<b>\$ 1,761</b>	<b>\$ 1,894</b>	<b>\$ 1,116</b>						
<b>Net Position</b>										
Net investment in capital assets	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591	\$ 664,867	\$ 643,008	\$ 634,253
Restricted:										
Nonexpendable:										
Student aid	80,741	77,959	72,059	67,365	63,807	59,185	54,858	51,572	48,693	45,949
Academic department uses	6,756	6,755	6,754	6,737	6,737	5,648	4,618	4,000	4,248	3,564
Expendable:										
Student aid	36,071	33,821	33,024	40,962	38,907	44,109	46,498	37,777	35,705	37,042
Academic department uses	84,548	78,112	79,868	77,450	72,534	63,919	66,852	66,771	56,540	49,380
Capital projects and debt service	6,995	6,693	6,518	6,291	6,536	1,636	598	332	416	822
Unrestricted	819,377	826,091	779,750	819,697	757,202	635,492	563,307	511,298	462,958	359,430
<b>Total Net Position</b>	<b>\$ 2,077,161</b>	<b>\$ 2,014,580</b>	<b>\$ 1,934,193</b>	<b>\$ 1,870,764</b>	<b>\$ 1,724,590</b>	<b>\$ 1,528,631</b>	<b>\$ 1,432,322</b>	<b>\$ 1,336,617</b>	<b>\$ 1,251,568</b>	<b>\$ 1,130,440</b>

(1) All balances for FY 2015 and thereafter have been adjusted to remove the impact of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, Fair Value Measurement and Application. All balances for FY 2016 and thereafter have been adjusted to remove the impact of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, as amended by GASB Statement No. 85, Omnibus 2017.



# Changes in Net Position

Changes in Net Position (Dollars in thousands)										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	\$ 1,550,581	\$ 1,423,052	\$ 1,323,268	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921	\$ 802,965	\$ 757,217	\$ 639,324
Research grants and contracts	365,498	344,128	313,558	271,730	253,158	237,489	244,293	238,031	229,801	217,012
Sales and services										
Auxiliary enterprises	170,182	183,534	166,057	161,797	149,734	145,008	140,535	122,453	105,510	136,540
Educational departments	72,451	78,508	94,158	81,543	69,523	67,230	58,449	56,006	53,866	43,514
Other revenues	21,884	19,347	18,745	16,326	14,387	12,001	8,447	8,018	8,947	9,093
<b>Total Operating Revenues</b>	<b>\$ 2,180,596</b>	<b>\$ 2,048,569</b>	<b>\$ 1,915,786</b>	<b>\$ 1,782,224</b>	<b>\$ 1,644,337</b>	<b>\$ 1,482,742</b>	<b>\$ 1,348,645</b>	<b>\$ 1,227,473</b>	<b>\$ 1,155,341</b>	<b>\$ 1,045,483</b>
<b>Expenses</b>										
<i>Operating Expenses</i>										
<i>Educational and general</i>										
Instruction	\$ 1,016,720	\$ 961,580	\$ 881,696	\$ 810,656	\$ 749,722	\$ 686,397	\$ 617,091	\$ 548,998	\$ 519,117	\$ 495,815
Research	359,936	323,623	297,448	267,303	261,055	244,763	235,720	225,453	211,569	201,255
Public service	38,415	36,140	37,524	35,378	36,807	36,201	40,209	44,860	46,938	48,208
Academic support	371,378	304,645	299,208	294,706	265,540	247,700	225,853	204,831	185,890	187,435
Student services	166,131	151,295	136,125	123,377	111,018	98,491	72,409	65,908	60,737	55,244
Institutional support	188,937	171,016	159,109	152,226	155,172	151,613	136,334	124,546	120,491	124,893
Operation and maintenance of plant	113,640	122,567	119,349	116,456	108,454	102,167	98,901	91,077	86,750	83,939
Scholarships and fellowships	292,914	247,194	211,811	187,124	152,802	136,675	127,468	112,363	113,171	120,428
Auxiliary enterprises	191,862	179,578	175,130	154,794	147,562	143,184	130,550	119,509	115,799	142,492
Depreciation	143,587	137,064	132,814	123,705	116,381	114,617	112,270	106,992	98,005	97,202
<b>Total Operating Expenses</b>	<b>\$ 2,883,520</b>	<b>\$ 2,634,702</b>	<b>\$ 2,450,214</b>	<b>\$ 2,265,725</b>	<b>\$ 2,104,513</b>	<b>\$ 1,961,808</b>	<b>\$ 1,796,805</b>	<b>\$ 1,644,537</b>	<b>\$ 1,558,467</b>	<b>\$ 1,556,911</b>
<b>Operating Loss</b>	<b>\$ (702,924)</b>	<b>\$ (586,133)</b>	<b>\$ (534,428)</b>	<b>\$ (483,501)</b>	<b>\$ (460,176)</b>	<b>\$ (479,066)</b>	<b>\$ (448,160)</b>	<b>\$ (417,064)</b>	<b>\$ (403,126)</b>	<b>\$ (511,428)</b>
<b>Nonoperating Revenues (Expenses)</b>										
State appropriations	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493	\$ 297,402	\$ 307,765	\$ 380,914
Federal fiscal stabilization funds										867
Share of state tax - TRIF	34,075	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799	21,770
Financial aid grants	186,818	168,230	152,500	128,474	124,188	115,070	106,855	104,415	110,222	104,498
Grants and contracts	56,494	57,365	58,624	56,233	56,743	49,037	35,863	42,195	49,237	50,133
CARES Act Reimbursements	15,129									
Private gifts	76,803	82,731	75,791	74,282	99,612	57,651	64,928	59,807	55,329	50,584
Financial aid trust funds <sup>(1)</sup>				16,019	14,833	13,615	12,393	11,114	11,027	9,279
Net investment return (loss)	44,756	60,603	12,778	23,038	9,382	5,133	20,263	9,494	(1,629)	17,130
Interest on debt	(65,342)	(63,413)	(61,903)	(69,135)	(59,972)	(53,428)	(52,674)	(53,331)	(48,101)	(47,505)
Other expenses	(15,982)	(22,341)	(8,590)	(7,610)	(16,039)	(9,814)	(9,642)	(10,995)	(8,358)	(6,980)
<b>Net Nonoperating Revenues</b>	<b>\$ 656,083</b>	<b>\$ 621,149</b>	<b>\$ 568,518</b>	<b>\$ 549,540</b>	<b>\$ 541,207</b>	<b>\$ 541,832</b>	<b>\$ 520,264</b>	<b>\$ 485,326</b>	<b>\$ 499,291</b>	<b>\$ 580,690</b>
<b>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>\$ (46,841)</b>	<b>\$ 35,016</b>	<b>\$ 34,090</b>	<b>\$ 66,039</b>	<b>\$ 81,031</b>	<b>\$ 62,766</b>	<b>\$ 72,104</b>	<b>\$ 68,262</b>	<b>\$ 96,165</b>	<b>\$ 69,262</b>
Capital appropriations	\$ 25,622	\$ 25,406	\$ 13,479	\$ 11,190	\$ 11,422	\$ 15,000	\$ 14,471	\$ 14,472	\$ 14,472	\$ 14,472
Capital commitments	9,537	9,532	9,540	15,421	9,537	5,121	2,733	4,268	1,646	990
Capital grants	1,165	62	109	320	1	158	893	761	1,636	1,371
Capital private gifts	17,022	14,961	5,822	6,390	4,936	7,106	8,308	2,503	7,206	3,567
Additions to permanent endowments	170	426	34	13	1,577	2,089	904	77	3	99
Special Items								(5,294)		
Extraordinary Item - insurance recovery							3,900			3,884
<b>Increase in Net Position</b>	<b>\$ 6,675</b>	<b>\$ 85,403</b>	<b>\$ 63,074</b>	<b>\$ 99,373</b>	<b>\$ 108,504</b>	<b>\$ 92,240</b>	<b>\$ 103,313</b>	<b>\$ 85,049</b>	<b>\$ 121,128</b>	<b>\$ 93,645</b>
Total Revenues	\$ 2,971,519	\$ 2,805,859	\$ 2,583,781	\$ 2,441,843	\$ 2,289,028	\$ 2,117,290	\$ 1,962,434	\$ 1,799,206	\$ 1,736,054	\$ 1,705,041
Total Expenses	\$ 2,964,844	\$ 2,720,456	\$ 2,520,707	\$ 2,342,470	\$ 2,180,524	\$ 2,025,050	\$ 1,859,121	\$ 1,714,157	\$ 1,614,926	\$ 1,611,396
<b>Increase in Net Position</b>	<b>\$ 6,675</b>	<b>\$ 85,403</b>	<b>\$ 63,074</b>	<b>\$ 99,373</b>	<b>\$ 108,504</b>	<b>\$ 92,240</b>	<b>\$ 103,313</b>	<b>\$ 85,049</b>	<b>\$ 121,128</b>	<b>\$ 93,645</b>

<sup>(1)</sup> Balances prior to FY 2018 presented Financial Aid Trust funds as a nonoperating revenue source. In FY 2018 Financial Aid Trust fund activities were included in student tuition and fees, net and state appropriations.

# Changes in Net Position *(continued)*

Changes in Net Position (Expressed as a percent of Total Revenues / Total Expenses)										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	%	%	%	%	%	%	%	%	%	%
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	52.2	50.7	51.2	51.2	50.6	48.2	45.7	44.6	43.6	37.5
Research grants and contracts	12.3	12.3	12.1	11.1	11.1	11.2	12.4	13.2	13.2	12.7
Sales and services										
Auxiliary enterprises	5.7	6.5	6.4	6.6	6.5	6.9	7.2	6.8	6.1	8.0
Educational departments	2.5	2.8	3.7	3.4	3.0	3.2	3.0	3.1	3.1	2.6
Other revenues	0.7	0.7	0.7	0.7	0.6	0.6	0.4	0.4	0.5	0.5
<b>Total Operating Revenues</b>	<b>73.4</b>	<b>73.0</b>	<b>74.1</b>	<b>73.0</b>	<b>71.8</b>	<b>70.1</b>	<b>68.7</b>	<b>68.1</b>	<b>66.5</b>	<b>61.3</b>
<b>Expenses</b>										
<i>Operating Expenses</i>										
<i>Educational and general</i>										
Instruction	34.3	35.3	35.0	34.6	34.4	33.9	33.2	32.0	32.1	30.8
Research	12.1	11.9	11.8	11.4	12.0	12.1	12.7	13.2	13.1	12.5
Public service	1.3	1.3	1.5	1.5	1.7	1.8	2.2	2.6	2.9	3.0
Academic support	12.5	11.2	11.9	12.6	12.2	12.2	12.1	11.9	11.5	11.6
Student services	5.6	5.6	5.4	5.3	5.1	4.9	3.9	3.8	3.8	3.4
Institutional support	6.4	6.3	6.3	6.5	7.1	7.5	7.3	7.3	7.5	7.8
Operation and maintenance of plant	3.8	4.5	4.7	5.0	5.0	5.0	5.3	5.3	5.4	5.2
Scholarships and fellowships	9.9	9.1	8.4	8.0	7.0	6.7	6.9	6.6	7.0	7.5
Auxiliary enterprises	6.6	6.6	6.9	6.6	6.7	7.1	7.0	7.0	7.2	8.8
Depreciation	4.8	5.0	5.3	5.3	5.3	5.7	6.0	6.2	6.1	6.0
<b>Total Operating Expenses</b>	<b>97.3</b>	<b>93.9</b>	<b>94.8</b>	<b>92.8</b>	<b>91.9</b>	<b>92.7</b>	<b>91.5</b>	<b>91.4</b>	<b>89.8</b>	<b>91.3</b>
<b>Operating Loss</b>	<b>(23.6)</b>	<b>(20.9)</b>	<b>(20.7)</b>	<b>(19.8)</b>	<b>(20.1)</b>	<b>(22.6)</b>	<b>(22.8)</b>	<b>(23.3)</b>	<b>(23.3)</b>	<b>(30.0)</b>
<b>Nonoperating Revenues (Expenses)</b>										
State appropriations	10.9	11.0	11.9	12.2	12.3	16.0	16.0	16.5	17.7	22.3
Federal fiscal stabilization funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Share of state tax - TRIF	1.1	1.2	1.3	1.3	1.4	1.3	1.4	1.4	1.4	1.3
Financial aid grants	6.3	6.0	5.9	5.3	5.4	5.4	5.4	5.8	6.3	6.1
Grants and contracts	1.9	2.0	2.3	2.3	2.5	2.3	1.8	2.3	2.8	2.9
CARES Act Reimbursements	0.5									
Private gifts	2.6	2.9	2.9	3.0	4.4	2.7	3.3	3.3	3.2	3.0
Financial aid trust funds	0.0	0.0	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.5
Net investment return (loss)	1.5	2.2	0.5	0.9	0.4	0.2	1.0	0.5	(0.1)	1.0
Interest on debt	(2.2)	(2.4)	(2.5)	(2.9)	(2.8)	(2.6)	(2.8)	(3.1)	(3.0)	(2.9)
Other expenses	(0.5)	(0.8)	(0.3)	(0.3)	(0.7)	(0.5)	(0.5)	(0.6)	(0.5)	(0.4)
<b>Net Nonoperating Revenues</b>	<b>22.1</b>	<b>22.1</b>	<b>22.0</b>	<b>22.5</b>	<b>23.6</b>	<b>25.6</b>	<b>26.5</b>	<b>27.0</b>	<b>28.8</b>	<b>34.1</b>
<b>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>(1.5)</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>2.7</b>	<b>3.5</b>	<b>3.0</b>	<b>3.7</b>	<b>3.7</b>	<b>5.5</b>
Capital appropriations	0.9	0.9	0.5	0.5	0.5	0.7	0.7	0.8	0.8	0.8
Capital commitment	0.3	0.3	0.4	0.6	0.4	0.2	0.1	0.2	0.1	0.1
Capital grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Capital private gifts	0.6	0.5	0.2	0.3	0.2	0.4	0.4	0.1	0.4	0.2
Additions to permanent endowments	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Property additions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0
Extraordinary Item - insurance recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2
<b>Increase in Net Position</b>	<b>0.3</b>	<b>2.9</b>	<b>2.4</b>	<b>4.1</b>	<b>4.7</b>	<b>4.4</b>	<b>5.3</b>	<b>4.7</b>	<b>7.0</b>	<b>5.5</b>

Percent of Total Expense is italicized.

# Changes in Net Position *(continued)*

Changes in Net Position (Percentage increase (decrease) from prior year)										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	%	%	%	%	%	%	%	%	%	%
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	9.0	7.5	5.8	8.1	13.4	13.8	11.7	6.0	18.4	12.9
Research grants and contracts	6.2	9.7	15.4	7.3	6.6	(2.8)	2.6	3.6	5.9	8.6
Sales and services										
Auxiliary enterprises	(7.3)	10.5	2.6	8.1	3.3	3.2	14.8	16.1	(22.7)	1.2
Educational departments	(7.7)	(16.6)	15.5	17.3	3.4	15.0	4.4	4.0	23.8	15.7
Other revenues	13.1	3.2	14.8	13.5	19.9	42.1	5.4	(10.4)	(1.6)	(11.7)
<b>Total Operating Revenues</b>	<b>6.4</b>	<b>6.9</b>	<b>7.4</b>	<b>8.4</b>	<b>10.9</b>	<b>9.9</b>	<b>9.9</b>	<b>6.2</b>	<b>10.5</b>	<b>10.2</b>
<b>Expenses</b>										
<i>Operating Expenses</i>										
<i>Educational and general</i>										
Instruction	5.7	9.1	8.8	8.1	9.2	11.2	12.4	5.8	4.7	4.8
Research	11.2	8.8	11.3	2.4	6.7	3.8	4.6	6.6	5.1	6.1
Public service	6.3	(3.7)	6.1	(3.9)	1.7	(10.0)	(10.4)	(4.4)	(2.6)	17.0
Academic support	21.9	1.8	1.5	11.0	7.2	9.7	10.3	10.2	(0.8)	6.4
Student services	9.8	11.1	10.3	11.1	12.7	36.0	9.9	8.5	9.9	12.6
Institutional support	10.5	7.5	4.5	(1.9)	2.3	11.2	9.5	3.4	(3.5)	1.8
Operation and maintenance of plant	(7.3)	2.7	2.5	7.4	6.2	3.3	8.6	5.0	3.3	8.2
Scholarships and fellowships	18.5	16.7	13.2	22.5	11.8	7.2	13.4	(0.7)	(6.0)	10.1
Auxiliary enterprises	6.8	2.5	13.1	4.9	3.1	9.7	9.2	3.2	(18.7)	5.4
Depreciation	4.8	3.2	7.4	6.3	1.5	2.1	4.9	9.2	0.8	1.5
<b>Total Operating Expenses</b>	<b>9.4</b>	<b>7.5</b>	<b>8.1</b>	<b>7.7</b>	<b>7.3</b>	<b>9.2</b>	<b>9.3</b>	<b>5.5</b>	<b>0.1</b>	<b>5.9</b>
<b>Operating Loss</b>	<b>19.9</b>	<b>9.7</b>	<b>10.5</b>	<b>5.1</b>	<b>(3.9)</b>	<b>6.9</b>	<b>7.5</b>	<b>3.5</b>	<b>(21.2)</b>	<b>(1.8)</b>
<b>Nonoperating Revenues (Expenses)</b>										
State appropriations	6.6	(1.1)	3.3	5.5	(16.8)	7.5	5.7	(3.4)	(19.2)	0.0
Federal fiscal stabilization funds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(97.3)
Share of state tax - TRIF	(1.5)	6.3	3.9	0.8	17.1	(4.5)	10.1	6.0	9.3	2.2
Financial aid grants	11.0	10.3	18.7	3.5	7.9	7.7	2.3	(5.3)	5.5	22.9
Grants and contracts	(1.5)	(2.1)	4.3	(0.9)	15.7	36.7	(15.0)	(14.3)	(1.8)	3.6
CARES Act Reimbursements	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Private gifts	(7.2)	9.2	2.0	(25.4)	72.8	(11.2)	8.6	8.1	9.4	10.3
Financial aid trust funds	n/a	n/a	(100.0)	8.0	8.9	9.9	11.5	0.8	18.8	0.3
Net investment return (loss)	(26.1)	374.3	(44.5)	145.6	82.8	(74.7)	113.4	(682.8)	(109.5)	128.1
Interest on debt	3.0	2.4	(10.5)	15.3	12.2	1.4	(1.2)	10.9	1.3	11.1
Other expenses	(28.5)	160.1	12.9	(52.6)	63.4	1.8	(12.3)	31.6	19.7	(30.2)
<b>Net Nonoperating Revenues</b>	<b>5.6</b>	<b>9.3</b>	<b>3.5</b>	<b>1.5</b>	<b>(0.1)</b>	<b>4.1</b>	<b>7.2</b>	<b>(2.8)</b>	<b>(14.0)</b>	<b>0.5</b>
<b>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>(233.8)</b>	<b>2.7</b>	<b>(48.4)</b>	<b>(18.5)</b>	<b>29.1</b>	<b>(13.0)</b>	<b>5.6</b>	<b>(29.0)</b>	<b>38.8</b>	<b>20.8</b>
Capital appropriations	0.9	88.5	20.5	(2.0)	(23.9)	3.7	0.0	0.0	0.0	0.0
Capital commitment	0.1	(0.1)	(38.1)	61.7	86.2	87.4	(36.0)	159.3	66.3	n/a
Capital grants	1,779.0	(43.1)	(65.9)	n/a	(99.4)	(82.3)	17.3	(53.5)	19.3	(34.3)
Capital private gifts	13.8	157.0	(8.9)	29.5	(30.5)	(14.5)	231.9	(65.3)	102.0	6.4
Additions to permanent endowments	(60.1)	1,152.9	161.5	(99.2)	(24.5)	131.1	1,074.0	2,466.7	(97.0)	(77.7)
Property additions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Items	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Extraordinary Item - insurance recovery	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(45.1)
<b>Increase (Decrease) in Net Position</b>	<b>(92.2)</b>	<b>35.4</b>	<b>(36.5)</b>	<b>(8.4)</b>	<b>17.6</b>	<b>(10.7)</b>	<b>21.5</b>	<b>(29.8)</b>	<b>29.3</b>	<b>10.5</b>



# Operating Expenses by Natural Classification

Operating Expenses by Natural Classification										
Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<i>(Dollars in thousands)</i>										
Personal services	\$ 1,166,804	\$ 1,090,068	\$1,019,332	\$ 949,189	\$ 888,936	\$ 830,440	\$ 761,778	\$ 711,641	\$ 679,715	\$ 692,246
Benefits	380,162	357,601	343,363	309,033	298,199	285,991	268,025	236,380	231,295	226,400
Pensions and OPEB <sup>(1)</sup>	55,906	(5,016)	355	33,458	29,605	4,069				
Personal services and benefits	1,602,872	1,442,653	1,363,050	1,291,680	1,216,740	1,120,500	1,029,803	948,021	911,010	918,646
Supplies and services	844,147	807,791	742,539	663,216	601,218	576,345	514,355	464,452	423,693	407,826
Student aid, net scholarship allowance	292,914	247,194	211,811	187,124	170,174	150,346	140,377	125,072	125,759	133,237
Depreciation	143,587	137,064	132,814	123,705	116,381	114,617	112,270	106,992	98,005	97,202
<b>Total Operating Expenses by Natural Classification</b>	<b>\$ 2,883,520</b>	<b>\$ 2,634,702</b>	<b>\$2,450,214</b>	<b>\$2,265,725</b>	<b>\$2,104,513</b>	<b>\$1,961,808</b>	<b>\$1,796,805</b>	<b>\$ 1,644,537</b>	<b>\$1,558,467</b>	<b>\$1,556,911</b>
<i>Expressed as a percent of the total</i>										
	%	%	%	%	%	%	%	%	%	%
Personal services	40.5	41.4	41.7	41.9	42.2	42.3	42.4	43.3	43.6	44.5
Benefits	13.2	13.6	14.0	13.6	14.2	14.6	14.9	14.4	14.8	14.5
Pensions and OPEB <sup>(1)</sup>	1.9	(0.2)	0.0	1.5	1.4	0.2				
Personal services and benefits	55.6	54.8	55.6	57.0	57.8	57.1	57.3	57.7	58.4	59.0
Supplies and services	29.2	30.6	30.3	29.2	28.6	29.4	28.6	28.2	27.2	26.2
Student aid, net scholarship allowance	10.2	9.4	8.7	8.3	8.1	7.7	7.8	7.6	8.1	8.6
Depreciation	5.0	5.2	5.4	5.5	5.5	5.8	6.3	6.5	6.3	6.2
<b>Total Operating Expenses by Natural Classification</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Percentage increase/(decrease) from prior year</i>										
	%	%	%	%	%	%	%	%	%	%
Personal services	7.0	6.9	7.4	6.8	7.0	9.0	7.0	4.7	(1.8)	4.1
Benefits	6.3	4.1	11.1	3.6	4.3	6.7	13.4	2.2	2.2	4.5
Pensions and OPEB <sup>(1)</sup>	1,214.6	(1,513.0)	(98.9)	13.0	627.6					
Personal services and benefits	11.1	5.8	5.5	6.2	8.6	8.8	8.6	4.1	(0.8)	4.2
Supplies and services	4.5	8.8	12.0	10.3	4.3	12.1	10.7	9.6	3.9	9.8
Student aid, net scholarship allowance	18.5	16.7	11.8	10.0	13.2	7.1	12.2	(0.5)	(5.6)	10.2
Depreciation	4.8	3.2	7.4	6.3	1.5	2.1	4.9	9.2	0.8	1.5
<b>Total Operating Expenses by Natural Classification</b>	<b>9.4</b>	<b>7.5</b>	<b>8.0</b>	<b>7.7</b>	<b>7.3</b>	<b>9.2</b>	<b>9.3</b>	<b>5.5</b>	<b>0.1</b>	<b>5.9</b>
Scholarship allowance	\$ 462,730	\$ 402,554	\$ 389,890	\$ 349,989	\$ 313,064	\$ 269,503	\$ 231,124	\$ 211,919	\$ 203,501	\$ 180,646

<sup>(1)</sup> Implementations of GASB 45/75 (OPEB) and GASB 68 (Pensions) resulted in recognition of benefit-related operating expenses each year. The impact of these implementations has been presented separately for comparability purposes.

# Combined Sources and Uses

Combined Sources and Uses (Dollars in millions)										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Sources</b>										
Student Tuition and Fees, net	\$ 1,550.6	\$ 1,423.1	\$ 1,323.3	\$ 1,250.8	\$ 1,157.5	\$ 1,021.0	\$ 896.9	\$ 803.0	\$ 757.2	\$ 639.3
<i>Gross Tuition and Fees</i>	2,013.3	1,825.6	1,697.4	1,585.4	1,453.8	1,278.0	1,117.8	1,005.8	952.5	811.4
<i>Scholarship Allowance</i>	462.7	402.5	374.1	334.6	296.3	257.0	220.9	202.8	195.3	172.1
State Appropriation	348.9	328.8	320.3	308.1	292.8	353.0	329.0	311.9	322.2	395.4
<i>Capital Appropriation</i>	25.6	25.4	13.5	11.2	11.4	15.0	14.5	14.5	14.5	14.5
Federal Fiscal Stabilization Funds										0.8
Grants and Contracts	423.2	401.5	372.3	328.3	309.9	286.7	281.1	281.0	280.7	268.5
<i>Federally Funded</i>	301.1	304.5	262.0	238.3	242.3	229.9	247.9	225.4	232.3	219.8
Financial Aid Grants	186.8	168.2	152.5	128.5	124.2	115.1	106.9	104.4	110.2	104.5
<i>Federally Funded</i>	186.5	167.9	152.2	128.2	123.9	114.8	106.4	104.0	109.8	104.1
Auxiliary Enterprises, net	170.2	183.5	166.1	161.8	149.7	145.0	140.5	122.5	105.5	136.6
Private and Capital Gifts	93.8	97.7	81.6	80.7	106.2	66.8	74.1	62.3	62.6	54.2
<i>Capital Gifts</i>	17.0	15.0	5.8	6.4	4.9	7.1	8.3	2.5	7.2	3.6
Sales and Services	72.5	78.5	94.1	81.5	69.5	67.2	58.4	56.0	53.9	43.5
Technology and Research Initiatives Funds (TRIF)	34.1	34.6	32.5	31.3	31.1	26.5	27.8	25.2	23.8	21.8
Other Sources	91.5	89.9	41.1	70.8	48.1	35.9	47.7	32.9	20.0	40.4
<b>Total Sources</b>	<b>\$ 2,971.6</b>	<b>\$ 2,805.8</b>	<b>\$ 2,583.8</b>	<b>\$ 2,441.8</b>	<b>\$ 2,289.0</b>	<b>\$ 2,117.2</b>	<b>\$ 1,962.4</b>	<b>\$ 1,799.2</b>	<b>\$ 1,736.1</b>	<b>\$ 1,705.0</b>
<b>Uses</b>										
Instruction	\$ 1,016.7	\$ 961.6	\$ 881.7	\$ 810.6	\$ 749.7	\$ 686.4	\$ 617.1	\$ 549.0	\$ 519.1	\$ 495.8
Organized Research	360.0	323.6	297.5	267.3	261.1	244.8	235.7	225.5	211.6	201.3
Public Service	38.4	36.1	37.5	35.4	36.8	36.2	40.2	44.9	46.9	48.2
Academic Support	371.4	304.6	299.2	294.7	265.5	247.7	225.8	204.8	185.9	187.4
Student Services	166.1	151.2	136.1	123.4	111.0	98.4	72.4	65.9	60.7	55.2
Institutional Support	189.0	171.0	159.1	152.2	155.2	151.6	136.3	124.5	120.5	124.9
Operation and Maintenance of Plant	113.6	122.6	119.4	116.5	108.4	102.2	98.9	91.1	86.7	83.9
Scholarships and Fellowships	292.9	247.2	211.8	187.1	152.8	136.7	127.5	112.4	113.2	120.5
Auxiliary Enterprises	191.9	179.6	175.1	154.8	147.6	143.2	130.6	119.5	115.8	142.5
Depreciation	143.6	137.1	132.8	123.7	116.4	114.6	112.3	107.0	98.0	97.2
<i>Academic and Research Buildings</i>	93.8	84.9	80.6	73.8	69.4	67.6	63.9	60.0	52.1	50.3
Other Expenses	81.3	85.8	70.5	76.7	76.0	63.2	62.3	69.6	56.5	54.5
<b>Total Uses</b>	<b>\$ 2,964.9</b>	<b>\$ 2,720.4</b>	<b>\$ 2,520.7</b>	<b>\$ 2,342.4</b>	<b>\$ 2,180.5</b>	<b>\$ 2,025.0</b>	<b>\$ 1,859.1</b>	<b>\$ 1,714.2</b>	<b>\$ 1,614.9</b>	<b>\$ 1,611.4</b>

# Principal Revenue Sources

<b>Principal Revenue Sources (Dollars in thousands)</b>										
<b>Fiscal year ended June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Tuition and Fees, net of scholarship allowance</b>	<b>\$ 1,550,581</b>	<b>\$ 1,423,052</b>	<b>\$ 1,323,268</b>	<b>\$ 1,250,828</b>	<b>\$ 1,157,535</b>	<b>\$ 1,021,014</b>	<b>\$ 896,921</b>	<b>\$ 802,965</b>	<b>\$ 757,217</b>	<b>\$ 639,324</b>
percent of total revenue	52%	51%	51%	51%	51%	48%	46%	45%	44%	37%
percent increase from prior year	9%	8%	6%	8%	13%	14%	12%	6%	18%	13%
<b>State of Arizona Government</b>										
State appropriations	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493	\$ 297,402	\$ 307,765	\$ 380,914
Technology and research initiative fund	34,075	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799	21,770
Capital appropriations and capital commitments	35,159	34,938	24,434	20,731	20,959	20,121	17,204	16,642	16,118	15,462
State grants and contracts	9,675	14,529	11,640	12,328	8,536	6,848	3,055	1,514	9,136	6,386
Financial aid trust fund	5,986	5,986	5,989	5,899	5,724	5,483	5,350	4,920	5,242	5,322
Capital grants										
<b>State of Arizona Government</b>	<b>\$ 408,227</b>	<b>\$ 393,427</b>	<b>\$ 381,381</b>	<b>\$ 367,197</b>	<b>\$ 347,679</b>	<b>\$ 397,020</b>	<b>\$ 367,887</b>	<b>\$ 345,703</b>	<b>\$ 362,060</b>	<b>\$ 429,854</b>
percent of total revenue	14%	14%	15%	15%	15%	19%	19%	19%	21%	25%
percent increase (decrease) from prior year	4%	3%	4%	6%	(12%)	8%	6%	(5%)	(16%)	(1%)
<b>Federal Government</b>										
Federal grants and contracts	\$ 301,148	\$ 304,503	\$ 262,007	\$ 238,293	\$ 242,299	\$ 229,925	\$ 247,015	\$ 224,603	\$ 230,747	\$ 218,704
Financial aid grants	186,504	167,931	152,238	128,207	123,945	114,816	106,360	103,965	109,779	104,057
Capital grants							859	761	1,517	1,142
Federal fiscal stabilization funds										867
<b>Federal Government</b>	<b>\$ 487,652</b>	<b>\$ 472,434</b>	<b>\$ 414,245</b>	<b>\$ 366,500</b>	<b>\$ 366,244</b>	<b>\$ 344,741</b>	<b>\$ 354,234</b>	<b>\$ 329,329</b>	<b>\$ 342,043</b>	<b>\$ 324,770</b>
percent of total revenue	16%	17%	16%	15%	16%	16%	18%	18%	20%	19%
percent increase (decrease) from prior year	3%	14%	13%	0%	6%	(3%)	8%	(4%)	5%	5%
<b>Total from principal revenue sources</b>	<b>\$ 2,446,460</b>	<b>\$ 2,288,913</b>	<b>\$ 2,118,894</b>	<b>\$ 1,984,525</b>	<b>\$ 1,871,458</b>	<b>\$ 1,762,775</b>	<b>\$ 1,619,042</b>	<b>\$ 1,477,997</b>	<b>\$ 1,461,320</b>	<b>\$ 1,393,948</b>
percent of total revenue	82%	82%	82%	81%	82%	83%	83%	82%	85%	81%
percent increase from prior year	7%	8%	7%	6%	6%	9%	10%	1%	5%	7%



# Academic Year Tuition and Required Fees

Academic Year Tuition and Required Fees										
Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>RESIDENT UNDERGRADUATE</b>										
Arizona State University <sup>(1)</sup>	\$11,338	\$10,822	\$10,792	\$10,640	\$10,478	\$10,127	\$ 9,861	\$ 9,724	\$ 9,720	\$ 8,132
percent increase from prior year	4.8%	0.3%	1.4%	1.5%	3.5%	2.7%	1.4%	0.0%	19.5%	28.4%
PAC-12 Public Average	\$12,081	\$11,821	\$11,680	\$11,175	\$11,173	\$10,972	\$10,729	\$10,484	\$ 9,831	\$ 8,990
percent increase from prior year	2.2%	1.2%	4.5%	0.0%	1.8%	2.3%	2.3%	6.6%	9.4%	15.2%
ABOR Peers Average	\$12,942	\$12,671	\$12,481	\$12,166	\$12,005	\$11,871	\$11,675	\$11,440	\$10,846	\$10,146
percent increase from prior year	2.1%	1.5%	2.6%	1.3%	1.1%	1.7%	2.1%	5.5%	6.9%	7.4%
<b>NON-RESIDENT UNDERGRADUATE</b>										
Arizona State University <sup>(1)</sup>	\$29,428	\$28,336	\$27,372	\$26,470	\$25,458	\$24,503	\$23,654	\$22,977	\$22,319	\$20,596
percent increase from prior year	3.9%	3.5%	3.4%	4.0%	3.9%	3.6%	2.9%	2.9%	8.4%	8.9%
PAC-12 Public Average	\$35,344	\$34,599	\$33,962	\$32,937	\$31,810	\$30,469	\$29,436	\$28,653	\$27,510	\$26,753
percent increase from prior year	2.2%	1.9%	3.1%	3.5%	4.4%	3.5%	2.7%	4.2%	2.8%	6.5%
ABOR Peers Average	\$35,567	\$34,527	\$33,421	\$32,159	\$31,061	\$30,003	\$29,146	\$28,297	\$27,066	\$25,665
percent increase from prior year	3.0%	3.3%	3.9%	3.5%	3.5%	2.9%	3.0%	4.5%	5.5%	5.0%
<b>RESIDENT GRADUATE</b>										
Arizona State University	\$12,608	\$12,134	\$11,938	\$11,776	\$11,624	\$11,303	\$10,818	\$10,517	\$10,220	\$8,848
percent increase from prior year	3.9%	1.6%	1.4%	1.3%	2.8%	4.5%	2.9%	2.9%	15.5%	18.5%
PAC-12 Public Average	\$14,088	\$13,544	\$13,383	\$13,086	\$12,937	\$12,676	\$12,374	\$12,039	\$11,494	\$10,321
percent increase from prior year	4.0%	1.2%	2.3%	1.2%	2.1%	2.4%	2.8%	4.7%	11.4%	5.1%
ABOR Peers Average	\$15,729	\$15,212	\$14,886	\$14,540	\$14,225	\$13,955	\$13,598	\$13,207	\$12,603	\$11,843
percent increase from prior year	3.4%	2.2%	2.4%	2.2%	1.9%	2.6%	3.0%	4.8%	6.4%	7.4%
<b>NON-RESIDENT GRADUATE</b>										
Arizona State University	\$32,288	\$30,926	\$29,874	\$28,882	\$27,780	\$26,736	\$25,804	\$25,066	\$24,345	\$22,397
percent increase from prior year	4.4%	3.5%	3.4%	4.0%	3.9%	3.6%	2.9%	3.0%	8.7%	8.4%
PAC-12 Public Average	\$29,635	\$28,610	\$28,097	\$27,491	\$26,912	\$26,281	\$25,597	\$24,952	\$24,051	\$22,722
percent increase from prior year	3.6%	1.8%	2.2%	2.2%	2.4%	2.7%	2.6%	3.7%	5.8%	4.1%
ABOR Peers Average	\$31,804	\$30,874	\$30,184	\$29,367	\$28,693	\$27,958	\$27,206	\$26,485	\$25,552	\$24,435
percent increase from prior year	3.0%	2.3%	2.8%	2.4%	2.6%	2.8%	2.7%	3.7%	4.6%	4.3%

Sources: Integrated Postsecondary Education Data System (IPEDS), Arizona State University Fact Book, and Office of Institutional Analysis

<sup>(1)</sup>For FY 2020, class fees, technology fees and tuition surcharges were eliminated for undergraduate students and were replaced with undergraduate college fees.

ASU's tuition rates are approved by the Arizona Board of Regents (ABOR).

PAC-12 Public Average and ABOR Peers Average comparisons do not include ASU. PAC-12 Public Average calculations include only public institutions.

Note: Data is not finalized per IPEDS.

# Composite Financial Index

Summary of Composite Financial Index Ratios <sup>(1)</sup>										
Fiscal year ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>COMPOSITE FINANCIAL INDEX</b>										
<b>+ Primary Reserve Ratio</b>	<b>0.24</b>	<b>0.28</b>	<b>0.25</b>	<b>0.32</b>	<b>0.29</b>	<b>0.27</b>	<b>0.45</b>	<b>0.43</b>	<b>0.40</b>	<b>0.35</b>
/ Strength Factor	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133
= Ratio / Strength Factor	1.80	2.08	1.89	2.41	2.18	2.03	3.38	3.23	3.01	2.63
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.63	0.73	0.66	0.84	0.76	0.71	1.18	1.13	1.05	0.92
<b>+ Return on Net Position/Net Assets</b>	<b>2.1%</b>	<b>11.6%</b>	<b>6.3%</b>	<b>9.2%</b>	<b>5.8%</b>	<b>10.3%</b>	<b>8.5%</b>	<b>8.3%</b>	<b>7.1%</b>	<b>10.5%</b>
/ Strength Factor	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
= Ratio / Strength Factor	1.06	5.81	3.15	4.60	2.90	5.15	4.25	4.15	3.55	5.25
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.21	1.16	0.63	0.92	0.58	1.03	0.85	0.83	0.71	1.05
<b>+ Net Operating Revenues Ratio</b>	<b>(1.3)%</b>	<b>3.3%</b>	<b>0.9%</b>	<b>4.1%</b>	<b>2.0%</b>	<b>3.4%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>3.5%</b>	<b>4.9%</b>
/ Strength Factor	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
= Ratio / Strength Factor	(1.00)	2.51	0.69	3.15	1.54	2.62	3.38	3.00	2.69	3.77
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	(0.10)	0.25	0.07	0.32	0.15	0.26	0.34	0.30	0.27	0.38
<b>+ Viability Ratio</b>	<b>0.33</b>	<b>0.37</b>	<b>0.33</b>	<b>0.39</b>	<b>0.34</b>	<b>0.31</b>	<b>0.51</b>	<b>0.46</b>	<b>0.41</b>	<b>0.38</b>
/ Strength Factor	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417
= Ratio / Strength Factor	0.79	0.88	0.73	0.94	0.82	0.74	1.22	1.10	0.98	0.91
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.28	0.31	0.26	0.33	0.29	0.26	0.43	0.39	0.35	0.32
<b>Composite Financial Index</b>	<b>1.02</b>	<b>2.45</b>	<b>1.62</b>	<b>2.41</b>	<b>1.78</b>	<b>2.26</b>	<b>2.80</b>	<b>2.65</b>	<b>2.38</b>	<b>2.67</b>

The Composite Financial Index (CFI) provides a methodology for a single overall financial measurement of the institution's health based on the four core ratios. The CFI uses a reasonable weighting plan and allows a weakness or strength in a specific ratio to be offset by another ratio result, which provides a more balanced measure. The CFI provides a more holistic approach to understanding the financial health of the institution. The CFI scores are not intended to be precise measures; they are indicators of ranges of financial health that can be indicators of overall institutional well-being when combined with non-financial indicators.

Composite Financial Index calculation includes component unit information. Detail of ratio calculations are on the following pages.

<sup>(1)</sup>Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.

# Composite Financial Index (continued)

Detail of Composite Financial Index Ratios <sup>(1)</sup> (Dollars in thousands)										
Fiscal Year Ended June 30,	2020	2019	2018	2017 <sup>(2)</sup>	2016	2015	2014	2013	2012	2011
<b>PRIMARY RESERVE RATIO</b>										
Unrestricted Net Position	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307	\$ 511,298	\$ 462,958	\$ 359,430
Without Donor Restrictions - Unrestricted Net Assets - Component Units	123,335	119,675	44,688	54,955	(2,912)	29,112	(28,470)	(51,915)	(62,932)	(34,119)
Expendable Restricted Net Position	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244
With Donor Restrictions - Temporarily Restricted Net Assets - Component Units	427,888	421,912	408,384	363,620	341,524	323,456	286,599	260,101	232,312	214,130
<b>Expendable Net Position/ Net Assets</b>	<b>\$ 783,116</b>	<b>\$ 827,112</b>	<b>\$ 688,024</b>	<b>\$ 826,043</b>	<b>\$ 710,317</b>	<b>\$ 623,855</b>	<b>\$ 935,384</b>	<b>\$ 824,364</b>	<b>\$ 724,999</b>	<b>\$ 626,685</b>
Operating Expenses	\$ 2,883,520	\$ 2,634,702	\$ 2,450,214	\$ 2,265,725	\$ 2,104,513	\$ 1,961,808	\$ 1,796,805	\$ 1,644,537	\$ 1,558,467	\$ 1,556,911
Nonoperating Expenses	81,324	85,754	70,493	76,745	76,011	63,242	62,316	64,326	56,459	54,485
Component Unit Total Expenses	303,974	283,224	252,963	228,083	280,389	266,791	201,738	186,523	202,475	182,983
<b>Total Expenses</b>	<b>\$ 3,268,818</b>	<b>\$ 3,003,680</b>	<b>\$ 2,773,670</b>	<b>\$ 2,570,553</b>	<b>\$ 2,460,913</b>	<b>\$ 2,291,841</b>	<b>\$ 2,060,859</b>	<b>\$ 1,895,386</b>	<b>\$ 1,817,401</b>	<b>\$ 1,794,379</b>
Expendable Net Position/ Net Assets	\$ 783,116	\$ 827,112	\$ 688,024	\$ 826,043	\$ 710,317	\$ 623,855	\$ 935,384	\$ 824,364	\$ 724,999	\$ 626,685
Total Expenses	\$ 3,268,818	\$ 3,003,680	\$ 2,773,670	\$ 2,570,553	\$ 2,460,913	\$ 2,291,841	\$ 2,060,859	\$ 1,895,386	\$ 1,817,401	\$ 1,794,379
<b>Ratio</b>	<b>0.24</b>	<b>0.28</b>	<b>0.25</b>	<b>0.32</b>	<b>0.29</b>	<b>0.27</b>	<b>0.45</b>	<b>0.43</b>	<b>0.40</b>	<b>0.35</b>
Measures the financial strength of the institution by indicating how long the institution could function using its expendable reserves to cover operations should additional net position not be available. A positive ratio and an increase in the ratio over time denotes strength.										
<b>RETURN ON NET POSITION/NET ASSETS RATIO</b>										
Change in Total Net Position/ Net Assets	\$ 52,103	\$ 256,838	\$ 131,399	\$ 185,017	\$ 109,055	\$ 170,423	\$ 163,969	\$ 148,312	\$ 118,202	\$ 159,068
Total Net Position/Net Assets (Beginning of Year)	\$ 2,464,818	\$ 2,207,980	\$ 2,076,581	\$ 2,018,485	\$ 1,884,777	\$ 1,656,504	\$ 1,927,200	\$ 1,786,613	\$ 1,668,411	\$ 1,509,343
<b>Ratio</b>	<b>2.1%</b>	<b>11.6%</b>	<b>6.3%</b>	<b>9.2%</b>	<b>5.8%</b>	<b>10.3%</b>	<b>8.5%</b>	<b>8.3%</b>	<b>7.1%</b>	<b>10.5%</b>
Return on Net Position/Net Assets Ratio calculation includes component unit information.										
Measures total economic return. While an increasing trend reflects strength, a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.										

<sup>(1)</sup>Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.

<sup>(2)</sup>The FY 2017 Return on Net Position/Net Assets ratio has been restated to adjust for the impact of the ASUEP restructure transfer.

# Composite Financial Index (continued)

Detail of Composite Financial Index Ratios <sup>(1)</sup> (Dollars in thousands)										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>NET OPERATING REVENUES RATIO</b>										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$ (46,841)	\$ 35,016	\$ 34,090	\$ 66,039	\$ 81,031	\$ 62,766	\$ 72,104	\$ 68,262	\$ 96,165	\$ 69,262
Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	3,837	65,965	(9,501)	44,861	(32,024)	17,131	23,577	8,169	(30,703)	23,517
<b>Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items</b>	<b>\$ (43,004)</b>	<b>\$ 100,981</b>	<b>\$ 24,589</b>	<b>\$ 110,900</b>	<b>\$ 49,007</b>	<b>\$ 79,897</b>	<b>\$ 95,681</b>	<b>\$ 76,431</b>	<b>\$ 65,462</b>	<b>\$ 92,779</b>
Total Operating Revenues	\$ 2,180,596	\$ 2,048,569	\$ 1,915,786	\$ 1,782,224	\$ 1,644,337	\$ 1,482,742	\$ 1,348,645	\$ 1,227,473	\$ 1,155,341	\$ 1,045,483
State Appropriations and State Related Revenues	357,407	337,974	339,318	328,239	312,460	364,568	342,278	322,627	331,564	403,551
Non-capital Gifts and Grants, net	335,244	308,326	286,915	258,989	280,543	221,758	207,646	206,417	214,788	205,215
Financial aid trust				16,019	14,833	13,615	12,393	11,114	11,027	9,279
Investment Income (Loss), net	44,756	60,603	12,778	23,038	9,382	5,133	20,263	9,494	(1,629)	17,130
Component Units Total Unrestricted Revenue	307,811	349,189	243,462	272,944	248,365	283,922	225,315	194,692	171,772	206,500
<b>Adjusted Net Operating Revenue</b>	<b>\$ 3,225,814</b>	<b>\$ 3,104,661</b>	<b>\$ 2,798,259</b>	<b>\$ 2,681,453</b>	<b>\$ 2,509,920</b>	<b>\$ 2,371,738</b>	<b>\$ 2,156,540</b>	<b>\$ 1,971,817</b>	<b>\$ 1,882,863</b>	<b>\$ 1,887,158</b>
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	\$ (43,004)	\$ 100,981	\$ 24,589	\$ 110,900	\$ 49,007	\$ 79,897	\$ 95,681	\$ 76,431	\$ 65,462	\$ 92,779
Adjusted Net Operating Revenue	\$ 3,225,814	\$ 3,104,661	\$ 2,798,259	\$ 2,681,453	\$ 2,509,920	\$ 2,371,738	\$ 2,156,540	\$ 1,971,817	\$ 1,882,863	\$ 1,887,158
<b>Ratio</b>	<b>(1.3)%</b>	<b>3.3%</b>	<b>0.9%</b>	<b>4.1%</b>	<b>2.0%</b>	<b>3.4%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>3.5%</b>	<b>4.9%</b>
<i>Measures whether the institution is living within available resources. A positive ratio and an increase in the ratio over time, generally reflects strength; a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.</i>										
<b>VIABILITY RATIO</b>										
Unrestricted Net Position	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307	\$ 511,298	\$ 462,958	\$ 359,430
Without Donor Restrictions - Unrestricted Net Assets - Component Units	123,335	119,675	44,688	54,955	(2,912)	29,112	(28,470)	(51,915)	(62,932)	(34,119)
Expendable Restricted Net Position	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244
With Donor Restrictions - Temporarily Restricted Net Assets - Component Units	427,888	421,912	408,384	363,620	341,524	323,456	286,599	260,101	232,312	214,130
<b>Expendable Net Position/Net Assets</b>	<b>\$ 783,116</b>	<b>\$ 827,112</b>	<b>\$ 688,024</b>	<b>\$ 826,043</b>	<b>\$ 710,317</b>	<b>\$ 623,855</b>	<b>\$ 935,384</b>	<b>\$ 824,364</b>	<b>\$ 724,999</b>	<b>\$ 626,685</b>
University Long-Term Debt, net capital leases with Component Units	\$ 2,071,885	\$ 1,928,622	\$ 1,768,827	\$ 1,771,961	\$ 1,573,804	\$ 1,511,891	\$ 1,319,199	\$ 1,266,524	\$ 1,227,702	\$ 1,078,340
Component Unit Long-Term Debt	316,614	333,784	347,987	340,602	499,844	514,409	509,339	521,101	546,488	586,851
<b>Total Adjusted University Debt</b>	<b>\$ 2,388,499</b>	<b>\$ 2,262,406</b>	<b>\$ 2,116,814</b>	<b>\$ 2,112,563</b>	<b>\$ 2,073,648</b>	<b>\$ 2,026,300</b>	<b>\$ 1,828,538</b>	<b>\$ 1,787,625</b>	<b>\$ 1,774,190</b>	<b>\$ 1,665,191</b>
Expendable Net Position/Net Assets	\$ 783,116	\$ 827,112	\$ 688,024	\$ 826,043	\$ 710,317	\$ 623,855	\$ 935,384	\$ 824,364	\$ 724,999	\$ 626,685
Total Adjusted University Debt	\$ 2,388,499	\$ 2,262,406	\$ 2,116,814	\$ 2,112,563	\$ 2,073,648	\$ 2,026,300	\$ 1,828,538	\$ 1,787,625	\$ 1,774,190	\$ 1,665,191
<b>Ratio</b>	<b>0.28</b>	<b>0.31</b>	<b>0.26</b>	<b>0.33</b>	<b>0.29</b>	<b>0.26</b>	<b>0.43</b>	<b>0.39</b>	<b>0.35</b>	<b>0.32</b>
<i>Measures the ability of the institution to cover its debt as of the statement of net position date, should the institution need to do so.</i>										

<sup>(1)</sup>Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.



# Summary of Ratios

Summary of Ratios <sup>(1)</sup> (Dollars in thousands)										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>EXPENDABLE RESOURCES TO DEBT</b>										
Unrestricted Net Position	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307	\$ 511,298	\$ 462,958	\$ 359,430
Expendable Restricted Net Position	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244
<b>Expendable Net Position</b>	<b>\$ 231,893</b>	<b>\$ 285,525</b>	<b>\$ 234,952</b>	<b>\$ 407,468</b>	<b>\$ 371,705</b>	<b>\$ 271,287</b>	<b>\$ 677,255</b>	<b>\$ 616,178</b>	<b>\$ 555,619</b>	<b>\$ 446,674</b>
Expendable Net Position	\$ 231,893	\$ 285,525	\$ 234,952	\$ 407,468	\$ 371,705	\$ 271,287	\$ 677,255	\$ 616,178	\$ 555,619	\$ 446,674
Total Bonds, COPS, and Capital Leases	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649	\$1,341,332	\$1,287,784	\$1,147,940
<b>Ratio</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>
<i>Measures the ability of the institution to cover its debt using expendable resources as of the balance sheet date, should the institution need to do so.</i>										
<b>TOTAL FINANCIAL RESOURCES TO DIRECT DEBT</b>										
Unrestricted Net Position	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307	\$ 511,298	\$ 462,958	\$ 359,430
Expendable Restricted Net Position	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244
Nonexpendable Restricted Net Position	87,497	84,714	78,813	74,102	70,544	64,833	59,476	55,572	52,941	49,513
<b>Total Financial Resources</b>	<b>\$ 319,390</b>	<b>\$ 370,239</b>	<b>\$ 313,765</b>	<b>\$ 481,570</b>	<b>\$ 442,249</b>	<b>\$ 336,120</b>	<b>\$ 736,731</b>	<b>\$ 671,750</b>	<b>\$ 608,560</b>	<b>\$ 496,187</b>
Total Financial Resources	\$ 319,390	\$ 370,239	\$ 313,765	\$ 481,570	\$ 442,249	\$ 336,120	\$ 736,731	\$ 671,750	\$ 608,560	\$ 496,187
Total Bonds, COPS, and Capital Leases	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649	\$1,341,332	\$1,287,784	\$1,147,940
<b>Ratio</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
<i>A broader measure of the ability of the institution to cover its debt as of the balance sheet date, should the institution need to do so.</i>										
<b>DIRECT DEBT TO ADJUSTED CASH FLOW</b>										
Net Cash Used for Operating Activities	\$(465,853)	\$(439,627)	\$(384,847)	\$(320,901)	\$(315,803)	\$(367,867)	\$(319,052)	\$(322,858)	\$(346,453)	\$(420,160)
State Appropriations, Federal Stabilization Funds, and CARES Act Reimbursements	338,461	303,370	306,778	296,913	281,385	338,042	314,493	297,402	307,765	381,781
Share of State Sales Tax - TRIF	34,075	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799	21,770
Non-capital Grants and Contracts, Gifts, Other <sup>(1)</sup>	320,115	308,326	286,915	275,008	295,376	235,373	220,039	217,531	225,815	214,494
<b>Adjusted Cash Flow from Operations</b>	<b>\$ 226,798</b>	<b>\$ 206,673</b>	<b>\$ 241,386</b>	<b>\$ 282,346</b>	<b>\$ 292,033</b>	<b>\$ 232,074</b>	<b>\$ 243,265</b>	<b>\$ 217,300</b>	<b>\$ 210,926</b>	<b>\$ 197,885</b>
Total Bonds, COPS, and Capital Leases	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649	\$1,341,332	\$1,287,784	\$1,140,940
Adjusted Cash Flow from Operations	\$ 226,798	\$ 206,673	\$ 241,386	\$ 282,346	\$ 292,033	\$ 232,074	\$ 243,265	\$ 217,300	\$ 210,926	\$ 197,885
<b>Ratio</b>	<b>9.4</b>	<b>9.7</b>	<b>7.7</b>	<b>6.6</b>	<b>5.6</b>	<b>6.9</b>	<b>5.6</b>	<b>6.2</b>	<b>6.1</b>	<b>5.8</b>
<sup>(1)</sup> Includes financial aid grants, grants and contracts, private gifts, and financial aid trust funds.										
<i>Measures the financial strength of the institution by indicating how long (in years) the institution would take to repay the debt using the cash provided by its operations. A decreasing ratio over time denotes strength.</i>										
<b>DEBT SERVICE TO OPERATIONS</b>										
Interest Paid on Debt and Leases	\$ 65,342	\$ 63,413	\$ 61,903	\$ 69,135	\$ 59,972	\$ 53,428	\$ 52,674	\$ 53,331	\$ 48,101	\$ 47,505
Principal Paid on Debt and Leases <sup>(1)</sup>	70,261	62,161	252,076	62,596	99,285	305,910	50,596	137,349	124,871	50,626
Principal Paid from Refinancing Activities <sup>(2)</sup>			(196,830)	(1,153)	(39,415)	(243,340)		(90,955)	(82,130)	(8,090)
<b>Debt Service</b>	<b>\$ 135,603</b>	<b>\$ 125,574</b>	<b>\$ 117,149</b>	<b>\$ 130,578</b>	<b>\$ 119,842</b>	<b>\$ 115,998</b>	<b>\$ 103,270</b>	<b>\$ 99,725</b>	<b>\$ 90,842</b>	<b>\$ 90,041</b>
Debt Service	\$ 135,603	\$ 125,574	\$ 117,149	\$ 130,578	\$ 119,842	\$ 115,998	\$ 103,270	\$ 99,725	\$ 90,842	\$ 90,041
Operating Expenses	\$2,883,520	\$2,634,702	\$2,450,214	\$2,265,725	\$2,104,513	\$1,961,808	\$1,796,805	\$1,644,537	\$1,558,467	\$1,556,911
<b>Ratio</b>	<b>4.7%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>5.7%</b>	<b>6.1%</b>	<b>5.8%</b>	<b>5.8%</b>
<sup>(1)</sup> Obtained from "Bonds Payable, Certificates of Participation, Capital Leases, and Other Lease Obligations" disclosures included in the applicable fiscal year's audited Notes to Financial Statements.										
<sup>(2)</sup> Obtained amount from refunding bonds official statements.										
<i>Measures the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures. The ratio measures the relative cost of debt to overall expenses and a declining trend is generally desirable, however the ratio can increase during times of specific funding activity to support the institution's strategic mission.</i>										

<sup>(1)</sup>Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Balances prior to FY 2016 have not been adjusted for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. Balances prior to FY 2018 have not been adjusted for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*.

# Summary of Ratios (continued)

Summary of Ratios (Dollars in thousands)										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES</b>										
Operating Expenses	\$ 2,883,520	\$ 2,634,702	\$ 2,450,214	\$ 2,265,725	\$ 2,104,513	\$ 1,961,808	\$ 1,796,805	\$ 1,644,537	\$ 1,558,467	\$ 1,556,911
Scholarships and Fellowships	(292,914)	(247,194)	(211,811)	(187,124)	(152,802)	(136,675)	(127,468)	(112,363)	(113,171)	(120,428)
Interest on Debt	65,342	63,413	61,903	69,135	59,972	53,428	52,674	53,331	48,101	47,505
<b>Total Adjusted Operating Expenses</b>	<b>\$ 2,655,948</b>	<b>\$ 2,450,921</b>	<b>\$ 2,300,306</b>	<b>\$ 2,147,736</b>	<b>\$ 2,011,683</b>	<b>\$ 1,878,561</b>	<b>\$ 1,722,011</b>	<b>\$ 1,585,505</b>	<b>\$ 1,493,397</b>	<b>\$ 1,483,988</b>
Research Expenses	\$ 359,936	\$ 323,623	\$ 297,448	\$ 267,303	\$ 261,055	\$ 244,763	\$ 235,720	\$ 225,453	\$ 211,569	\$ 201,255
Total Adjusted Operating Expenses	\$ 2,655,948	\$ 2,450,921	\$ 2,300,306	\$ 2,147,736	\$ 2,011,683	\$ 1,878,561	\$ 1,722,011	\$ 1,585,505	\$ 1,493,397	\$ 1,483,988
<b>Ratio</b>	<b>13.6%</b>	<b>13.2%</b>	<b>12.9%</b>	<b>12.4%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>13.7%</b>	<b>14.2%</b>	<b>14.2%</b>	<b>13.6%</b>
<i>Measures the institution's research expense to the total operating expenses.</i>										
<b>NET TUITION PER STUDENT</b>										
Student Tuition and Fees, net	\$ 1,550,581	\$ 1,423,052	\$ 1,323,268	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921	\$ 802,965	\$ 757,217	\$ 639,324
Financial Aid Grants	186,818	168,230	152,500	128,474	124,188	115,070	106,855	104,415	110,222	104,498
Scholarships and Fellowships	(292,914)	(247,194)	(211,811)	(187,124)	(152,802)	(136,675)	(127,468)	(112,363)	(113,171)	(120,428)
<b>Net Tuition and Fees</b>	<b>\$ 1,444,485</b>	<b>\$ 1,344,088</b>	<b>\$ 1,263,957</b>	<b>\$ 1,192,178</b>	<b>\$ 1,128,921</b>	<b>\$ 999,409</b>	<b>\$ 876,308</b>	<b>\$ 795,017</b>	<b>\$ 754,268</b>	<b>\$ 623,394</b>
Net Tuition and Fees	\$ 1,444,485	\$ 1,344,088	\$ 1,263,957	\$ 1,192,178	\$ 1,128,921	\$ 999,409	\$ 876,308	\$ 795,017	\$ 754,268	\$ 623,394
Student FTE	110,548	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558	69,459
<b>Net Tuition per Student (whole dollars)</b>	<b>\$ 13,067</b>	<b>\$ 12,967</b>	<b>\$ 12,904</b>	<b>\$ 12,672</b>	<b>\$ 12,721</b>	<b>\$ 12,300</b>	<b>\$ 11,474</b>	<b>\$ 10,881</b>	<b>\$ 10,395</b>	<b>\$ 8,975</b>
<i>Measures the institution's net student tuition and fees received per student.</i>										
<b>STATE APPROPRIATIONS PER STUDENT</b>										
State Appropriations	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493	\$ 297,402	\$ 307,765	\$ 380,914
Capital State Appropriations	25,622	25,406	13,479	11,190	11,422	15,000	14,471	14,472	14,472	14,472
<b>Adjusted State Appropriations</b>	<b>\$ 348,954</b>	<b>\$ 328,776</b>	<b>\$ 320,257</b>	<b>\$ 308,103</b>	<b>\$ 292,807</b>	<b>\$ 353,042</b>	<b>\$ 328,964</b>	<b>\$ 311,874</b>	<b>\$ 322,237</b>	<b>\$ 395,386</b>
Adjusted State Appropriations	\$ 348,954	\$ 328,776	\$ 320,257	\$ 308,103	\$ 292,807	\$ 353,042	\$ 328,964	\$ 311,874	\$ 322,237	\$ 395,386
Student FTE	110,548	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558	69,459
<b>Adjusted State Appropriations per Student (whole dollars)</b>	<b>\$ 3,157</b>	<b>\$ 3,172</b>	<b>\$ 3,270</b>	<b>\$ 3,275</b>	<b>\$ 3,300</b>	<b>\$ 4,345</b>	<b>\$ 4,307</b>	<b>\$ 4,269</b>	<b>\$ 4,441</b>	<b>\$ 5,692</b>
<i>Measures the institution's dependency on state appropriations.</i>										

# Debt Coverage for Senior and Subordinate Lien Bonds

Summary of Ratios (Dollars in thousands)										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<p><b>Bond Resolution Covenant.</b> The Board has covenanted in the Bond Resolution to fix, revise and collect tuition, registration, matriculation, health services, laboratory, and admission fees from students matriculated, registered or enrolled at or attending the University, and to fix, revise and collect all other fees, admissions, rentals and other charges received from students, faculty, staff members and others using or being served by the System of Building Facilities, in an aggregate amount so the Gross Revenues of the University for each fiscal year will be at least 150% of the Maximum Annual Debt Service due in any fiscal year on all outstanding senior lien bonds and sufficient at all times to continually operate and maintain the System of Building Facilities and to make necessary deposits at the times and in the amounts specified in the Bond Resolution.</p> <p><b>Bond Resolution Requirement.</b> Pursuant to the Bond Resolution, the Board may issue additional Parity Bonds if the Gross Revenues of the University for the fiscal year preceding the issuance of such Parity Bonds are at least equal to 300% of the Maximum Annual Debt Service on all Outstanding Parity Bonds and the Parity Bonds proposed to be issued.</p>										
<b>REVENUES AVAILABLE FOR DEBT SERVICE</b>										
Tuition and Fees, net of scholarship allowance	\$ 1,550,581	\$ 1,423,051	\$ 1,312,313	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921	\$ 802,965	\$ 757,217	\$ 639,324
Receipts from Other Major Revenue Sources (Facilities Revenue)	349,050	358,231	335,309	304,859	293,117	279,610	264,385	244,696	220,610	237,446
<b>Net Revenues Available for Debt Service</b>	<b>\$ 1,899,631</b>	<b>\$ 1,781,282</b>	<b>\$ 1,647,622</b>	<b>\$ 1,555,687</b>	<b>\$ 1,450,652</b>	<b>\$ 1,300,624</b>	<b>\$ 1,161,306</b>	<b>\$ 1,047,661</b>	<b>\$ 977,827</b>	<b>\$ 876,770</b>
<b>SENIOR LIEN MAXIMUM BONDS DEBT SERVICE</b>										
Interest on Debt	\$ 60,598	\$ 58,683	\$ 54,954	\$ 53,077	\$ 42,451	\$ 46,842	\$ 40,342	\$ 42,079	\$ 38,702	\$ 32,895
Principal Paid on Debt	70,990	61,425	53,455	51,555	46,525	40,155	42,635	44,770	43,020	39,670
<b>Senior Lien Bonds Debt Service Requirement <sup>(1)</sup></b>	<b>\$ 131,588</b>	<b>\$ 120,108</b>	<b>\$ 108,409</b>	<b>\$ 104,632</b>	<b>\$ 88,976</b>	<b>\$ 86,997</b>	<b>\$ 82,977</b>	<b>\$ 86,849</b>	<b>\$ 81,722</b>	<b>\$ 72,565</b>
<b>Coverage</b>	<b>14.44</b>	<b>14.83</b>	<b>15.20</b>	<b>14.87</b>	<b>16.30</b>	<b>14.95</b>	<b>14.00</b>	<b>12.06</b>	<b>11.97</b>	<b>12.08</b>
<p><b>Debt Service Assurance Agreement and SPEED Bond Resolution Covenant.</b> The Board has further covenanted in the Debt Service Assurance Agreement entered into in connection with the 2006 ASU Research Park Bonds and in the bond resolution for the Board's SPEED Revenue Bonds to fix, revise and collect Student Tuition and Fees Revenues and Facilities Revenues in an aggregate amount so that Gross Revenues of the University in any fiscal year will be at least equal to 100% of (i) the annual debt service due on all Outstanding Parity Bonds and the Subordinate Obligations in such fiscal year and (ii) the expense of operating and maintaining the System of Building Facilities.</p>										
<b>SENIOR LIEN BONDS DEBT SERVICE</b>										
Interest on Debt	\$ 60,598	\$ 58,683	\$ 54,954	\$ 53,077	\$ 44,482	\$ 46,842	\$ 38,584	\$ 42,079	\$ 38,702	\$ 32,895
Principal Paid on Debt	70,990	61,425	53,455	51,555	43,435	40,155	42,640	44,770	43,020	39,670
<b>Senior Lien Bonds Debt Service Requirement</b>	<b>\$ 131,588</b>	<b>\$ 120,108</b>	<b>\$ 108,409</b>	<b>\$ 104,632</b>	<b>\$ 87,917</b>	<b>\$ 86,997</b>	<b>\$ 81,224</b>	<b>\$ 86,849</b>	<b>\$ 81,722</b>	<b>\$ 72,565</b>
<b>SUBORDINATE LIEN BONDS DEBT SERVICE</b>										
Interest on Debt	\$ 3,836	\$ 4,640	\$ 5,374	\$ 5,374	\$ 5,757	\$ 7,154	\$ 7,154	\$ 3,441	\$ 3,441	\$ 2,110
Principal Paid on Debt	8,335	7,630	6,970	6,970	7,805	6,440	6,440	845	845	845
<b>Subordinate Lien Bonds Debt Service Requirements</b>	<b>\$ 12,171</b>	<b>\$ 12,270</b>	<b>\$ 12,344</b>	<b>\$ 12,344</b>	<b>\$ 13,562</b>	<b>\$ 13,594</b>	<b>\$ 13,594</b>	<b>\$ 4,286</b>	<b>\$ 4,286</b>	<b>\$ 2,955</b>
<b>Combined Senior/Subordinate Lien Debt Service <sup>(1)</sup></b>	<b>\$ 143,759</b>	<b>\$ 132,378</b>	<b>\$ 120,753</b>	<b>\$ 116,976</b>	<b>\$ 101,479</b>	<b>\$ 100,591</b>	<b>\$ 94,818</b>	<b>\$ 91,135</b>	<b>\$ 86,008</b>	<b>\$ 75,520</b>
<b>Coverage</b>	<b>13.21</b>	<b>13.46</b>	<b>13.64</b>	<b>13.30</b>	<b>14.30</b>	<b>12.93</b>	<b>12.25</b>	<b>11.50</b>	<b>11.37</b>	<b>11.61</b>
<sup>(1)</sup> Presents actual annual debt service through final bond maturity for the year with the highest debt service.										

<b>Long-Term Debt (Dollars in thousands)</b>										
<b>Fiscal year ended June 30,</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
System Revenue Bonds	\$ 1,691,205	\$ 1,556,810	\$ 1,404,350	\$ 1,392,795	\$ 1,212,240	\$ 1,157,535	\$ 1,002,655	\$ 959,000	\$ 902,845	\$ 769,285
Unamortized Premium	191,967	170,948	150,794	144,377	105,470	91,298	42,844	37,946	29,399	8,585
<b>Net System Revenue Bonds</b>	<b>\$ 1,883,172</b>	<b>\$ 1,727,758</b>	<b>\$ 1,555,144</b>	<b>\$ 1,537,172</b>	<b>\$ 1,317,710</b>	<b>\$ 1,248,833</b>	<b>\$ 1,045,499</b>	<b>\$ 996,946</b>	<b>\$ 932,244</b>	<b>\$ 777,870</b>
Certificates of Participation	\$ 157,265	\$ 173,075	\$ 188,325	\$ 202,290	\$ 213,710	\$ 224,965	\$ 235,505	\$ 248,385	\$ 261,910	\$ 271,920
Unamortized Premium	3,074	3,869	4,666	6,470	7,574	8,731	9,892	11,202	4,582	5,458
<b>Net Certificates of Participation</b>	<b>\$ 160,339</b>	<b>\$ 176,944</b>	<b>\$ 192,991</b>	<b>\$ 208,760</b>	<b>\$ 221,284</b>	<b>\$ 233,696</b>	<b>\$ 245,397</b>	<b>\$ 259,587</b>	<b>\$ 266,492</b>	<b>\$ 277,378</b>
Total Bonds Payable	\$ 1,883,172	\$ 1,727,758	\$ 1,555,144	\$ 1,537,172	\$ 1,317,710	\$ 1,248,833	\$ 1,045,499	\$ 996,946	\$ 932,244	\$ 777,870
COPS Payable	160,339	176,944	192,991	208,760	221,284	233,696	245,397	259,587	266,492	277,378
Capital and Other Leases Payable	91,939	96,330	101,251	104,822	110,323	113,288	81,753	84,799	89,048	92,692
<b>Total</b>	<b>\$ 2,135,450</b>	<b>\$ 2,001,032</b>	<b>\$ 1,849,386</b>	<b>\$ 1,850,754</b>	<b>\$ 1,649,317</b>	<b>\$ 1,595,817</b>	<b>\$ 1,372,649</b>	<b>\$ 1,341,332</b>	<b>\$ 1,287,784</b>	<b>\$ 1,147,940</b>
<b>Long-Term Debt</b>										
per Student FTE ( <i>whole dollars</i> )	\$ 19,317	\$ 19,305	\$ 18,881	\$ 19,673	\$ 18,586	\$ 19,640	\$ 17,972	\$ 18,359	\$ 17,748	\$ 16,527
per Dollar of State Appropriations and State Capital Appropriations	\$ 6.12	\$ 6.09	\$ 5.77	\$ 6.01	\$ 5.63	\$ 4.52	\$ 4.17	\$ 4.30	\$ 4.00	\$ 2.90
per Dollar of Total Grants and Contracts	\$ 5.05	\$ 4.98	\$ 4.97	\$ 5.64	\$ 5.32	\$ 5.57	\$ 4.88	\$ 4.77	\$ 4.59	\$ 4.28
<b>Data Used in Above Calculations</b>										
Total Student FTE	110,548	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558	69,459
State Appropriations and State Capital Appropriations	\$ 348,954	\$ 328,776	\$ 320,257	\$ 308,103	\$ 292,807	\$ 353,042	\$ 328,964	\$ 311,874	\$ 322,237	\$ 395,386
Grants and Contracts	\$ 423,157	\$ 401,555	\$ 372,291	\$ 328,283	\$ 309,902	\$ 286,684	\$ 281,049	\$ 280,987	\$ 280,674	\$ 268,516

Student FTE based on fall enrollment of the fiscal year.



# Admissions, Enrollment, and Degrees Earned

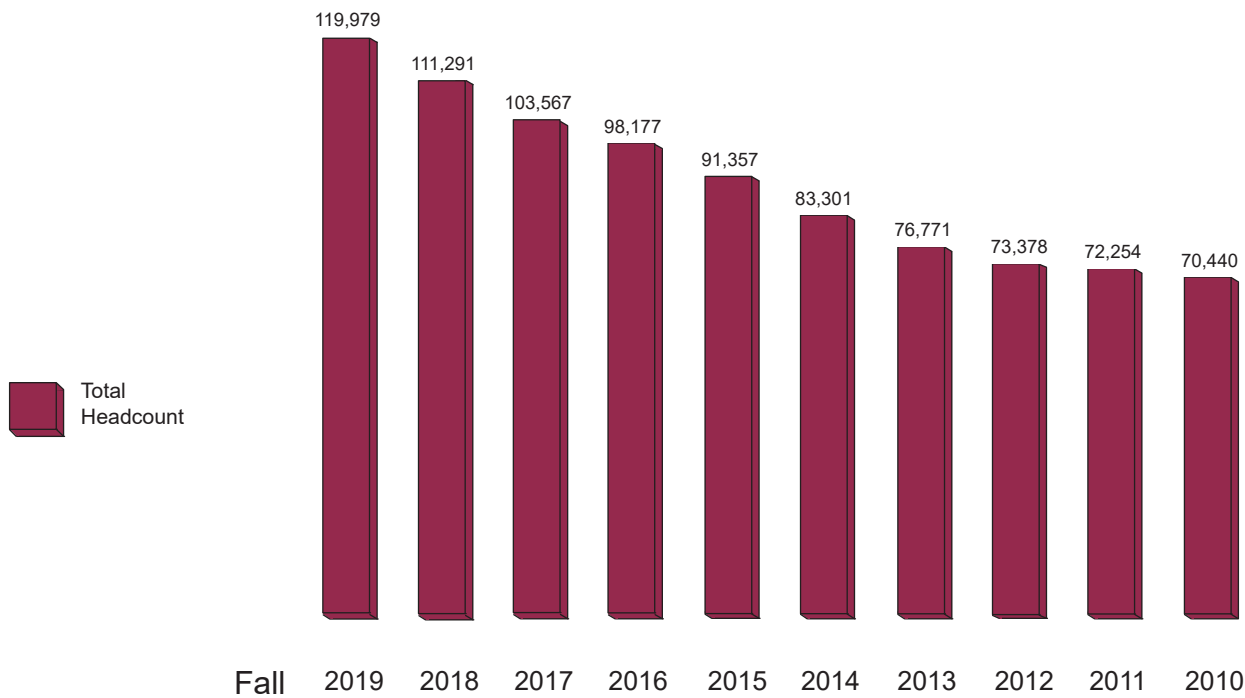
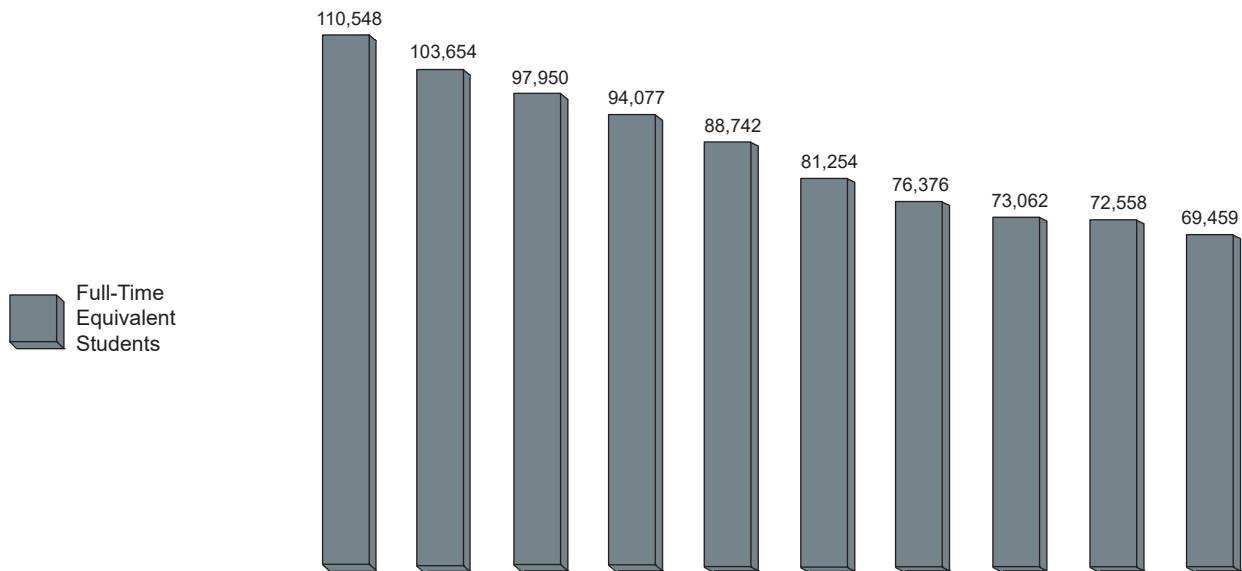
Admissions, Enrollment, and Degrees Earned (Fall Enrollment)										
Fall enrollment of fiscal year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>ADMISSIONS - FRESHMEN</b>										
Applications <sup>(1) (2)</sup>	57,576	45,327	44,613	42,396	42,363	38,280	35,294	37,982	37,225	35,449
Accepted	47,151	36,856	34,712	32,653	32,400	30,028	26,915	26,986	26,425	25,795
Enrolled	15,606	13,974	12,337	12,119	12,004	11,079	10,232	9,265	9,254	9,544
Accepted as Percentage of Application	82%	81%	78%	77%	76%	78%	76%	71%	71%	73%
Enrolled as Percentage of Accepted	33%	38%	36%	37%	37%	37%	38%	34%	35%	37%
Average SAT scores - Total <sup>(3)</sup>	1210	1210	1194	1184	1182	1182	1178	1182	1177	1171
Verbal	603	603	598	594	594	594	592	593	592	589
Math	608	608	599	591	589	590	589	591	588	585
<b>ENROLLMENT</b>										
Student FTE	110,548	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558	69,459
Student Headcount	119,979	111,291	103,567	98,177	91,357	83,301	76,771	73,378	72,254	70,440
African American (Headcount)	6,404	5,695	5,152	4,785	4,439	4,002	3,663	3,491	3,521	3,452
Percentage of Total	5.3%	5.1%	5.0%	4.9%	4.9%	4.8%	4.8%	4.8%	4.9%	4.9%
White (Headcount)	61,656	58,749	55,000	52,531	49,083	45,407	43,713	43,494	43,774	43,291
Percentage of Total	51.4%	52.8%	53.1%	53.5%	53.7%	54.5%	56.9%	59.3%	60.6%	61.5%
Other (Headcount)	51,919	46,847	43,415	40,861	37,835	33,892	29,395	26,393	24,959	23,697
Percentage of Total	43.3%	42.1%	41.9%	41.6%	41.4%	40.7%	38.3%	35.9%	34.5%	33.6%
<b>DEGREES EARNED</b>										
Bachelor's	20,308	19,340	18,178	16,450	15,264	14,842	14,381	13,913	13,210	12,194
Master's	8,074	7,149	6,828	6,008	5,817	5,268	4,584	4,163	4,007	4,150
Doctoral	755	714	692	677	674	687	596	636	611	545
Professional	252	282	276	199	198	223	200	204	217	201
<b>Total Degrees Earned</b>	<b>29,389</b>	<b>27,485</b>	<b>25,974</b>	<b>23,334</b>	<b>21,953</b>	<b>21,020</b>	<b>19,761</b>	<b>18,916</b>	<b>18,045</b>	<b>17,090</b>

<sup>(1)</sup> Beginning in FY 2014, methodology revised to include all completed applications by campus.

<sup>(2)</sup> In fall 2020, the University began accepting the Common App for first-time freshman applications.

<sup>(3)</sup> SAT scores for all years have been adjusted to be comparable to scores on the redesigned test that began in March 2016.

Student information based on fall enrollment of the fiscal year and degree information includes all graduations during fiscal year.



Enrollment (Fall Enrollment)										
Fall enrollment of fiscal year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>ENROLLMENT (Headcount)</b>										
Undergraduate	96,727	89,898	83,551	79,447	74,146	67,507	62,089	59,382	58,404	56,562
Graduate	23,252	21,393	20,016	18,730	17,211	15,794	14,682	13,996	13,850	13,878
Resident (Arizona)	57,552	54,861	53,158	51,438	50,350	49,940	49,537	50,400	51,235	51,128
Non-Resident	62,427	56,430	50,409	46,739	41,007	33,361	27,234	22,978	21,019	19,312

# Demographic Data

Demographic Data										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Arizona Population	7,278,717	7,171,646	7,016,270	6,931,071	6,829,397	6,731,484	6,626,624	6,553,255	6,482,505	6,413,158
Arizona Personal Income ( <i>in millions</i> )	335,243	313,040	292,108	278,925	266,756	255,089	244,011	235,781	227,287	216,590
Arizona Per Capita Personal Income	46,058	43,650	41,633	40,243	39,060	37,895	36,823	35,979	35,062	33,773
Arizona Unemployment Rate	4.70%	4.80%	4.90%	5.30%	6.10%	6.90%	8.00%	8.30%	9.50%	10.50%

Sources: U.S. Bureau of Economic Analysis and Arizona Department of Administration.

Principal Employers						
Employer	Calendar Year Ended December 31, 2019			Calendar Year Ended December 31, 2010		
	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment
Banner Health	45,894	1	1.29%	28,220	3	0.89%
State of Arizona	37,040	2	1.04%	49,282	1	1.55%
Wal-Mart Stores, Inc.	33,619	3	0.95%	30,608	2	0.96%
Fry's Food Stores	20,165	4	0.57%			
Wells Fargo & Co.	16,700	5	0.47%	13,100	5	0.41%
University of Arizona	15,967	6	0.45%			
Amazon.com Inc.	15,000	7	0.42%			
Arizona State University	14,889	8	0.42%	12,221	8	0.38%
City of Phoenix	14,821	9	0.42%	15,544	4	0.49%
Maricopa County	13,595	10	0.38%	12,458	7	0.39%
Bank of America				12,000	9	0.38%
Raytheon Missile Systems				12,000	10	0.38%
Apollo Group Inc.				13,000	6	0.41%
	227,690		6.41%	198,433		6.24%

Sources: *Phoenix Business Journal*, *Book of Lists 2019* and *Arizona Department of Transportation CAFR 2011* for employers: *Arizona Commerce Authority website*, <https://www.azcommerce.com/oeo/labor-market/unemployment/>.



# Faculty and Staff

Faculty and Staff										
Fall employment of fiscal year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>FACULTY</b>										
Full-time	3,595	3,483	3,367	3,225	3,108	2,963	2,777	2,635	2,612	2,644
Part-time	320	291	310	330	394	515	375	276	253	231
<b>Total Faculty</b>	<b>3,915</b>	<b>3,774</b>	<b>3,677</b>	<b>3,555</b>	<b>3,502</b>	<b>3,478</b>	<b>3,152</b>	<b>2,911</b>	<b>2,865</b>	<b>2,875</b>
Percentage Tenured	52.9%	54.5%	55.0%	55.4%	55.9%	54.2%	58.0%	61.1%	61.2%	63.7%
<b>STAFF</b>										
Full-time	7,889	7,551	7,189	6,734	6,443	5,966	5,693	5,487	5,485	5,561
Part-time	4,925	4,819	4,519	4,414	4,168	4,183	3,565	3,684	3,699	3,838
<b>Total Staff</b>	<b>12,814</b>	<b>12,370</b>	<b>11,708</b>	<b>11,148</b>	<b>10,611</b>	<b>10,149</b>	<b>9,258</b>	<b>9,171</b>	<b>9,184</b>	<b>9,399</b>
<b>Total Faculty and Staff</b>	<b>16,729</b>	<b>16,144</b>	<b>15,385</b>	<b>14,703</b>	<b>14,113</b>	<b>13,627</b>	<b>12,410</b>	<b>12,082</b>	<b>12,049</b>	<b>12,274</b>

Sources: Arizona State University Fact Book and Institutional Analysis.

Percentage Tenured includes tenured and tenure track faculty.

Capital Assets										
Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>CAPITAL ASSETS</b> <i>(Number of Facilities)</i>										
Academic/Support Facilities	226	227	249	251	252	248	224	223	221	235
Auxiliary Facilities	148	149	159	164	166	172	153	153	149	152
<b>Total</b>	<b>374</b>	<b>376</b>	<b>408</b>	<b>415</b>	<b>418</b>	<b>420</b>	<b>377</b>	<b>376</b>	<b>370</b>	<b>387</b>

Source: Arizona State University Capital Improvement Plans

Beginning in FY 2014, facility count includes ASU partnership facilities to align with the Capital Improvement Plan submitted to the Arizona Board of Regents. FY 2008 - 2013 have been restated to include ASU partnership facilities.

**Right.** Tempe Campus Palm Walk.







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