



# Annual Comprehensive Financial Report

# 2023



**ASU** Arizona State  
University

Year Ended June 30, 2023  
An Enterprise Fund of the State of Arizona.



# Annual Comprehensive Financial Report

## Year Ended June 30, 2023

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



ASU

ARIZONA  
STATE  
UNIVERSITY



# Arizona State University

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# Introductory Section



Arizona State University's charter commission to make ASU the foundational model for the New American University remains future-focused. From this year's noteworthy achievements spanning a burgeoning endowment to repeated innovation accolades and a new medical school announcement, our Sun Devil spirit significantly impacts our campuses and the world.

ASU continues to earn the recognition that builds reputation, attracts students and boasts leading faculty. Earlier this year, we accepted the rare invitation to join the prestigious Association of American Universities. The AAU invitation praises ASU's academic and research strength, a university designed for discovery, interdisciplinary research and innovation. Founded in 1900, the AAU has only 71 member universities, including private institutions like Harvard, the Massachusetts Institute of Technology and Stanford and public universities like the University of California, Los Angeles, the University of Wisconsin-Madison, and the University of Michigan.

In June, the Arizona Board of Regents selected ASU to create a medical school that rivals other university hospitals and to engage our continued first-place recognition for innovation. The new ASU School of Medicine and Advanced Medical Engineering will integrate clinical medicine, biomedical science and engineering. Thought leaders in these fields will produce a learning health ecosystem to accelerate and focus efforts on tackling Arizona's urgent and future healthcare needs. Clinical partnerships within the medical school will support research and academic programs, delivering solutions that improve patient and healthcare outcomes. Interdisciplinary approaches will combine health sciences across ASU to prepare students to address Arizona's complex healthcare problems.

Arizona's healthcare communities need effective, efficient, and patient-centric solutions in an environment where:

- Key health system performance indicators rate Arizona's healthcare delivery at No. 32, including No. 44 in access and affordability and No. 41 in prevention and treatment.
- Public health funding remains 50% below the national average, and 14,000 nurses are required to meet the national average.

Once again, U.S. News & World Report has listed Arizona State University as No. 1 in innovation among American universities for the ninth consecutive year — ahead of Stanford and MIT— and every year since the magazine created the “most innovative” category. This repeated recognition endorses our New American University concept as an enterprise dedicated to simultaneously pursuing excellence, broad access to quality education and meaningful societal impact. Additional honors ASU earned in 2023 include:

- No. 1 in global impact by Times Higher Education, 2020–23.
- No. 1 in business online bachelor's programs by U.S. News & World Report.
- No. 1 journalism school in top overall awards for news by the Broadcast Education Association.

ASU's repeated reputation for innovation contributed to the National Science Foundation's award of \$90.8 million — the largest NSF research award in ASU's history — to support a five-year project building the world's first compact X-ray free-electron laser. ASU will invest an additional \$80 million in the CXFEL-related infrastructure and support. Our leading ASU scientists believe that the CXFEL will produce beams to probe the quantum limits of nature to unlock the mysteries of biology, chemistry, physics and new materials. A diverse ASU team of engineers, scientists and students has collaborated for a decade to bring this project to our university's Tempe campus.

It is important to note that increased philanthropy and strong investment returns grew the ASU endowment from \$1.25 billion to \$1.39 billion for fiscal year 2022. New investment strategies produced solid results from renewable power, clean tech and education technology. The endowment growth boosted ASU into the Top 100 rankings of the National Association of College and University Business Officers. Rising 17 spots to No. 99, the ASU Foundation for A New American University sits comfortably above other PAC-12 schools like the University of Arizona Foundation, the Oregon State University Foundation and Washington State University. The ASU community also benefits from our visionary and dedicated philanthropic network. Thanks to donors' incredible confidence and generosity at all levels, we added over 100 new endowed funds to support students, faculty and other programs.

And finally, Forbes listed ASU as one of America's Best Large Employers for 2023 and America's Best Employers by State in 2022. Forbes joined Statista, a global rankings provider and researcher, to ask survey participants if they would recommend their employer to others and how they would evaluate them on several topics, including working conditions, diversity, development potential and compensation and benefits.

Throughout 2023, we have seen ASU grow in achievement and promise, things accomplished, and aspirations multiplied. Students learn on campus or online. New laboratories welcome our researchers. Recent and repeated honors recognize our performance. And our university partners support our continued progress. I remain confident that our university-wide passion for excellence, innovation and community will continue to expand ASU's growth and broaden our reputation.



October 30, 2023

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

Enclosed is the *Arizona State University Annual Comprehensive Financial Report (ACFR)* for the year ended June 30, 2023. 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 prevent material misstatements 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 from it, 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, information technology 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 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 Arizona 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 Arizona Auditor General in conjunction with the Statewide Single Audit. For the year ended June 30, 2023, the Arizona 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 instruction, research and public service. We have prepared Management's Discussion and Analysis 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, 2023. 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 the 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 1958, after a series of name changes, the citizens of Arizona voted in favor of a ballot initiative to change the name of the institution to Arizona State University. ASU today is composed of four campuses in the metropolitan Phoenix area, centers in both Los Angeles and Washington, D.C., ASU Online, and programs and locations 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 of Arizona *Annual Comprehensive Financial Report*. The financial reporting entity for ASU's financial statements is comprised of the University and ten component units. The University's financial statements and the financial statements for the University's four blended component units, the Bermuda Institute of Ocean Sciences, the Thunderbird School of Global Management, California College of ASU 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 (ACFFC); 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 effectively to fulfill its educational, research and public service missions. It also is responsible for planning, developing and controlling budgets within authorized allocations in accordance with University, ABOR, state and federal policies. The University submits its annual operating budget, which includes revenue from state investment, 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. University 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 16, 2023, and data compiled by the JPMorgan Chase Economic Outlook Center at the ASU W.P. Carey School of Business.*

In its February 2023 forecast, the Arizona Office of Economic Opportunity is forecasting modest gains in Arizona nonfarm employment, with 91,000 new nonfarm jobs (1.4 percent annualized growth) expected from 2022 through 2024. Job growth is expected across ten of eleven of Arizona's job super-sectors with the manufacturing and information super-sectors expected to add the largest number of jobs of approximately 13,300 (annualized growth rate of 3.4 percent), and approximately 3,500 (annualized growth rate of 3.3 percent), respectively. Super-sectors expected to grow more slowly are government at 0.4 percent and natural resources and mining at 0.3 percent. Financial Activities is the only super-sector projected to record a loss, approximately 2,800 jobs (-0.6 percent annualized rate).

At a national level, Federal Reserve anti-inflation policies are expected to constrain Gross Domestic Product growth into the first quarter of 2024. The Federal Reserve has continued to raise the federal funds effective rate over the last year, from 1.68 percent in July 2022 to 5.33 percent in August 2023, to combat decades-high inflation rates on all goods and services. The rising federal funds effective rate has a negative impact on financial lending institutions and customers, but has largely succeeded in reducing the nationwide 12-month inflation rate of 8.52 percent as of July 2022 down to 3.18 percent as of July 2023. Market expectations assume that the Federal Reserve's fastest rate hiking cycle in decades is coming to an end as of the Fall 2023. Supply chain pressures have continued to improve, with lower shipping costs, greater capacities and shorter shipping times for most consumer commodities. Availability of some commodity inputs, particularly semiconductor chips and components, has not fully recovered to pre-pandemic levels but continues to show gradual improvement. While a debt ceiling crisis was averted in June, the ratings agency Fitch lowered its rating for U.S. Treasuries to AA+ from AAA in August 2023, resulting in higher governmental borrowing costs, largely in response to Fitch's assessment of the absence of any political will at the federal level to deal with ongoing budgetary deficit drivers.

According to the U.S. Bureau of Labor Statistics, the national unemployment rate remained static from August 2022 to August 2023 at 3.8 percent. Employee hiring and retention remains a significant challenge across all industries with job openings and labor turnover decreasing slightly nationally from August 2022 with more than 11 million jobs available to August 2023 with approximately 9 million jobs available. Approximately 5 million more job openings remain available when compared to the total number of unemployed individuals. Locally, the Phoenix metropolitan rate of inflation decreased significantly year-over-year from 13 percent on all goods to 4.4 percent, continuing to constrict consumer purchasing power. The Arizona unemployment rate remains around 3.5 percent year-over-year. Arizona continues to outperform the national average for unemployment and, based on positive fundamentals including job growth, significant improvement in local rates of inflation and continued net migration to the state, the Arizona economy expects to see continued improvement.

Despite economic trends that remain positive for Arizona's economic growth, constraints on budgets persist for a large number of households due to inflationary factors for commodities, high borrowing rates for first-time homebuyers and housing prices that, while stabilizing in the second half of 2023, remain high. 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 in highways and roads, water and sewer infrastructure, air transportation, telecommunications and border ports. Natural resource availability constraints, particularly to the state's water supplies with impending large cuts to Colorado River allocations, drought and climate change will require necessary changes in current water use practices throughout the region.

### **Planning and Initiatives**

The ASU Public Enterprise continues to evolve and demonstrate new possibilities in line with its design aspirations. The ASU Public Enterprise strategic planning methodology is driven by pursuit of entrepreneurial opportunities to support efforts that empower and catalyze human development in all forms. The public enterprise approach to higher education constitutes an animating purpose of social transformation, knowledge generation at society-impacting scale, the fundamental assumption of faculty as knowledge entrepreneurs and demonstration of measurable economic and social progress metrics while generating and employing diverse funding mechanisms to support the enterprise.

With the ASU Charter as the guiding principle, Arizona State University has become a national leader in enabling academic excellence and accessibility at scale while enhancing national standing in academic quality and impact of college and schools in every field. ASU remains committed to ongoing institutional redesign to reach the next iteration of the public research university while simultaneously taking fundamental responsibility for the communities we serve. As part of its long-term strategic planning, the University aspires to be the leading global center for interdisciplinary research, discovery and development by 2027.

Major milestones of the past year highlight the variety of accomplishments of the University and include the following:

- In June 2023, Arizona State University was selected to join the prestigious Association of American Universities (AAU), which comprises the nation's elite research universities. The AAU specifically recognized the University's academic and research strength, acknowledging its place as a leader in higher education. The association, established in 1900, includes 71 member elite research institutions throughout the United States and Canada. AAU membership signals that ASU is a national leader in research and academics.
- The university continues to create innovative pathways to expand academic programming options for students that also address the ongoing challenges and concerns of the communities it serves. In June 2023, the University announced the new ASU School of Medicine and Advanced Medical Engineering, which will integrate clinical medicine and biomedical science and engineering. The new medical school headlines ASU Health, a learning health ecosystem, created by the University to accelerate and focus its health-related efforts to tackle the state's urgent health care needs. Additionally, in March 2023, the University celebrated "West Valley Forward" with the launch of two new schools in business and engineering as well as two new buildings at the University's west campus to meet the growing West Valley demand for academic programming. The new schools, the School of Technology, Innovation and Entrepreneurship in the W.P. Carey School of Business and the School of Integrated Engineering in the Ira A. Fulton Schools of Engineering, began academic programs in the Fall 2023.
- The National Science Foundation (NSF) announced \$90.8 million in funding to Arizona State University – the largest NSF award in the university's history – to advance groundbreaking research in X-ray science. The NSF award will support a five-year project to build the world's first Compact X-ray Free Electron Laser, or CXFEL. This one-of-a-kind, room-sized X-ray laser instrument will fill a critical need for researchers to explore the intricacies of complex matter at atomic length and ultrafast time. As a result, scientists can conduct novel science to explore the structure and dynamics of nature and materials as never before.
- In December 2022, the University's Rob and Melani Walton Sustainability Solutions Service and waste-to-energy solutions company Clean-Seas entered into a collaboration to establish a \$50 million plastic-to-clean hydrogen facility. The facility, to be built by Clean-Seas, is expected to source plastic waste feedstock from the Phoenix metro region. The facility will redirect plastic waste from landfills and incinerators and will convert the material to recycled-content plastic and Clean-Seas proprietary clean hydrogen product.
- In March 2023, the ASU Thunderbird School of Global Management and the U.S. Department of State's Bureau of Educational and Cultural Affairs announced the launch of a five-year public-private partnership in support of the Academy for Women Entrepreneurs program. The partnership is an important driver to help Thunderbird move closer to its goal of reaching 100 million learners. The program utilizes the DreamBuilder platform, an online training program developed by Thunderbird and the Freeport-McMoRan Foundation in 2011. To date, the academy has empowered an estimated 25,000 female entrepreneurs around the world with the skills they need to reach their full economic potential.
- In May 2023, Columbia College-Hollywood, renamed California College of ASU, became part of the ASU Public Enterprise. California College of ASU is a higher education learning community that promotes creativity, innovation and growth through instruction and collaboration with programs that provide a challenging liberal arts education. The affiliation, expected to complement existing ASU programming in the Cronkite School, the Herberger Institute for Design and the Arts, the Thunderbird School of Global Management and the Sidney Poitier New American Film School, will help the University expand its impact through outreach to prospective students in the California market.

#### **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 ACFR for the fiscal year ended June 30, 2022. 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 ACFR, and must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. The University will submit its ACFR for the fiscal year ended June 30, 2023 to the GFOA and anticipates this year's report will continue to meet the Certificate of Achievement Program's requirements.

Preparation of this ACFR 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 Arizona 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

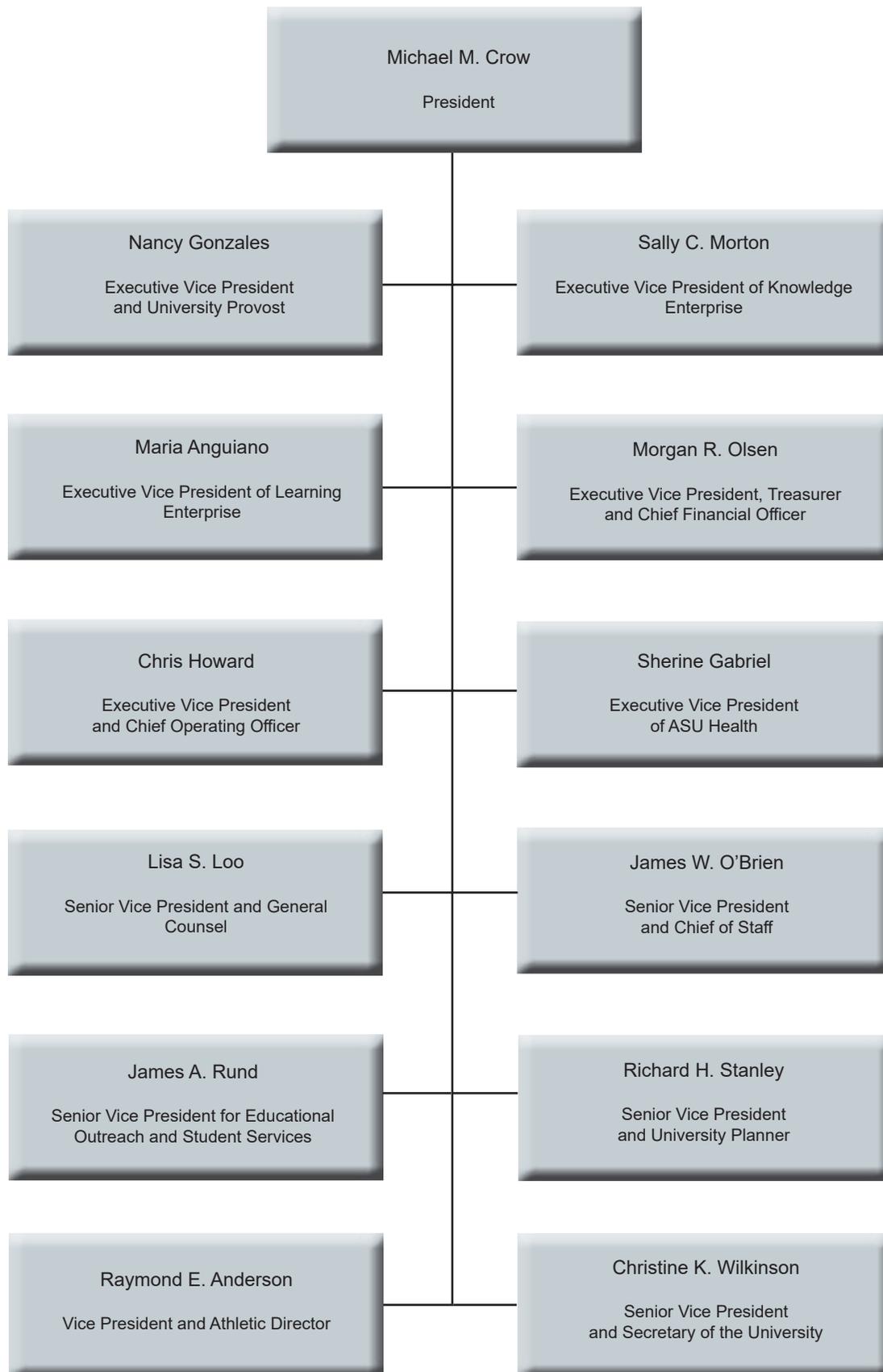
June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# ASU Organizational Chart

As of June 30, 2023



## **Ex-Officio**

Katie Hobbs, *Governor of Arizona*

Tom Horne, *Arizona Superintendent of Public Instruction*

## **Appointed**

Fred DuVal, *Chair*

Robert Herbold, *Secretary*

Lyndel Manson, *Treasurer*

Cecilia Mata, *Chair Elect*

Gregg Brewster

Doug Goodyear

Jessica Pacheco

Larry Penley

Katelyn Rees, *Student Regent*  
University of Arizona

David Zaragoza, *Student Regent*  
Arizona State University





# 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 audit of the financial statements

#### Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of 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 the University as of June 30, 2023, 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.

We did not audit the financial statements of the Bermuda Institute of Ocean Sciences (BIOS), the Thunderbird School of Global Management (TSGM), the California College of ASU (CC-ASU), the ASU Athletic Facilities District (AFD), 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—BIOS	0.62%	0.05%	0.51%	0.58%
Business-type activities—TSGM	0.10%	0.04%	0.19%	0.20%
Business-type activities—CC-ASU	0.04%	0.10%	0.37%	0.31%
Business-type activities—AFD	0.00%	0.00%	0.05%	0.06%
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 BIOS, TSGM, CC-ASU, AFD, or the aggregate discretely presented component units, is based solely on the other auditors' reports.

### ***Basis for opinions***

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 U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The other auditors did not audit the aggregate discretely presented component units' financial statements, except for the ASU Preparatory Academy, Inc., in accordance with *Government Auditing Standards*.

### ***Emphasis of matters***

As discussed in Note A to the financial statements, for the year ended June 30, 2023, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this 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, 2023, 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.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' responsibilities for the audit of the financial statements***

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

# Independent Auditors' Report

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

## ***Required supplementary information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 20 through 27, schedule of the University's proportionate share of the net pension liability on page 66, schedule of the University's proportionate share of the total OPEB liability on page 66, and schedule of University pension contributions on page 67 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 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 70 and 71 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

***Other information***

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

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

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

In accordance with *Government Auditing Standards*, we 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 A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

October 30, 2023

# 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, 2023. 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 2022 enrollment was over 142,000 students comprised of 112,000 undergraduate students and 30,000 graduate students, including over 62,000 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 2022 is included in MD&A in order to illustrate increases and decreases in comparison to FY 2023 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 four 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 M - Summary Financial Information for ASU Component Units*, and Combining Statements of the nonmajor discretely presented component units.

Effective for FY 2023, the University implemented the provisions of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. GASB Statement No. 94 establishes a single model of accounting for transferors and operators regarding public-private and public-public partnerships (PPP) and availability payment arrangements. The standard supersedes existing standards concerning service concession arrangements (SCA) and provides updated guidance for circumstances in which PPPs are SCAs.

Additionally, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology*

*Arrangements*. GASB Statement No. 96 establishes a single model for subscription accounting based on the foundational principle that subscriptions are financings of the right-of-use of an underlying subscription asset.

## Financial Highlights for FY 2023

The University strengthened its financial foundation in FY 2023 with a \$190 million increase in net position compared to a \$244 million increase in FY 2022. This represents the 18th straight year in which ASU reported an increase in net position. At June 30, 2023 the University had total assets of \$6.4 billion and net position of \$2.1 billion. Overall, FY 2023 funding sources and uses increased at nine percent and 11 percent, respectively from FY 2022.

Tuition and fees are ASU's primary revenue source (50 percent), with grants and contracts, state appropriations, financial aid grants and auxiliary enterprise activities also providing significant resources to the enterprise. \$1.7 billion was spent on instruction and academic support related expenses in FY 2023, representing nearly one-half of the University's total expenses and a 13 percent increase over FY 2022. Scholarships and fellowships combined with student services expenses was the second largest expense category with \$510 million in FY 2023 expenses, while research and public service expenses were \$508 million, with the categories reflecting an eight percent increase and 10 percent increase over FY 2022, 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 less 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, 2023 and June 30, 2022 follows.

<b>Condensed Summary of Net Position (Dollars in millions)</b>		
	<b>FY 2023</b>	<b>FY 2022</b>
<b>Assets</b>		
Current assets	\$ 840.2	\$ 813.4
Noncurrent assets	1,752.4	1,534.1
Noncurrent capital assets, net	3,798.1	3,604.7
<b>Total assets</b>	<b>\$ 6,390.7</b>	<b>\$ 5,952.2</b>
<b>Deferred outflows of resources</b>	<b>\$ 207.1</b>	<b>\$ 266.1</b>
<b>Liabilities</b>		
Current liabilities	\$ 772.5	\$ 698.0
Noncurrent liabilities	910.3	859.6
Noncurrent long-term obligations	2,545.2	2,413.3
<b>Total liabilities</b>	<b>\$ 4,228.0</b>	<b>\$ 3,970.9</b>
<b>Deferred inflows of resources</b>	<b>\$ 266.3</b>	<b>\$ 354.8</b>
<b>Net position</b>		
Net investment in capital assets	\$ 1,205.9	\$ 1,147.4
Restricted:		
Nonexpendable	109.1	104.7
Expendable	209.0	203.2
Unrestricted	579.5	437.3
<b>Total net position</b>	<b>\$ 2,103.5</b>	<b>\$ 1,892.6</b>

Total assets at June 30, 2023 of \$6.4 billion reflect a seven percent increase from June 30, 2022. Current assets are used to support operations and include cash and cash equivalents, short-term investments and accounts receivables. Current assets increased \$27 million between years primarily due to increased receivables and short-term investments at June 30, 2023. Receivables increased between years due to growth in student tuition and fee collections and receivables from corporate partners. Short-term investments increased as the University strategically invested available cash balances to maximize returns and maintain reasonable liquidity to fund short-term unforeseen obligations, as needed.

Noncurrent assets increased \$412 million between years primarily due to a \$193 million increase in net capital assets, a \$40 million increase in restricted cash and cash equivalents, a \$19 million increase in endowment investments, and a \$148 million increase in long-term investments. The increase in net capital assets is attributable to an increase in right-of-use subscription assets due to the implementation of GASB Statement No. 96, and completion of the Mesa MIX Center and Mullet Arena, the University's new multipurpose arena and home of the ASU Sun Devils hockey team. Restricted cash and cash equivalents increased due to the issuance of the 2023A/B/C System Revenue Bonds to fund the Mill Ave. Parking Structure, the Tempe Campus Academic and Office Space and Classroom Office buildings, and various IT, research lab and classroom and academic renovation

bundled projects. Restricted cash and cash equivalent increases were partially offset by expenditures on capital projects for prior year issuances. ASU's endowment investments increased primarily due to unrealized gains in endowment investments. ASU's endowment investments are managed by the ASU Foundation. Other investments increased due to portfolio balancing efforts to conform with ASU's overall investment strategy and to ensure maximum yet prudent returns on the University's operating liquidity.

Deferred outflows of resources decreased \$59 million between years primarily due to a decrease in pensions and other postemployment benefits (OPEB) activity due to actuarial differences between expected and actual experience as well as changes in actuarial assumptions.

Total liabilities increased \$257 million for the year ended June 30, 2023 to \$4.2 billion, with current liabilities increasing \$75 million between years primarily due to increases in unearned revenues and partially offset by a decrease in accounts payable. Unearned revenues increased due to an increase in fixed grant awards with corresponding grant revenues being received prior to all grant obligations being fulfilled resulting in the recognition of the revenue in future periods. Accounts payable decreased primarily due to timing of payments associated with payroll-related and other accrued liabilities at year-end.

Noncurrent liabilities increased \$183 million between years with pension liabilities increasing \$91 million, noncurrent subscription liabilities increasing \$51 million and long-term debt increasing by \$101 million, partially offset by decreases in the University's allocated portion of OPEB liabilities, decreasing \$47 million. Pension liabilities increased due to increases in actuarial long-term liabilities for the plans exceeding growth in the plans investment assets. Noncurrent subscription liabilities increased due to the implementation of GASB Statement No. 96. Long-term debt increased due to the issuance of the 2023 system revenue bonds to fund the projects described above. The decrease in the OPEB liability resulted from actuarial differences between expected and actual experience relative to economic and demographic factors and the increase in the actuarially-determined discount rate from 1.92 percent as of June 30, 2021 to 3.69 percent as of June 30, 2022.

Deferred inflows of resources decreased \$89 million between years due to decreased pension plan deferrals due to actuarial changes in assumptions in the measurement of the plan liabilities to be recognized in future periods, partially offset by increased OPEB plan deferrals due to actuarial changes in assumptions to be recognized in future periods.

Net position increased \$211 million between years to over \$2.1 billion. ASU's increase in net position over the last ten years has averaged \$124 million annually reflecting the University's steady growth in net position allowing the University to accumulate unrestricted net position

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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/amortization 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, grantors 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, research initiatives, strategic investments or capital projects.

## 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 and are a significant component of the University's funding model.



A summary comparison of the University's activities for FY 2023 and FY 2022 follows.

Condensed Summary of Revenues, Expenses, and Changes in Net Position (Dollars in millions)		
	FY 2023	FY 2022
<b>Operating revenues</b>		
Tuition and fees, net	\$ 1,889.4	\$ 1,689.8
Research grants and contracts	472.2	416.7
Auxiliary enterprises, net	253.9	243.5
Other operating revenues	136.6	141.9
Total operating revenues	\$ 2,752.1	\$ 2,491.9
<b>Operating expenses</b>	3,528.9	3,160.0
<b>Operating loss</b>	\$ (776.8)	\$ (668.1)
<b>Net nonoperating revenues (expenses)</b>		
State appropriations	\$ 405.0	\$ 385.5
Other nonoperating revenues	545.4	520.2
Nonoperating expenses	(84.0)	(83.2)
Income before other revenues, expenses, gains, or losses	\$ 89.6	\$ 154.4
Capital appropriations and other revenues	100.3	89.5
<b>Increase in net position</b>	\$ 189.9	\$ 243.9
Net position at beginning of year, as restated	1,913.6	1,648.7
<b>Net position at end of year</b>	\$ 2,103.5	\$ 1,892.6

The difference between FY 2022 ending net position and FY 2023 beginning net position is due to the restatement of net position as a result of blending the California College of ASU and prior period adjustments for the Thunderbird School of Global Management correction of a prior period misstatement and to correct the impact of State of Arizona contributions to the Public Safety Personnel Retirement System (PSPRS) on behalf of the University in FY 2022. For additional information, please refer to *Note A - Basis of Presentation and Significant Accounting Policies*.

## 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 \$260 million, or 10 percent, to \$2.8 billion in FY 2023 with the most significant increases occurring in net tuition and fees and research grants and contracts. The \$200 million increase in tuition and fee revenues is primarily the result of a four percent increase in FTE enrollment, including online enrollment growth of eight percent and increased tuition rates of two and a half percent for on-campus resident students, four percent for non-resident students and five percent for international students. Online undergraduate and graduate student tuition increased two percent as well as various increases in college fees.

Research grants and contracts increased \$56 million, or 13 percent, due to increased sponsored research award activity.

**Operating Expenses**

Expenses are 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, scholarships and fellowships and depreciation/amortization) in *Note I – Operating Expenses by Natural Classification*.

Operating expenses increased \$369 million, or 12 percent, in FY 2023 with the increase largely reflecting growth in instruction and academic support, research and public service activities as well as a significant increase in depreciation and amortization expenses. Instruction

and academic support represents the largest category of expense growth, an increase of \$194 million, due to increased enrollment and corresponding programmatic demands. Research and public services activities increased \$46 million due to increased sponsored awards, primarily related to enterprise-wide awards for capital intensive research projects including the \$91 million award for the Compact X-ray Free Electron Laser (CXFEL) and new USAID awards around the world. Depreciation and amortization increased \$20 million, due to the implementation of GASB Statement No. 96, which requires yearly amortization of right-of-use subscription assets.

Pensions and OPEB expenses totaled \$18 million in FY 2023 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.

<b>Combined Sources and Uses (Dollars in millions)</b>					
	<b>FY 2023</b>	<b>Percent Total</b>	<b>FY 2022</b>	<b>Percent Total</b>	<b>Percentage Change</b>
<b>Sources</b>					
Tuition and fees, net	\$ 1,889.4	50%	\$ 1,689.8	48%	12%
Grants and contracts	603.5	16%	678.8	20%	(11)%
State appropriations (includes capital appropriations)	485.3	13%	411.5	12%	18%
Financial aid grants	216.7	6%	200.8	6%	8%
Auxiliary enterprises, net	253.9	7%	243.6	7%	4%
Private and capital gifts	102.0	2%	104.9	3%	(3)%
Sales and services	108.1	3%	104.0	3%	4%
Share of state sales tax (TRIF)	35.7	1%	44.6	1%	(20)%
Other sources	108.3	2%	9.2	0%	1077%
<b>Total sources</b>	<b>\$ 3,802.9</b>	<b>100%</b>	<b>\$ 3,487.2</b>	<b>100%</b>	<b>9%</b>
<b>Uses</b>					
Instruction and academic support	\$ 1,667.0	46%	\$ 1,472.8	45%	13%
Research and public service	507.6	14%	462.1	14%	10%
Scholarships and fellowships and student services	509.7	14%	470.0	15%	8%
Institutional support and operation of plant	378.4	10%	328.4	10%	15%
Auxiliary enterprises	245.2	7%	225.5	7%	9%
Depreciation and amortization	221.0	6%	201.3	6%	10%
Interest on debt and other expenses	84.1	3%	83.2	3%	1%
<b>Total uses</b>	<b>\$ 3,613.0</b>	<b>100%</b>	<b>\$ 3,243.3</b>	<b>100%</b>	<b>11%</b>

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## 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 each year. Total nonoperating and capital revenues increased \$56 million between years, primarily due to a \$119 million increase in net investment returns, a \$74 million increase in state appropriations and \$16 million increase in financial aid grants, partially offset by a \$126 million decrease in nonoperating grants and contracts and a \$24 million decrease in capital private gifts. Net investment returns increased between years due to realized and unrealized gains on investments and endowments due to a rebounding in equity markets in FY 2023 and increases in interest earnings on operating fund investments due to increases throughout the year in the federal funds effective rate. State appropriations increased primarily due to one-time capital appropriations of \$54 million and one-time New Economy Initiative appropriations of \$24 million, partially offset by a slight decrease in Arizona Teachers Academy appropriations of \$4 million. The increase in financial aid grants is primarily related to Pell grant activity. Nonoperating grants and contracts revenues decreased primarily due to the expiration of Higher Education Emergency Relief Fund (HEERF) programs, partially offset by additional Coronavirus State and Local Fiscal Recovery Funds (SLFRF) amounts provided to the University by the State of Arizona during the fiscal year which was utilized for student financial aid.

## Statement of Cash Flows

A summary comparison of cash flows for the University's FY 2023 and FY 2022 activities follows.

<b>Condensed Summary of Cash Flows (Dollars in millions)</b>		
	<b>FY 2023</b>	<b>FY 2022</b>
<b>Cash provided by/(used for):</b>		
Operating activities	\$ (511.8)	\$ (555.8)
Noncapital financing activities	869.6	1,051.9
Capital and related financing activities	(227.8)	(259.3)
Investing activities	(127.7)	(292.6)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>\$ 2.3</b>	<b>\$ (55.8)</b>
Cash and cash equivalents at beginning of year	565.2	618.0
<b>Cash and cash equivalents at end of year</b>	<b>\$ 567.5</b>	<b>\$ 562.2</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 activities 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, nonoperating grants and contracts, 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.

The difference between FY 2022 ending cash and cash equivalents and FY 2023 beginning cash and cash equivalents is a result of blending California College of ASU activities.

## 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 represents the University's commitment to 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 academic, research and student programmatic needs.

Overall the University's capital assets, net of accumulated depreciation/amortization and deletions, increased by \$193 million in FY 2023, a five percent increase over FY 2022, due to the implementation of GASB Statement No. 96 and new capital projects and equipment acquisitions.

Significant FY 2023 new capital projects included the following:

- Tempe Campus Academic and Office Space.** This new five-story, approximately 128,000 gross-square-foot facility, will provide needed space for university academic programs, offices and leasable retail space. Located on the Tempe campus, the new facility will share a common wall with the west end of the new Mill Avenue parking structure, which is currently under construction. The first floor of the building will include hospitality, restaurants and retail spaces with entrances along Mill Avenue. The upper stories will support university academic programs for the Herberger Institute for Design and the Arts (HIDA).

- **Tempe District Utility Plant.** This approximately 20,000-square-foot project for a new utility plant adjacent to the Mill Avenue Parking Structure on the Tempe campus will provide additional electrical, chiller and heated water capacity to meet the current and future needs of the surrounding campus facilities that support the advancement of university academic and research initiatives. The plant will support an existing substation which is nearing capacity, expand existing electrical and cooling capacity to the northwestern quadrant of the campus and remove bottlenecks from the chilled water distribution network, which aligns with the University's carbon neutrality goals.
- **West Campus New Academic Building.** This four-story, approximately 55,000 gross-square-foot facility, will consist of new student gallery space, computer labs, drawing labs, faculty offices and future growth spaces on the ASU West campus. The facility is being constructed to meet future demand for expanded West campus academic programming for the W.P. Carey School of Business and the Ira A. Fulton Schools of Engineering in particular.

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 financed purchases, is presented in *Note E – Long-Term Debt*. In May 2023, the University issued \$189 million in system revenue bonds to fund the construction and improvements to the Mill Avenue Parking Structure, IT Infrastructure, Research Lab Renovations, Classroom and Academic Renovations, a new Classroom Office Building and the Tempe Campus Academic and Office Space projects.

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 four of its component units, the Bermuda Institute of Ocean Sciences, the Thunderbird School of Global Management (TSGM), California College of ASU and the ASU Athletic Facilities District.

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 M – Summary Financial Information for ASU Component Units*.

<b>Condensed Summary of Financial Position for ASU Discretely Presented Component Units (Dollars in millions)</b>		
	<b>FY 2023</b>	<b>FY 2022</b>
<b>Assets</b>		
Cash and investments	\$ 1,954.9	\$ 1,864.3
Capital assets, net	125.7	134.3
Receivables, net	333.0	264.8
Other assets	94.4	95.4
<b>Total assets</b>	<b>\$ 2,508.0</b>	<b>\$ 2,358.8</b>
<b>Liabilities</b>		
Long-term debt	\$ 258.1	\$ 281.0
Other liabilities	529.6	509.2
<b>Total liabilities</b>	<b>\$ 787.7</b>	<b>\$ 790.2</b>
<b>Net assets</b>		
Without Donor Restrictions - Unrestricted	\$ 303.2	\$ 286.2
With Donor Restrictions - Temporarily restricted	714.4	610.3
With Donor Restrictions - Permanently restricted	702.7	672.1
<b>Total net assets</b>	<b>\$ 1,720.3</b>	<b>\$ 1,568.6</b>

<b>Condensed Summary of Activities for ASU Discretely Presented Component Units (Dollars in millions)</b>		
	<b>FY 2023</b>	<b>FY 2022</b>
<b>Revenues</b>		
Contributions	\$ 266.6	\$ 224.3
Other revenues	290.3	293.7
<b>Total revenues</b>	<b>\$ 556.9</b>	<b>\$ 518.0</b>
<b>Expenses</b>		
Payments to the benefit of ASU	\$ 168.2	\$ 163.7
Other expenses	235.5	187.1
<b>Total expenses</b>	<b>\$ 403.7</b>	<b>\$ 350.8</b>
Capital and other losses	(1.5)	(3.0)
Increase in net assets	\$ 151.7	\$ 164.2
Net assets at beginning of year	1,568.6	1,404.4
<b>Net assets at end of year</b>	<b>\$ 1,720.3</b>	<b>\$ 1,568.6</b>

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## Combined ASU and ASU Component Units - The ASU Public Enterprise

The ASU Public Enterprise reflects the financial activity of the University and its discretely presented component units and resulted in an increase in net position/net assets at June 30, 2023 of \$363 million in FY 2023, including a \$211 million increase for the University and its blended component units which includes a \$21 million increase due to the blending of CC-ASU and other prior period adjustments and a \$152 million increase for the discretely presented component units. Revenues for the discretely presented components units primarily increased \$39 million, or eight percent, between years primarily due to a \$42 million increase in contributions and a \$33 million increase in sales and services revenues, partially offset by a decrease in net investment returns of \$30 million. Expenses

for the component units increased by \$51 million, or 15 percent, between years with increases in management and general expenses of \$31 million and other expenses of \$18 million. Sales and services revenues and management and general expenses increased primarily due to activities of the new ASUEP subsidiary, Arizona State University Outreach Hub which supports the outreach and transactional needs of ASU through marketing and engagement to advance the university and strengthen its brand. ASU Public Enterprise revenues are presented as gross amounts, excluding the impact of scholarship allowances, which are presented as expenses of the ASU Public Enterprise. Financial impacts of transactions between the University and its discretely presented component units during the fiscal years presented are not eliminated in this presentation and are presented consistent with the amounts reported in the audited financial statements for each entity.

Statement of Revenues, Expenses, and Changes in Net Position and Component Units Statement of Activities (Dollars in millions)						
	FY 2023			FY 2022		
	ASU	ASU Component Units	Total	ASU	ASU Component Units	Total
Operating, nonoperating and capital-related revenues, gross	\$ 4,428.0	\$ 556.9	\$ 4,984.9	\$ 4,095.4	\$ 518.0	\$ 4,613.4
Operating and nonoperating expenses, including scholarship allowances	4,238.1	405.2	4,643.3	3,851.5	353.8	4,205.3
Increase in net position/net assets	\$ 189.9	\$ 151.7	\$ 341.6	\$ 243.9	\$ 164.2	\$ 408.1
Net position/net assets at beginning of year, as restated	1,913.6	1,568.6	3,482.2	1,648.7	1,404.4	3,053.1
<b>Net position/net assets at end of year</b>	<b>\$ 2,103.5</b>	<b>\$ 1,720.3</b>	<b>\$ 3,823.8</b>	<b>\$ 1,892.6</b>	<b>\$ 1,568.6</b>	<b>\$ 3,461.2</b>

The net position increase for the ASU Public Enterprise at June 30, 2023 of \$363 million included increases for the University and its blended component units unrestricted net position, \$159 million, net investment in capital assets, \$59 million, and restricted net position, \$145 million. The University's discretely presented component unit unrestricted net assets increased by \$17 million

while temporarily restricted and permanently restricted component unit net assets increased by \$104 million and \$31 million, respectively. Restricted net position/net assets for the ASU Public Enterprise must be spent in compliance with donor directions, and are typically restricted for use by a specific academic department or program.

End of the Year Net Position of ASU and Net Assets of ASU Component Units on a Combined Basis (Dollars in millions)						
	FY 2023			FY 2022		
	ASU	ASU Component Units	Combined	ASU	ASU Component Units	Combined
Net investment in capital assets	\$ 1,205.9		\$ 1,205.9	\$ 1,147.4		\$ 1,147.4
Unrestricted net position/net assets without donor restrictions	579.5	\$ 303.2	882.7	437.3	\$ 286.2	723.5
Restricted net position/net assets with donor restrictions:						
Expendable/Temporarily	209.0	714.4	923.4	203.2	610.3	813.5
Nonexpendable/Permanently	109.1	702.7	811.8	104.7	672.1	776.8
<b>Net position/net assets at end of year</b>	<b>\$ 2,103.5</b>	<b>\$ 1,720.3</b>	<b>\$ 3,823.8</b>	<b>\$ 1,892.6</b>	<b>\$ 1,568.6</b>	<b>\$ 3,461.2</b>

## Economic Outlook

The University, consistent with its design aspirations, continues to embrace an organizational mindset focused on relevance, perpetual innovation, outcomes and creative collaborations that promote effective solutions. Accordingly, FY 2023 was a year of significant developments for the institution, highlighted by its acceptance into the American Association of Universities (AAU), recognition as a Hispanic-Serving Institution by the U.S. Department of Education, the launch of ASU Health and its medical school, awards of significant enterprise-level and capital-intensive research projects, admittance to the Big XII conference for intercollegiate athletics, the acquisition of California College of ASU in Downtown Los Angeles and the launch of new schools at the ASU West campus. The University's acceptance as one of the 71 members of the AAU and the recognitions noted below highlight its ascendancy as one of the nation's elite research universities recognized for its academic and research strength.

In light of these changes, ongoing efforts to enhance revenue diversification remains an important component of the University's financial planning model. The University continues to aggressively pursue partnerships with worldwide education alliances and corporate partners to expand academic programming opportunities by normalizing higher education as a benefit of employment and targeting populations who have previously been underserved by the higher education community. Expansion of the University's research portfolio continues to be an area of focus as the University continues to pursue enterprise-level research projects that are cross-disciplinary in nature and require robust support infrastructure to produce research of consequential value. Public investment from the State of Arizona remains an important source of the University's diversified portfolio and included one-time capital appropriations in FY 2023 for the first time in 15 years.

Recent recognition for ASU's innovation and educational efforts from external sources include:

- #1 university in the U.S. for innovation, for the ninth year in a row; (*U.S. News and World Report*)
- #1 in the U.S. and top 10 in the world for global impact in research, outreach and stewardship, for the fourth year in a row; (*Times Higher Education*)
- #1 in the U.S. and #2 in the world for sustainable practices; (*Sustainability Tracking, Assessment & Rating System*)
- #1 public university in the U.S. chosen by international students; (*Institute of International Education*)
- #8 in the U.S. for utility patents issued to U.S. universities; (*U.S. National Academy of Inventors*)
- Top 10 in the U.S. for best online bachelor's programs; (*U.S. News and World Report*)

- Top 10 in the U.S. for NASA-funded expenditures; (*National Science Foundation*)
- Top 10 "Best Buy" of public universities; (*Fiske Guide to Colleges*)

While the University continues to make modest adjustments to its tuition model and to actively diversify its portfolio of funding sources to ensure it can scale operations, significant macroeconomic pressures remain in the U.S. higher education sector which include muted growth in enrollments, rising costs due to competitive wage growth and labor shortages and persistent inflationary pressures on all goods and services. Accumulated balances from pandemic assistance programs are expected to assist the University in the short-term to meet current funding obligations and to be a source of strategic investments for long-term financial planning. Long-term financial stability of the ASU Public Enterprise is predicated on developing innovative pathways to expand accessibility to the institution, increasing matriculation of applicants and deploying necessary infrastructure to ensure the persistence of enrolled students, of first priority among Arizona residents for all categories. Industry-wide, small regional private institutions and research centers in particular continue to experience significant financial pressures and increasingly are entering into affiliations, acquisitions or mergers with larger research-intensive academic institutions to ensure continuity of operations and delivery of service; the University continues to assess opportunities with viable partners in strategic locations around the world to continue its development as a global leader in the discovery and delivery of knowledge, while assuming fundamental responsibility for the economic, social, cultural and overall health of the communities that it serves.

## Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the university, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical facts, which address activities, events or developments that the university expects or anticipates will or may occur in the future contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions.

The university does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

# Statement of Net Position

June 30, 2023 (Dollars in thousands)

## Assets

### Current Assets:

Cash and cash equivalents (Note C)	\$	319,140
Short-term investments (Note C)		109,136
Accounts receivable, net (Note A)		386,671
Lease receivables (Note G)		4,602
Other assets		20,677

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Total Current Assets	\$	840,226
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### Noncurrent Assets:

Restricted cash and cash equivalents (Note C)	\$	248,325
Endowment investments (Note C)		420,061
Other investments (Note C)		1,004,250
Student loans receivable, net (Note A)		2,868
Lease receivables (Note G)		73,773
Other assets (Note A)		3,064
Capital assets, net (Note D)		3,798,093

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Total Noncurrent Assets	\$	5,550,434
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<b>Total Assets</b>	<b>\$</b>	<b>6,390,660</b>
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## Deferred Outflows of Resources

Interest rate swap (Note F)	\$	2,901
Unamortized loss on refunding debt		17,655
Pensions related (Note J) and other postemployment benefits (Note K)		186,541

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<b>Total Deferred Outflows of Resources</b>	<b>\$</b>	<b>207,097</b>
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## Liabilities

### Current Liabilities:

Accounts payable and accrued liabilities	\$	146,610
Compensated absences (Note H)		6,688
Unearned revenues		378,133
Funds held for others		32,070
Lease and subscription liabilities (Note G)		36,285
Current portion of long-term debt (Note E)		172,753

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Total Current Liabilities	\$	772,539
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### Noncurrent Liabilities:

Compensated absences (Note H)	\$	46,497
Other liabilities		28,935
Derivative instrument - Interest rate swap (Note F)		2,901
Net Pension (Note J) and other postemployment benefits liability (Note K)		831,945
Lease and subscription liabilities (Note G)		249,975
Long-term debt (Note E)		2,295,175

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Total Noncurrent Liabilities	\$	3,455,428
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<b>Total Liabilities</b>	<b>\$</b>	<b>4,227,967</b>
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## Deferred Inflows of Resources

Unamortized gain on refunding debt	\$	1,808
Pensions related (Note J) and other postemployment benefits (Note K)		187,067
Leases		77,428

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<b>Total Deferred Inflows of Resources</b>	<b>\$</b>	<b>266,303</b>
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## Net Position

Net investment in capital assets	\$	1,205,931
Restricted (Total of \$318,050):		
Nonexpendable:		
Student aid		91,936
Academic department uses		17,103
Expendable:		
Student aid		81,367
Academic department uses		120,088
Debt service		7,556
Unrestricted		579,506

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<b>Total Net Position</b>	<b>\$</b>	<b>2,103,487</b>
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See Notes to Financial Statements.

# Component Units Statement of Financial Position

June 30, 2023 (Dollars in thousands)

## Assets

Cash and cash equivalents	\$	65,093
Pledges receivables, net		238,428
Other receivables, net		94,578
Investments in securities		1,817,930
Other investments		71,874
Other assets		48,682
Net investment in direct financing leases		45,681
Property and equipment, net		125,691

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<b>Total Assets</b>	<b>\$</b>	<b>2,507,957</b>
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## Liabilities

Accounts payable and accrued liabilities	\$	46,076
Deferred revenue		16,425
ASU endowment trust liability		405,997
Other liabilities		61,083
Long-term debt		258,114

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<b>Total Liabilities</b>	<b>\$</b>	<b>787,695</b>
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## Net Assets

Without Donor Restrictions - Unrestricted	\$	303,248
With Donor Restrictions - Temporarily restricted		714,347
With Donor Restrictions - Permanently restricted		702,667

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<b>Total Net Assets</b>	<b>\$</b>	<b>1,720,262</b>
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See Notes to Financial Statements.

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

Year ended June 30, 2023 (Dollars in thousands)

## Operating Revenues

Student tuition and fees, net of scholarship allowances of \$603,404	\$ 1,889,421
Research grants and contracts, including \$316,402 in federal funding and \$131,547 in nongovernmental funding	472,219
Sales and services -	
Auxiliary enterprises, net of scholarship allowances of \$21,761	253,898
Educational departments	108,130
Other revenues	28,420
<b>Total Operating Revenues</b>	<b>\$ 2,752,088</b>

## Operating Expenses (Note I)

Educational and general -	
Instruction	\$ 1,208,272
Research	456,087
Public service	51,536
Academic support	458,764
Student services	218,958
Institutional support	236,475
Operation and maintenance of plant	141,919
Scholarships and fellowships	290,776
Auxiliary enterprises	245,144
Depreciation and amortization	220,984
<b>Total Operating Expenses</b>	<b>\$ 3,528,915</b>
<b>Operating Loss</b>	<b>\$ (776,827)</b>

## Nonoperating Revenues (Expenses)

State appropriations	\$ 405,040
Share of state sales tax - technology and research initiatives fund	35,663
Financial aid grants, including \$216,322 in federal funding	216,672
Grants and contracts, including \$96,990 in federal funding and \$26,098 in nongovernmental funding	130,826
Private gifts	97,428
Net investment return	60,214
Interest on debt, leases and subscriptions	(84,048)
Other revenues	4,633
<b>Net Nonoperating Revenues</b>	<b>\$ 866,428</b>
<b>Income Before Other Revenues and Gains</b>	<b>\$ 89,601</b>
Capital appropriations, including Research and University Capital Infrastructure	\$ 80,246
Capital commitments, including Arizona Lottery revenue of \$8,928	15,032
Capital private gifts	4,627
Capital grants	391
Additions to permanent endowments	6
<b>Increase in Net Position</b>	<b>\$ 189,903</b>
<b>Net Position at Beginning of Year, as restated (Note A)</b>	<b>1,913,584</b>
<b>Net Position at End of Year</b>	<b>\$ 2,103,487</b>

See Notes to Financial Statements.

# Component Units Statement of Activities

Year ended June 30, 2023 (Dollars in thousands)

	<u>With Donor Restrictions</u>			<u>Totals</u>
	<u>Without Donor Restrictions</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<b><u>Revenues</u></b>				
Contributions	\$ 22,288	\$ 216,940	\$ 27,368	\$ 266,596
Rental revenues	33,321			33,321
Sales and services	81,899	157		82,056
Net investment return	30,917	37,825	1,769	70,511
Net assets released from restrictions	156,436	(157,901)	1,465	
Grants and aid	65,962	7,176		73,138
Other revenues	31,033	241	2	31,276
Total Revenues	\$ 421,856	\$ 104,438	\$ 30,604	\$ 556,898
<b><u>Expenses</u></b>				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	\$ 132,961			\$ 132,961
Vendor payments	11,632			11,632
Scholarship fund transfers to ASU	13,934			13,934
Rent payments to ASU	9,694			9,694
Management and general	180,191			180,191
Interest expense	7,925			7,925
Depreciation/amortization	12,018			12,018
Other expenses	35,382			35,382
Total Expenses	\$ 403,737			\$ 403,737
Increase in Net Assets, before Losses	\$ 18,119	\$ 104,438	\$ 30,604	\$ 153,161
Loss on Uncollectible Pledges		(484)		(484)
Loss on Disposal of Assets	(1,082)			(1,082)
Increase in Net Assets, after Losses	\$ 17,037	\$ 103,954	\$ 30,604	\$ 151,595
Net Assets at Beginning of Year	286,211	610,393	672,063	1,568,667
<b>Net Assets at End of Year</b>	<b>\$ 303,248</b>	<b>\$ 714,347</b>	<b>\$ 702,667</b>	<b>\$ 1,720,262</b>

See Notes to Financial Statements.

# Statement of Cash Flows

Year ended June 30, 2023 (Dollars in thousands)

## Cash Flows from Operating Activities

Student tuition and fees	\$ 1,849,839
Research grants and contracts	563,757
Sales and services of auxiliary enterprises	251,194
Sales and services of educational activities	111,905
Payments for employees' salaries and benefits	(1,896,739)
Payments to vendors for supplies and services	(1,128,229)
Payments for scholarships and fellowships	(282,493)
Funds held for others received	386,907
Funds held for others disbursed	(395,207)
Other receipts	27,304
<b>Net cash used for operating activities</b>	<b>\$ (511,762)</b>

## Cash Flows from Noncapital Financing Activities

State appropriations	\$ 405,040
Share of state sales tax - technology and research initiatives fund	32,237
Grants and contracts	335,211
Private gifts for other than capital purposes	97,551
Direct lending program receipts	683,813
Direct lending program disbursements	(684,249)
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 869,603</b>

## Cash Flows from Capital and Related Financing Activities

Capital appropriations, including Research and University Capital Infrastructure	\$ 80,246
Capital commitments and Build America Bonds - federal subsidy	16,883
Capital gifts and grants	2,468
Proceeds from issuance of capital debt	209,698
Proceeds from sale of capital assets	9,995
Purchases of capital assets	(312,703)
Principal paid on capital debt, leases and subscriptions	(130,355)
Interest paid on capital debt, leases and subscriptions	(104,045)
<b>Net cash used for capital and related financing activities</b>	<b>\$ (227,813)</b>

## Cash Flows from Investing Activities

Purchases of investments, net	(184,493)
Interest received on investments	56,780
<b>Net cash used for investing activities</b>	<b>\$ (127,713)</b>

Net increase in cash and cash equivalents	2,315
Cash and cash equivalents at beginning of year, as restated (Note A)	565,150
<b>Cash and cash equivalents at end of year</b>	<b>\$ 567,465</b>

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

Operating loss	\$ (776,827)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization	220,984
Miscellaneous nonoperating income	5,758
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Net pension and other postemployment benefits liability	42,535
Deferred outflows of resources related to pensions and other postemployment benefits	77,599
Deferred inflows of resources related to pensions and other postemployment benefits	(102,313)
Receivables, net	(22,496)
Accounts payable and accrued liabilities	(56,942)
Unearned revenues	86,517
Compensated absences	4,697
Funds held for others	11,159
Other assets	(2,433)
<b>Net cash used for operating activities</b>	<b>\$ (511,762)</b>

Significant Noncash Transactions

Amortization of bond premiums and discounts	23,526
Unrealized gain on investments and endowments	16,236

See Notes to Financial Statements.

June 30, 2023

### **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 2022 enrollment of 142,636 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 M - 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.

The following new GASB Statements were effective for the current year:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, establishes criteria which (1) defines a subscription-based information technology agreement (SBITA); (2) establishes that a SBITA results in a right-of-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Additional information on the impact of this statement can be found in *Note D – Capital Assets* and *Note G – Leases and Subscription-Based Information Technology Arrangements*.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments*, establishes accounting and financial reporting standards for public-private and public-public partnerships (PPPs) and availability payments (APAs) and supersedes GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. A PPP is an arrangement in which a transferor contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which an entity compensates an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange-like transaction. The University implemented the provisions of GASB Statement No. 94 that superseded GASB Statement No. 60 and determined that the PPP provisions were immaterial to the University and did not warrant further disclosure.

# Notes to Financial Statements

## Changes in Reporting Entity

### California College of ASU

California College of ASU (CC-ASU), a California nonprofit organization, became part of the University reporting entity in May 2023 as a result of a legal change of control wherein the University became the sole corporate member of CC-ASU. For FY 2023, CC-ASU is reported as a blended component unit under the criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statements No. 14*, and included in the University's financial statements. CC-ASU primarily exists to benefit the University by coordinating with the University to create and implement programs that are compatible with ASU programs, provide license and use of CC-ASU intellectual property rights, and to build the University's profile and presence in the California market.

## Restatements of Net Position

The inclusion of CC-ASU as a blended component unit of the University and two prior-period adjustments due to immaterial misstatements in previously issued financial reports resulted in the following restatements to the University's net position reported as of June 30, 2022 (Dollars in thousands):

Net position at June 30, 2022, as previously reported	\$1,892,638
CC-ASU blending adjustments	(4,761)
TSGM prior-period adjustment	2,142
PSPRS contributions prior-period adjustment	<u>23,565</u>
Net position at July 1, 2022, as restated	\$1,913,584

The impact of blending CC-ASU resulted in a decrease to the University's net position. The TSGM (Thunderbird School of Global Management, a blended component unit of the University) prior-period adjustment was a result of correcting accumulated unearned revenues balances over multiple fiscal years. The PSPRS (Public Safety Personnel Retirement System) contributions prior-period adjustment was a result of correcting the impact of State of Arizona contributions to the PSPRS on behalf of the University that were not recorded in the prior fiscal year as revenue and deferred outflows of resources. While neither of the prior-period adjustments were material to the University's financial position, the TSGM prior-period adjustment was material to the TSGM entity and the University elected to present the PSPRS contributions as a prior-period adjustment to more accurately reflect the University's current year increase in net position.

## 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 2023, the spending rate utilized the constant growth formula which increases spending distributions by the trailing one-year inflation 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 6.5 percent for FY 2023.

Investments. Short-term, endowment, and other investments are stated at fair value at June 30, 2023. Fair value typically is the quoted market price for investments. Investment returns include realized and unrealized gains and losses on investments.

Accounts receivable. Total accounts receivable at June 30, 2023 were \$389.5 million. Included in the receivables balance are \$185.3 million related to tuition and fee payments due from students and others making payments on behalf of students. Additionally, there are \$166.4 million in receivables from grant and contract sponsors primarily for the reimbursement of allowable expenses made pursuant to the University's grants. Noncurrent accounts receivable of \$2.9 million, associated with activities of blended component units, are included in other noncurrent assets on the Statement of Net Position.

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, 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 subscription right-of-use assets and other intangible assets with a unit price of \$5,000,000 or more are subject to subscription accounting or are capitalized, respectively. Intangible right-of-use lease assets of \$500,000 or more are subject to lease accounting. 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. 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. Intangible right-of-use lease and subscription assets are amortized on a straight-line basis over the shorter of the lease/subscription term or useful life of the underlying asset. Unless the lease contains a purchase option that the University has determined is reasonably certain of being exercised - then the lease asset is amortized over the useful life of the underlying asset. For additional information, please see *Note D - Capital Assets* and *Note G - Leases and Subscription-Based Information Technology Arrangements*. 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.

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 and cultural 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.

Leases and subscription-based information technology arrangements.

#### Leases

The University, as lessee, leases real estate and equipment and determines the classification of the lease at commencement of the contract. For leases that have a maximum possible term of 12 months or less at commencement, assuming all possible lease extensions contemplated in a given lease, the University recognizes an outflow of resources based on the provisions of the contract. For all leases in excess of 12 months and that do not have mutual termination provisions, do not transfer the asset to the University at the termination of the lease, and are exchange or exchange-like transactions, the University recognizes an intangible right-of-use lease asset and a corresponding lease liability. The lease liability is measured at commencement of the lease based on the present value of the future minimum lease payments expected to be made. The lease liability is reduced by the principal portion of the payments made with a corresponding interest expense component. The intangible right-of-use lease asset is initially measured at the value of the lease liability, plus any payments made prior to lease commencement plus direct costs incurred to place the asset into service, less any incentives received prior to commencement.

Key estimates and judgements include the determination of the discount rate used to calculate the present value of the lease payments, the lease term and the lease payments. The University utilizes the rate implicit in the lease when it is readily determinable, otherwise the University employs professional judgement to determine the best estimate, generally derived from the incremental borrowing rate based on the University's most recent taxable debt issuance.

# Notes to Financial Statements

The University's threshold for lease accounting, as both the lessee and lessor, is for all leases where the present value of the minimum lease payments is \$500,000 or more for both equipment and real property.

The University, as lessor, leases real estate and equipment to third parties and determines the classification of the lease at commencement of the contract. For leases where the University is the lessor, a lease receivable and deferred inflow of resources is recognized at the inception of the lease. The lease receivable is recorded at the present value of the future payments using the stated rate in the lease or, if not readily determined, at the University's incremental borrowing rate utilizing professional judgment as described above. Over the lease term, the University recognizes revenue from interest income and the amortization of the deferred inflow of resources on a straight-line basis.

### *Subscription-based information technology arrangements*

The University's threshold for SBITA accounting, is for all subscriptions where the present value of the minimum subscription payments is \$5,000,000 or more. The University uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The University's estimated incremental borrowing rate is calculated as described above. In addition to recording an intangible subscription right-of-use asset and corresponding subscription liability, certain subscription implementation costs are included in the value of the subscription right-of-use assets and amortized over the remaining subscription term.

Net investment return. Net investment return is composed of interest, dividends, and net changes in the fair value of applicable investments associated with realized and unrealized gains and losses.

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, amortization and outstanding principal balances of debt, lease and subscription 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, strategic investments 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 regularly 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 and exchange-like transactions. Accordingly, revenues derived from tuition and auxiliary 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 and exchange-like nature of these activities (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 and amortization of 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 auxiliary 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 \$27.4 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 1 - 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.

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## 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 Bermuda Institute of Ocean Sciences, the Thunderbird School of Global Management, the ASU Athletic Facilities District and California College of ASU, 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 Statements No. 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. GASB Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*, amends the blending requirements for component units that are incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

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; (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 except for the Bermuda Institute of Ocean Sciences and California College of ASU have a fiscal year end of June 30, 2023. The Bermuda Institute of Ocean Sciences operates on a calendar year and has a fiscal year end of December 31, 2022. California College of ASU currently has a fiscal year end of March 31, 2023. 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.

# Notes to Financial Statements

## **Blended Component Units**

### **Bermuda Institute of Ocean Sciences**

The Bermuda Institute of Ocean Sciences (BIOS), a New York nonprofit corporation, is reported as a blended component unit and included in the University's financial statements. BIOS primarily exists to benefit the University by providing an Atlantic Ocean hub for research and instructional activities. The University directs the activities of BIOS through the BIOS Board of Trustees and through its integration into the operations of the ASU Julie Ann Wrigley Global Futures Laboratory. BIOS holds assets that are material to its overall financial position, primarily the BIOS campus and its research boat fleet, which are all controlled and managed by the University and used to support the University's research and academic programs.

### **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 platform for global education programming.

### **ASU Athletic Facilities District**

The ASU Athletic Facilities District (AFD), a single university athletic facilities district, is reported as a blended component unit and included in the University's financial statements. The AFD is formed pursuant to the provisions of Arizona Revised Statutes (A.R.S.) Title 48, Chapter 26 and Maricopa County Resolution No. C-20-12-017-M-00. 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.

### **California College of ASU**

California College of ASU (CC-ASU), a California nonprofit corporation, is reported as a blended component unit and included in the University's financial statements. CC-ASU is a higher education learning community that promotes creativity, innovation and growth through instruction and collaboration with programs that provide a challenging liberal arts education. CC-ASU primarily exists to collaborate with the University to create and implement programs that are compatible with ASU programs, provide license to and use of CC-ASU IP rights and to strengthen the University's profile and presence in the California market.

## **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), Arizona State University Outreach Hub, Skysong Innovations (formally known as Arizona Science and Technology Enterprises, LLC), University Realty LLC and ASUEP Holdings, LLC. In FY 2023, the ASU Enterprise Partners distributed \$118.2 million in cash donation transfers to the University.
- **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.

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. The University is able to impose its will on the entity and the University appoints the voting majority of

its board. Additionally, a fiscal dependency and financial benefit/burden exists 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 its board of directors is not substantively the same as ASU, the services it provides do not exclusively benefit the University, any outstanding debt of the entity is not expected to be repaid from University resources and the University is not the sole corporate member of the entity.

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.

## 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 \$248.3 million in capital projects and bond debt service funds, which are held in trust and invested with the bond trustee, \$319.1 million in cash and cash equivalents, and \$1,113.4 million in short-term and other investments. In addition, of the \$420.1 million in endowment funds, \$406.0 million is managed by the ASU Foundation and \$14.1 million is part of the Bermuda Institute of Ocean Sciences (BIOS), Inc. endowment. The funds managed by the ASU Foundation, an Arizona nonprofit corporation, are held in

pooled endowment funds under a service contract with the ASU Foundation and invested in the ASU Foundation Long Term Investment Pool and the Sustainable Responsible Impact Pool (Pool). As of June 30, the BIOS endowment has been invested in the ASU Foundation for half the ASU fiscal year.

The ASU Foundation is responsible for oversight establishing investment policies and management of the Pool. The endowment assets managed by the ASU Foundation 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 and hedge funds. The ASU Foundation Endowment Pool is not registered with the Securities and Exchange Commission as an investment company.

Credit Quality Rating for Debt Securities at June 30, 2023 (Dollars in thousands)							
Investment Description	Fair Value	Not Rated	Standard and Poor's				
			AAA/AAAm/AAAf	A-1+/SP-1+ AA	A-1/SP-1 A	BBB	<BB
Money market mutual funds	\$ 557,853		\$ 557,853				
Corporate bonds	439,940	\$ 5,801	1,467	\$ 6,399	\$ 184,638	\$ 239,351	\$ 2,284
Asset backed securities	101,478	21,282	73,943	5,242		1,011	
Federal agency securities	92,392			92,392			
Municipal bonds	21,336	3,049	522	11,488	6,277		
Mortgage backed securities	19,784	19,268	516				
Commercial paper	14,383	12,424		1,959			
Certificate of Deposit	2,998	500		499	1,999		
State of Arizona LGIP (Pool 5)	1,651		1,651				
<b>Total</b>	<b>\$ 1,251,815</b>	<b>\$ 62,324</b>	<b>\$ 635,952</b>	<b>\$ 117,979</b>	<b>\$ 192,914</b>	<b>\$ 240,362</b>	<b>\$ 2,284</b>

# Notes to Financial Statements

The ASU Foundation 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 Foundation and 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 M - 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 (ABOR) 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. 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.

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 endowment funds managed by the ASU Foundation are invested in an unrated external investment pool subject to the ASU Enterprise Partners investment policy. 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, 2023, the University had investments in United States Treasuries of \$377.7 million or 17.8 percent of total investments.

**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, 2023 - utilizing the weighted average maturity method (Dollars in thousands)**

Investment Description	Fair Value	Weighted Average Maturity (Years)
Money market mutual funds	\$ 557,853	0.1
Corporate bonds	439,940	3.1
Asset backed securities	101,478	3.7
Federal agency securities	92,392	22.7
Municipal bonds	21,336	2.3
Mortgage backed securities	19,784	27.6
Commercial paper	14,383	0.2
Certificate of Deposit	2,998	0.4
State of Arizona LGIP (Pool 5)	1,651	0.1
Subtotal, before U.S. Treasury securities	\$ 1,251,815	
U.S. Treasury securities	377,686	7.8
<b>Total</b>	<b>\$ 1,629,501</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 endowment funds managed by the ASU Foundation are invested in an external investment pool, 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.

**University Investments Measured at Fair Value at June 30, 2023 (Dollars in thousands)**

Investments Classified in Fair Value Hierarchy	As of 06/30/2023	Hierarchy Fair Value		
		Level 1	Level 2	Level 3
Money market mutual funds	\$ 557,853	\$ 5,627	\$ 552,226	
Corporate bonds	439,940		439,940	
U.S. Treasury securities	377,686	377,686		
Asset backed securities	101,478		101,478	
Federal agency securities	92,392	6,972	85,420	
Real estate	77,588			\$ 77,588
Municipal bonds	21,336		21,336	
Mortgage backed securities	19,784		19,784	
Commercial paper	14,383		14,383	
Certificate of Deposit	2,998		2,998	
<b>Total Investments Classified in Fair Value Hierarchy</b>	<b>\$ 1,705,438</b>	<b>\$ 390,285</b>	<b>\$ 1,237,565</b>	<b>\$ 77,588</b>
<b>Other Investments at Fair Value</b>				
State of Arizona LGIP (Pool 5)	\$ 1,651			
ASU Foundation Endowment Pool (ASU Portion)	405,997			
ASU BIOS Endowment Funds	14,065			
<b>Total Other Investments at Fair Value</b>	<b>\$ 421,713</b>			
<b>Total University Investments at Fair Value</b>	<b>\$ 2,127,151</b>			

# Notes to Financial Statements

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.

## Note D - Capital Assets

Construction in progress additions represent expenses for approved projects net of capital assets placed in service. It is estimated \$424.9 million in additional expenses will

be required to complete the approved projects under construction at June 30, 2023. Construction in progress encumbrances committed through purchase orders at June 30, 2023, totaled \$170.9 million.

Capital asset activity for the year ended June 30, 2023 follows:

<b>Capital asset activity for the year ended June 30, 2023 (Dollars in thousands)</b>				
	<b>Balance 07/1/2022 (as restated)</b>	<b>Additions/ Increases</b>	<b>Retirements/ Decreases</b>	<b>Balance 06/30/2023</b>
<b>Non-depreciated capital assets</b>				
Land and land improvements	\$ 138,080	\$ 11,517	\$ (1,020)	\$ 148,577
Construction in progress:				
Buildings	175,446	174,189	(170,000)	179,635
Works of art and historical treasures	28,163	670		28,833
Total non-depreciated capital assets	\$ 341,689	\$ 186,376	\$ (171,020)	\$ 357,045
<b>Depreciable capital assets</b>				
Infrastructure	\$ 287,714	\$ 24,978	\$ (10)	\$ 312,682
Buildings	4,062,866	219,771	(7,747)	4,274,890
Equipment	605,505	57,584	(16,997)	646,092
Library books	138,815	12,837	(11,535)	140,117
Intangible capital assets:				
Intellectual property	2,730			2,730
Software	49,454		(369)	49,085
Total depreciable capital assets	5,147,084	315,170	(36,658)	5,425,596
Less accumulated depreciation				
Infrastructure	(85,652)	(7,452)	5	(93,099)
Buildings	(1,482,516)	(119,986)	4,310	(1,598,192)
Equipment	(429,157)	(36,586)	15,856	(449,887)
Library books	(75,313)	(12,320)	11,535	(76,098)
Intangible capital assets:				
Intellectual property	(1,560)	(390)		(1,950)
Software	(39,917)	(3,166)	364	(42,719)
Total accumulated depreciation	(2,114,115)	(179,900)	32,070	(2,261,945)
Depreciated capital assets, net	\$ 3,032,969	\$ 135,270	\$ (4,588)	\$ 3,163,651
<b>Capital assets, net</b>	<b>\$ 3,374,658</b>	<b>\$ 321,646</b>	<b>\$ (175,608)</b>	<b>\$ 3,520,696</b>
<b>Intangible right-of-use lease assets, net (Note G)</b>				<b>\$ 212,992</b>
<b>Intangible right-of-use subscription assets, net (Note G)</b>				<b>\$ 64,405</b>
<b>Total capital assets, net as reported in Statement of Net Position</b>				<b>\$ 3,798,093</b>

## Note E - Long-Term Debt

As of June 30, 2023 the University had issued a combination of fixed and variable rate bonds, fixed rate certificates of participation (COPs), direct placements and

financed purchases, of which \$2.5 billion is outstanding. The University's long-term obligations generally are structured with semi-annual interest payments and call options at a prescribed date.

Bonds Payable, Certificates of Participation and Financed Purchases at June 30, 2023 (Dollars in thousands)							
	Average Interest Rate	Final Maturity	Balance 07/01/2022	Additions	Reductions	Balance 06/30/2023	Current Portion
<b>Bonds:</b>							
2008A/B Variable Rate Demand System Refunding Bonds	4.07%	07/01/34	\$ 69,020		\$ (3,900)	\$ 65,120	\$ 65,120
2010A/B System Revenue Bonds	5.99% <sup>1</sup>	07/01/39	137,005		(5,395)	131,610	5,585
2012A/B System Revenue and Refunding Bonds	3.64%	07/01/28	11,745		(8,995)	2,750	420
2013A/B System Revenue and Refunding Bonds	3.47%	07/01/25	7,420		(2,835)	4,585	1,595
2014 SPEED Revenue Bonds	3.72%	08/01/44	61,855		(3,075)	58,780	3,225
2015A/B/C System Revenue and Refunding Bonds	3.34%	07/01/46	298,340		(17,145)	281,195	18,040
2015D System Revenue Bonds	3.67%	07/01/46	96,935		(2,805)	94,130	2,950
2016A System Revenue Refunding Bonds	2.29%	07/01/31	33,325		(5,230)	28,095	5,495
2016B/C System Revenue Bonds	3.25%	07/01/47	212,510		(5,030)	207,480	5,285
2017A/B/C System Revenue and Refunding Bonds	3.38%	07/01/43	184,455		(2,120)	182,335	4,940
2019A/B System Revenue Bonds	3.32%	07/01/49	191,085		(2,310)	188,775	2,680
2020A/B/C Bonds	2.84%	07/01/50	183,575		(1,355)	182,220	1,400
2021A/B/C Revenue and Refunding Bonds	2.43%	07/01/53	283,255		(2,590)	280,665	10,725
2021 SPEED Refunding Bonds	0.96%	08/01/31	36,870		(3,145)	33,725	3,310
2022A/B/C System Revenue Bonds	3.69%	07/01/53	172,180			172,180	490
2023A/B/C System Revenue Bonds	3.96%	07/01/53		\$ 189,400		189,400	
<b>Subtotal: Par Amount of Bonds</b>			<b>\$ 1,979,575</b>	<b>\$ 189,400</b>	<b>\$ (65,930)</b>	<b>\$ 2,103,045</b>	<b>\$ 131,260</b>
<b>Certificates of Participation:</b>							
2006 Certificates of Participation	4.53%	06/01/31	7,650		(710)	6,940	745
2011A Mercado Refunding Certificates of Participation	4.27%	07/01/24	2,330		(740)	1,590	775
2013A/B Refunding Certificates of Participation	3.09%	09/01/26	36,845		(8,820)	28,025	9,275
<b>Subtotal: Par Amount of COPs</b>			<b>\$ 46,825</b>		<b>\$ (10,270)</b>	<b>\$ 36,555</b>	<b>\$ 10,795</b>
<b>Direct Placements:</b>							
2014A/B Refunding Certificates of Participation	3.04%	09/01/30	59,390		(185)	59,205	190
2017 Refunding Certificates of Participation	1.87%	07/01/26	17,740		(3,415)	14,325	3,480
<b>Subtotal: Par Amount of Direct Placements</b>			<b>\$ 77,130</b>		<b>\$ (3,600)</b>	<b>\$ 73,530</b>	<b>\$ 3,670</b>
<b>Financed Purchases:</b>							
Fulton Center	2.45%	06/15/34	16,905		(1,130)	15,775	1,175
Flexible Display Center	3.25%	03/01/34	22,297		(1,604)	20,693	1,658
Hassayampa Academic Village	3.24%	06/10/39	9,477		(264)	9,213	292
Nursing and Health Innovation	4.84%	01/01/36	8,115		(445)	7,670	580
<b>Subtotal: Financed Purchases</b>			<b>\$ 56,794</b>		<b>\$ (3,443)</b>	<b>\$ 53,351</b>	<b>\$ 3,705</b>
<b>Total Par Amount of Bonds, COPs and Financed Purchases</b>			<b>\$ 2,160,324</b>	<b>\$ 189,400</b>	<b>\$ (83,243)</b>	<b>\$ 2,266,481</b>	<b>\$ 149,430</b>
Premium/(Discount) on Sale of Bonds and COPs			205,176	19,798	(23,527)	201,447	23,323
<b>Total Bonds Payable/COPs/Financed Purchases</b>			<b>\$ 2,365,500</b>	<b>\$ 209,198</b>	<b>\$ (106,770)</b>	<b>\$ 2,467,928</b>	<b>\$ 172,753</b>

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

# Notes to Financial Statements

## **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, 2023. These related system revenue bonds are primarily for new academic and research facilities, academic and laboratory renovations, and technology 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, 2023, pledged revenues totaled \$2.39 billion of which 6.1 percent (\$146.7 million, net of federal direct payments) was required to cover current year debt service.

In May 2023, the University issued \$189.4 million of system revenue bonds, Series 2023A, B, and C, with an average maturity of 15.3 years and an average interest rate of 3.96 percent. The bonds were issued to fund the construction and improvements to the Mill Avenue Parking Structure, IT Infrastructure, Research Lab Renovations, Classroom and Academic Renovations, a new Classroom Office Building and the Tempe Campus Academic and Office Space project.

## **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 \$65.1 million with final maturities of July 1, 2034. The interest rate in effect on June 30, 2023 was 4.05 percent for the Series 2008A bonds and 4.10 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.

## **Financed Purchases**

In October 2003, the University entered into a 30-year financed purchase 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 occupy four floors of office space in the Fulton Center and the related parking structure. In April 2004, the University entered into a 30-year financed purchase agreement with Nanotechnology Research, LLC, an Arizona limited liability company, whose sole member is Arizona Capital Facilities Finance Corporation (ACFFC), for the Flexible Display Center located at the ASU Research Park. In December 2017, ASU Nanotechnology LLC refunded the 2009 Refunding Bonds for savings. The issuance of the refunding bonds resulted in a \$2.9 million reduction in the University's future payments. In July 2005, the University entered into a 34-year financed purchase agreement with McAllister Academic Village, LLC, an Arizona limited liability company, whose sole member is ACFFC, to utilize the nonresidential portion of the McAllister Academic Village (MAV), which 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 maintaining the nonresidential portion of the facility. In November 2008, the University committed to an intergovernmental agreement 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 August 2020, the

City of Phoenix refunded the 2011 bonds for savings. The issuance of the refunding bonds resulted in a \$2.8 million reduction in the University's future payments. Buildings under financed purchases are as follows:

<b>Financed purchases book value as of June 30, 2023 (Dollars in thousands)</b>			
	<b>Book Value</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Fulton Center	\$ 29,551	\$ (14,303)	\$ 15,248
Flexible Display Center	37,314	(17,639)	19,675
Hassayampa Academic Village	12,451	(5,166)	7,285
Nursing and Health Innovation	11,788	(3,874)	7,914

### **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, 2053 total \$3.2 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.

The Taxable Series 2010A System 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 2023, ASU recorded Federal Direct Payments totaling \$2.7 million, net of a \$0.2 million or 5.7 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, 2023 totaled \$114.3 million and \$4.4 million, respectively. Payment commitments to investors, including interest, for bonds, COPs and other lease obligations, using the interest rate in effect at June 30, 2023 for variable rate issues, are shown below:

<b>Funding responsibility for the June 30, 2023 outstanding debt and financed purchases (Dollars in thousands)</b>			
	<b>Current Portion</b>	<b>Noncurrent Portion</b>	<b>Total</b>
From Arizona State University operating revenues	\$ 144,435	\$ 1,871,739	\$ 2,016,174
From State of Arizona appropriations and other State monies	28,318	423,436	451,754
<b>Total</b>	<b>\$ 172,753</b>	<b>\$ 2,295,175</b>	<b>\$ 2,467,928</b>

<b>Bonds Payable, Certificates of Participation and Financed Purchases at June 30, 2023 (Dollars in thousands)</b>										
<b>FY</b>	<b>System and SPEED Revenue Bonds</b>				<b>Certificates of Participation</b>		<b>Direct Placements</b>		<b>Financed Purchases</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Net Payments on Swap Agreement</b>	<b>Federal Direct Payments</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	70,235	96,706	(60)	(2,587)	10,795	1,360	3,670	1,980	3,705	1,645
2025	83,975	91,733	(56)	(2,479)	11,335	806	3,740	1,908	3,868	1,543
2026	88,260	87,832	(51)	(2,366)	5,200	507	9,610	1,689	4,011	1,435
2027	95,445	83,518	(47)	(2,239)	5,455	243	9,855	1,435	4,141	1,322
2028	93,760	79,140	(42)	(2,106)	885	166	11,145	1,125	4,306	1,204
2029-2033	455,435	330,460	(127)	(8,615)	2,885	253	35,510	1,269	23,610	4,031
2034-2038	452,070	220,193	(7)	(4,306)					8,903	989
2039-2043	446,915	111,809		(231)					807	40
2044-2048	242,840	31,416								
2049-2053	65,190	5,794								
2054	8,920									
<b>Total</b>	<b>\$ 2,103,045</b>	<b>\$1,138,601</b>	<b>\$ (390)</b>	<b>\$ (24,929)</b>	<b>\$ 36,555</b>	<b>\$ 3,335</b>	<b>\$ 73,530</b>	<b>\$ 9,406</b>	<b>\$ 53,351</b>	<b>\$ 12,209</b>

# Notes to Financial Statements

## Subsequent Events

The Board, on behalf of the University, presently plans to issue approximately \$207.0 million in principal amount of additional parity bonds for additional capital

projects prior to calendar year end 2024. The Board also currently anticipates that approximately \$103.6 million of subordinate obligations will be issued for additional capital projects prior to calendar year end 2024.

## 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 \$64.8 million notional amount at June 30, 2023 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, 2023 was 4.01 percent. At June 30, 2023, 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	(4.01)
Net interest rate swap payments		(0.10)
Variable rate bond coupon payments	Spread to SIFMA	4.07
Synthetic fixed interest rate on bonds		3.97

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, 2023, 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 Aa1 by Moody's Investor Services as of July 1, 2023.

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, 2023, the swap had a fair value of \$(2.9) million, which represents the cost to the University to terminate the swap. The June 30, 2022 fair value was \$(5.8) 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 - Leases and Subscription-Based Information Technology Arrangements

### University as Lessee

The University has entered into leases with various entities for equipment, classroom, office, research and student housing and activity space. The following leases constitute significant right-of-use lease assets and corresponding lease liabilities for the University:

**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 Reality, 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 a 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. The University has since entered into multiple leases for additional space within the SkySong development for an additional 72,212 square feet of office space for similar uses.

**Herald Examiner Building.** In August 2018, the University entered into a 12 year lease for 85,118 square feet of office space known as Herald Examiner Building located in Downtown Los Angeles to create the ASU California Center. The century-old former newspaper headquarters provides 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 serves as a global center for interdisciplinary research, discovery and development. The University portion of the facility houses academic research and clinical space.

**Ascentris-224.** 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 utilizes the property for general office, administrative and educational purposes including classrooms and collaborative spaces.

**ASU Barrett and O'Connor Washington Center.** In December 2014, the University entered into a 20 year lease for a multi-use office building in Washington, D.C. The center expands ASU's presence in the nation's capital, spurring innovative national engagements and partnerships and provides one-of-a-kind learning, teaching and research opportunities for students and faculty members.

Intangible right-of-use lease assets activity for the year ended June 2023 is summarized as follows:

Intangible right-of-use lease assets for the year ended June 30, 2023 (Dollars in thousands)					
	Balance 07/1/2022	Additions	Remeasure- ments	Deductions	Balance 06/30/2023
Right-of-use lease assets					
Buildings	\$ 271,725	\$ 1,310	\$ 2,465		\$ 275,500
Equipment	2,790				2,790
Total right-of-use lease assets	\$ 274,515	\$ 1,310	\$ 2,465		\$ 278,290
Less accumulated amortization					
Buildings	\$ (37,755)	\$ (26,148)			\$ (63,903)
Equipment	(697)	(698)			(1,395)
Total accumulated amortization	\$ (38,452)	\$ (26,846)			\$ (65,298)
<b>Total intangible right-of-use lease assets, net</b>	<b>\$ 236,063</b>	<b>\$ (25,536)</b>	<b>\$ 2,465</b>		<b>\$ 212,992</b>

# Notes to Financial Statements

Lease liability activity for the year ended June 30, 2023 is summarized as follows:

Lease Liabilities at June 30, 2023 (Dollars in thousands)						
	Balance 07/1/2022	Additions	Remeasure- ments	Deductions	Balance 06/30/2023	Current Portion
<b>Total</b>	\$ 241,580	\$ 1,310	\$ 2,459	\$ (22,719)	\$ 222,630	\$ 23,538

Future annual lease payments are as follows:

Future Annual Lease Payments at June 30, 2023 (Dollars in thousands)			
Year ending June 30:	Principal	Interest	Total
2024	\$ 23,538	\$ 5,001	\$ 28,539
2025	24,018	4,485	28,503
2026	23,870	3,962	27,832
2027	20,646	3,439	24,085
2028	20,222	2,996	23,218
2029-2033	85,498	8,108	93,606
2034-2038	18,241	1,041	19,282
2039-2043	739	477	1,216
2044-2048	775	547	1,322
2049-2053	609	627	1,236
2054-2058	401	764	1,165
2059-2063	388	930	1,318
2064-2068	376	1,115	1,491
2069-2073	364	1,323	1,687
2074-2078	353	1,556	1,909
2079-2083	341	1,819	2,160
2084-2088	331	2,112	2,443
2089-2093	320	2,445	2,765
2094-2098	310	2,818	3,128
2099-2103	300	3,239	3,539
2104-2108	291	3,713	4,004
2109-2113	281	4,249	4,530
2114-2118	272	4,853	5,125
2119-2121	146	2,952	3,098
<b>Total</b>	<b>\$ 222,630</b>	<b>\$ 64,571</b>	<b>\$ 287,201</b>

## University as Lessor

The University is lessor for various noncancellable leases of real estate and equipment. Lease-related receivables and revenue recognized for the year ended June 30, 2023 are as follows:

Lease-related receivables and revenue recognized for the year ended June 30, 2023 (Dollars in thousands)	
Current lease receivables	\$ 4,602
Noncurrent lease receivables	73,773
Lease revenue	\$ 4,210
Interest revenue	402



## Subscription-Based Information Technology Arrangements

The University has entered into subscription arrangements with various entities for its use of information technology assets. The following subscription arrangements constitute significant right-of-use subscription assets with corresponding subscription liabilities for the University:

Workday FMS. In January 2016, the University entered into a five year master subscription agreement with Workday to host and update its financial management system. The subscription arrangement term is January 2021 through January 2026. Workday FMS is the University's general ledger, procurement, grants, capital projects management and budget planning systems.

Workday HCM. In January 2021, the University entered into a ten year master subscription arrangement

with Workday to host and update its human capital management system. Workday HCM is the University's core human capital management, recruiting, workforce planning, time tracking, scheduling and employee learning systems. The subscription agreement term is November 2022 through November 2032.

Amazon Web Services. In November 2021, the University entered into a five year arrangement with Amazon Web Services (AWS) to utilize AWS cloud computing, data storage, analytics, and security services. The subscription agreement term is December 2021 through November 2026.

Zoom. In January 2022, the University entered into a five year agreement with Zoom as its preferred virtual communications partner and platform. The subscription arrangement term is January 2022 through August 2027.

Intangible subscription right-of-use assets activity for the year ended June 2023 is summarized as follows:

<b>Intangible subscription right-of-use assets for the year ended June 30, 2023 (Dollars in thousands)</b>					
	<b>Balance 07/1/2022 (as restated)</b>	<b>Additions</b>	<b>Remeasure- ments</b>	<b>Deductions</b>	<b>Balance 06/30/2023</b>
Subscription assets	\$ 73,063	\$ 5,580			\$ 78,643
Total subscription assets	\$ 73,063	\$ 5,580			\$ 78,643
Less accumulated amortization					
Subscription assets		\$ (14,238)			\$ (14,238)
Total accumulated amortization		\$ (14,238)			\$ (14,238)
<b>Total subscription right-of-use assets, net</b>	<b>\$ 73,063</b>	<b>\$ (8,658)</b>			<b>\$ 64,405</b>

Subscription liabilities activity for the year ended June 30, 2023 is summarized as follows:

<b>Subscription Liabilities at June 30, 2023 (Dollars in thousands)</b>						
	<b>Balance 07/1/2022 (as restated)</b>	<b>Additions</b>	<b>Remeasure- ments</b>	<b>Deductions</b>	<b>Balance 06/30/2023</b>	<b>Current Portion</b>
<b>Total</b>	<b>\$ 73,063</b>			<b>\$ (9,433)</b>	<b>\$ 63,630</b>	<b>\$ 12,747</b>

Due to the implementation of GASB Statement No. 96 for subscription-based information technology arrangements, the University's beginning intangible subscription right-of-use assets and subscription liabilities balances were restated from FY 2022. There was no impact to net position.

The following schedule details minimum subscription payments to maturity for the University's subscription liabilities at June 30, 2023:

<b>Future Annual Subscription Payments at June 30, 2023 (Dollars in thousands)</b>			
<b>Year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 12,747	\$ 2,895	\$ 15,642
2025	11,166	2,325	13,491
2026	11,144	1,825	12,969
2027	5,911	1,324	7,235
2028	3,936	1,054	4,990
2029-2033	18,726	2,249	20,975
<b>Total</b>	<b>\$ 63,630</b>	<b>\$ 11,672</b>	<b>\$ 75,302</b>

# Notes to Financial Statements

## 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, 2023 consisted of the following (Dollars in thousands):

Beginning Balance	\$ 48,488
Additions	70,464
Reductions	(65,767)
Ending Balance	\$ 53,185
Current Portion	\$ 6,688

## Note I - Operating Expenses by Natural Classification

Operating expenses by functional and natural classification for the year ended June 30, 2023, are summarized as follows (Dollars in thousands):

	Year ended June 30, 2023				
	Personal Services and Benefits	Supplies and Services	Student Aid	Depreciation	Total
Instruction	\$ 864,094	\$ 344,178			\$ 1,208,272
Research	272,312	183,775			456,087
Public service	30,166	21,370			51,536
Academic support	310,851	147,913			458,764
Student services	142,150	76,808			218,958
Institutional support	148,268	88,207			236,475
Operation and maintenance of plant	31,428	110,491			141,919
Scholarships and fellowships			\$ 290,776		290,776
Auxiliary enterprises	99,072	146,072			245,144
Depreciation				\$ 220,984	220,984
<b>Total Operating Expenses</b>	<b>\$ 1,898,341</b>	<b>\$ 1,118,814</b>	<b>\$ 290,776</b>	<b>\$ 220,984</b>	<b>\$ 3,528,915</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 53. 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, 2023, 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, 2023, was comprised of the following (Dollars in thousands):

ASRS	\$ 620,853
PSPRS	1,888
Defined contribution pension plans	30,464
Total net pension liability	\$ 653,205

Changes in the University's net pension liability during the fiscal year ended June 30, 2023, were as follows (Dollars in thousands):

Beginning balance (as restated)*	\$ 538,712
Increases	294,573
Decreases	(180,080)
Ending balance	\$ 653,205

\*See Note A - Basis of Presentation and Significant Accounting Policies

**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 earnings. 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 shown below.

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, 2023, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.03 percent of the members’ annual covered payroll, and the University was required by statute to contribute at the actuarially determined rate of 11.92 percent of the active members’ annual covered payroll. In addition, the University was required by statute to contribute at the actuarially determined rate of 9.62 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, 2023, were \$60.6 million.

Pension Liability. At June 30, 2023, the University reported a liability of \$620.9 million for its proportionate share of the ASRS’ net pension liability. The net pension liability (NPL) was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.

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, 2022. The University’s proportion measured as of June 30, 2022 was 3.804 percent which was a decrease of 0.094 from its proportion measured as of June 30, 2021.

	<b>Retirement Initial Membership Date</b>	
	<b>Before July 1, 2011</b>	<b>On or after July 1, 2011</b>
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

# Notes to Financial Statements

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2023, the University recognized pension expense for ASRS of \$69.3 million. At June 30, 2023, 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	\$ 5,290	
Changes of actuarial assumptions or other inputs	30,814	
Changes in proportion and differences between University contributions and proportionate share of contributions	3,587	\$ 9,548
Net difference between projected and actual earnings on pension plan investments		16,354
University contributions subsequent to the measurement date	60,578	
<b>Total</b>	<b>\$ 100,269</b>	<b>\$ 25,902</b>

The \$60.6 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 ending June 30, 2024. 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,	
2024	\$ 27,970
2025	(11,961)
2026	(28,394)
2027	26,174

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9% - 8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 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. 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%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	(0.20%)
Real estate	20%	6.00%
<b>Total</b>	<b>100%</b>	

Discount Rate. At June 30, 2022, the discount rate used to measure the ASRS total pension liability was 7.0 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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate (Dollars in thousands):

	<b>University's proportionate share of the NPL</b>
1% decrease (6.0%)	\$ 916,050
Current discount rate (7.0%)	620,853
1% increase (8.0%)	374,705

**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 \$1.3 million for outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2023.

**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, 2023, 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, 2023, 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, 2023, the University reported a liability of \$30.5 million, of which \$29.9 million 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, 2023, the University recognized pension expense for Defined Contribution Plans of \$39.7 million, which excludes \$2.0 million in forfeitures.

**Pension Contributions Payable.** The University's accrued payroll and employee benefits included \$0.6 million of outstanding pension contribution amounts payable to TIAA and Fidelity for the year ended June 30, 2023.

**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 asset and PSPRS net OPEB asset have been recorded at June 30, 2023, 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, 2023, was \$178.7 million. Changes in the University's net OPEB liability during the fiscal year ended June 30, 2023, were as follows (Dollars in thousands):

Beginning balance	\$ 225,272
Increases	32,676
Decreases	(79,208)
Ending balance	\$ 178,740

**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

# Notes to Financial Statements

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, 2023, the University reported a liability of \$200.3 million for its proportionate share of the ADOA total OPEB liability. The total OPEB liability was measured as of June 30, 2022 and was determined using an actuarial valuation as of June 30, 2021. 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, 2022.

The total OPEB liability as of June 30, 2022 reflects the following changes in benefit terms and actuarial assumptions:

- The discount rate increased to 3.69 percent, up from 1.92 percent, due to changes in the tax-exempt municipal bond index rate.

The University's proportion measured as of June 30, 2021 was 20.38 percent.

## OPEB Expense and Deferred Outflow/Inflows of Resources.

For the year ended June 30, 2023, the University recognized ADOA OPEB expense of \$19.4 million. At June 30, 2023, 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	\$ 5,507	
Changes of assumptions or other inputs	46,506	\$ 72,897
Difference between expected and actual experience in the Total OPEB Liability	24,823	74,389
<b>Total</b>	<b>\$ 76,836</b>	<b>\$ 147,286</b>

The \$5.5 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 ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ADOA OPEB will be recognized in pension expense as follows (Dollars in thousands):

Year ending June 30,	
2024	\$ (10,248)
2025	(7,014)
2026	(4,180)
2027	(11,189)
2028	(18,568)
Thereafter	(24,758)

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, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

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

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry-Age Normal
Projected salary increases	2.90% - 8.40% varying by years of service
Healthcare cost trend rates:	
Medical (pre-Medicare)	7.00% graded to 4.15%
Medical (post-Medicare)	5.30% graded to 4.15%
Administrative costs	None
Discount rate	3.69%
Mortality rates:	Level dollar, open
Employees	Pub-2010 General Employee Mortality Table projected generationally from 2017 utilizing Ultimate MP scales
Healthy retirees and spouses	2017 State Retirees of Arizona Mortality Tables projected generationally from 2017
Disabled retirees	Pub-2010 Disabled Retiree Mortality Tables projected generationally from 2017 utilizing Ultimate MP scales

Discount Rate. The discount rate used to measure the total OPEB liability was 3.69 percent which was set based on the Fidelity "20-Year Municipal GO (General Obligation) AA 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 3.69 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 (2.69 percent) or 1 percentage point higher (4.69 percent) than the current rate (Dollars in thousands):

	University's proportionate share of the total OPEB liability
1% decrease (2.69%)	\$ 235,509
Current discount rate (3.69%)	200,271
1% increase (4.69%)	172,352

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	\$ 166,142
Current rate trends	200,271
1% increase in trend rates	244,817

**Note L - 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 *Annual Comprehensive Financial Report*.

# Notes to Financial Statements

## Note M - 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. 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 0.6 percent to 6.0 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 0.6 percent to 5.1 percent for the year ended June 30, 2023.

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, 2023, net unconditional pledges receivable from these members included approximately \$761 thousand. The ASUEP had conditional pledges receivable totaling \$208.4 million at June 30, 2023; none are included in pledges receivable. Conditional pledges receivable are recorded when the conditions are substantially met.

### 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

#### Pledges receivable consist of (Dollars in thousands)

	ASU Enterprise Partners	Sun Angel Foundation	Total
Gross pledges receivable	\$ 276,994	\$ 24,705	\$ 301,699
Present value discount	(21,470)	(590)	(22,060)
Allowance for uncollectible pledges	(38,321)	(2,890)	(41,211)
<b>Net pledges receivable</b>	<b>\$ 217,203</b>	<b>\$ 21,225</b>	<b>\$ 238,428</b>

**Gross pledges are receivable as follows (Dollars in thousands)**

	ASU Enterprise Partners	Sun Angel Foundation	Total
Receivable in one year	\$ 90,600	\$ 12,103	\$ 102,703
Receivable in two to five years	118,041	11,377	129,418
Receivable after five years	68,353	1,225	69,578
<b>Total gross pledges to be received</b>	<b>\$ 276,994</b>	<b>\$ 24,705</b>	<b>\$ 301,699</b>

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 Accounting Standards Codification sections 32X, *Investments* and 820, *Fair Value Measurement*. 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 (6.5 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.

**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, 2023 is \$16.0 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.

# 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	\$ 21,924	\$ 17,707		\$ 39,631
Global equities	578,133			578,133
Global fixed income	322,916			322,916
Diversifying strategies	226,059			226,059
Real assets	132,373			132,373
Private capital	496,790			496,790
Other securities			\$ 22,028	22,028
Other investments	71,874			71,874
<b>Total investments</b>	<b>\$ 1,850,069</b>	<b>\$ 17,707</b>	<b>\$ 22,028</b>	<b>\$ 1,889,804</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	\$ 16,317	\$ 430,790		\$ 131,026
Global fixed income	78,041	221,378	\$ 4,390	19,107
Diversifying strategies	161,675	4,312	3,000	57,072
Real assets	91	2,859		129,423
Private capital		577		496,213
Cash and cash equivalents		21,924		
Total investments at fair value	\$ 256,124	\$ 681,840	\$ 7,390	\$ 832,841
Charitable trust receivable				728
Land and buildings held for investment				71,874
Assets with limited use		9,490		
Assets held under split-interest agreements		9,386		
Total assets at fair value	\$ 256,124	\$ 700,716	\$ 7,390	\$ 905,443
<b>Liabilities at fair value (recurring basis)</b>				
Assets held for other entities				\$ 442,040
Unrealized swap liability			\$ 2,083	
Total liabilities at fair value			\$ 2,083	\$ 442,040

The University will make lease payments at times in amounts sufficient to pay all principal and interest on the Series 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 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 \$20.7 million at June 30, 2023.

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 2016 Bonds. Lease payments are based on the fixed interest rates determined by the Hassayampa 2016 Bonds maturity schedules. ACFFC's net investment in the McAllister (HAV) direct financing lease is \$9.2 million at June 30, 2023.

### **Contingent Agreements**

The University entered into a contingent funding 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 \$11.2 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 \$1.9 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. Included in the ASUEP's endowment are the investment assets of the ASU Trust, the Bermuda Institute of Ocean Sciences (BIOS), a blended component unit, and the ASU Alumni Association (Alumni), a discretely-presented component unit, held and maintained under separate investment services agreements. ASUEP has recorded a liability at fair value to the ASU Trust, BIOS and Alumni endowment investments.

ASUEP endowment is invested in the Long Term Investment Pool (LTIP) and the Sustainable Responsible Impact Pool (SRIP). ASUEP investment policies for the LTIP and SRIP are reviewed periodically. The long-term financial objectives of the pools 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 pools 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		\$ 154,096	\$ 651,503	\$ 805,599
Quasi-endowments		124,586		124,586
Board-designated endowments	\$ 64,700			64,700
<b>Total funds</b>	<b>\$ 64,700</b>	<b>\$ 278,682</b>	<b>\$ 651,503</b>	<b>\$ 994,885</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, 2022, as restated	\$ 51,150	\$ 582,651	\$ 708,092	\$ 1,341,893
Contributions and other additions	22,000	6,298	47,373	75,671
Investment return:				
Interest and dividends		25,732	372	26,104
Net realized and unrealized gains	(8,450)	28,309	2,121	21,980
Changes in assets due to other entities				
Total investment return	(8,450)	54,041	2,493	48,084
Appropriation for expenditure		(43,369)	(723)	(44,092)
Reclassification of donor intent		12,610	2,314	14,924
Liability due to other entities		(333,549)	(108,046)	(441,595)
<b>Endowment net assets, June 30, 2023</b>	<b>\$ 64,700</b>	<b>\$ 278,682</b>	<b>\$ 651,503</b>	<b>\$ 994,885</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	\$ 19,153	\$ 196,723	\$ 387	\$ 216,263
Furniture, fixtures, and equipment	7,401	79,378	1,379	88,158
Leasehold improvements			17,371	17,371
Software			20,098	20,098
Total cost or donated value	26,554	276,101	39,235	341,890
Accumulated depreciation	(13,974)	(181,718)	(20,507)	(216,199)
<b>Net property and equipment</b>	<b>\$ 12,580</b>	<b>\$ 94,383</b>	<b>\$ 18,728</b>	<b>\$ 125,691</b>

**Bonds and Obligations under Direct Financing Leases**

<b>Bonds payable consist of (Dollars in thousands)</b>				
	<b>Final Maturity</b>	<b>ASU Enterprise Partners</b>	<b>ACFFC</b>	<b>Total</b>
Series 2018 Tax-Exempt Revenue Bonds (Sun Devil Energy Center)	2038		\$ 20,030	\$ 20,030
Series 2017 Tax-Exempt Lease Revenue Refunding Bonds (Nanotechnology Research)	2034		21,240	21,240
Series 2017 Tax-Exempt Lease Revenue Refunding Bonds (ASU Energy Center)	2028		6,940	6,940
Series 2016 Tax-Exempt Revenue Refunding Bonds (Hassayampa Academic Village)	2039		110,585	110,585
Series 2014A Tax-Exempt Lease Revenue Bonds (DC Project)	2035	\$ 26,335		26,335
Series 2014A Revenue Refunding Bonds (Fulton)	2034	28,590		28,590
Series 2009 Revenue Bonds (Energy Management Services)	2024		7,615	7,615
Series 2008 Variable Rate Demand Revenue Refunding Bonds (Sun Devil Energy Center)	2030		21,150	21,150
Series 2004A Variable Rate Revenue Bonds (Brickyard)	2034	21,525		21,525
Unamortized loan costs			(1,474)	(1,474)
Deferred Cost of Refunding			(12,176)	(12,176)
Unamortized bond premium (discount)		(896)	8,650	7,754
		<b>\$ 75,554</b>	<b>\$ 182,560</b>	<b>\$ 258,114</b>

The following schedule reflects future principal payment commitments to investors:

<b>Future principal commitments consist of (Dollars in thousands)</b>				
<b>Year Ending June 30,</b>	<b>ASU Enterprise Partners</b>	<b>ACFFC</b>	<b>Total</b>	
2024	\$ 4,800	\$ 12,720	\$ 17,520	
2025	5,010	13,420	18,430	
2026	5,225	10,110	15,335	
2027	5,470	10,715	16,185	
2028	5,700	11,350	17,050	
Thereafter	49,349	124,245	173,594	
	<b>\$ 75,554</b>	<b>\$ 182,560</b>	<b>\$ 258,114</b>	

# 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:

Component Units Statement of Financial Position June 30, 2023 (Dollars in thousands)				
	ASU Enterprise Partners	ACFFC	Nonmajor Component Units	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 19,936	\$ 4,317	\$ 40,840	\$ 65,093
Pledges receivables, net	217,203		21,225	238,428
Other receivables, net	8,120	333	86,125	94,578
Investments in securities	1,778,195	17,707	22,028	1,817,930
Other investments	71,874			71,874
Other assets	31,168	8	17,506	48,682
Net investment in direct financing leases	15,775	29,906		45,681
Property and equipment, net	12,580	94,383	18,728	125,691
Total Assets	\$ 2,154,851	\$ 146,654	\$ 206,452	\$ 2,507,957
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 25,803	\$ 8,759	\$ 11,514	\$ 46,076
Deferred revenue			16,425	16,425
ASU endowment trust liability	405,997			405,997
Other liabilities	43,274		17,809	61,083
Long-term debt	75,554	182,560		258,114
Total Liabilities	\$ 550,628	\$ 191,319	\$ 45,748	\$ 787,695
<b>Net Assets</b>				
Without Donor Restrictions - Unrestricted	\$ 216,267	\$ (44,665)	\$ 131,646	\$ 303,248
With Donor Restrictions - Temporarily restricted	685,289		29,058	714,347
With Donor Restrictions - Permanently restricted	702,667			702,667
<b>Total Net Assets (Deficit)</b>	<b>\$ 1,604,223</b>	<b>\$ (44,665)</b>	<b>\$ 160,704</b>	<b>\$ 1,720,262</b>

**Component Units**  
**Statement of Activities**  
**Year ended June 30, 2023**  
*(Dollars in thousands)*

	ASU Enterprise Partners	ACFFC	Nonmajor Component Units	Total
<b>Revenues</b>				
Contributions	\$ 245,992		\$ 20,604	\$ 266,596
Rental revenues	2,681	\$ 16,522	14,118	33,321
Sales and services	64,225	13,306	4,525	82,056
Net investment return	69,198	551	762	70,511
Grants and aid			73,138	73,138
Other revenues	4,123	4,479	22,674	31,276
Total Revenues	\$ 386,219	\$ 34,858	\$ 135,821	\$ 556,898
<b>Expenses</b>				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	\$ 118,159		\$ 14,802	\$ 132,961
Vendor payments	11,632			11,632
Scholarship fund transfers to ASU	13,934			13,934
Rent payments to ASU		\$ 4,211	5,483	9,694
Management and general	65,995	11,073	103,123	180,191
Interest expense	1,054	6,871		7,925
Depreciation/amortization	1,171	10,437	410	12,018
Other expenses	34,503	85	794	35,382
Total Expenses	\$ 246,448	\$ 32,677	\$ 124,612	\$ 403,737
Increase in Net Assets before Loss	139,771	2,181	11,209	153,161
Loss of uncollectible pledges			(484)	(484)
Loss on disposal of assets			(1,082)	(1,082)
Increase in Net Assets after Loss	139,771	2,181	9,643	151,595
Net Assets (Deficit), Beginning of Year	1,464,452	(46,846)	151,061	1,568,667
<b>Net Assets (Deficit), End of Year</b>	<b>\$ 1,604,223</b>	<b>\$ (44,665)</b>	<b>\$ 160,704</b>	<b>\$ 1,720,262</b>





# Required Supplementary Information

# Pension and Other Postemployment Benefits Liability

## Schedule of the University's Proportionate Share of the Net Pension Liability Arizona State Retirement System (Dollars in thousands)

	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
University's proportion of the net pension liability	3.80%	3.90%	3.82%	3.82%	3.67%	3.48%	3.39%	3.19%	3.05%	
University's proportionate share of the net pension liability	\$ 620,853	\$ 512,172	\$ 662,381	\$ 555,246	\$ 511,370	\$ 542,354	\$ 546,672	\$ 497,351	\$ 451,741	
University's covered payroll (trailing)	\$ 453,911	\$ 439,041	\$ 418,542	\$ 402,882	\$ 365,389	\$ 340,502	\$ 318,111	\$ 295,068	\$ 276,395	Information not available
University's proportionate share of the net pension liability as a percentage of its covered payroll	136.78%	116.66%	158.26%	137.82%	139.95%	159.28%	171.85%	168.55%	163.44%	
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

## Schedule of the University's Proportionate Share of the Total OPEB Liability Arizona Department of Administration OPEB Plan (Dollars in thousands)

	Reporting Fiscal Year (Measurement Date)							
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2014 through 2016
University's proportion of the total OPEB liability	20.38%	20.38%	19.87%	19.87%	16.16%	15.95%	15.95%	
University's proportionate share of the total OPEB liability	\$ 200,271	\$ 244,247	\$ 313,792	\$ 252,852	\$ 140,836	\$ 134,500	\$ 173,187	Information not available
Actuarially-determined University's covered payroll	\$ 938,155	\$ 911,715	\$ 874,270	\$ 851,285	\$ 731,068	\$ 711,848	\$ 781,648	
University's proportionate share of the total OPEB liability as a percentage of its covered payroll	21.4%	26.8%	35.9%	29.7%	19.3%	18.9%	22.2%	

**Schedule of University Pension Contributions**

**Arizona State Retirement System**

*(Dollars in thousands)*

	<b>2023</b>	<b>2022</b> <sup>(1)</sup> <i>(as restated)</i>	<b>2021</b> <sup>(1)</sup> <i>(as restated)</i>	<b>2020</b> <sup>(1)</sup> <i>(as restated)</i>	<b>2019</b> <sup>(1)</sup> <i>(as restated)</i>	<b>2018</b> <sup>(1)</sup> <i>(as restated)</i>	<b>2017</b> <sup>(1)</sup> <i>(as restated)</i>	<b>2016</b> <sup>(1)</sup> <i>(as restated)</i>	<b>2015</b>	<b>2014</b>
Statutorily required contribution	\$ 60,578	\$ 54,381	\$ 51,050	\$ 47,844	\$ 44,992	\$ 39,726	\$ 36,607	\$ 34,408	\$ 32,026	\$ 29,447
University's contributions in relation to the statutorily required contribution	\$ 60,578	\$ 54,381	51,050	47,844	44,992	39,726	36,607	34,408	32,026	29,447
University's contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
University's covered payroll	\$ 509,680	\$ 453,911	\$ 439,041	\$ 418,542	\$ 402,882	\$ 365,389	\$ 340,502	\$ 318,111	\$ 295,068	\$ 276,395
University's contributions as a percentage of covered payroll	11.89%	11.98%	11.63%	11.43%	11.17%	10.87%	10.75%	10.82%	10.85%	10.65%

<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.





# Supplementary Information

# Nonmajor Discretely Presented Component Units

<b>Nonmajor Component Units</b> <b>Combining Statement of Financial Position</b> <b>June 30, 2023</b> <i>(Dollars in thousands)</i>					
	ASU Alumni Association	ASU Preparatory Academy, Inc.	Arizona State University Research Park, Inc.	Sun Angel Foundation	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 533	\$ 25,967	\$ 6,991	\$ 7,349	\$ 40,840
Pledges receivables, net				21,225	21,225
Other receivables, net	162	16,571	60,569	8,823	86,125
Investments in securities	22,028				22,028
Other assets	177	14,647	2,399	283	17,506
Property and equipment, net		14,322	4,406		18,728
<b>Total Assets</b>	<b>\$ 22,900</b>	<b>\$ 71,507</b>	<b>\$ 74,365</b>	<b>\$ 37,680</b>	<b>\$ 206,452</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 33	\$ 10,906	\$ 131	\$ 444	\$ 11,514
Deferred revenue	95	3,462	12,868		16,425
Other liabilities	45	13,281	4,483		17,809
<b>Total Liabilities</b>	<b>\$ 173</b>	<b>\$ 27,649</b>	<b>\$ 17,482</b>	<b>\$ 444</b>	<b>\$ 45,748</b>
<b>Net Assets</b>					
Without Donor Restrictions - Unrestricted	\$ 22,644	\$ 43,832	\$ 56,883	\$ 8,287	\$ 131,646
With Donor Restrictions - Temporarily restricted	83	26		28,949	29,058
With Donor Restrictions - Permanently restricted					
<b>Total Net Assets</b>	<b>\$ 22,727</b>	<b>\$ 43,858</b>	<b>\$ 56,883</b>	<b>\$ 37,236</b>	<b>\$ 160,704</b>

**Nonmajor Component Units**  
**Combining Statement of Activities**  
**Year ended June 30, 2023**  
*(Dollars in thousands)*

	ASU Alumni Association	ASU Preparatory Academy, Inc.	Arizona State University Research Park, Inc.	Sun Angel Foundation	Total
<b>Revenues</b>					
Contributions	\$ 1,387	\$ 5,283		\$ 13,934	\$ 20,604
Rental revenues			\$ 14,118		14,118
Sales and services	1,386	2,964		175	4,525
Net investment return	628		48	86	762
Grants and aid		73,138			73,138
Other revenues	22	22,266	82	304	22,674
Total Revenues	\$ 3,423	\$ 103,651	\$ 14,248	\$ 14,499	\$ 135,821
<b>Expenses</b>					
Payments to the benefit of ASU - Cash donation transfers to ASU				\$ 14,802	\$ 14,802
Rent payments to ASU			\$ 5,483		5,483
Management and general	\$ 3,396	\$ 97,095	1,367	1,265	103,123
Depreciation/amortization	4		406		410
Other expenses	76		150	568	794
Total Expenses	\$ 3,476	\$ 97,095	\$ 7,406	\$ 16,635	\$ 124,612
Increase/(Decrease) in Net Assets, before Loss	(53)	6,556	6,842	(2,136)	11,209
Loss of uncollectible pledges				(484)	(484)
Loss on disposal of assets		(1,082)			(1,082)
Increase/(Decrease) in Net Assets after Loss	(53)	5,474	6,842	(2,620)	9,643
Net Assets, Beginning of Year	22,780	38,384	50,041	39,856	151,061
<b>Net Assets, End of Year</b>	<b>\$ 22,727</b>	<b>\$ 43,858</b>	<b>\$ 56,883</b>	<b>\$ 37,236</b>	<b>\$ 160,704</b>





# Statistical Section

## Financial Trends

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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

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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

85

These schedules 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

88

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

92

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

96

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<i>(Dollars in thousands)</i>										
Net investment in capital assets <sup>(1)</sup>	\$ 1,205,931	\$ 1,147,404	\$ 1,107,148	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591
Restricted, Nonexpendable	109,039	104,729	91,623	87,497	84,714	78,813	74,102	70,544	64,833	59,476
Restricted, Expendable	209,011	203,211	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948
Unrestricted <sup>(1) (2)</sup>	579,506	437,294	235,307	104,279	166,899	115,542	282,765	253,728	161,623	563,307
<b>Total Net Position</b>	<b>\$ 2,103,487</b>	<b>\$ 1,892,638</b>	<b>\$ 1,610,015</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>
<i>Expressed as a percent of the total</i>										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	57.3	60.6	68.8	76.6	72.7	75.3	63.9	63.8	68.1	48.5
Restricted, Nonexpendable	5.2	5.5	5.7	6.4	6.3	6.2	5.6	5.8	6.2	4.2
Restricted, Expendable	9.9	10.8	10.9	9.4	8.8	9.4	9.3	9.6	10.4	8.0
Unrestricted	27.6	23.1	14.6	7.6	12.2	9.1	21.2	20.8	15.3	39.3
<b>Total Net Position</b>	<b>100.0</b>									
<i>Percentage increase/(decrease) from prior year</i>										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	5.1	3.6	6.2	5.8	3.0	12.2	9.4	8.4	3.3	4.6
Restricted, Nonexpendable	4.1	14.3	4.7	3.3	7.5	6.4	5.0	8.8	9.0	7.0
Restricted, Expendable	2.9	15.5	37.9	7.6	(0.7)	(4.2)	5.7	7.6	(3.8)	8.6
Unrestricted	32.5	85.8	125.7	(37.5)	44.4	(59.1)	11.4	57.0	(71.3)	10.2
<b>Total Net Position</b>	<b>11.1</b>	<b>17.6</b>	<b>18.2</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>

<sup>(1)</sup> Balances prior to FY 2022 have not been adjusted for the implementation of GASB Statement No. 87, *Leases*. Balances prior to FY 2023 have not been adjusted for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

<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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Assets</b>										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 319,140	\$ 354,327	\$ 370,630	\$ 272,636	\$ 239,203	\$ 78,147	\$ 167,188	\$ 72,543	\$ 47,316	\$ 33,551
Short-term investments	109,136	87,153	48,819	89,712	70,908	43,789	45,739	68,527	30,775	71,760
Accounts receivables, net	386,671	350,201	341,511	240,862	238,119	134,045	143,601	120,235	110,561	92,554
Lease receivables	4,602	3,527								
Receivables from State of Arizona									90,575	90,575
Other assets	20,677	18,167	12,149	12,664	5,714	2,623	4,282	3,344	3,377	8,863
<b>Total Current Assets</b>	<b>\$ 840,226</b>	<b>\$ 813,375</b>	<b>\$ 773,109</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>
<i>Noncurrent Assets</i>										
Restricted cash and cash equivalents	\$ 248,325	\$ 207,879	\$ 243,260	\$ 273,773	\$ 280,166	\$ 215,942	\$ 298,730	\$ 236,711	\$ 247,270	\$ 137,343
Endowment investments	420,061	401,426	371,178	256,932	250,356	137,372	130,118	113,659	116,252	114,146
Other investments	1,004,250	856,615	672,140	594,531	595,537	814,098	732,745	729,729	572,558	501,779
Student loans receivable, net	2,868	3,674	5,452	6,397	7,820	8,185	10,365	10,923	10,668	11,262
Lease receivables	73,773	60,103								
Other assets/equity interest for Thunderbird	3,064	4,411	185	195	361	595	526	17,200	17,401	1,473
Capital assets, net	3,798,093	3,604,752	3,227,901	2,949,115	2,749,258	2,634,819	2,433,826	2,226,823	2,076,892	1,945,532
<b>Total Noncurrent Assets</b>	<b>\$ 5,550,434</b>	<b>\$ 5,138,860</b>	<b>\$ 4,520,116</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>Total Assets</b>	<b>\$ 6,390,660</b>	<b>\$ 5,952,235</b>	<b>\$ 5,293,225</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>Deferred Outflows of Resources</b>										
Interest rate swap	\$ 2,901	\$ 5,842	\$ 15,058	\$ 20,107	\$ 15,298	\$ 11,043	\$ 15,379	\$ 23,206	\$ 16,772	\$ 14,135
Unamortized loss on refunding debt	17,655	19,672	21,650	27,536	29,594	31,968	30,449	40,912	42,475	17,763
Pensions related and other postemployment benefits	186,541	240,575	250,317	185,322	115,338	103,546	138,215	77,199	72,481	
<b>Total Deferred Outflows of Resources</b>	<b>\$ 207,097</b>	<b>\$ 266,089</b>	<b>\$ 287,025</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>Liabilities</b>										
<i>Current Liabilities</i>										
Accounts payable and accrued liabilities	\$ 146,610	\$ 182,654	\$ 259,009	\$ 208,749	\$ 187,417	\$ 149,666	\$ 127,029	\$ 131,156	\$ 94,998	\$ 80,259
Compensated absences	6,688	6,033	5,528	4,844	3,919	3,723	3,286	3,235	3,167	3,297
Unearned revenues	378,133	295,152	244,487	196,674	167,545	78,192	65,619	51,385	55,176	61,964
Funds held for others	32,070	20,412	15,871	13,338	19,961	17,898	23,350	29,054	18,270	12,476
Lease and subscription liabilities	36,285	22,132								
Current portion of long-term debt	172,753	171,655	172,197	168,432	165,240	158,716	153,132	159,784	70,780	66,844
<b>Total Current Liabilities</b>	<b>\$ 772,539</b>	<b>\$ 698,038</b>	<b>\$ 697,092</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>
<i>Noncurrent Liabilities</i>										
Compensated absences	\$ 46,497	\$ 42,455	\$ 44,388	\$ 41,093	\$ 33,352	\$ 31,570	\$ 28,772	\$ 27,441	\$ 26,847	\$ 24,476
Other liabilities	28,935	23,696	19,557	17,496	10,819	11,614	2,577	3,558	25,815	39,158
Derivative instrument - Interest rate swap	2,901	5,842	15,058	20,107	15,298	11,043	15,379	23,206	16,772	14,135
Net Pension and other postemployment benefits liability	831,945	787,549	1,029,747	860,875	700,057	719,592	631,938	559,071	484,133	
Lease and subscription liabilities	249,975	219,448								
Long-term debt	2,295,175	2,193,845	2,133,253	1,967,018	1,835,792	1,690,670	1,697,622	1,489,533	1,525,037	1,305,805
<b>Total Noncurrent Liabilities</b>	<b>\$ 3,455,428</b>	<b>\$ 3,272,835</b>	<b>\$ 3,242,003</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>Total Liabilities</b>	<b>\$ 4,227,967</b>	<b>\$ 3,970,873</b>	<b>\$ 3,939,095</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>Deferred Inflows of Resources</b>										
Unamortized gain on refunding debt	\$ 1,808	\$ 2,013	\$ 2,218	\$ 1,607	\$ 1,761	\$ 1,894	\$ 1,116			
Pensions related and other postemployment benefits	187,067	289,380	28,922	67,486	101,123	71,609	67,511	\$ 42,472	\$ 79,616	
Leases	77,428	63,420								
<b>Total Deferred Inflows of Resources</b>	<b>\$ 266,303</b>	<b>\$ 354,813</b>	<b>\$ 31,140</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 <sup>(1)</sup>	\$ 1,205,931	\$ 1,147,404	\$ 1,107,148	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591
<i>Restricted</i>										
<i>Nonexpendable:</i>										
Student aid	91,936	87,652	84,722	80,741	77,959	72,059	67,365	63,807	59,185	54,858
Academic department uses	17,103	17,077	6,901	6,756	6,755	6,754	6,737	6,737	5,648	4,618
<i>Expendable:</i>										
Student aid	81,367	81,345	71,208	36,071	33,821	33,024	40,962	38,907	44,109	46,498
Academic department uses	120,088	115,207	95,788	84,548	78,112	79,868	77,450	72,534	63,919	66,852
Capital projects and debt service	7,556	6,659	8,941	6,995	6,693	6,518	6,291	6,536	1,636	598
Unrestricted <sup>(1)(2)</sup>	579,506	437,294	235,307	104,279	166,899	115,542	282,765	253,728	161,623	563,307
<b>Total Net Position</b>	<b>\$ 2,103,487</b>	<b>\$ 1,892,638</b>	<b>\$ 1,610,015</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>

<sup>(1)</sup> Balances prior to FY 2022 have not been adjusted for the implementation of GASB lease standards. Balances prior to FY 2023 have not been adjusted for the implementation of GASB SBITA standards.  
<sup>(2)</sup> Balances prior to FY 2015 have not been adjusted for the implementation of GASB pensions standards. Balances prior to FY 2018 have not been adjusted for the implementation of GASB OPEB standards.

# Net Position (continued)

Statement of Net Position – Adjusted for Pensions and Other Postemployment Benefits <sup>(1)</sup> (Dollars in thousands)										
June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Assets</b>										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 319,140	\$ 354,327	\$ 370,630	\$ 272,636	\$ 239,203	\$ 78,147	\$ 167,188	\$ 72,543	\$ 47,316	\$ 33,551
Short-term investments	109,136	87,153	48,819	89,712	70,908	43,789	45,739	68,527	30,775	71,760
Accounts receivables, net	386,671	350,201	341,511	240,862	238,119	134,045	143,601	120,235	110,561	92,554
Lease receivables	4,602	3,527								
Receivables from State of Arizona									90,575	90,575
Other assets	20,677	18,167	12,149	12,664	5,714	2,623	4,282	3,344	3,377	8,863
<b>Total Current Assets</b>	<b>\$ 840,226</b>	<b>\$ 813,375</b>	<b>\$ 773,109</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>
<i>Noncurrent Assets</i>										
Restricted cash and cash equivalents	\$ 248,325	\$ 207,879	\$ 243,260	\$ 273,773	\$ 280,166	\$ 215,942	\$ 298,730	\$ 236,711	\$ 247,270	\$ 137,343
Endowment investments	420,061	401,426	371,178	256,932	250,356	137,372	130,118	113,659	116,252	114,146
Other investments	1,004,250	856,615	672,140	594,531	595,537	814,098	732,745	729,729	572,558	501,779
Student loans receivable, net	2,868	3,674	5,452	6,397	7,820	8,185	10,365	10,923	10,668	11,262
Lease receivables	73,773	60,103								
Other assets/equity interest for Thunderbird	3,064	4,411	185	195	361	595	526	17,200	17,401	1,473
Capital assets, net	3,798,093	3,604,752	3,227,901	2,949,115	2,749,258	2,634,819	2,433,826	2,226,823	2,076,892	1,945,532
<b>Total Noncurrent Assets</b>	<b>\$ 5,550,434</b>	<b>\$ 5,138,860</b>	<b>\$ 4,520,116</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>Total Assets</b>	<b>\$ 6,390,660</b>	<b>\$ 5,952,235</b>	<b>\$ 5,293,225</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>Deferred Outflows of Resources</b>										
Interest rate swap	\$ 2,901	\$ 5,842	\$ 15,058	\$ 20,107	\$ 15,298	\$ 11,043	\$ 15,379	\$ 23,206	\$ 16,772	\$ 14,135
Unamortized loss on refunding debt	17,655	19,672	21,650	27,536	29,594	31,968	30,449	40,912	42,475	17,763
<b>Total Deferred Outflows of Resources</b>	<b>\$ 20,556</b>	<b>\$ 25,514</b>	<b>\$ 36,708</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>Liabilities</b>										
<i>Current Liabilities</i>										
Accounts payable and accrued liabilities	\$ 159,424	\$ 194,577	\$ 270,284	\$ 219,696	\$ 196,100	\$ 157,300	\$ 136,679	\$ 137,378	\$ 99,910	\$ 80,259
Compensated absences	6,688	6,033	5,528	4,844	3,919	3,723	3,286	3,235	3,167	3,297
Unearned revenues	378,133	295,152	244,487	196,674	167,545	78,192	65,619	51,385	55,176	61,964
Funds held for others	32,070	20,412	15,871	13,338	19,961	17,898	23,350	29,054	18,270	12,476
Lease and subscription liabilities	36,285	22,132								
Current portion of long-term debt	172,753	171,655	172,197	168,432	165,240	158,716	153,132	159,784	70,780	66,844
<b>Total Current Liabilities</b>	<b>\$ 785,353</b>	<b>\$ 709,961</b>	<b>\$ 708,367</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>
<i>Noncurrent Liabilities</i>										
Compensated absences	\$ 46,497	\$ 42,455	\$ 44,388	\$ 41,093	\$ 33,352	\$ 31,570	\$ 28,772	\$ 27,441	\$ 26,847	\$ 24,476
Other liabilities	46,586	40,377	36,126	34,490	28,786	27,427	17,229	18,206	38,302	39,158
Derivative instrument - Interest rate swap	2,901	5,842	15,058	20,107	15,298	11,043	15,379	23,206	16,772	14,135
Lease and subscription liabilities	249,975	219,448								
Long-term debt	2,295,175	2,193,845	2,133,253	1,967,018	1,835,792	1,690,670	1,697,622	1,489,533	1,525,037	1,305,805
<b>Total Noncurrent Liabilities</b>	<b>\$ 2,641,134</b>	<b>\$ 2,501,967</b>	<b>\$ 2,228,825</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>Total Liabilities</b>	<b>\$ 3,426,487</b>	<b>\$ 3,211,928</b>	<b>\$ 2,937,192</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>Deferred Inflows of Resources</b>										
Unamortized gain on refunding debt	\$ 1,808	\$ 2,013	\$ 2,218	\$ 1,607	\$ 1,761	\$ 1,894	\$ 1,116			
Leases	77,428	63,420								
<b>Total Deferred Inflows of Resources</b>	<b>\$ 79,236</b>	<b>\$ 65,433</b>	<b>\$ 2,218</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 <sup>(1)(2)</sup>	\$ 1,205,931	\$ 1,147,404	\$ 1,107,148	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591
Restricted										
Nonexpendable:										
Student aid	91,936	87,652	84,722	80,741	77,959	72,059	67,365	63,807	59,185	54,858
Academic department uses	17,103	17,077	6,901	6,756	6,755	6,754	6,737	6,737	5,648	4,618
Expendable:										
Student aid	81,367	81,345	71,208	36,071	33,821	33,024	40,962	38,907	44,109	46,498
Academic department uses	120,088	115,207	95,788	84,548	78,112	79,868	77,450	72,534	63,919	66,852
Capital projects and debt service	7,556	6,659	8,941	6,995	6,693	6,518	6,291	6,536	1,636	598
Unrestricted <sup>(1)(2)</sup>	1,381,512	1,245,044	1,015,815	819,377	826,091	779,750	819,697	757,202	635,492	563,307
<b>Total Net Position</b>	<b>\$ 2,905,493</b>	<b>\$ 2,700,388</b>	<b>\$ 2,390,523</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>

<sup>(1)</sup> 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. 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.

<sup>(2)</sup> Balances prior to FY 2022 have not been adjusted for the implementation of GASB Statement No. 87, Leases. Balances prior to FY 2023 have not been adjusted for the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

# Changes in Net Position

Changes in Net Position (Dollars in thousands)										
Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	\$ 1,889,421	\$ 1,689,832	\$ 1,598,180	\$ 1,550,581	\$ 1,423,052	\$ 1,323,268	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921
Research grants and contracts	472,219	416,703	364,375	365,498	344,128	313,558	271,730	253,158	237,489	244,293
Sales and services										
Auxiliary enterprises	253,898	243,554	124,080	170,182	183,534	166,057	161,797	149,734	145,008	140,535
Educational departments	108,130	103,957	93,279	72,451	78,508	94,158	81,543	69,523	67,230	58,449
Other revenues <sup>(2)</sup>	28,420	37,918	40,872	21,884	19,347	18,745	16,326	14,387	12,001	8,447
<b>Total Operating Revenues</b>	<b>\$ 2,752,088</b>	<b>\$ 2,491,964</b>	<b>\$ 2,220,786</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>Expenses</b>										
<i>Operating Expenses</i>										
Educational and general										
Instruction	\$ 1,208,272	\$ 1,076,407	\$ 1,053,721	\$ 1,016,720	\$ 961,580	\$ 881,696	\$ 810,656	\$ 749,722	\$ 686,397	\$ 617,091
Research	456,087	414,259	384,431	359,936	323,623	297,448	267,303	261,055	244,763	235,720
Public service	51,536	47,842	100,908	38,415	36,140	37,524	35,378	36,807	36,201	40,209
Academic support	458,764	396,339	392,787	371,378	304,645	299,208	294,706	265,540	247,700	225,853
Student services	218,958	176,664	159,384	166,131	151,295	136,125	123,377	111,018	98,491	72,409
Institutional support	236,475	212,285	201,507	188,937	171,016	159,109	152,226	155,172	151,613	136,334
Operation and maintenance of plant	141,919	116,116	105,823	113,640	122,567	119,349	116,456	108,454	102,167	98,901
Scholarships and fellowships	290,776	293,349	300,202	292,914	247,194	211,811	187,124	152,802	136,675	127,468
Auxiliary enterprises	245,144	225,493	184,771	191,862	179,578	175,130	154,794	147,562	143,184	130,550
Depreciation	220,984	201,287	152,440	143,587	137,064	132,814	123,705	116,381	114,617	112,270
<b>Total Operating Expenses</b>	<b>\$ 3,528,915</b>	<b>\$ 3,160,041</b>	<b>\$ 3,035,974</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>Operating Loss</b>	<b>\$ (776,827)</b>	<b>\$ (668,077)</b>	<b>\$ (815,188)</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>Nonoperating Revenues (Expenses)</b>										
State appropriations	\$ 405,040	\$ 385,527	\$ 306,346	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493
Share of state tax - TRIF	35,663	44,600	36,833	34,075	34,604	32,540	31,326	31,075	26,526	27,785
Financial aid grants	216,672	200,843	198,432	186,818	168,230	152,500	128,474	124,188	115,070	106,855
Grants and contracts	130,826	256,969	379,817	71,623	57,365	58,624	56,233	56,743	49,037	35,863
Private gifts	97,428	76,602	76,335	76,803	82,731	75,791	74,282	99,612	57,651	64,928
Financial aid trust funds <sup>(1)</sup>							16,019	14,833	13,615	12,393
Net investment return (loss)	60,214	(58,838)	75,808	44,756	60,603	12,778	23,038	9,382	5,133	20,263
Interest on debt	(84,048)	(76,122)	(67,838)	(65,342)	(63,413)	(61,903)	(69,135)	(59,972)	(53,428)	(52,674)
Other revenues (expenses)	4,633	(7,102)	(16,573)	(15,982)	(22,341)	(8,590)	(7,610)	(16,039)	(9,814)	(9,642)
<b>Net Nonoperating Revenues</b>	<b>\$ 866,428</b>	<b>\$ 822,479</b>	<b>\$ 989,160</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>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>\$ 89,601</b>	<b>\$ 154,402</b>	<b>\$ 173,972</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>
Capital appropriations	\$ 80,246	\$ 25,985	\$ 25,840	\$ 25,622	\$ 25,406	\$ 13,479	\$ 11,190	\$ 11,422	\$ 15,000	\$ 14,471
Capital commitments	15,032	30,122	9,054	9,537	9,532	9,540	15,421	9,537	5,121	2,733
Capital grants	391	5,120	13,223	1,165	62	109	320	1	158	893
Capital private gifts	4,627	28,290	3,561	17,022	14,961	5,822	6,390	4,936	7,106	8,308
Additions to permanent endowments	6	27	1,348	170	426	34	13	1,577	2,089	904
Gain on the sale of real property			20,954							
Extraordinary Item - insurance recovery										3,900
<b>Increase in Net Position</b>	<b>\$ 189,903</b>	<b>\$ 243,946</b>	<b>\$ 247,952</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>
Total Revenues	\$ 3,802,866	\$ 3,487,211	\$ 3,368,337	\$ 2,971,519	\$ 2,805,859	\$ 2,583,781	\$ 2,441,843	\$ 2,289,028	\$ 2,117,290	\$ 1,962,434
Total Expenses	\$ 3,612,963	\$ 3,243,265	\$ 3,120,385	\$ 2,964,844	\$ 2,720,456	\$ 2,520,707	\$ 2,342,470	\$ 2,180,524	\$ 2,025,050	\$ 1,859,121
<b>Increase in Net Position</b>	<b>\$ 189,903</b>	<b>\$ 243,946</b>	<b>\$ 247,952</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>

<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.

<sup>(2)</sup> In compliance with Arizona Revised Statute 35-391, the University discloses the following: For FY 2023, the University received a credit card rebates in the amount of \$1.6 million from JP Morgan, \$0.4 million from U.S. Bank and \$0.3 million from Commerce Bank.

# Changes in Net Position *(continued)*

<b>Changes in Net Position (Expressed as a percent of Total Revenues / Total Expenses)</b>										
Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	%	%	%	%	%	%	%	%	%	%
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	49.7	48.5	47.4	52.2	50.7	51.2	51.2	50.6	48.2	45.7
Research grants and contracts	12.5	11.9	10.8	12.3	12.3	12.1	11.1	11.1	11.2	12.4
Sales and services										
Auxiliary enterprises	6.7	7.0	3.7	5.7	6.5	6.4	6.6	6.5	6.9	7.2
Educational departments	2.8	3.0	2.8	2.5	2.8	3.7	3.4	3.0	3.2	3.0
Other revenues	0.7	1.1	1.2	0.7	0.7	0.7	0.7	0.6	0.6	0.4
<b>Total Operating Revenues</b>	<b>72.4</b>	<b>71.5</b>	<b>65.9</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>Expenses</b>										
<i>Operating Expenses</i>										
Educational and general										
Instruction	33.5	33.3	33.8	34.3	35.3	35.0	34.6	34.4	33.9	33.2
Research	12.6	12.8	12.3	12.1	11.9	11.8	11.4	12.0	12.1	12.7
Public service	1.4	1.5	3.2	1.3	1.3	1.5	1.5	1.7	1.8	2.2
Academic support	12.7	12.2	12.6	12.5	11.2	11.9	12.6	12.2	12.2	12.1
Student services	6.1	5.4	5.1	5.6	5.6	5.4	5.3	5.1	4.9	3.9
Institutional support	6.5	6.5	6.5	6.4	6.3	6.3	6.5	7.1	7.5	7.3
Operation and maintenance of plant	3.9	3.6	3.4	3.8	4.5	4.7	5.0	5.0	5.0	5.3
Scholarships and fellowships	8.0	9.0	9.6	9.9	9.1	8.4	8.0	7.0	6.7	6.9
Auxiliary enterprises	6.9	7.0	5.9	6.6	6.6	6.9	6.6	6.7	7.1	7.0
Depreciation	6.1	6.2	4.9	4.8	5.0	5.3	5.3	5.3	5.7	6.0
<b>Total Operating Expenses</b>	<b>92.8</b>	<b>90.7</b>	<b>90.1</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>Operating Loss</b>	<b>(20.4)</b>	<b>(19.2)</b>	<b>(24.2)</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>Nonoperating Revenues (Expenses)</b>										
State appropriations	10.8	11.1	9.1	10.9	11.0	11.9	12.2	12.3	16.0	16.0
Share of state tax - TRIF	0.9	1.3	1.1	1.1	1.2	1.3	1.3	1.4	1.3	1.4
Financial aid grants	5.8	5.8	5.9	6.3	6.0	5.9	5.3	5.4	5.4	5.4
Grants and contracts	3.4	7.4	11.3	2.4	2.0	2.3	2.3	2.5	2.3	1.8
Private gifts	2.6	2.2	2.3	2.6	2.9	2.9	3.0	4.4	2.7	3.3
Financial aid trust funds <sup>(1)</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6
Net investment return (loss)	1.6	(1.8)	2.3	1.5	2.2	0.5	0.9	0.4	0.2	1.0
Interest on debt	2.3	2.3	2.2	2.2	2.4	2.5	2.9	2.8	2.6	2.8
Other revenues (expenses)	0.0	0.2	0.5	0.5	0.8	0.3	0.3	0.7	0.5	0.5
<b>Net Nonoperating Revenues</b>	<b>22.8</b>	<b>23.5</b>	<b>29.3</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>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>2.4</b>	<b>4.3</b>	<b>5.1</b>	<b>(1.5)</b>	<b>1.2</b>	<b>1.3</b>	<b>2.7</b>	<b>3.5</b>	<b>3.0</b>	<b>3.7</b>
Capital appropriations	2.0	0.7	0.8	0.9	0.9	0.5	0.5	0.5	0.7	0.7
Capital commitment	0.4	0.9	0.3	0.3	0.3	0.4	0.6	0.4	0.2	0.1
Capital grants	0.0	0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital private gifts	0.1	0.8	0.1	0.6	0.5	0.2	0.3	0.2	0.4	0.4
Additions to permanent endowments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Gain on the sale of real property	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary Item - insurance recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
<b>Increase in Net Position</b>	<b>4.9</b>	<b>6.8</b>	<b>7.2</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>

<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.

*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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	%	%	%	%	%	%	%	%	%	%
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	11.8	5.7	3.1	9.0	7.5	5.8	8.1	13.4	13.8	11.7
Research grants and contracts	13.3	14.4	(0.3)	6.2	9.7	15.4	7.3	6.6	(2.8)	2.6
Sales and services										
Auxiliary enterprises	4.2	96.3	(27.1)	(7.3)	10.5	2.6	8.1	3.3	3.2	14.8
Educational departments	4.0	11.4	28.7	(7.7)	(16.6)	15.5	17.3	3.4	15.0	4.4
Other revenues	(25.0)	(7.2)	86.8	13.1	3.2	14.8	13.5	19.9	42.1	5.4
<b>Total Operating Revenues</b>	<b>10.4</b>	<b>12.2</b>	<b>1.8</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>Expenses</b>										
<i>Operating Expenses</i>										
Educational and general										
Instruction	12.3	2.2	3.6	5.7	9.1	8.8	8.1	9.2	11.2	12.4
Research	10.1	7.8	6.8	11.2	8.8	11.3	2.4	6.7	3.8	4.6
Public service	7.7	(52.6)	162.7	6.3	(3.7)	6.1	(3.9)	1.7	(10.0)	(10.4)
Academic support	15.8	0.9	5.8	21.9	1.8	1.5	11.0	7.2	9.7	10.3
Student services	23.9	10.8	(4.1)	9.8	11.1	10.3	11.1	12.7	36.0	9.9
Institutional support	11.4	5.3	6.7	10.5	7.5	4.5	(1.9)	2.3	11.2	9.5
Operation and maintenance of plant	22.2	9.7	(6.9)	(7.3)	2.7	2.5	7.4	6.2	3.3	8.6
Scholarships and fellowships	(0.9)	(2.3)	2.5	18.5	16.7	13.2	22.5	11.8	7.2	13.4
Auxiliary enterprises	8.7	22.0	(3.7)	6.8	2.5	13.1	4.9	3.1	9.7	9.2
Depreciation	9.8	32.0	6.2	4.8	3.2	7.4	6.3	1.5	2.1	4.9
<b>Total Operating Expenses</b>	<b>11.7</b>	<b>4.1</b>	<b>5.3</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>Operating Loss</b>	<b>16.3</b>	<b>(18.0)</b>	<b>16.0</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>Nonoperating Revenues (Expenses)</b>										
State appropriations	5.1	25.8	(5.3)	6.6	(1.1)	3.3	5.5	(16.8)	7.5	5.7
Share of state tax - TRIF	(20.0)	21.1	8.1	(1.5)	6.3	3.9	0.8	17.1	(4.5)	10.1
Financial aid grants	7.9	1.2	6.2	11.0	10.3	18.7	3.5	7.9	7.7	2.3
Grants and contracts	(49.1)	(32.3)	430.3	24.9	(2.1)	4.3	(0.9)	15.7	36.7	(15.0)
Private gifts	27.2	0.3	(0.6)	(7.2)	9.2	2.0	(25.4)	72.8	(11.2)	8.6
Financial aid trust funds <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	(100.0)	8.0	8.9	9.9	11.5
Net investment return (loss)	(202.3)	(177.6)	69.4	(26.1)	374.3	(44.5)	145.6	82.8	(74.7)	113.4
Interest on debt	10.4	12.2	3.8	3.0	2.4	(10.5)	15.3	12.2	1.4	(1.2)
Other expenses	(165.2)	(57.1)	3.7	(28.5)	160.1	12.9	(52.6)	63.4	1.8	(12.3)
<b>Net Nonoperating Revenues</b>	<b>5.3</b>	<b>(16.9)</b>	<b>50.8</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>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>(42.0)</b>	<b>(11.2)</b>	<b>(471.4)</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>
Capital appropriations	208.8	0.6	0.9	0.9	88.5	20.5	(2.0)	(23.9)	3.7	0.0
Capital commitment	(50.1)	232.7	(5.1)	0.1	(0.1)	(38.1)	61.7	86.2	87.4	(36.0)
Capital grants	(92.4)	(61.3)	1,035.0	1,779.0	(43.1)	(65.9)	n/a	(99.4)	(82.3)	17.3
Capital private gifts	(83.6)	694.4	(79.1)	13.8	157.0	(8.9)	29.5	(30.5)	(14.5)	231.9
Additions to permanent endowments	(77.8)	(98.0)	692.9	(60.1)	1,152.9	161.5	(99.2)	(24.5)	131.1	1,074.0
Gain on the sale of real property	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	n/a
<b>Increase (Decrease) in Net Position</b>	<b>(22.2)</b>	<b>(1.6)</b>	<b>3,614.6</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>

<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.

# Operating Expenses by Natural Classification

Operating Expenses by Natural Classification										
Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<i>(Dollars in thousands)</i>										
Personal services	\$ 1,420,014	\$ 1,265,232	\$ 1,192,165	\$ 1,166,804	\$ 1,090,068	\$1,019,332	\$ 949,189	\$ 888,936	\$ 830,440	\$ 761,778
Benefits	460,506	389,209	386,644	380,162	357,601	343,363	309,033	298,199	285,991	268,025
Pensions and OPEB <sup>(1)</sup>	17,821	27,242	65,410	55,906	(5,016)	355	33,458	29,605	4,069	
Personal services and benefits	1,898,341	1,681,683	1,644,219	1,602,872	1,442,653	1,363,050	1,291,680	1,216,740	1,120,500	1,029,803
Supplies and services	1,118,814	983,722	939,113	844,147	807,791	742,539	663,216	601,218	576,345	514,355
Student aid, net scholarship allowance	290,776	293,349	300,202	292,914	247,194	211,811	187,124	170,174	150,346	140,377
Depreciation	220,984	201,287	152,440	143,587	137,064	132,814	123,705	116,381	114,617	112,270
<b>Total Operating Expenses by Natural Classification</b>	<b>\$ 3,528,915</b>	<b>\$ 3,160,041</b>	<b>\$ 3,035,974</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>
<i>Expressed as a percent of the total</i>										
	%	%	%	%	%	%	%	%	%	%
Personal services	40.3	40.0	39.3	40.5	41.4	41.7	41.9	42.2	42.3	42.4
Benefits	13.0	12.3	12.7	13.2	13.6	14.0	13.6	14.2	14.6	14.9
Pensions and OPEB <sup>(1)</sup>	0.5	0.9	2.2	1.9	(0.2)	0.0	1.5	1.4	0.2	
Personal services and benefits	53.8	53.2	54.2	55.6	54.8	55.6	57.0	57.8	57.1	57.3
Supplies and services	31.7	31.1	30.9	29.2	30.6	30.3	29.2	28.6	29.4	28.6
Student aid, net scholarship allowance	8.2	9.3	9.9	10.2	9.4	8.7	8.3	8.1	7.7	7.8
Depreciation	6.3	6.4	5.0	5.0	5.2	5.4	5.5	5.5	5.8	6.3
<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	12.2	6.1	2.2	7.0	6.9	7.4	6.8	7.0	9.0	7.0
Benefits	18.3	0.7	1.7	6.3	4.1	11.1	3.6	4.3	6.7	13.4
Pensions and OPEB <sup>(1)</sup>	(34.6)	(58.4)	17.0	1,214.6	(1,513.0)	(98.9)	13.0	627.6		
Personal services and benefits	12.9	2.3	2.6	11.1	5.8	5.5	6.2	8.6	8.8	8.6
Supplies and services	13.7	4.8	11.2	4.5	8.8	12.0	10.3	4.3	12.1	10.7
Student aid, net scholarship allowance	(0.9)	(2.3)	2.5	18.5	16.7	11.8	10.0	13.2	7.1	12.2
Depreciation	9.8	32.0	6.2	4.8	3.2	7.4	6.3	1.5	2.1	4.9
<b>Total Operating Expenses by Natural Classification</b>	<b>11.7</b>	<b>4.1</b>	<b>5.3</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>
Scholarship allowance	\$ 625,165	\$ 608,241	\$ 550,959	\$ 485,621	\$ 422,858	\$ 389,890	\$ 349,989	\$ 313,064	\$ 269,503	\$ 231,124

<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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Sources</b>										
Student Tuition and Fees, net	\$ 1,889.4	\$ 1,689.8	\$ 1,598.2	\$ 1,550.6	\$ 1,423.1	\$ 1,323.3	\$ 1,250.8	\$ 1,157.5	\$ 1,021.0	\$ 896.9
<i>Gross Tuition and Fees</i>	2,492.8	2,276.3	2,134.3	2,013.3	1,825.6	1,697.4	1,585.4	1,453.8	1,278.0	1,117.8
<i>Scholarship Allowance</i>	603.4	586.5	536.1	462.7	402.5	374.1	334.6	296.3	257.0	220.9
State Appropriation	485.3	411.5	332.2	348.9	328.8	320.3	308.1	292.8	353.0	329.0
<i>Capital Appropriation</i>	80.2	26.0	25.8	25.6	25.4	13.5	11.2	11.4	15.0	14.5
Grants and Contracts	603.5	678.8	757.4	423.2	401.5	372.3	328.3	309.9	286.7	281.1
<i>Federally Funded</i>	413.4	593.6	489.1	301.1	304.5	262.0	238.3	242.3	229.9	247.9
Financial Aid Grants	216.7	200.8	198.4	186.8	168.2	152.5	128.5	124.2	115.1	106.9
<i>Federally Funded</i>	216.3	200.5	198.1	186.5	167.9	152.2	128.2	123.9	114.8	106.4
Auxiliary Enterprises, net	253.9	243.6	124.1	170.2	183.5	166.1	161.8	149.7	145.0	140.5
Private and Capital Gifts	102.0	104.9	79.9	93.8	97.7	81.6	80.7	106.2	66.8	74.1
<i>Capital Gifts</i>	4.6	28.3	3.6	17.0	15.0	5.8	6.4	4.9	7.1	8.3
Sales and Services	108.1	104.0	93.3	72.5	78.5	94.1	81.5	69.5	67.2	58.4
Technology and Research Initiatives Funds (TRIF)	35.7	44.6	36.8	34.1	34.6	32.5	31.3	31.1	26.5	27.8
Other Sources	108.3	9.2	148.0	91.5	89.9	41.1	70.8	48.1	35.9	47.7
<b>Total Sources</b>	<b>\$ 3,802.9</b>	<b>\$ 3,487.2</b>	<b>\$ 3,368.3</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>Uses</b>										
Instruction	\$ 1,208.3	\$ 1,076.5	\$ 1,053.7	\$ 1,016.7	\$ 961.6	\$ 881.7	\$ 810.6	\$ 749.7	\$ 686.4	\$ 617.1
Organized Research	456.1	414.3	384.4	360.0	323.6	297.5	267.3	261.1	244.8	235.7
Public Service	51.5	47.8	100.9	38.4	36.1	37.5	35.4	36.8	36.2	40.2
Academic Support	458.7	396.3	392.8	371.4	304.6	299.2	294.7	265.5	247.7	225.8
Student Services	219.0	176.7	159.4	166.1	151.2	136.1	123.4	111.0	98.4	72.4
Institutional Support	236.5	212.3	201.5	189.0	171.0	159.1	152.2	155.2	151.6	136.3
Operation and Maintenance of Plant	141.9	116.1	105.8	113.6	122.6	119.4	116.5	108.4	102.2	98.9
Scholarships and Fellowships	290.7	293.3	300.2	292.9	247.2	211.8	187.1	152.8	136.7	127.5
Auxiliary Enterprises	245.2	225.5	184.8	191.9	179.6	175.1	154.8	147.6	143.2	130.6
Depreciation	221.0	201.3	152.5	143.6	137.1	132.8	123.7	116.4	114.6	112.3
<i>Academic and Research Buildings</i>	120.0	112.9	100.0	93.8	84.9	80.6	73.8	69.4	67.6	63.9
Other Expenses	84.1	83.2	84.4	81.3	85.8	70.5	76.7	76.0	63.2	62.3
<b>Total Uses</b>	<b>\$ 3,613.0</b>	<b>\$ 3,243.3</b>	<b>\$ 3,120.4</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>

# Principal Revenue Sources

<b>Principal Revenue Sources (Dollars in thousands)</b>										
<b>Fiscal year ended June 30,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Tuition and Fees, net of scholarship allowance</b>	<b>\$ 1,889,421</b>	<b>\$ 1,689,832</b>	<b>\$ 1,598,180</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>
percent of total revenue	50%	48%	47%	52%	51%	51%	51%	51%	48%	46%
percent increase from prior year	12%	6%	3%	9%	8%	6%	8%	13%	14%	12%
<b>State of Arizona Government</b>										
State appropriations	\$ 405,040	\$ 385,527	\$ 306,346	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493
Technology and research initiative fund	35,663	44,600	36,833	34,075	34,604	32,540	31,326	31,075	26,526	27,785
Capital appropriations and capital commitments	89,174	34,910	34,894	35,159	34,938	24,434	20,731	20,959	20,121	17,204
State grants and contracts	29,751	38,028	132,062	9,675	14,529	11,640	12,328	8,536	6,848	3,055
Financial aid trust fund			5,986	5,986	5,986	5,989	5,899	5,724	5,483	5,350
Capital grants		152	195							
<b>State of Arizona Government</b>	<b>\$ 559,628</b>	<b>\$ 503,217</b>	<b>\$ 516,316</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>
percent of total revenue	15%	14%	15%	14%	14%	15%	15%	15%	19%	19%
percent increase (decrease) from prior year	11%	(3%)	26%	4%	3%	4%	6%	(12%)	8%	6%
<b>Federal Government</b>										
Federal grants and contracts	\$ 413,391	\$ 529,468	\$ 489,070	\$ 316,277	\$ 304,503	\$ 262,007	\$ 238,293	\$ 242,299	\$ 229,925	\$ 247,015
Financial aid grants	216,322	200,504	198,120	186,504	167,931	152,238	128,207	123,945	114,816	106,360
Capital grants	299	4,968	12,630							859
<b>Federal Government</b>	<b>\$ 630,012</b>	<b>\$ 734,940</b>	<b>\$ 699,820</b>	<b>\$ 502,781</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>
percent of total revenue	17%	21%	21%	17%	17%	16%	15%	16%	16%	18%
percent increase (decrease) from prior year	(14%)	5%	39%	6%	14%	13%	0%	6%	(3%)	8%
<b>Total from principal revenue sources</b>	<b>\$ 3,079,061</b>	<b>\$ 2,927,989</b>	<b>\$ 2,814,316</b>	<b>\$ 2,461,589</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>
percent of total revenue	81%	84%	84%	83%	82%	82%	81%	82%	83%	83%
percent increase from prior year	5%	4%	14%	8%	8%	7%	6%	6%	9%	10%

# Academic Year Tuition and Required Fees

Academic Year Tuition and Required Fees										
Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>RESIDENT UNDERGRADUATE</b>										
Arizona State University <sup>(1)</sup>	\$11,618	\$11,348	\$11,338	\$11,338	\$10,822	\$10,792	\$10,640	\$10,478	\$10,127	\$ 9,861
percent increase from prior year	2.4%	0.1%	0.0%	4.8%	0.3%	1.4%	1.5%	3.5%	2.7%	1.4%
PAC-12 Public Average	\$12,706	\$12,436	\$12,237	\$12,081	\$11,821	\$11,680	\$11,175	\$11,173	\$10,972	\$10,729
percent increase from prior year	2.2%	1.6%	1.3%	2.2%	1.2%	4.5%	0.0%	1.8%	2.3%	2.3%
ABOR Peers Average	\$13,731	\$13,171	\$12,865	\$12,942	\$12,671	\$12,481	\$12,166	\$12,005	\$11,871	\$11,675
percent increase from prior year	4.3%	2.4%	(0.6)%	2.1%	1.5%	2.6%	1.3%	1.1%	1.7%	2.1%
<b>NON-RESIDENT UNDERGRADUATE</b>										
Arizona State University <sup>(1)</sup>	\$30,592	\$29,438	\$29,428	\$29,428	\$28,336	\$27,372	\$26,470	\$25,458	\$24,503	\$23,654
percent increase from prior year	3.9%	0.0%	0.0%	3.9%	3.5%	3.4%	4.0%	3.9%	3.6%	2.9%
PAC-12 Public Average	\$37,384	\$36,375	\$35,729	\$35,344	\$34,599	\$33,962	\$32,937	\$31,810	\$30,469	\$29,436
percent increase from prior year	2.8%	1.8%	1.1%	2.2%	1.9%	3.1%	3.5%	4.4%	3.5%	2.7%
ABOR Peers Average	\$37,655	\$36,042	\$35,309	\$35,567	\$34,527	\$33,421	\$32,159	\$31,061	\$30,003	\$29,146
percent increase from prior year	4.5%	2.1%	(0.7)%	3.0%	3.3%	3.9%	3.5%	3.5%	2.9%	3.0%
<b>RESIDENT GRADUATE</b>										
Arizona State University	\$12,914	\$12,608	\$12,608	\$12,608	\$12,134	\$11,938	\$11,776	\$11,624	\$11,303	\$10,818
percent increase from prior year	2.4%	0.0%	0.0%	3.9%	1.6%	1.4%	1.3%	2.8%	4.5%	2.9%
PAC-12 Public Average	\$14,818	\$14,201	\$13,978	\$14,088	\$13,544	\$13,383	\$13,086	\$12,937	\$12,676	\$12,374
percent increase from prior year	4.3%	1.6%	(0.8)%	4.0%	1.2%	2.3%	1.2%	2.1%	2.4%	2.8%
ABOR Peers Average	\$16,525	\$16,063	\$15,643	\$15,729	\$15,212	\$14,886	\$14,540	\$14,225	\$13,955	\$13,598
percent increase from prior year	2.9%	2.7%	(0.5)%	3.4%	2.2%	2.4%	2.2%	1.9%	2.6%	3.0%
<b>NON-RESIDENT GRADUATE</b>										
Arizona State University	\$33,556	\$32,288	\$32,288	\$32,288	\$30,926	\$29,874	\$28,882	\$27,780	\$26,736	\$25,804
percent increase from prior year	3.9%	0.0%	0.0%	4.4%	3.5%	3.4%	4.0%	3.9%	3.6%	2.9%
PAC-12 Public Average	\$30,879	\$29,977	\$29,391	\$29,635	\$28,610	\$28,097	\$27,491	\$26,912	\$26,281	\$25,597
percent increase from prior year	3.0%	2.0%	(0.8)%	3.6%	1.8%	2.2%	2.2%	2.4%	2.7%	2.6%
ABOR Peers Average	\$33,233	\$32,446	\$31,396	\$31,804	\$30,874	\$30,184	\$29,367	\$28,693	\$27,958	\$27,206
percent increase from prior year	2.4%	3.3%	(1.3)%	3.0%	2.3%	2.8%	2.4%	2.6%	2.8%	2.7%

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.

Summary of Composite Financial Index Ratios <sup>(1)</sup>										
Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>COMPOSITE FINANCIAL INDEX</b>										
<b>+ Primary Reserve Ratio</b>	<b>0.45</b>	<b>0.43</b>	<b>0.35</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>
/ 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	3.38	3.23	2.63	1.80	2.08	1.89	2.41	2.18	2.03	3.38
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	1.18	1.13	0.92	0.63	0.73	0.66	0.84	0.76	0.71	1.18
<b>+ Return on Net Position/Net Assets</b>	<b>9.8%</b>	<b>13.4%</b>	<b>19.8%</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>
/ 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	4.90	6.70	9.90	1.06	5.81	3.15	4.60	2.90	5.15	4.25
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.98	1.34	1.98	0.21	1.16	0.63	0.92	0.58	1.03	0.85
<b>+ Net Operating Revenues Ratio</b>	<b>2.6%</b>	<b>6.6%</b>	<b>6.5%</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>
/ 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	2.01	5.10	5.00	(1.00)	2.51	0.69	3.15	1.54	2.62	3.38
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.20	0.51	0.50	(0.10)	0.25	0.07	0.32	0.15	0.26	0.34
<b>+ Viability Ratio</b>	<b>0.67</b>	<b>0.59</b>	<b>0.47</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>
/ 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	1.61	1.41	1.13	0.79	0.88	0.73	0.94	0.82	0.74	1.22
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.56	0.50	0.39	0.28	0.31	0.26	0.33	0.29	0.26	0.43
<b>Composite Financial Index</b>	<b>2.92</b>	<b>3.48</b>	<b>3.79</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>

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*. Balances prior to FY 2022 have not been adjusted for the implementation of GASB Statement No. 87, *Leases*. Balances prior to FY 2023 have not been adjusted for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

# Composite Financial Index (continued)

Detail of Composite Financial Index Ratios <sup>(1)</sup> (Dollars in thousands)										
Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017 <sup>(2)</sup>	2016	2015	2014
<b>PRIMARY RESERVE RATIO</b>										
Unrestricted Net Position	\$ 579,506	\$ 437,294	\$ 235,307	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307
Without Donor Restrictions - Unrestricted Net Assets - Component Units	303,248	286,211	187,364	123,335	119,675	44,688	54,955	(2,912)	29,112	(28,470)
Expendable Restricted Net Position	209,011	203,211	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948
With Donor Restrictions - Temporarily Restricted Net Assets - Component Units	714,347	610,393	592,746	427,888	421,912	408,384	363,620	341,524	323,456	286,599
<b>Expendable Net Position/ Net Assets</b>	<b>\$ 1,806,112</b>	<b>\$ 1,537,109</b>	<b>\$ 1,191,354</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>
Operating Expenses	\$ 3,528,915	\$ 3,160,041	\$ 3,035,974	\$ 2,883,520	\$ 2,634,702	\$ 2,450,214	\$ 2,265,725	\$ 2,104,513	\$ 1,961,808	\$ 1,796,805
Nonoperating Expenses	84,048	83,224	84,411	81,324	85,754	70,493	76,745	76,011	63,242	62,316
Component Unit Total Expenses	403,737	350,770	323,676	303,974	283,224	252,963	228,083	280,389	266,791	201,738
<b>Total Expenses</b>	<b>\$ 4,016,700</b>	<b>\$ 3,594,035</b>	<b>\$ 3,444,061</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>
Expendable Net Position/ Net Assets	\$ 1,806,112	\$ 1,537,109	\$ 1,191,354	\$ 783,116	\$ 827,112	\$ 688,024	\$ 826,043	\$ 710,317	\$ 623,855	\$ 935,384
Total Expenses	\$ 4,016,700	\$ 3,594,035	\$ 3,444,061	\$ 3,268,818	\$ 3,003,680	\$ 2,773,670	\$ 2,570,553	\$ 2,460,913	\$ 2,291,841	\$ 2,060,859
<b>Ratio</b>	<b>0.45</b>	<b>0.43</b>	<b>0.35</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>
<i>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.</i>										
<b>RETURN ON NET POSITION/NET ASSETS RATIO</b>										
Change in Total Net Position/ Net Assets	\$ 341,498	\$ 408,159	\$ 497,548	\$ 52,103	\$ 256,838	\$ 131,399	\$ 185,017	\$ 109,055	\$ 170,423	\$ 163,969
Total Net Position/Net Assets (Beginning of Year)	\$ 3,482,251	\$ 3,053,146	\$ 2,516,921	\$ 2,464,818	\$ 2,207,980	\$ 2,076,581	\$ 2,018,485	\$ 1,884,777	\$ 1,656,504	\$ 1,927,200
<b>Ratio</b>	<b>9.8%</b>	<b>13.4%</b>	<b>19.8%</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>
Return on Net Position/Net Assets Ratio calculation includes component unit information.										
<i>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.</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*. Balances prior to FY 2022 have not been adjusted for the implementation of GASB Statement No. 87, *Leases*. Balances prior to FY 2023 have not been adjusted for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

<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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>NET OPERATING REVENUES RATIO</b>										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$ 89,601	\$ 154,402	\$ 173,972	\$ (46,841)	\$ 35,016	\$ 34,090	\$ 66,039	\$ 81,031	\$ 62,766	\$ 72,104
Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	18,119	99,825	64,616	3,837	65,965	(9,501)	44,861	(32,024)	17,131	23,577
<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>\$ 107,720</b>	<b>\$ 254,227</b>	<b>\$ 238,588</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>
Total Operating Revenues	\$ 2,752,088	\$ 2,491,964	\$ 2,220,786	\$ 2,180,596	\$ 2,048,569	\$ 1,915,786	\$ 1,782,224	\$ 1,644,337	\$ 1,482,742	\$ 1,348,645
State Appropriations and State Related Revenues	440,703	430,127	343,179	357,407	337,974	339,318	328,239	312,460	364,568	342,278
Non-capital Gifts and Grants, net	444,926	534,414	654,584	335,244	308,326	286,915	258,989	280,543	221,758	207,646
Financial aid trust							16,019	14,833	13,615	12,393
Investment Income (Loss), net	60,214	(58,838)	75,808	44,756	60,603	12,778	23,038	9,382	5,133	20,263
Component Units Total Unrestricted Revenue	421,856	450,594	388,292	307,811	349,189	243,462	272,944	248,365	283,922	225,315
<b>Adjusted Net Operating Revenue</b>	<b>\$ 4,119,787</b>	<b>\$ 3,848,261</b>	<b>\$ 3,682,649</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>
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	\$ 107,720	\$ 254,227	\$ 238,588	\$ (43,004)	\$ 100,981	\$ 24,589	\$ 110,900	\$ 49,007	\$ 79,897	\$ 95,681
Adjusted Net Operating Revenue	\$ 4,119,787	\$ 3,848,261	\$ 3,682,649	\$ 3,225,814	\$ 3,104,661	\$ 2,798,259	\$ 2,681,453	\$ 2,509,920	\$ 2,371,738	\$ 2,156,540
<b>Ratio</b>	<b>2.6%</b>	<b>6.6%</b>	<b>6.5%</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>
<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	\$ 579,506	\$ 437,294	\$ 235,307	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307
Without Donor Restrictions - Unrestricted Net Assets - Component Units	303,248	286,211	187,364	123,335	119,675	44,688	54,955	(2,912)	29,112	(28,470)
Expendable Restricted Net Position	209,011	203,211	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948
With Donor Restrictions - Temporarily Restricted Net Assets - Component Units	714,347	610,393	592,746	427,888	421,912	408,384	363,620	341,524	323,456	286,599
<b>Expendable Net Position/Net Assets</b>	<b>\$ 1,806,112</b>	<b>\$ 1,537,109</b>	<b>\$ 1,191,354</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>
University Long-Term Debt, net financed purchases with Component Units	\$ 2,425,148	\$ 2,322,303	\$ 2,241,062	\$ 2,071,885	\$ 1,928,622	\$ 1,768,827	\$ 1,771,961	\$ 1,573,804	\$ 1,511,891	\$ 1,319,199
Component Unit Long-Term Debt	258,114	280,940	298,250	316,614	333,784	347,987	340,602	499,844	514,409	509,339
<b>Total Adjusted University Debt</b>	<b>\$ 2,683,262</b>	<b>\$ 2,603,243</b>	<b>\$ 2,539,312</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>
Expendable Net Position/Net Assets	\$ 1,806,112	\$ 1,537,109	\$ 1,191,354	\$ 783,116	\$ 827,112	\$ 688,024	\$ 826,043	\$ 710,317	\$ 623,855	\$ 935,384
Total Adjusted University Debt	\$ 2,683,262	\$ 2,603,243	\$ 2,539,312	\$ 2,388,499	\$ 2,262,406	\$ 2,116,814	\$ 2,112,563	\$ 2,073,648	\$ 2,026,300	\$ 1,828,538
<b>Ratio</b>	<b>0.67</b>	<b>0.59</b>	<b>0.47</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>
<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*. Balances prior to FY 2022 have not been adjusted for the implementation of GASB Statement No. 87, *Leases*.

# Summary of Ratios

Summary of Ratios <sup>(1)</sup> (Dollars in thousands)										
Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>EXPENDABLE RESOURCES TO DEBT</b>										
Unrestricted Net Position	\$ 579,506	\$ 437,294	\$ 235,307	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307
Expendable Restricted Net Position	209,011	203,211	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948
<b>Expendable Net Position</b>	<b>\$ 788,517</b>	<b>\$ 640,505</b>	<b>\$ 411,244</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>
Expendable Net Position	\$ 788,517	\$ 640,505	\$ 411,244	\$ 231,893	\$ 285,525	\$ 234,952	\$ 407,468	\$ 371,705	\$ 271,287	\$ 677,255
Total Bonds, COPS, and Financed Purchases	\$2,467,928	\$2,365,500	\$2,305,450	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649
<b>Ratio</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</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>
<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	\$ 579,506	\$ 437,294	\$ 235,307	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307
Expendable Restricted Net Position	209,011	203,211	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948
Nonexpendable Restricted Net Position	109,039	104,729	91,623	87,497	84,714	78,813	74,102	70,544	64,833	59,476
<b>Total Financial Resources</b>	<b>\$ 897,556</b>	<b>\$ 745,234</b>	<b>\$ 502,867</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>
Total Financial Resources	\$ 897,556	\$ 745,234	\$ 502,867	\$ 319,390	\$ 370,239	\$ 313,765	\$ 481,570	\$ 442,249	\$ 336,120	\$ 736,731
Total Bonds, COPS, and Financed Purchases	\$2,467,928	\$2,365,500	\$2,305,450	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649
<b>Ratio</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</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>
<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	\$(511,762)	\$(555,787)	\$(536,209)	\$(465,853)	\$(439,627)	\$(384,847)	\$(320,901)	\$(315,803)	\$(367,867)	\$(319,052)
State Appropriations, Federal Stabilization Funds, and CARES Act Reimbursements	405,040	385,527	306,346	323,332	303,370	306,778	296,913	281,385	338,042	314,493
Share of State Sales Tax - TRIF	35,663	44,600	36,833	34,075	34,604	32,540	31,326	31,075	26,526	27,785
Non-capital Grants and Contracts, Gifts, Other <sup>(1)</sup>	444,926	534,414	654,584	335,244	308,326	286,915	275,008	295,376	235,373	220,039
<b>Adjusted Cash Flow from Operations</b>	<b>\$ 373,867</b>	<b>\$ 408,754</b>	<b>\$ 461,554</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>
Total Bonds, COPS, and Financed Purchases	\$2,467,928	\$2,365,500	\$2,305,450	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649
Adjusted Cash Flow from Operations	\$ 373,867	\$ 408,754	\$ 461,554	\$ 226,798	\$ 206,673	\$ 241,386	\$ 282,346	\$ 292,033	\$ 232,074	\$ 243,265
<b>Ratio</b>	<b>6.6</b>	<b>5.8</b>	<b>5.0</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>
<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	\$ 84,048	\$ 76,122	\$ 67,838	\$ 65,342	\$ 63,413	\$ 61,903	\$ 69,135	\$ 59,972	\$ 53,428	\$ 52,674
Principal Paid on Debt and Leases <sup>(1)</sup>	83,243	77,983	166,497	70,261	62,161	252,076	62,596	99,285	305,910	50,596
Principal Paid from Refinancing Activities <sup>(2)</sup>			(91,570)			(196,830)	(1,153)	(39,415)	(243,340)	
<b>Debt Service</b>	<b>\$ 167,291</b>	<b>\$ 154,105</b>	<b>\$ 142,765</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>
Debt Service	\$ 167,291	\$ 154,105	\$ 142,765	\$ 135,603	\$ 125,574	\$ 117,149	\$ 130,578	\$ 119,842	\$ 115,998	\$ 103,270
Operating Expenses	\$3,528,915	\$3,160,041	\$3,035,974	\$2,883,520	\$2,634,702	\$2,450,214	\$2,265,725	\$2,104,513	\$1,961,808	\$1,796,805
<b>Ratio</b>	<b>4.7%</b>	<b>4.9%</b>	<b>4.7%</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>
<sup>(1)</sup> Obtained from "Bonds Payable, Certificates of Participation and Financed Purchases" 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*. Balances prior to FY 2022 have not been adjusted for the implementation of GASB Statement No. 87, *Leases*.

# Summary of Ratios (continued)

Summary of Ratios (Dollars in thousands)										
Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES</b>										
Operating Expenses	\$ 3,528,915	\$ 3,160,041	\$ 3,035,974	\$ 2,883,520	\$ 2,634,702	\$ 2,450,214	\$ 2,265,725	\$ 2,104,513	\$ 1,961,808	\$ 1,796,805
Scholarships and Fellowships	(290,776)	(293,349)	(300,202)	(292,914)	(247,194)	(211,811)	(187,124)	(152,802)	(136,675)	(127,468)
Interest on Debt	84,048	76,122	67,838	65,342	63,413	61,903	69,135	59,972	53,428	52,674
<b>Total Adjusted Operating Expenses</b>	<b>\$ 3,322,187</b>	<b>\$ 2,942,814</b>	<b>\$ 2,803,610</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>
Research Expenses	\$ 456,087	\$ 414,259	\$ 384,431	\$ 359,936	\$ 323,623	\$ 297,448	\$ 267,303	\$ 261,055	\$ 244,763	\$ 235,720
Total Adjusted Operating Expenses	\$ 3,322,187	\$ 2,942,814	\$ 2,803,610	\$ 2,655,948	\$ 2,450,921	\$ 2,300,306	\$ 2,147,736	\$ 2,011,683	\$ 1,878,561	\$ 1,722,011
<b>Ratio</b>	<b>13.7%</b>	<b>14.1%</b>	<b>13.7%</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>
<i>Measures the institution's research expense to the total operating expenses.</i>										
<b>NET TUITION PER STUDENT</b>										
Student Tuition and Fees, net	\$ 1,889,421	\$ 1,689,832	\$ 1,598,180	\$ 1,550,581	\$ 1,423,052	\$ 1,323,268	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921
Financial Aid Grants	216,672	200,843	198,432	186,818	168,230	152,500	128,474	124,188	115,070	106,855
Scholarships and Fellowships	(290,776)	(293,349)	(300,202)	(292,914)	(247,194)	(211,811)	(187,124)	(152,802)	(136,675)	(127,468)
<b>Net Tuition and Fees</b>	<b>\$ 1,815,317</b>	<b>\$ 1,597,326</b>	<b>\$ 1,496,410</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>
Net Tuition and Fees	\$ 1,815,317	\$ 1,597,326	\$ 1,496,410	\$ 1,444,485	\$ 1,344,088	\$ 1,263,957	\$ 1,192,178	\$ 1,128,921	\$ 999,409	\$ 876,308
Student FTE	127,198	121,770	117,005	110,548	103,654	97,950	94,077	88,742	81,254	76,376
<b>Net Tuition per Student (whole dollars)</b>	<b>\$ 14,272</b>	<b>\$ 13,118</b>	<b>\$ 12,789</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>
<i>Measures the institution's net student tuition and fees received per student.</i>										
<b>STATE APPROPRIATIONS PER STUDENT</b>										
State Appropriations	\$ 405,040	\$ 385,527	\$ 306,346	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493
Capital State Appropriations	80,246	25,985	25,840	25,622	25,406	13,479	11,190	11,422	15,000	14,471
<b>Adjusted State Appropriations</b>	<b>\$ 485,286</b>	<b>\$ 411,512</b>	<b>\$ 332,186</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>
Adjusted State Appropriations	\$ 485,286	\$ 411,512	\$ 332,186	\$ 348,954	\$ 328,776	\$ 320,257	\$ 308,103	\$ 292,807	\$ 353,042	\$ 328,964
Student FTE	127,198	121,770	117,005	110,548	103,654	97,950	94,077	88,742	81,254	76,376
<b>Adjusted State Appropriations per Student (whole dollars)</b>	<b>\$ 3,815</b>	<b>\$ 3,379</b>	<b>\$ 2,839</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>
<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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<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	\$ 1,889,421	\$ 1,689,833	\$ 1,598,180	\$ 1,550,581	\$ 1,423,051	\$ 1,312,313	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921
Receipts from Other Major Revenue Sources (Facilities Revenue)	506,201	466,350	330,044	349,050	358,231	335,309	304,859	293,117	279,610	264,385
<b>Net Revenues Available for Debt Service</b>	<b>\$ 2,395,622</b>	<b>\$ 2,156,183</b>	<b>\$ 1,928,224</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>SENIOR LIEN MAXIMUM BONDS DEBT SERVICE</b>										
Interest on Debt	\$ 84,167	\$ 75,267	\$ 67,685	\$ 60,598	\$ 58,683	\$ 54,954	\$ 53,077	\$ 42,451	\$ 46,842	\$ 40,342
Principal Paid on Debt	87,895	83,030	80,625	70,990	61,425	53,455	51,555	46,525	40,155	42,635
<b>Senior Lien Bonds Debt Service Requirement <sup>(1)</sup></b>	<b>\$ 172,062</b>	<b>\$ 158,297</b>	<b>\$ 148,310</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>Coverage</b>	<b>13.92</b>	<b>13.62</b>	<b>13.00</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>
<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	\$ 84,167	\$ 75,267	\$ 67,685	\$ 60,598	\$ 58,683	\$ 54,954	\$ 53,077	\$ 44,482	\$ 46,842	\$ 38,584
Principal Paid on Debt	87,895	83,030	80,625	70,990	61,425	53,455	51,555	43,435	40,155	42,640
<b>Senior Lien Bonds Debt Service Requirement</b>	<b>\$ 172,062</b>	<b>\$ 158,297</b>	<b>\$ 148,310</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>SUBORDINATE LIEN BONDS DEBT SERVICE</b>										
Interest on Debt	\$ 3,595	\$ 3,595	\$ 3,595	\$ 3,836	\$ 4,640	\$ 5,374	\$ 5,374	\$ 5,757	\$ 7,154	\$ 7,154
Principal Paid on Debt	7,550	7,550	7,550	8,335	7,630	6,970	6,970	7,805	6,440	6,440
<b>Subordinate Lien Bonds Debt Service Requirements</b>	<b>\$ 11,145</b>	<b>\$ 11,145</b>	<b>\$ 11,145</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>Combined Senior/Subordinate Lien Debt Service <sup>(1)</sup></b>	<b>\$ 183,207</b>	<b>\$ 169,442</b>	<b>\$ 159,455</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>Coverage</b>	<b>13.08</b>	<b>12.73</b>	<b>12.09</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>

<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>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
System Revenue Bonds	\$ 2,103,045	\$ 1,979,575	\$ 1,865,550	\$ 1,691,205	\$ 1,556,810	\$ 1,404,350	\$ 1,392,795	\$ 1,212,240	\$ 1,157,535	\$ 1,002,655
Unamortized Premium	200,459	203,619	209,133	191,967	170,948	150,794	144,377	105,470	91,298	42,844
<b>Net System Revenue Bonds</b>	<b>\$ 2,303,504</b>	<b>\$ 2,183,194</b>	<b>\$ 2,074,683</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>
Certificates of Participation	\$ 110,085	\$ 123,955	\$ 140,905	\$ 157,265	\$ 173,075	\$ 188,325	\$ 202,290	\$ 213,710	\$ 224,965	\$ 235,505
Unamortized Premium	988	1,557	2,280	3,074	3,869	4,666	6,470	7,574	8,731	9,892
<b>Net Certificates of Participation</b>	<b>\$ 111,073</b>	<b>\$ 125,512</b>	<b>\$ 143,185</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>
Total Bonds Payable	\$ 2,303,504	\$ 2,183,194	\$ 2,074,683	\$ 1,883,172	\$ 1,727,758	\$ 1,555,144	\$ 1,537,172	\$ 1,317,710	\$ 1,248,833	\$ 1,045,499
COPS Payable	111,073	125,512	143,185	160,339	176,944	192,991	208,760	221,284	233,696	245,397
Financed Purchases	53,351	56,794	87,582	91,939	96,330	101,251	104,822	110,323	113,288	81,753
<b>Total</b>	<b>\$ 2,467,928</b>	<b>\$ 2,365,500</b>	<b>\$ 2,305,450</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>Long-Term Debt</b>										
per Student FTE ( <i>whole dollars</i> )	\$ 19,402	\$ 19,426	\$ 19,704	\$ 19,317	\$ 19,305	\$ 18,881	\$ 19,673	\$ 18,586	\$ 19,640	\$ 17,972
per Dollar of State Appropriations and State Capital Appropriations	\$ 5.09	\$ 5.75	\$ 6.94	\$ 6.12	\$ 6.09	\$ 5.77	\$ 6.01	\$ 5.63	\$ 4.52	\$ 4.17
per Dollar of Total Grants and Contracts	\$ 4.09	\$ 3.48	\$ 3.04	\$ 4.87	\$ 4.98	\$ 4.97	\$ 5.64	\$ 5.32	\$ 5.57	\$ 4.88
<b>Data Used in Above Calculations</b>										
Total Student FTE	127,198	121,770	117,005	110,548	103,654	97,950	94,077	88,742	81,254	76,376
State Appropriations and State Capital Appropriations	\$ 485,286	\$ 411,512	\$ 332,186	\$ 348,954	\$ 328,776	\$ 320,257	\$ 308,103	\$ 292,807	\$ 353,042	\$ 328,964
Grants and Contracts	\$ 603,436	\$ 678,792	\$ 757,415	\$ 438,286	\$ 401,555	\$ 372,291	\$ 328,283	\$ 309,902	\$ 286,684	\$ 281,049

Student FTE based on fall enrollment of the fiscal year.

# Admissions, Enrollment, and Degrees Earned

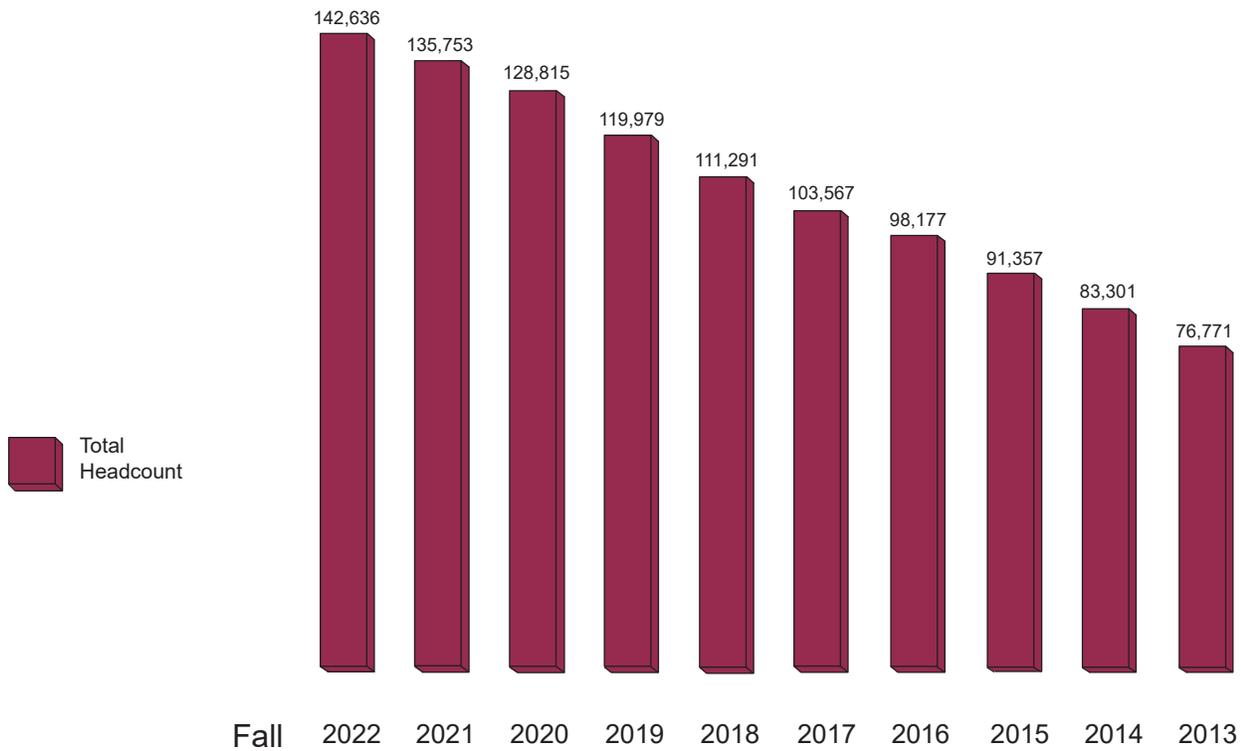
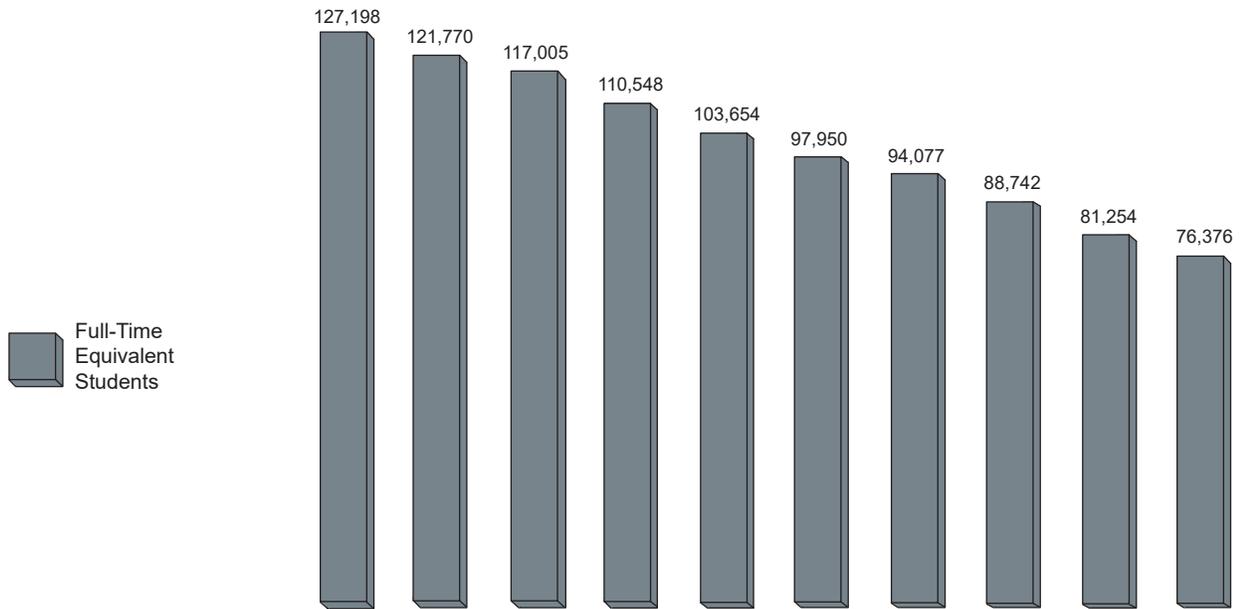
Admissions, Enrollment, and Degrees Earned (21st Day Fall Enrollment)										
Fall enrollment of fiscal year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>ADMISSIONS - FIRST-YEAR</b>										
Applications <sup>(1)(2)</sup>	77,213	68,588	59,075	57,576	45,327	44,613	42,396	42,363	38,280	35,294
Accepted	67,171	59,233	51,325	47,151	36,856	34,712	32,653	32,400	30,028	26,915
Enrolled	18,124	16,830	15,161	15,606	13,974	12,337	12,119	12,004	11,079	10,232
Accepted as Percentage of Application	87%	86%	87%	82%	81%	78%	77%	76%	78%	76%
Enrolled as Percentage of Accepted	27%	28%	30%	33%	38%	36%	37%	37%	37%	38%
Average SAT scores - Total <sup>(3)</sup>	1225	1227	1199	1210	1210	1194	1184	1182	1182	1178
Evidence-based reading and writing	610	612	598	603	603	598	594	594	594	592
Math	616	616	602	608	608	599	591	589	590	589
<b>ENROLLMENT</b>										
Student FTE	127,198	121,770	117,005	110,548	103,654	97,950	94,077	88,742	81,254	76,376
Student Headcount	142,636	135,753	128,815	119,979	111,291	103,567	98,177	91,357	83,301	76,771
African American (Headcount)	8,026	7,770	7,342	6,404	5,695	5,152	4,785	4,439	4,002	3,663
Percentage of Total	5.6%	5.7%	5.7%	5.3%	5.1%	5.0%	4.9%	4.9%	4.8%	4.8%
White (Headcount)	66,172	66,035	64,958	61,656	58,749	55,000	52,531	49,083	45,407	43,713
Percentage of Total	46.4%	48.6%	50.4%	51.4%	52.8%	53.1%	53.5%	53.7%	54.5%	56.9%
Other (Headcount)	68,438	61,948	56,515	51,919	46,847	43,415	40,861	37,835	33,892	29,395
Percentage of Total	48.0%	45.7%	43.9%	43.3%	42.1%	41.9%	41.6%	41.4%	40.7%	38.3%
<b>DEGREES EARNED</b>										
Bachelor's	23,579	23,139	22,067	20,308	19,340	18,178	16,450	15,264	14,842	14,381
Master's	11,312	9,640	8,829	8,074	7,149	6,828	6,008	5,817	5,268	4,584
Doctoral	703	684	701	755	714	692	677	674	687	596
Professional	259	274	283	252	282	276	199	198	223	200
<b>Total Degrees Earned</b>	<b>35,853</b>	<b>33,737</b>	<b>31,880</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>

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

<sup>(2)</sup> Beginning fall 2019, 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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>ENROLLMENT (Headcount)</b>										
Undergraduate	112,177	107,431	103,617	96,727	89,898	83,551	79,447	74,146	67,507	62,089
Graduate	30,459	28,322	25,198	23,252	21,393	20,016	18,730	17,211	15,794	14,682
Resident (Arizona)	59,078	59,954	59,472	57,552	54,861	53,158	51,438	50,350	49,940	49,537
Non-Resident	83,558	75,799	69,343	62,427	56,430	50,409	46,739	41,007	33,361	27,234

# Demographic Data

Demographic Data										
Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Arizona Population	7,423,454	7,276,316	7,421,401	7,278,717	7,171,646	7,016,270	6,931,071	6,829,397	6,731,484	6,626,624
Arizona Personal Income ( <i>in millions</i> )	436,527	395,111	363,274	335,243	313,040	292,108	278,925	266,756	255,089	244,011
Arizona Per Capita Personal Income	58,804	54,301	48,950	46,058	43,650	41,633	40,243	39,060	37,895	36,823
Arizona Unemployment Rate	3.50%	4.90%	7.90%	4.70%	4.80%	4.90%	5.30%	6.10%	6.90%	8.00%

Sources: U.S. Bureau of Economic Analysis and Arizona Commerce Authority.

Principal Employers						
Employer	Calendar Year Ended December 31, 2022			Calendar Year Ended December 31, 2013		
	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment
Amazon.com	40,000	1	1.11%			
Walmart Inc.	38,309	2	1.06%	32,169	2	1.06%
State of Arizona	37,861	3	1.05%	49,278	1	1.64%
Banner Health	35,205	4	0.97%	25,270	3	0.52%
Wells Fargo & Co.	15,500	5	0.43%	14,713	5	0.49%
City of Phoenix	14,960	6	0.41%	14,983	4	0.50%
Dignity Health Arizona	13,441	7	0.37%			
Arizona State University	12,866	8	0.36%	12,222	7	0.40%
Maricopa County	12,712	9	0.35%	12,698	6	0.42%
University of Arizona	11,128	10	0.31%			
Intel Corp.				11,900	8	0.39%
JPMorgan Chase & Co.				11,042	9	0.37%
Bank of America				11,000	10	0.37%
	231,982		6.42%	195,275		6.16%

Sources: Phoenix Business Journal, Book of Lists 2022 and Arizona State University CAFR 2014 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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>FACULTY</b>										
Full-time	3,871	3,772	3,632	3,595	3,483	3,367	3,225	3,108	2,963	2,777
Part-time	363	317	304	320	291	310	330	394	515	375
<b>Total Faculty</b>	<b>4,234</b>	<b>4,089</b>	<b>3,936</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>
Percentage Tenured	51.2%	51.8%	52.7%	52.9%	54.5%	55.0%	55.4%	55.9%	54.2%	58.0%
<b>STAFF</b>										
Full-time	8,433	7,867	7,988	7,889	7,551	7,189	6,734	6,443	5,966	5,693
Part-time	5,527	5,334	4,797	4,925	4,819	4,519	4,414	4,168	4,183	3,565
<b>Total Staff</b>	<b>13,960</b>	<b>13,201</b>	<b>12,785</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>Total Faculty and Staff</b>	<b>18,194</b>	<b>17,290</b>	<b>16,721</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>

Sources: Arizona State University Fact Book and Institutional Analysis.

Percentage Tenured includes tenured and tenure track faculty.

<b>Capital Assets</b>										
<b>Fiscal Year Ended June 30,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>CAPITAL ASSETS</b> <i>(Number of Facilities)</i>										
Academic/Support Facilities	226	230	227	226	227	249	251	252	248	224
Auxiliary Facilities	155	152	151	148	149	159	164	166	172	153
<b>Total</b>	<b>381</b>	<b>382</b>	<b>378</b>	<b>374</b>	<b>376</b>	<b>408</b>	<b>415</b>	<b>418</b>	<b>420</b>	<b>377</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.

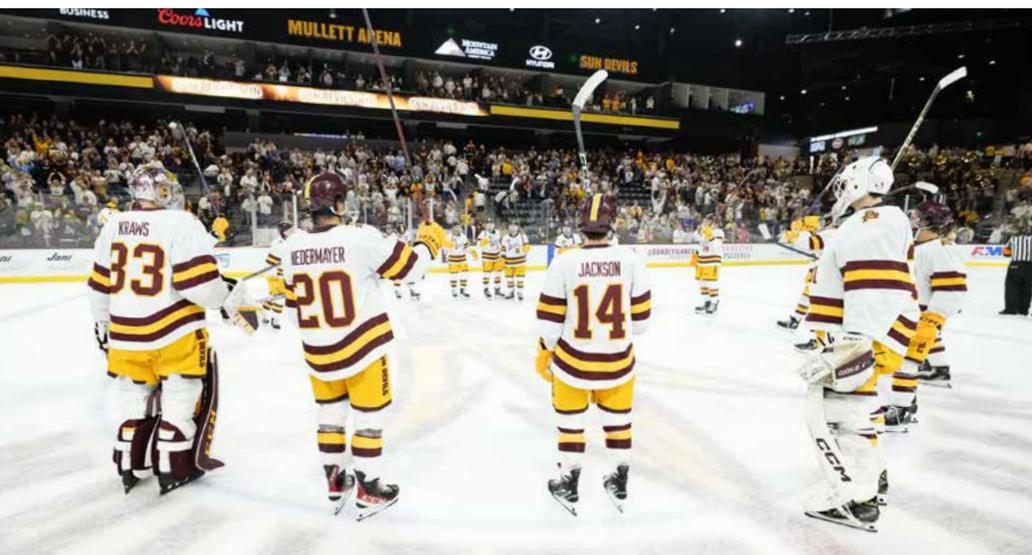
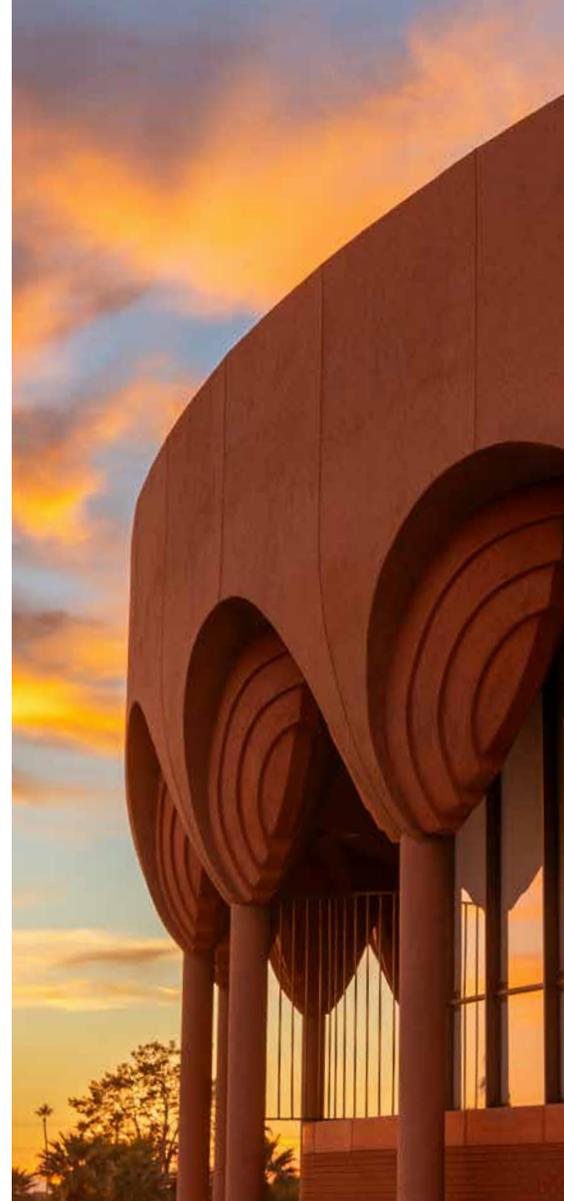
**Right.** A view of Sun Devil Stadium during the Arizona State University undergraduate commencement.

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Congrats, #ASUgradi!





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Arizona State University vigorously pursues affirmative action and equal opportunity in its employment, activities, and programs.

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