Arizona State University

Comprehensive Annual Financial Report 2019

Year Ended June 30, 2019 | An Enterprise Fund of the State of Arizona

Arizona State University



Comprehensive Annual Financial Report

Year Ended June 30, 2019

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


She
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so she
DID

Arizona State University

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Introductory Section

Message from President Michael Crow

As our Sun Devil family grows, so does our ability to innovate. Arizona State University's fall 2018 enrollment hit 111,291, marking our second fall semester in a row serving more than 100,000 registered students. Meanwhile, we received the tremendous honor of being named the most innovative school in the nation by U.S. News and World Report for the fifth consecutive year, ahead of Stanford, MIT and Georgia Tech. Based on a survey of peers and a comparison of more than 1,500 institutions, these rankings demonstrate our commitment to redefine higher education to meet students' and society's rapidly changing needs. I am honored to experience innovation firsthand every day as our faculty, researchers, students and staff consistently push boundaries and create solutions when faced with new challenges.

Our New American University model is continuing to generate master learner graduates, game-changing discoveries and powerful economic and societal impact. This year, U.S. News and World Report rated us in the top 10 nationwide, and fourth among public schools, for "first-year experience," recognizing our ability to make students feel supported and connect them with resources to help keep them on track to graduate. In addition, we remain the top public university chosen by international students and are in the top ten worldwide for patents issued in 2018. Also, Times Higher Education placed us among the top 100 universities in the world for research and teaching.

One of the areas where ASU is making its mark is in deep-dive investigations of our home planet and other worlds. The School of Earth and Space Exploration continues to work with NASA's Discovery Program to launch a spacecraft in 2022 and land it on the Psyche asteroid, a nearly all nickel and iron body that orbits between Mars and Jupiter. Researchers will learn Psyche's age, if it is part of an early planet's core and if it formed like the Earth's core.

ASU researchers also are hard at work on the Lunar Polar Hydrogen Mapper. The LunaH-Map is the first interplanetary spacecraft developed and built at ASU, constructed in a cleanroom in the Interdisciplinary Science and Technology Building 4 on the Tempe campus. Scheduled for a June 2020 launch, the shoebox-sized LunaH-Map will head for the moon's south pole in search of hydrogen, one of the two elements that make up water.

A bit closer to home, in the volcanic fields of northern Arizona, ASU is partnering with light-and-space artist James Turrell on his magnum opus, Roden Crater. Visitors will be able to walk through the tunneled, volcanic cinder cone observatory and experience the sky and light in a truly unique way. Roden Crater will provide the ultimate transdisciplinary opportunity for students from numerous program areas to study and collaborate. The Tempe campus houses Turrell's "Skyspace" public art piece, Air Apparent, which intensifies viewers' visual experiences during twilight hours.

The artistic and cosmos-bound endeavors of our Sun Devils would not be possible without our donors' commitment to the New American University's mission. During the fiscal year 2019, Campaign ASU 2020 experienced its fifth consecutive increase, and ASU had its most successful fundraising year ever. More than 101,500 people, including nearly 2,700 faculty and staff, corporations and foundations donated $413.7 million to the university and related organizations, a 65% improvement over the fiscal year 2018.

One of the most substantial donations ever given to ASU was from Charlene and the late J. Orin Edson, who gifted $50 million to broaden dementia education and research. The funds were split evenly between the ASU Biodesign Institute and the Edson College of Nursing and Health Innovation. The Edsons' gift will support students, as well as interdisciplinary dementia research and notable faculty, and boost training for both caregivers and nurses.

ASU received another donation in the tens of millions last fall. Mike and Cindy Watts' $30 million gift established the Watts College of Public Service and Community Solutions and will fund professorships, expand undergraduate student-faculty research in the community and support student entrepreneurs who focus on social challenges. Additionally, the Watts' contribution will build local school mentorship programs and foster a community revitalization project in Maryvale, Arizona, the couple's hometown.

Additional substantial financial gifts pledged last year hold the potential to produce profound academic opportunities and research discoveries in other areas:

- The W. P. Carey Foundation donated an additional $25 million to the W. P. Carey School of Business. The gift will launch the W. P. Carey Career Services Center for the nearly 16,000 W. P. Carey School students and establish two endowed chairs.
- The Virginia G. Piper Charitable Trust pledged $15 million for the Piper ASU Knowledge Exchange for Resilience initiative. KER aims to build resilient Arizona communities by connecting researchers with community leaders to share knowledge and problem solve in areas ranging from food insecurity to urban heat mitigation.
- Leo and Annette Beus gave $10 million to support the critical work of the ASU Biodesign Institute.

Every donor contributes to the success of our flourishing knowledge enterprise and strengthens our prominence as a world-class university. As we look to 2020 and beyond, I am excited by Arizona State University's growth as a force for positive change due to the remarkable efforts of our faculty, staff, alumni, students, donors and friends. Thank you for being a part of this outstanding institution. Together, we will continue the upward momentum.

November 6, 2019

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

Enclosed is the *Arizona State University Comprehensive Annual Financial Report* (CAFR) for the year ended June 30, 2019. The report includes the annual financial statements, Management's Discussion and Analysis (MD&A) and supplemental information to assist the reader in clearly understanding the University's financial activities and outcomes.

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

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

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. The University's annual audit is performed by the State of Arizona Office of the Auditor General. The reports resulting from the audit are shared with University management and the Arizona Board of Regents. The audit of the University's federal assistance programs is performed by the Office of the Auditor General in conjunction with the Statewide Single Audit. For the year ended June 30, 2019, the State of Arizona Office of the Auditor General has issued an unmodified opinion on Arizona State University's financial statements, the most favorable outcome possible. The independent auditors' report is displayed in the front of the financial section of the Report.

ASU remains committed to effective budgetary planning and sound financial management as it pursues excellence in teaching, research and public service. We have prepared Management's Discussion and Analysis (MD&A) to provide a narrative introduction, overview and analysis of the basic financial statements, as well as information regarding the University's financial position and the results of operations for the year ended June 30, 2019. The MD&A immediately follows the independent auditors' report, complements this letter of transmittal and should be read in conjunction with it.

Profile of the University

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

ASU offers more than 800 undergraduate and graduate degree programs 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. All ASU graduate and undergraduate academic programs are fully accredited by the North Central Association's Higher Learning Commission. Many programs also maintain additional accreditation through specialized accrediting agencies.

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

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

The University is considered a part of the reporting entity for the State of Arizona's financial reporting purposes and is included in the State's *Comprehensive Annual Financial Report*. The financial reporting entity for ASU's financial statements is comprised of the University and eight component units. The University's financial statements and the financial statements for the University's two blended component units, the Thunderbird School of Global Management and the ASU Athletic Facilities District, are prepared in accordance with Governmental Accounting Standards Board (GASB) reporting requirements. Separate financial statements for the University's six discretely presented component units are compiled in accordance with GASB Statement Nos. 39 and 61, and include ASU Enterprise

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

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

Arizona Economy
The following economic summary is based on the Arizona Office of Economic Opportunity Employment Projections, released on February 21, 2019 and data compiled by the JPMorgan Chase Economic Outlook Center at the ASU W.P. Carey School of Business.

The Arizona Office of Economic Opportunity is forecasting gradual gains in Arizona nonfarm employment for the 2018-2020 projection time period, with 166,000 nonfarm jobs growth expected from 2019 through 2020. In the current forecast, the rate of growth projected for total nonfarm employment is 2.7 percent annually, as the overall employment situation in Arizona continues to improve. The educational and health services sector is expected to add the largest number of jobs (approximately 37,000), at an annualized rate of growth of 2.6 percent, while construction-related employment is expected to rise by the largest percentage growth among all sectors at 5.8 percent annually.

Growth in real GDP, population, private sector wages, and labor force participation, as well as continued drops in the U.S. and Arizona unemployment rates, are economic factors that will continue to impact the economy's growth rate positively. On the national level, employment is at an all-time high, with average increases in excess of 170,000 new jobs each month. While the Arizona unemployment rate as of July 2019 continues to exceed the national average, rebounding construction activity and growth in major employment sectors is creating one of the longest periods of employment expansion in recent history. Consumer sentiment continues to improve in the U.S. and Arizona, marked by growth in consumer spending and consumer positive outlook regarding short- and long-term economic trends. Residential and commercial real estate markets in Arizona and the Phoenix metropolitan area have shown continued signs of improvement. The continued low interest rate environment is expected to continue to generate economic growth.

Despite economic trends that remain positive for both small and large businesses, constrained budgets persist for state and local governments as well as for a large number of households. Long-term structural issues in the state economy continue to include low national rankings in per capita income, education funding challenges, higher-than-average poverty rates and needed critical infrastructure improvements to match increasing population demands.

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

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

ASU continues to reimagine what higher education could be and is redesigning the public research university, leaving an indelible mark on the communities we serve. FY 2019 was another successful year for ASU, with research playing an increasing role in ASU's global engagement. The State of Arizona, the nation and the world at large all share the economic and societal benefits of purpose-based research. Major milestones of the past year include:

- Being rated for the fifth straight year by U.S. News & World Report as the nation's most innovative school. ASU also has been recognized by Times Higher Education in the top one percent of the world's most prestigious universities, based on the global performance measurement of research-intensive universities across core missions of teaching, research, knowledge transfer and international outlook.
- ASU has moved into the top 10 of all universities worldwide for U.S. patents awarded, according to the U.S. National Academy of Inventors and Intellectual Property Owners Association. ASU joins MIT, Stanford University, the University of Texas, the University of California and the University of Michigan as the top producers of patents.
- ASU continues to reflect excellence in educational opportunity, providing access for students to a world-renowned faculty that includes 35 Guggenheim fellows, 22 National Academy of Sciences fellows, seven Pulitzer Prize winners and five Nobel laureates. In addition

to our remarkable faculty, ASU's significant undergraduate online programs are rated number two by U.S. News & World Report and currently offer 89 undergraduate and 80 graduate degree programs online.

- In partnership with Amazon Web Services, ASU is embarking on the creation of the ASU Smart City Cloud Innovation Center Powered by AWS, an initiative that focuses on building smarter communities in the Phoenix metropolitan area by using AWS Cloud to solve pressing community and regional challenges. The new center is designed as part of a long-term collaboration to improve digital experiences for smart city designers, expand technology alternatives while minimizing costs, spur economic and workforce development and facilitate sharing public sector solutions with the region.
- ASU continues to find new ways to provide pathways to higher education and recently entered into an exclusive corporate partnership with Uber to provide education benefits to drivers who have completed at least 3,000 rides and achieve platinum or above status on Uber Pro. Drivers and family members will have access to ASU's renowned ASU Online programs, as well as to non-degree certificate courses through ASU's Continuing and Professional Education program. ASU now provides educational opportunities to over 25 employer partners that have prioritized making educational opportunity part of the total compensation structure for their employees.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its CAFR for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To receive a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized CAFR, and must satisfy both generally accepted accounting principles and applicable legal requirements. The University will submit its CAFR for the fiscal year ended June 30, 2019 to the GFOA and anticipates this year's report will continue to meet the requirements to receive the Certificate of Achievement.

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

Sincerely,

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

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arizona State University

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

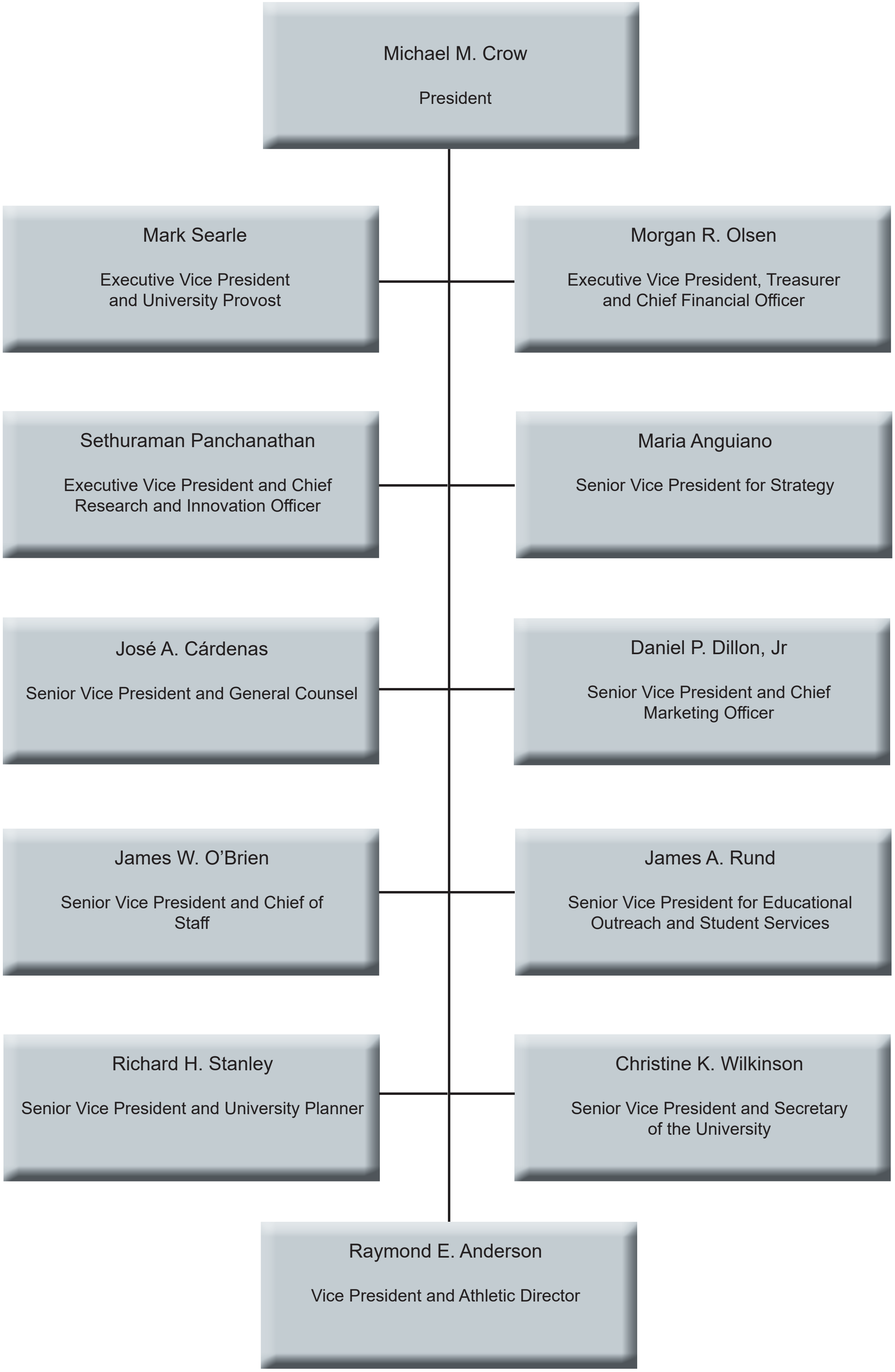
June 30, 2018

Christopher P. Morrill

Executive Director/CEO

ASU Organizational Chart

As of June 30, 2019



Arizona Board of Regents

As of June 30, 2019

Ex-Officio

Doug Ducey, *Governor of Arizona*

Kathy Hoffman, *Arizona Superintendent of Public Instruction*

Appointed

William Ridenour, *Chair*
Paradise Valley

Ram Krishna, *Secretary*
Yuma

Jay Heiler, *Treasurer*
Paradise Valley

Fred DuVal
Phoenix

Lyndel Manson
Flagstaff

Larry Penley
Phoenix

Ron Shoopman
Tucson

Karrin Taylor Robson
Phoenix

Aundrea DeGravina, *Student Regent*
Arizona State University

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


Welcome
#ASUWelc

Financial Section

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Arizona Board of Regents

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Arizona State University as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

Opinion unit	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses
Business-type activities—TSGM	0.45%	0.12%	0.42%	0.84%
Aggregate discretely presented component units	100%	100%	100%	100%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for TSGM and the aggregate discretely presented component units, is based solely on the other auditors' reports. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in

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Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors did not audit the aggregate discretely presented component units' financial statements, except for the ASU Preparatory Academy, Inc., in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of Arizona State University as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of matter

As discussed in Note A to the financial statements, the University's financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only those portions of the business-type activities, major fund, and aggregate discretely presented component units of the State of Arizona that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Arizona as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 20 through 26, schedule of the University's proportionate share of the net pension liability and total OPEB liability on page 66, and schedule of university contributions on page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The combining statements on pages 70 and 71 and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements are management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other reporting required by *Government Auditing Standards*

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

Lindsey Perry, CPA, CFE
Auditor General

November 6, 2019

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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, 2019. 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 350 accredited undergraduate majors and more than 450 highly ranked graduate degree and certificate programs. ASU's fall 2018 enrollment was over 111,000 students comprised of 90,000 undergraduate students and 21,000 graduate students, including almost 37,000 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.

ASU implemented a new financial management system effective for July 1, 2018, replacing a 30-year old mainframe system with a new ERP system. The system provides a platform for implementing operational efficiencies for transaction processing and incorporates a robust reporting functionality allowing for more analytical review of transactions.

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 2018 is included in Management's Discussion and Analysis (MD&A) in order to illustrate increases and decreases with FY 2019 data. The financial statements and notes along with MD&A have been prepared in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB) for public colleges and universities.

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

Effective for FY 2019 the University implemented the provisions of GASB Statement No. 83, Certain Assets Retirement Obligations and GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. More information on the implementation of these standards can be found in *Note A – Basis of Presentation and Significant Accounting Policies*.

GASB Statement No. 83 establishes financial reporting standards for measuring and recognizing asset retirement obligations from legally enforceable liabilities associated with the retirement of tangible capital assets.

GASB Statement No. 88 establishes standards for disclosing direct borrowings and direct placements as well as unused lines of credit, assets pledged as collateral for debt, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses.

Financial Highlights for FY 2019

The University strengthened its financial foundation in FY 2019 with a $85 million increase in net position, compared to a $63 million increase in FY 2018. This represents the 14th straight year in which ASU reported an increase in net position. At June 30, 2019 the University had total assets of over $4.4 billion and net position of almost $1.4 billion. Overall, FY 2019 funding sources and uses increased nine percent and eight percent, respectively, from FY 2018.

Tuition and fees are ASU's primary revenue source (51 percent), with grants and contracts, state appropriations, and auxiliary enterprise activities also providing significant resources. Over $1.2 billion was spent on instruction related expenses in FY 2019, representing one-half of the University's total expenses. Scholarships and fellowships combined with student services was the second largest expense category with $399 million in FY 2019 expenses, while research and public service expenses were $360 million, with the categories reflecting fifteen and seven percent increases over FY 2018, respectively.

Statement of Net Position

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

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

A summary comparison of the University's financial position as of June 30, 2019 and June 30, 2018 follows.

Condensed Summary of Net Position *(Dollars in millions)*		
	FY 2019	**FY 2018**
Assets		
Current assets	$ 553.9	$ 258.6
Noncurrent assets	1,134.2	1,176.2
Noncurrent capital assets, net	2,749.3	2,634.8
Total assets	**$ 4,437.4**	**$ 4,069.6**
Deferred outflows of resources	**$ 160.2**	**$ 146.6**
Liabilities		
Current liabilities	$ 544.1	$ 408.2
Noncurrent liabilities	759.5	773.8
Noncurrent long-term obligations	1,835.8	1,690.7
Total liabilities	**$ 3,139.4**	**$ 2,872.7**
Deferred inflows of resources	**$ 102.9**	**$ 73.5**
Net position		
Net investment in capital assets	$ 985.1	$ 956.2
Restricted:		
Nonexpendable	84.7	78.8
Expendable	118.6	119.4
Unrestricted	167.0	115.6
Total net position	**$ 1,355.4**	**$ 1,270.0**

Total assets at June 30, 2019 of $4.4 billion reflect a nine percent increase from June 30, 2018. Current assets are used to support operations and include cash and cash equivalents, short-term investments and accounts receivables. Current assets doubled between years primarily due to increased cash and cash equivalents as well as net accounts receivable. ASU's investment strategy during the year shifted to take advantage of the lack of spread between short-term and long-term rates, allowing for expanded shorter term investments available to fund current obligations as needed. Accounts receivables increased primarily due to growth in federal grants and contracts activity as well as student account receivables primarily due to increased online enrollment growth.

Noncurrent assets increased $73 million between years primarily due to a $114 million increase in net capital assets, a $64 million increase in restricted cash and cash equivalents and a $113 million increase in endowment investments, partially offset by a $219 million decrease in the other investments category. The increase in net capital assets was largely due to the final phase of the multi-year Sun Devil Stadium renovation project and the Hayden Library Reinvention project. Restricted cash and cash equivalents increased due to the issuance of system revenue bonds in fiscal 2019 to fund the Interdisciplinary Science and Technology Building 7 (ISTB 7), a research building that will house sustainability and innovation institutes, the Hayden Library Reinvention project, classroom and laboratory renovations and the Health Futures Center. The bond proceeds will be spent as construction costs are incurred. ASU's endowment investments increased by $113 million with the establishment of a new quasi-endowment investment, while other investments decreased by $219 million due to a change in investment strategy to take advantage of the narrowed gap between short-term and long-term investment rates.

Deferred outflows of resources increased $14 million between years primary due to an increase in pension plan activity due to actuarial differences between expected and actual experience as well as changes in actuarial assumptions.

Total liabilities increased $267 million for the year ended June 30, 2019 to $3.1 billion, with current liabilities increasing $136 million between years primarily due to increased unearned revenues and accounts payable. Unearned revenues increased due to grant revenues received prior to all grant obligations being fulfilled resulting in the recognition of the revenue in future periods. Accounts payable increased primarily related to outstanding obligations related to growth in outsourced services.

Noncurrent liabilities increased $131 million between years with long-term debt increasing by $145 million partially offset by a $19 million net decrease in ASU's allocated portion of pension and OPEB liability. Long-term debt increased due to the 2019 system revenue bonds issue discussed above and the decreased pension and OPEB liability resulted from a $27 million decrease in pension liability due to the strengthening of the overall pension funding position, offset by $8 million increase in OPEB liability due to the increased subsidization of retiree health care costs by active employees

Deferred inflows of resources increased $29 million between years due to increased pension and OPEB plan deferrals due to actuarial changes in assumptions in the measurement of the plan liabilities to be recognized in future periods.

Net position increased $85 million between years to almost $1.4 billion. ASU's increase in net position over the last ten years has averaged $94 million annually reflecting the University's steady growth in net position allowing the University to accumulate unrestricted net position sufficient to absorb the reduction in net position related to GASB pension plan and OPEB liability standards and still retain positive unrestricted net position to support strategic initiatives. Net position is reported as follows:

- Net investment in capital assets represents the University's investment in capital assets such as equipment, buildings, land and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

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

Statement of Revenues, Expenses, and Changes in Net Position

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

A summary comparison of the University's activities for FY 2019 and FY 2018 follows.

Condensed Summary of Revenues, Expenses, and Changes in Net Position *(Dollars in millions)*

	FY 2019	FY 2018
Operating revenues		
Tuition and fees, net	$ 1,423.1	$ 1,323.3
Research grants and contracts	344.1	313.5
Auxiliary enterprises, net	183.5	166.1
Other operating revenues	97.9	112.9
Total operating revenues	$ 2,048.6	$ 1,915.8
Operating expenses	2,634.7	2,450.2
Operating loss	**$ (586.1)**	**$ (534.4)**
Net nonoperating revenues (expenses)		
State appropriations	$ 303.4	$ 306.8
Other nonoperating revenues	403.5	332.2
Nonoperating expenses	(85.8)	(70.5)
Income before other revenues, expenses, gains, or losses	$ 35.0	$ 34.1
Capital appropriations and other revenues	50.4	29.0
Increase in net position	**$ 85.4**	**$ 63.1**
Net position at beginning of year	1,270.0	1,206.9
Net position at end of year	**$ 1,355.4**	**$ 1,270.0**

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 $133 million, or seven percent, to over $2.0 billion in FY 2019 with the most significant increase occurring in net tuition and fees and research grants and contracts. The $100 million increase in tuition and fee revenues is primarily the result of a seven percent increase in enrollment including nonresident enrollment growth of twelve percent and a modest increase in nonresident tuition and fee rates.

Grants and contracts revenue, primarily funded by federal agencies reflected a ten percent, or $31 million, increase between years to over $344 million. ASU has one of the fastest growing research enterprises in the U.S. and supports several interdisciplinary research centers, institutes and initiatives. These university-wide research centers enable scientists and scholars to collaborate across disciplines; connect researchers with clinical, governmental and corporate partners; and provide the teams and infrastructure to win significant funding opportunities.

There was a $15 million, or 13 percent, decrease in other operating revenues due to a decrease in sales and services activities of educational units, primarily the result of the cyclical nature of conferences, executive and continuing education activities.

Operating Expenses

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

Operating expenses increased $185 million or eight percent in FY 2019 with the increase largely reflecting increased instructional, student support and research activities. Instruction and academic support expenses experienced the largest increase, $85 million, spread across most academic areas of the University along with continued growth in online programs and instructional support activities. Scholarship and fellowships and student services increased $51 million largely due to increased Pell grants awards and institutional aid. Research and public service expenses increased $25 million in correlation with the increased grants and contracts revenues.

Nonoperating Revenues and Expenses

Due to the required classification of key revenue sources such as state appropriations, financial aid grants, and private gifts as nonoperating revenues, operating expenses will typically exceed operating revenues for public universities, resulting in an operating loss. Total nonoperating revenues increased $67 million between years, primarily due to a $48 million increase in net investment income, a $16 million increase in financial aid grants and a $7 million increase in private gifts. The University had significant unrealized gains due to decreases in the federal funds rate during the year which increased returns for the University's fixed income securities. Additionally, investment balances increased due to revenue growth and a policy change allowing the University to directly invest all collected tuition. The increase in financial aid grants is primarily related to Pell grant activity. The University received almost $98 million in gifts in fiscal 2019 with gifts used for a variety of purposes to support programs and activities across the University. Nonoperating expenses, primarily comprised of interest on debt and other related expenses increased $15 million in part due to a one-time adjustment on campus exchange activity related to the Thunderbird School of Global Management's previous location. In July 2018 the TSGM was relocated to ASU's Downtown Phoenix campus.

Combined Sources and Uses *(Dollars in millions)*

	FY 2019		FY 2018		Percentage Change
Sources					
Tuition and fees, net	$ 1,423.1	51%	$ 1,323.3	51%	8%
Grants and contracts	401.5	14%	372.3	14%	8%
State appropriations (includes capital appropriations)	328.8	12%	320.3	13%	3%
Financial aid grants	168.2	6%	152.5	6%	10%
Auxiliary enterprises, net	183.5	7%	166.1	6%	10%
Private and capital gifts	97.7	3%	81.6	3%	20%
Sales and services	78.5	3%	94.1	4%	(17%)
Share of state sales tax (TRIF)	34.6	1%	32.5	1%	6%
Other sources	89.9	3%	41.1	2%	118%
Total sources	**$ 2,805.8**	**100%**	**$ 2,583.8**	**100%**	**9%**
Uses					
Instruction and academic support	$ 1,266.2	46%	$ 1,180.9	47%	7%
Research and public service	359.8	13%	335.0	13%	7%
Scholarships and fellowships and student services	398.4	15%	347.9	14%	15%
Institutional support and operation of plant	293.5	11%	278.5	11%	5%
Auxiliary enterprises	179.6	7%	175.1	7%	3%
Depreciation	137.1	5%	132.8	5%	3%
Interest on debt and other expenses	85.8	3%	70.5	3%	22%
Total uses	**$ 2,720.4**	**100%**	**$ 2,520.7**	**100%**	**8%**

Statement of Cash Flows

A summary comparison of cash flows for the University's FY 2019 and FY 2018 activities follows.

Condensed Summary of Cash Flows *(Dollars in millions)*	FY 2019	FY 2018
Cash provided by/(used for):		
Operating activities	$ (439.6)	$ (384.8)
Noncapital financing activities	664.6	621.0
Capital and related financing activities	(138.8)	(334.0)
Investing activities	139.1	(74.0)
Net increase/(decrease) in cash and cash equivalents	**$ 225.3**	**$ (171.8)**
Cash and cash equivalents at beginning of year	294.1	465.9
Cash and cash equivalents at end of year	**$ 519.4**	**$ 294.1**

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

Capital Assets and Debt Administration

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

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

ASU's capital assets continue to grow in order to provide facilities to support the University's instruction, research and public service missions. Overall the University's capital assets, net of accumulated depreciation and deletions, increased by $114 million in FY 2019, a four percent increase over FY 2018. Growth in FY 2019 primarily resulted from completion of the three-year project to renovate and structurally reinforce ASU's landmark Sun Devil Stadium and new projects to support the University's instruction, research and public service programs.

Significant FY 2019 new capital projects included the following:

- **Hayden Library Reinvention.** This reinvention modifies the current Tempe campus building into a hub of 21st century discovery, innovation and learning. The project helps materialize the vision of ASU as the New American University and the leading center for global interdisciplinary scholarship and discovery. With the inclusion of updated technologies, the reinvention will provide classroom, collaboration and study space to promote student success. The modifications include an increase to the building's square footage, main level expansion, and full renovation of all five levels of the building's tower portion.
- **Health Futures Center.** The Health Futures Center represents the ongoing collaboration between ASU and the Mayo Clinic with the shared goal of improving health and well-being outcomes to the community. The leading-edge facility will feature a med-tech innovation accelerator, biomedical engineering and informatics research labs, and an innovative education zone. Programs from several ASU schools and colleges will benefit from the proximity of this facility to the Mayo Clinic Hospital and Cancer Center. ASU programs collaborating include College of Health Solutions, College of Nursing and Health Innovation, Fulton Schools of Engineering and Entrepreneurship and Innovation.
- **Interdisciplinary Science and Technology Building 7.** ISBT 7 will serve as a new gateway to the ASU Tempe campus. The approximately 281,000 gross-square-foot, high performance research facility will foster an interdisciplinary approach to knowledge generation and leading-edge research, including innovative endeavors focusing on the sustainability of food, water and energy. In addition to public outreach and exhibit spaces, ISTB7 will house several schools and institutes dealing with sustainability and innovation.

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

A summary of the University's outstanding debt including average interest rates, final maturity and outstanding balances for its bonds, certificates of participation and capital leases, is presented in *Note F – Long-Term Debt* *and Lease Obligations*. In April 2019 the University issued $195 million in system revenue bonds to fund the Hayden Library Reinvention project, classroom and laboratory renovations and to partially fund the construction of the Interdisciplinary Science and Technology Building 7 and the Health Futures Center.

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

ASU's Component Units

Beginning in FY 2017 ASU has blended financial activity for two of its component units, The Thunderbird School of Global Management (TSGM) and the ASU Athletic Facilities District. There was no financial activity for the ASU Athletic Facilities District during FY 2019.

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 N*ote B – ASU Component Units* and *Note P – Summary Financial Information for ASU Component Units*.

Condensed Summary of Financial Position for ASU Discretely Presented Component Units *(Dollars in millions)*

	FY 2019	FY 2018
Assets		
Cash and investments	$ 1,288.4	$ 1,017.4
Capital assets, net	165.6	154.3
Receivables, net	240.5	239.0
Other assets	76.9	79.2
Total assets	**$ 1,771.4**	**$ 1,489.9**
Liabilities		
Long-term debt	$ 333.8	$ 348.0
Other liabilities	328.2	203.9
Total liabilities	**$ 662.0**	**$ 551.9**
Net assets		
Without Donor Restrictions - Unrestricted	$119.7	$ 44.7
With Donor Restrictions - Temporarily restricted	421.9	408.4
With Donor Restrictions - Permanently restricted	567.8	484.9
Total net assets	**$ 1,109.4**	**$ 938.0**

Condensed Summary of Activities for ASU Discretely Presented Component Units *(Dollars in millions)*

	FY 2019	FY 2018
Revenues		
Contributions	$ 235.0	$ 201.8
Other revenues	216.3	120.2
Total revenues	**$ 451.3**	**$ 322.0**
Expenses		
Payments to the benefit of ASU	$ 146.2	$ 130.0
Other expenses	137.0	122.9
Total expenses	**$ 283.2**	**$ 252.9**
Gains and losses	3.3	(.8)
Increase in net assets	$ 171.4	$ 68.3
Net assets at beginning of year	938.0	869.7
Net assets at end of year	**$ 1,109.4**	**$ 938.0**

Combined ASU and ASU Component Units

ASU and its component units combined for an increase in net position/net assets of $257 million in FY 2019, including a $85 million increase for the University and its blended component units and a $172 million increase for the discretely presented component units. The net asset increase for ASU occurred in net investment in capital assets, $29 million, and unrestricted net position, $51 million, with restricted net position increasing by $5 million. Component unit unrestricted net assets increased by $75 million while temporarily restricted and permanently restricted component unit net assets increased by $14 million and $83 million respectively. Restricted net position/ net assets for the University/component units must be spent in compliance with donor directions, and are typically restricted for use by a specific academic department or program. Revenues for the components units increased $129 million, or 40%, between years, primarily due to an $82 million increase in net investment return and a $33 million increase in contributions. Expenses for the component units increased by $30 million, or 12%, between years with payments to benefit ASU representing over one-half of the increase.

End of the Year Net Position of ASU and Net Assets of ASU Component Units on a Combined Basis *(Dollars in millions)*	FY 2019			FY 2018		
	ASU	ASU Component Units	Combined	ASU	ASU Component Units (restated)	Combined
Net investment in capital assets	$ 985.1		$ 985.1	$ 956.2		$ 956.2
Unrestricted net position/net assets without donor restrictions	167.0	$ 119.7	286.7	115.6	$ 50.4	166.0
Restricted net position/net assets with donor restrictions:						
Expendable/Temporarily	118.6	421.9	540.5	119.4	402.7	522.1
Nonexpendable/Permanently	84.7	567.8	652.5	78.8	484.9	563.7
Net position/net assets at end of year	**$ 1,355.4**	**$ 1,109.4**	**$ 2,464.8**	**$ 1,270.0**	**$ 938.0**	**$ 2,208.0**

Economic Outlook

ASU exists to serve its students and to work collectively to ensure their success.

Over 14,000 first-time freshmen began their higher education at ASU in the Fall 2019 semester, a 10% increase in the size of ASU's first-year class compared with Fall 2018. Demand for higher education from resident students, as well as out-of-state students, has driven Fall 2019 enrollment to nearly 119,000 undergraduate and graduate students, an almost 8% increase from Fall 2018. This continued trend in increased enrollment at ASU is counter to an overall national trend of declining college and university enrollment.

ASU continues to put significant effort and resources into improving the college attendance rate in the state of Arizona, with the 2019 enrollment growth a reflection of that commitment and of the demonstrated high-quality of educational outcomes at an affordable cost. ASU was recently recognized by the *Fiske Guide to Colleges* for the quality of its educational programs in relation to cost and student debt.

ASU has also seen an increase in first-year enrollment from families with lower to moderate income levels. A deep and sustained commitment to accessibility and affordability for Arizona resident students, demonstrated by family and student outreach programs and access to financial aid, has led to a 10% increase in enrollment of students from families earning below $40,000 per year.

The number of students returning to ASU in Fall 2019 for their second year is also higher than at any time in the past. That so-called "one-year retention rate," which measures students who stay at the university after their first year, is an important predictor of eventually earning a degree. ASU's retention rate is nearly 86% overall, and nearly 88% for Arizona resident students.

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

- #1 university in the U.S. for innovation, for the fifth year in a row; *(U.S. News and World Report)*
- Top 10 in U.S. patents across universities worldwide; *(U.S. National Academy of Investors and the Intellectual Property Owners Association)*;
- A Top 10 "Best Buy" of public universities; *(Fiske Guide to Colleges)*
- A top producer of Fulbright scholars; *(Chronicle of Higher Education)*
- A top university for undergraduate education; *(U.S. News and World Report, Princeton Review)*
- #2 online undergraduate program in the nation; *(U.S. News and World Report)*
- #7 public university for graduate education school, #15 of public and private universities; *(U.S. News and World Report)*

Looking to the future, the transformation of higher education will need to accelerate and learning options will need to diversify in order to keep pace with rapidly changing workforce needs. ASU is excited to collaborate with other forward thinking organizations that recognize these needs and are ready to advance new solutions.

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Statement of Net Position

June 30, 2019 *(Dollars in thousands)*

Assets		
Current Assets:		
Cash and cash equivalents (Note C)	$	239,203
Short-term investments (Note C)		70,908
Accounts receivables, net		238,119
Other assets		5,714
Total Current Assets	$	553,944
Noncurrent Assets:		
Restricted cash and cash equivalents (Note C)	$	280,166
Endowment investments (Note C)		250,356
Other investments (Note C)		595,537
Student loans receivable, net		7,820
Other assets		361
Capital assets, net (Note D)		2,749,258
Total Noncurrent Assets	$	3,883,498
Total Assets	**$**	**4,437,442**
Deferred Outflows of Resources		
Interest rate swap (Note G)	$	15,298
Unamortized loss on refunding debt		29,594
Pensions related (Note K) and other postemployment benefits (Note L)		115,338
Total Deferred Outflows of Resources	**$**	**160,230**
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	$	187,417
Compensated absences (Note I)		3,919
Unearned revenues		167,545
Funds held for others		19,961
Current portion of long-term debt (Note F) - Funded by:		
University operating revenues		132,433
State appropriations and other State monies		32,807
Total Current Liabilities	$	544,082
Noncurrent Liabilities:		
Compensated absences (Note I)	$	33,352
Other liabilities		10,819
Derivative instrument - Interest rate swap (Note G)		15,298
Net Pension (Note K) and other postemployment benefits liability (Note L)		700,057
Long-term debt (Note F) - Funded by:		
University operating revenues		1,441,660
State appropriations and other State monies		394,132
Total Noncurrent Liabilities	$	2,595,318
Total Liabilities	**$**	**3,139,400**
Deferred Inflows of Resources		
Unamortized gain on refunding debt	$	1,761
Pensions related (Note K) and other postemployment benefits (Note L)		101,123
Total Deferred Inflows of Resources	**$**	**102,884**
Net Position		
Net investment in capital assets	$	985,149
Restricted (Total of $203,340):		
Nonexpendable:		
Student aid		77,959
Academic department uses		6,755
Expendable:		
Student aid		33,821
Academic department uses		78,112
Capital projects and debt service		6,693
Unrestricted (Note H)		166,899
Total Net Position	**$**	**1,355,388**

See Notes to Financial Statements.

Statement of Financial Position

June 30, 2019 *(Dollars in thousands)*

Assets		
Cash and cash equivalents	$	35,517
Pledges receivables, net		192,727
Other receivables, net		47,768
Investments in securities		1,169,718
Other investments		83,167
Net direct financing leases		56,808
Property and equipment, net		165,601
Other assets		20,109
Total Assets	**$**	**1,771,415**
Liabilities		
Accounts payable and accrued liabilities	$	24,767
Deferred revenue		13,385
ASU endowment trust liability		250,356
Other liabilities		39,693
Long-term debt		333,784
Total Liabilities	**$**	**661,985**
Net Assets		
Without Donor Restrictions - Unrestricted	$	119,675
With Donor Restrictions - Temporarily restricted		421,912
With Donor Restrictions - Permanently restricted		567,843
Total Net Assets	**$**	**1,109,430**

See Notes to Financial Statements.

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2019 *(Dollars in thousands)*

Operating Revenues		
Student tuition and fees, net of scholarship allowances of $402,554	$	1,423,052
Research grants and contracts, including $274,061 in federal funding and $62,559 in nongovernmental funding		344,128
Sales and services -		
Auxiliary enterprises, net of scholarship allowances of $20,304		183,534
Educational departments		78,508
Other revenues		19,347
Total Operating Revenues	$	2,048,569
Operating Expenses (Note J)		
Educational and general -		
Instruction	$	961,580
Research		323,623
Public service		36,140
Academic support		304,645
Student services		151,295
Institutional support		171,016
Operation and maintenance of plant		122,567
Scholarships and fellowships		247,194
Auxiliary enterprises		179,578
Depreciation		137,064
Total Operating Expenses	$	2,634,702
Operating Loss	$	(586,133)
Nonoperating Revenues (Expenses)		
State appropriations	$	303,370
Share of state sales tax - technology and research initiatives fund		34,604
Financial aid grants, including $167,931 in federal funding		168,230
Grants and contracts, including $30,442 in federal funding		57,365
Private gifts		82,731
Net investment return		60,603
Interest on debt		(63,413)
Other expenses		(22,341)
Net Nonoperating Revenues	$	621,149
Income Before Other Revenues, Expenses, Gains, or Losses	$	35,016
Capital appropriations - Research Infrastructure and University Capital Infrastructure	$	25,406
Capital commitment - Arizona Lottery revenue		9,532
Capital private gifts		14,961
Capital grants		62
Additions to permanent endowments		426
Increase in Net Position	$	85,403
Net Position at Beginning of Year, restated (Note A)		1,269,985
Net Position at End of Year	**$**	**1,355,388**

See Notes to Financial Statements.

Statement of Activities

Year ended June 30, 2019 *(Dollars in thousands)*

	Without Donor Restrictions	With Donor Restrictions: Temporarily Restricted	With Donor Restrictions: Permanently Restricted	Totals
Revenues				
Contributions	$ 52,296	$ 101,342	$ 81,336	$ 234,974
Rental revenues	27,793			27,793
Sales and services	42,928			42,928
Net investment return	41,150	58,389	1,117	100,656
Net assets released from restrictions	141,887	(142,354)	467	
Grants and aid	27,706	1,839		29,545
Other revenues	15,429			15,429
Total Revenues	$ 349,189	$ 19,216	$ 82,920	$ 451,325
Expenses				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	$ 119,454			$ 119,454
Vendor payments	11,473			11,473
Scholarship fund transfers to ASU	9,538			9,538
Rent payments to ASU	5,717			5,717
Management and general	103,839			103,839
Interest expense	9,972			9,972
Depreciation/amortization	10,533			10,533
Other expenses	12,698			12,698
Total Expenses	$ 283,224			$ 283,224
Increase in Net Assets, before Gains	$ 65,965	$ 19,216	$ 82,920	$ 168,101
Gain on Acquisition	3,334			3,334
Increase in Net Assets, after Gains	$ 69,299	$ 19,216	$ 82,920	$ 171,435
Net Assets at Beginning of Year, restated (Note A)	50,376	402,696	484,923	937,995
Net Assets at End of Year	**$ 119,675**	**$ 421,912**	**$ 567,843**	**$ 1,109,430**

See Notes to Financial Statements.

Statement of Cash Flows

Year ended June 30, 2019 *(Dollars in thousands)*

Cash Flows from Operating Activities	
Student tuition and fees	$ 1,415,101
Research grants and contracts	306,559
Sales and services of auxiliary enterprises	182,931
Sales and services of educational activities	80,276
Payments for employees' salaries and benefits	(1,414,636)
Payments to vendors for supplies and services	(759,690)
Payments for scholarships and fellowships	(256,836)
Student loans issued	(195)
Student loans collected	2,026
Other receipts	4,837
Net cash used for operating activities	$ (439,627)
Cash Flows from Noncapital Financing Activities	
State appropriations	$ 303,370
Share of state sales tax - technology and research initiatives fund	34,681
Grants and contracts	236,597
Private gifts for other than capital purposes	83,437
Direct lending program receipts	652,843
Direct lending program disbursements	(653,848)
Funds held for others received	236,216
Funds held for others disbursed	(228,671)
Net cash provided by noncapital financing activities	$ 664,625
Cash Flows from Capital and Related Financing Activities	
Capital appropriations - Research Infrastructure and University Capital Infrastructure	$ 25,406
Build America Bonds - federal subsidy	3,526
Capital commitments, including Arizona Lottery revenue	9,532
Capital gifts and grants	13,898
Proceeds from issuance of capital debt	231,281
Purchases of capital assets	(282,395)
Principal paid on capital debt and leases	(62,161)
Interest paid on capital debt and leases	(77,914)
Net cash used for capital and related financing activities	$ (138,827)
Cash Flows from Investing Activities	
Proceeds from the sales and maturities of investments	$ 215,417
Purchases of investments	(105,546)
Interest received on investments	29,238
Net cash provided by investing activities	$ 139,109
Net increase in cash and cash equivalents	225,280
Cash and cash equivalents at beginning of year	294,089
Cash and cash equivalents at end of year	**$ 519,369**
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	$ (586,133)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	137,064
Miscellaneous nonoperating expenses	(10,343)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Net pension and other postemployment benefits liability	(22,738)
Deferred outflows of resources related to pensions and other postemployment benefits	(11,792)
Deferred inflows of resources related to pensions and other postemployment benefits	29,514
Receivables, net	(115,507)
Accounts payable and accrued liabilities	56,028
Compensated absences	1,978
Unearned revenues	85,463
Other assets	(3,161)
Net cash used for operating activities	$ (439,627)
Significant Noncash Transactions	
Amortization of bond premiums, discounts, and net effect of refundings	$ 15,223
Unrealized gain on investments	20,980

See Notes to Financial Statements.

June 30, 2019

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 2018 enrollment of 111,291 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 P - 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.

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes financial reporting standards for measuring and recognizing asset retirement obligations from legally enforceable liabilities associated with the retirement of tangible capital assets. The implementation of this standard had no effect on the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, establishes standards for disclosing direct borrowings and direct placements as well as unused lines of credit, assets pledged as collateral for debt, and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. The implementation of this standard effected long term debt disclosures in *Note F-Long-Term Debt and Lease Obligations.*

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

Restatement of Component Units Net Assets

Certain amounts have been reclassified in the component unit financial statements to conform to the FASB ASU 2018-18, Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made requirement to classify net assets to two categories: with donor restrictions and without donor restrictions. For ASU Enterprise Partners, the reclassification includes $6.0 million of underwater endowment funds that were reclassified from unrestricted to temporarily restricted within the with donor restrictions classification. For ASU Preparatory Academy, Inc., $0.3 million in unspent classroom site fund monies were reclassified as net assets with donor restrictions.

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 2019, the spending rate utilized the constant growth spending methodology 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 1.9 percent for FY 2019.

Investments. Short-term, endowment, and other investments are stated at fair value at June 30, 2019. Fair value typically is the quoted market price for investments. Investment returns include realized and unrealized gains and losses on investments.

Receivables. Total receivables at June 30, 2019 were $238.1 million. Included in the receivables balance are $121.9 million related to tuition and fee payments due from students and others making payments on behalf of students. Additionally, there are $89.5 million in receivables from grant and contract sponsors primarily for the reimbursement of allowable expenses made pursuant to the University's grants and contracts.

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

Capital assets. Capital assets are recorded at cost at the date of acquisition. Capital assets that are gifted to the University are recorded at acquisition value at the date of donation.

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for non-research buildings and infrastructure, 10 to 50 years for research buildings, 10 years for library resources, 7 years for intangible assets, and 5 to 12 years for equipment. The University does not depreciate works of art and historical treasures that are considered inexhaustible and are held for exhibition, education, research, and public service.

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

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

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

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

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to or deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

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

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

Revenues/Expenses. Revenues and expenses are classified as operating or nonoperating. Operating expenses are those incurred in conducting the primary programs and services of the University. Operating revenues generally result from exchange transactions. Accordingly, revenues such as tuition, and residential life charges are considered to be operating revenues. In addition, grants and contracts for the purposes of providing research are considered operating revenues because of the exchange aspects commonly associated with this type of activity (i.e., financial assistance is provided to acquire property or activity for the government's direct benefit). Other revenues, such as state appropriations, gifts and non-research grants and contracts not generally generated from exchange transactions, are considered to be nonoperating revenues.

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

Scholarship allowances. Student tuition and fee revenues and other student related revenues are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for services provided by the University, and the amount that is paid by the students (and/or third parties making payments on a student's behalf).

To the extent that revenues from programs such as Pell grants and University funded scholarships are used to satisfy tuition and fees, and other student charges, the University has recorded a scholarship allowance.

Not included in scholarship allowances is $25.0 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 J - Operating Expenses by Natural Classification*.

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

Other Disclosures

The University earned FY 2019 credit card rebates of $1.4 million from JP Morgan, $0.6 million from Commerce Bank, and $0.3 million from U.S. Bank for the University's travel card program.

Note B - ASU Component Units

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

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

Financial statements of these component unit organizations are audited by independent auditors. All of the component units have a fiscal year end of June 30, 2019. Because the University's discretely presented component units use a nongovernmental generally accepted accounting principles (GAAP) reporting model, the University has chosen to present the discretely presented component units' aggregated financial information on pages separate from the financial statements of the University. To obtain individual audited financial statements for any of the University's component units, please contact ASU Financial Services at (480) 965-3601.

Blended Component Units

Thunderbird School of Global Management

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

ASU Athletic Facilities District

The ASU Athletic Facilities District (AFD), a component unit of the University, is reported as a blended component unit and included in the University's financial statements. The AFD is a university athletic facilities district formed pursuant to the provisions of Arizona Revised Statutes (A.R.S.) Title 48, Chapter 26. The AFD supports the University's efforts to construct, reconstruct, finance, furnish, maintain and improve intercollegiate athletic facilities located on ASU's property, including utilities, roads, parking areas or buildings necessary for full use of the athletic facilities. The AFD resides within the Novus Innovation Corridor. For additional information, refer to *Note E - Land Available for Commercial Purposes*. Separate financial statements for the AFD are not available as of June 30, 2019, as there was no financial activity.

Discretely Presented Component Units

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

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

- ASU Enterprise Partners (ASUEP) - disburses resources at the discretion of its independent board of directors, in accordance with donor directions and ASU Enterprise Partners policy. The majority of assets held by the ASU Enterprise Partners are endowments restricted for donor specified programs and purposes, the principal of which may not be spent. The directors of the ASU Enterprise Partners make all decisions regarding the ASU Enterprise Partners business affairs, including distributions made to the University. Affiliates of ASUEP include: Arizona State University Foundation for a New American University (ASU Foundation), ASU Research Enterprise, Enterprise Collaboratory at ASU and Subsidiaries (formally known as Research Collaboratory at ASU), Skysong Innovations (formally known as Arizona Science and Technology Enterprises, LLC), University Reality LLC and ASUEP Holdings, LLC.
- ASU Alumni Association - receives funds primarily through donations, dues, and affinity partners, which are used to promote the welfare of the University and its alumni.
- Sun Angel Foundation - receives funds primarily through donations and contributes funds to the University in support of various athletic programs.

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

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

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

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

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

For financial reporting purposes at the University level, only the discretely presented component units' statement of financial position and statement of activities are included in the University's financial statements as required by generally accepted accounting principles for public colleges and universities. In FY 2019, the ASU Enterprise Partners distributed $97.9 million in cash donation transfers to the University for both restricted and unrestricted purposes.

Note C - Cash and Investments

General

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

Included in the University's deposits and investments are $280.2 million in capital projects and bond debt service funds, which are held in trust and invested with the bond trustee, $239.2 million in cash and cash equivalents, and $666.4 million in short-term and other investments.
In addition, $250.4 million in endowment funds is managed by the ASU Foundation, an Arizona nonprofit corporation, whose sole member is ASU Enterprise Partners. These funds are held in pooled endowment funds managed under a service contract with the ASU Foundation and invested in the ASU Foundation Long Term Investment Pool and the Socially Responsible Investment Pool (Pool). Investment management of the Pool is delegated by the ASU Foundation to its parent company, ASU Enterprise Partners, through an investment services agreement.

ASU Enterprise Partners is responsible for oversight establishing investment policies and management of the Pool. The University's endowment assets are maintained separately on the financial system of the ASU Foundation and receive a proportional share of the Pool activity. As such, the ASU Foundation owns the assets of the Pool; the University has an interest in the Pool, which is considered an external investment pool to the University. The Pool invests in a variety of asset classes, including common stocks, fixed-income, foreign investments, private equity and hedge funds. The ASU Foundation Endowment Pool is not registered with the Securities and Exchange Commission as an investment company.

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

Statutory and Board of Regents' Policies

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

Credit Quality Rating for Debt Securities at June 30, 2019 *(Dollars in thousands)*

			Standard and Poor's			
Investment Description	**Fair Value**	**Not Rated**	**AAA /AAAm / AAAf**	**A-1+/ AA**	**A**	**BBB**
Corporate bonds	$ 401,620	$ 507	$ 12,268	$ 52,779	$ 134,537	$ 201,529
Money market mutual funds	327,965		327,965			
Federal agency securities	93,678			93,678		
Asset backed securities	58,978	17,699	36,302	4,977		
Municipal Bonds	19,320		2,268	12,187	4,357	508
Mortgage backed securities	8,845	8,845				
Commercial Paper	2,498	2,498				
State of Arizona LGIP (Pool 5)	1,555		1,555			
Certificate of Deposit	250	250				
Total	**$ 914,709**	**$ 29,799**	**$ 380,358**	**$ 163,621**	**$ 138,894**	**$ 202,037**

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; and that commercial paper be rated by at least two nationally recognized statistical rating organizations (NRSROs) and be of the two highest rating categories for short-term obligations of at least two of the NRSROs. Capital projects and bond debt service funds are invested by the bond trustee in accordance with the applicable financing indenture, generally limited to United States Treasury securities and other Federal agency securities, certificates of deposit (minimum rating of P-1/A-1), commercial paper (minimum rating of P-1/A-1+), and money market funds rated AAAm or better invested in short-term debt securities. The University does not have a formal policy that specifically addresses credit risk over endowment funds. The University's endowment funds are invested in an unrated external investment pool managed by the ASU Foundation, subject to the ASU Enterprise Partners investment policy. For endowment funds, the investment committee that directs the investments held in the Pool manages the credit risk associated with the Pool by following the credit quality and guideline restrictions stated in the investment policy.

Concentration of Credit Risk. Other than United States Treasury securities and other federal agency securities, which can represent greater than five percent of total investments, University policy limits investment in a single issuer to five percent or less of the fair value of the total portfolio. Except for those issuers allowed by policy, the University does not have an investment in any single issuer that exceeds five percent of the overall portfolio. At June 30, 2019, the University had investments in the United States Treasuries, $231.5 million or 15.9 percent of total investments, respectively.

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

Interest Rate Risk for the University's Debt Investments at June 30, 2019 - utilizing the weighted average maturity method
(Dollars in thousands)

Investment Description	Fair Value	Weighted Average Maturity (Years)
Corporate bonds	$ 401,620	2.4
Money Market Mutual Funds	327,965	0.1
Federal agency securities	93,678	1.8
Asset backed securities	58,978	3.3
Municipal Bonds	19,320	9.4
Mortgage backed securities	8,845	26.4
Commercial paper	2,498	0.0
State of Arizona LGIP (Pool 5)	1,555	0.1
Certificate of deposit	250	0.8
Subtotal, before U.S. Treasury securities	$ 914,709	
U.S. Treasury securities	231,484	1.4
Total	**$ 1,146,193**	

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

Fair Value of Investment Assets

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

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

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

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

University Investments Measured at Fair Value *(Dollars in thousands)*

		Hierarchy Fair Value		
Investments Classified in Fair Value Hierarchy	**As of 06/30/2019**	**Level 1**	**Level 2**	**Level 3**
Corporate Bonds	$ 401,620		$ 401,620	
Money market mutual funds	327,965	$ 2,968	324,997	
U.S. Treasury Securities	231,484	231,484		
Federal agency securities	93,678	15,790	77,888	
Real estate	61,160			$ 61,160
Asset backed securities	58,978		58,978	
Municipal Bonds	19,320		19,320	
Mortgage backed securities	8,845		8,845	
Commercial paper	2,498		2,498	
Certificates of deposit	250		250	
Total Investments Classified in Fair Value Hierarchy	**$ 1,205,798**	**$ 250,242**	**$ 894,396**	**$ 61,160**
Other Investments at Fair Value				
State of Arizona LGIP (Pool 5)	$ 1,555			
ASU Foundation Endowment Pool (ASU Portion)	250,356			
Total Other Investments at Fair Value	**$ 251,911**			
Total University Investments at Fair Value	**$ 1,457,709**			

Note D - Capital Assets

Capital asset activity for the year ended June 30, 2019 follows:

Capital asset activity for the year ended June 30, 2019 *(Dollars in thousands)*	**Balance 07/1/2018**	**Additions/ Increases**	**Retirements/ Decreases**	**Balance 06/30/2019**
Non-depreciated capital assets				
Land and Land improvements -				
University operations	$ 92,002	$ 13,873	$ (401)	$ 105,474
Available for commercial purposes	40,613		(3,586)	37,027
Construction in progress -				
Buildings	271,738	95,159	(253,595)	113,302
Software	22,090		(22,090)	
Works of art and historical treasures	21,574	1,125	(369)	22,330
Total	$ 448,017	$ 110,157	$ (280,041)	$ 278,133
Depreciated capital assets				
Infrastructure	$ 172,527	$ 29,312	$ (5,770)	$ 196,069
Buildings	3,006,735	356,929	(58,476)	3,305,188
Equipment	487,773	20,371	(29,771)	478,373
Software	26,894	22,090		48,984
Library books	125,293	11,941	(1,163)	136,071
Less accumulated depreciation				
Infrastructure	(67,471)	(4,464)	4,117	(67,818)
Buildings	(1,129,870)	(84,922)	41,203	(1,173,589)
Equipment	(345,650)	(32,168)	29,480	(348,338)
Software	(25,437)	(4,112)		(29,549)
Library books	(63,992)	(11,399)	1,125	(74,266)
Total	$ 2,186,802	$ 303,578	$ (19,255)	$ 2,471,125
Capital assets, net	**$ 2,634,819**	**$ 413,735**	**$ (299,296)**	**$ 2,749,258**

Construction in progress additions reflected above represent expenses for new projects net of capital assets placed in service. It is estimated $346.9 million in additional expenses will be required to complete projects under construction at June 30, 2019. Construction in progress encumbrances committed through purchase orders at June 30, 2019, totaled $152.3 million.

Note E - Land Available for Commercial Purposes

As a part of the campus master planning process, certain land holdings of the University that were originally acquired for other than commercial purposes are available for commercial development by private developers pursuant to either long-term ground leases or sale, under overall coordination by the ASU Real Estate Development Office.

The University's land available for commercial purposes includes the following:

Novus Innovation Corridor. The Novus Innovation Corridor includes 330 acres of real estate located adjacent to ASU, of which approximately 126 acres will be used for commercial development and the remaining acres will be used for ASU athletic or other facilities. The University has selected Catellus as the master developer to provide mixed-use urban development focused on high quality, sustainable development that contributes to the community.

ASU Research Park (Park). The Park consists of 237 leasable acres that are ground leased to the ASU Research Park, Inc., a component unit of the University. The primary purpose is to manage a research park to promote and support research activities, in coordination with the University.

ASU at the West campus. The West campus property consists of approximately 60 acres on the northeast perimeter of the West campus available for commercial development. This land is presently vacant and will not be needed for University facilities for the contemplated full build out of this campus.

ASU at the Polytechnic campus. Per the Consent to Transfer Agreement dated December 6, 2007 between the federal government and the University, 320 acres located at the Polytechnic campus are effectively available for commercial development.

Other Investment Property. The University holds other parcels in Tempe totaling 5 acres of land for current and future commercial development.

ASU Gateway Innovation with the Biodesign Institute buildings and Turrell's Skyspace Ramada in foreground, campus and future Novus development in background.

Note F - Long-Term Debt and Lease Obligations

As of June 30, 2019 the University had issued a combination of fixed and variable rate bonds, fixed rate certificates of participation (COPs), direct placements and other lease obligations, of which $2.0 billion is outstanding. The University's long-term obligations generally are structured with level debt service, semi-annual interest, and call options at a prescribed date.

The University utilizes Certificates of Participation to acquire buildings, equipment and land. The Certificates 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.

Certain revenue bonds of the University have been defeased through advance refundings by depositing sufficient U.S. Government securities in an irrevocable trust to pay all future debt service. Accordingly, the liabilities for these defeased bonds are not included in the University's financial statements. The principal amount of defeased bonds outstanding at June 30, 2019 totaled $179.8 million.

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2019 *(Dollars in thousands)*

	Average Interest Rate	Final Maturity	Balance 07/01/2018	Additions	Reductions	Balance 06/30/2019	Current Portion
Bonds:							
2008A/B Variable Rate Demand System Refunding Bonds	1.80%	07/01/34	$ 82,865		$ (3,220)	$ 79,645	$ 79,645
2008C System Revenue Bonds	5.89%	07/01/18	2,650		(2,650)		
2009A System Revenue Bonds	3.76%	07/01/19	2,560		(1,255)	1,305	1,305
2010A/B System Revenue Bonds	5.99%[1]	07/01/39	156,895		(4,740)	152,155	4,890
2010A/B SPEED Revenue Bonds	5.48%[2]	08/01/30	30,260		(1,890)	28,370	1,945
2010C System Revenue Bonds	4.51%	07/01/20	9,670		(3,065)	6,605	3,220
2011 SPEED Revenue Bonds	3.93%	08/01/31	28,085		(1,480)	26,605	1,520
2012 A/B System Revenue and Refunding Bonds	3.64%	07/01/37	63,060		(4,605)	58,455	4,855
2013 A/B System Revenue and Refunding Bonds	3.47%	07/01/35	37,470		(5,500)	31,970	5,650
2014 SPEED Revenue Bonds	3.72%	08/01/44	72,780		(2,555)	70,225	2,655
2015A/B/C System Revenue and Refunding Bonds	3.34%	07/01/46	354,570		(3,315)	351,255	11,615
2015D System Revenue Bonds	3.67%	07/01/46	101,610		(1,090)	100,520	1,130
2016A System Revenue Refunding Bonds	2.29%	07/01/31	36,190		(25)	36,165	2,810
2016B/C System Revenue Bonds	3.25%	07/01/47	225,815		(3,130)	222,685	3,245
2017A/B/C System Revenue and Refunding Bonds	3.38%	07/01/43	199,870		(3,470)	196,400	1,850
2019AB System Revenue Bonds	3.32%	07/01/49		$ 194,450		194,450	0
Subtotal: Par Amount of Bonds			$ 1,404,350	$ 194,450	$ (41,990)	$ 1,556,810	$ 126,335
Certificates of Participation:							
2006 Certificates of Participation	4.53%	06/01/31	10,235		(640)	9,595	615
2011A Mercado Refunding Certificates of Participation	4.27%	07/01/24	5,015		(635)	4,380	655
2013A/B Refunding Certificates of Participation	3.09%	09/01/26	59,575		(3,110)	56,465	3,255
Subtotal: Par Amount of COPs			$ 74,825		$ (4,385)	$ 70,440	$ 4,525
Direct Placements:							
2014A/B Refunding Certificates of Participation	3.04%	09/01/30	68,685		(4,405)	64,280	4,545
2017 Refunding Certificates of Participation	1.87%	07/01/26	44,815		(6,460)	38,355	6,740
Subtotal: Par Amount of Direct Placements			$ 113,500		$ (10,865)	$ 102,635	$ 11,285
Capital Leases/Lease Purchases:							
Fulton Center	4.01%	06/15/34	21,005		(970)	20,035	$ 1,005
Flexible Display Center	6.29%, 3.25%	03/01/34	27,955		(1,298)	26,657	1,372
Hassayampa Academic Village	3.24%, 5.36%	06/10/39	10,322		(206)	10,116	189
Nursing and Health Innovation	4.84%	01/01/36	8,880		(320)	8,560	335
Washington DC Facility	3.60%	06/15/35	32,320		(1,420)	30,900	1,470
Other Lease Purchases	3.60%	02/07/22	769		(707)	62	20
Subtotal: Capital Leases/Other Lease Purchases			$ 101,251		$ (4,921)	$ 96,330	$ 4,391
Total Par Amount of Bonds, COPs, Capital Leases and Other Lease Purchases			$ 1,693,926	$ 194,450	$ (62,161)	$ 1,826,215	$ 146,536
Premium/(Discount) on Sale of Bonds and COPs			155,460	36,831	(17,474)	174,817	18,704
Total Bonds Payable/COPs/ Capital Leases/ Other Lease Purchases			**$ 1,849,386**	**$ 231,281**	**$ (79,635)**	**$ 2,001,032**	**$ 165,240**

[1] The average interest rate net of the Build America bonds federal direct payment subsidy is 3.94%.
[2] The average interest rate net of the Build America bonds federal direct payment subsidy is 3.74%.

System Revenue Bonds

The University has pledged gross revenues as defined in the bond indentures towards the payment of debt related to various senior lien system revenue bonds and subordinated bonds outstanding at June 30, 2019. These related system revenue bonds are primarily for new academic and research facilities, academic and laboratory renovations, and infrastructure improvements. The pledged revenues include student tuition and fees, certain auxiliary enterprise revenue, net investment income, and indirect cost recovery revenue. Pledged revenues do not include state appropriations, gifts, endowment income, or other restricted revenues. For the year ended June 30, 2019, pledged revenues totaled $1.78 billion of which 5.8 percent ($103.9 million, net of federal direct payments) was required to cover current year debt service.

In April 2019, the University issued $194.5 million of system revenue bonds, Series 2019 A and B, with an average maturity of 17.4 years and an average interest rate of 3.32 percent. The bonds were issued to partially fund the construction of Interdisciplinary Science and Technology Building 7 and the Health Futures Center, and to fully fund the Hayden Library renovation project and classroom and laboratory renovations. In addition to using pledged revenues to pay the debt service, the University will pay half the debt service of the 2019A bonds from the Capital Infrastructure Fund (CIF) established by the State pursuant to ARS 15-1671. Pursuant to the CIF Law, State General Fund monies will be appropriated and deposited into the University's CIF in FY 2019 through FY 2043. The FY 2019 deposit of $11.9 million will be adjusted annually by the lesser of 2.0 percent or the change in the U.S. Gross Domestic Product Price Deflator between the two prior fiscal years, but will not be less than the prior fiscal year's appropriated amount. CIF funds are available to pay up to one-half of the debt service on debt financed capital projects of the University. While funding for the payment of debt service will be made as described, pledged revenues secure all of the 2019 Bonds.

SPEED Revenue Bonds

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

Variable Rate Bonds

The University has two series of variable rate demand system revenue refunding bonds outstanding, Series 2008A and Series 2008B, totaling $79.6 million with final maturities of July 1, 2034. The interest rate in effect on June 30, 2019 was 1.80 percent for the Series 2008A bonds and Series 2008B bonds.

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

Capital Leases

In October 2003, the University entered into a 30-year lease agreement with ASUF, LLC, an Arizona limited liability company, of which the sole member is the University Realty LLC, an Arizona limited liability company, whose sole member is ASU Enterprise Partners, an Arizona nonprofit corporation and component unit of the University, to lease four floors of office space in the Fulton Center and the related parking structure. In April 2004, the University entered into a 30-year sublease agreement with Nanotechnology Research, LLC, an Arizona limited liability company, whose sole member is Arizona Capital Facilities Finance Corporation (ACFFC), to lease the Flexible Display Center located at the ASU Research Park. In July 2005, the University entered into a 34-year lease with McAllister Academic Village, LLC, an Arizona limited liability company, whose sole member is ACFFC, to lease the nonresidential portion of the McAllister Academic Village (MAV), which operates under the name of Hassayampa Academic Village. ACFFC has overall responsibility for the residential portion, comprising approximately 92 percent of the facility, with the University leasing the nonresidential portion of the facility. In November 2008, the University committed to a capital lease with the City of Phoenix related to construction of the fourth and fifth floors of the Nursing and Health Innovation building at ASU's Downtown Phoenix campus.

In December 2014, the University entered into a 20-year lease with ASUF DC, LLC, an Arizona limited liability company, whose sole member is the University Realty LLC, an Arizona limited liability company, whose sole member is ASU Enterprise Partners, to lease a multi-use office building in Washington, D.C. Buildings under capital lease are as follows:

Capital lease book value as of June 30, 2019 *(Dollars in thousands)*			
	Book Value	**Accumulated Depreciation**	**Net Book Value**
Fulton Center	$ 29,551	$ (11,401)	$ 18,150
Flexible Display Center	37,314	(13,942)	23,372
Hassayampa Academic Village	12,451	(3,944)	8,507
Nursing and Health Innovation	11,788	(2,696)	9,092
Washington DC Facility	35,000	(4,226)	30,774

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, 2049 total $2.5 billion. In addition to a senior pledge of revenues for ASU system revenue bonds, the University has pledged the same revenues on a subordinated basis to secure the ASU SPEED revenue bonds and the Series 2006 Arizona State University Research Park, Inc. Development Refunding Bonds. Research Park bonds outstanding at June 30, 2019 totaled $2.2 million with annual debt service payments of approximately $1.1 million through July 1, 2021.

The Taxable Series 2010A System Revenue Bonds and the Taxable Series 2010A SPEED Revenue Bonds were issued as Build America Bonds under the provisions of the American Recovery and Reinvestment Act (ARRA). As such, the University is eligible to receive Federal Direct Payments from the United States Treasury equal to 35 percent of the interest owed on each interest payment date. The amount paid to the University by the Federal government may be reduced or limited due to such issues as failure by the University to submit the required information, offsets to reflect any amounts owed by the University to the Federal government, or changes in the law that would reduce or eliminate such payments. During FY 2019, ASU received Federal Direct Payments totaling $3.5 million, net of a $0.2 million or 6.2 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, 2019 totaled $84.4 million and $7.9 million, respectively. Payment commitments to investors, including interest, for bonds, COPs and other lease obligations, using the interest rate in effect at June 30, 2019 for variable rate issues, are shown below:

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2019 *(Dollars in thousands)*										
	System and SPEED Revenue Bonds				**Certificates of Participation**		**Direct Placements**		**Capital Leases / Lease Purchases**	
FY	**Principal**	**Interest**	**Net Payments on Swap Agreement**	**Federal Direct Payments**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2020	$ 50,060	$ 73,120	$ 1,525	$ (3,675)	$ 4,525	$ 3,288	$ 11,285	$ 2,412	$ 4,391	$ 3,794
2021	54,210	70,725	1,455	(3,552)	9,310	2,869	7,050	2,256	4,597	3,596
2022	57,275	68,079	1,380	(3,419)	9,780	2,388	7,170	2,120	4,819	3,393
2023	62,735	65,145	1,302	(3,276)	10,270	1,888	3,600	2,051	5,007	3,199
2024	65,665	62,012	1,221	(3,125)	10,795	1,360	3,670	1,980	5,205	3,014
2025-2029	352,465	258,730	4,725	(13,015)	23,795	1,849	45,835	6,938	29,329	11,985
2030-2034	306,490	180,638	1,970	(8,084)	1,965	126	24,025	488	35,007	5,953
2035-2039	278,995	106,612		(3,282)					7,975	832
2040-2044	229,440	43,959								
2045-2049	96,655	6,198								
2050	2,820									
Total	**$ 1,556,810**	**$ 935,218**	**$ 13,578**	**$ (41,428)**	**$ 70,440**	**$ 13,768**	**$ 102,635**	**$ 18,245**	**$ 96,330**	**$ 35,766**

Subsequent Events

The University presently plans to issue up to $245.0 million in system revenue bonds prior to fiscal year end 2020.

Funding responsibility for the June 30, 2019 outstanding debt and lease obligations *(Dollars in thousands)*			
	Current Portion	**Noncurrent Portion**	**Total**
From Arizona State University operating revenues	$ 132,433	$1,441,660	$1,574,093
From State of Arizona appropriations and other State monies	32,807	394,132	426,939
	$ 165,240	**$1,835,792**	**$2,001,032**

Operating Leases

Brickyard. In July 2004, the University entered into a 25 year master lease of the Brickyard, owned by the ASUF Brickyard, LLC, an Arizona limited liability company, of which the sole member is University 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 mixed-use project of existing improvements consisting of a parking garage and commercial building.

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

American Campus Communities OP (ACC). The University entered into two operating leases with American Campus Communities, a Delaware limited liability company. In August 2018, the University entered into a sublease agreement with ACC for student housing at Vista del Sol and Villas at Vista. The second lease was entered into in May 2014 for 2,934 square feet of retail space to be used for tutoring, study and meeting space to support the Barrett Honors College.

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

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

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

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

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

	Operating Lease Payments							
FY	**Brickyard**	**SkySong**	**ACC**	**HEB**	**Wexford**	**Ryan**	**Other**	**Total**
2020	$ 2,796	$ 5,194	$ 22,768			$ 1,053	$ 9,191	$ 41,002
2021	2,798	6,176	9	$ 3,594	$ 1,184	3,182	7,228	24,171
2022	2,807	6,338		3,702	2,871	3,252	4,334	23,304
2023	2,810	6,456		3,813	2,942	3,323	3,443	22,787
2024	2,822	6,214		3,927	3,016	3,395	1,860	21,234
2025-2029	14,253	29,434		21,469	16,248	18,124	5,142	104,670
2030-2034	14,565	5,449		14,486	18,384	2,559	799	56,242
2035-2036					6,298			6,298
Total	**$ 42,851**	**$ 65,261**	**$ 22,777**	**$ 50,991**	**$ 50,943**	**$ 34,888**	**$ 31,997**	**$ 299,708**

Note G - 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 $79.2 million notional amount at June 30, 2019 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, 2019 was 1.90 percent. At June 30, 2019, 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	(1.90)
Net interest rate swap payments		2.01
Variable rate bond coupon payments	Spread to SIFMA	1.80
Synthetic fixed interest rate on bonds		3.81

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, 2019, the University was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA- by Fitch, A+ by Standard & Poor's and Aa2 by Moody's Investor Services as of June 30, 2019.

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, 2019, the swap had a fair value of $(15.3) million, which represents the cost to the University to terminate the swap.

The June 30, 2018 fair value was $(11.0) 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 H - Unrestricted Net Position

As discussed in the Summary of Significant Accounting Policies, the University follows accounting standards for external reporting purposes that require net position to be classified for accounting and reporting purposes into one of three net position categories according to externally imposed restrictions. Unrestricted net position, as defined by GASB, is not subject to externally imposed stipulations; however, it is subject to internal designations. For example, unrestricted net position may be designated for specific purposes by actions of management or may otherwise be limited by contractual purchase obligation agreements with outside parties. As of June 30, 2019, substantially all of the University's unrestricted net position was from University-generated revenues and was internally designated for academic and research programs and initiatives, and capital projects.

Note I - 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, 2019 consisted of the following (Dollars in thousands):

Beginning Balance	$ 35,293
Additions	52,218
Reductions	(50,240)
Ending Balance	$ 37,271
Current Portion	$ 3,919

Note J - Operating Expenses by Natural Classification

Operating expenses by functional and natural classification for the year ended June 30, 2019, are summarized as follows (Dollars in thousands):

	Year ended June 30, 2019				
	Personal Services and Benefits	Supplies and Services	Student Aid	Depreciation	Total
Instruction	$ 700,817	$ 260,763			$ 961,580
Research	192,388	131,235			323,623
Public service	20,413	15,727			36,140
Academic support	219,286	85,359			304,645
Student services	98,140	53,155			151,295
Institutional support	96,473	74,543			171,016
Operation and maintenance of plant	29,747	92,820			122,567
Scholarships and fellowships			$ 247,194		247,194
Auxiliary enterprises	85,389	94,189			179,578
Depreciation				$ 137,064	137,064
Total Operating Expenses	**$ 1,442,653**	**$ 807,791**	**$ 247,194**	**$ 137,064**	**$ 2,634,702**

Note K - 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 51. 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, 2019, 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, 2019, was comprised of the following (Dollars in thousands):

ASRS	$ 511,370
PSPRS	20,742
Defined contribution pension plans	26,649
Total net pension liability	$ 558,761

Changes in the University's net pension liability during the fiscal year ended June 30, 2019, were as follows (Dollars in thousands):

Beginning balance	$ 585,839
Increases	138,771
Decreases	(165,849)
Ending balance	$ 558,761

<u>Defined Benefit Plan</u>

<u>Arizona State Retirement System (ASRS).</u> 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.

Benefits Provided. The ASRS provides retirement and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date	
Years of service and age required to receive benefit	**Before July 1, 2011**	**On or after July 1, 2011**
	Sum of years and age equals 80	30 years / age 55
	10 years / age 62	25 years / age 60
	5 years / age 50*	10 years / age 62
	Any years / age 65	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

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

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, 2019, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.64 percent of the members' annual covered payroll, and the University was required by statute to contribute at the actuarially determined rate of 11.18 percent of the active members' annual covered payroll. In addition, the University was required by statute to contribute at the actuarially determined rate of 10.41 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, 2019, were $45.0 million.

Pension Liability. At June 30, 2019, the University reported a liability of $511.4 million for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018.

The total liabilities as of June 30, 2018, reflect changes in actuarial assumptions, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3–6.75 percent to 2.7–7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and updating the mortality rates.

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, 2018. The University's proportion measured as of June 30, 2018 was 3.667 percent which was an increase of 0.186 from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2019, the University recognized pension expense for ASRS of $33.4 million. At June 30, 2019, 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	$ 14,088	$ 2,819
Changes in assumptions	13,532	45,340
Net difference between projected and actual earnings on pension plan investments		12,297
Changes in proportion and differences between University contributions and proportionate share of contributions	27,111	
University contributions subsequent to the measurement date	45,000	
Total	**$ 99,731**	**$ 60,456**

The $45.0 million reported as deferred outflows of resources related to ASRS pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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,	
2020	$ 20,520
2021	(2,077)
2022	(18,654)
2023	(5,514)

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

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

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	100%	

Discount Rate. At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	University's proportionate share of the net pension liability
1% decrease (6.5%)	$ 728,970
Current discount rate (7.5%)	511,370
1% increase (8.5%)	329,569

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 $1.7 million for outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2019.

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, 2019, 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, 2019, 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, 2019, the University reported a liability of $26.6 million, of which $25.7 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, 2019, the University recognized pension expense for Defined Contribution Plans of $31.6 million, which excludes $2.0 million in forfeitures.

Pension Contributions Payable. The University's accrued payroll and employee benefits included $0.9 million of outstanding pension contribution amounts payable to TIAA and Fidelity for the year ended June 30, 2019.

Note L - Other Postemployment Benefits (OPEB)

Other postemployment benefits provided as part of University employment include the Arizona Department of Administration sponsored single-employer defined benefit postemployment plan as well as the ASRS sponsored cost-sharing, multi-employer defined benefit plan for the Long-Term Disability and the Health Benefit Supplement Fund. University public safety personnel participate in the Public Safety Personnel Retirement System (PSPRS). PSPRS administers an agent multi-employer defined benefit health insurance premium benefit plan. Although an ASRS net OPEB liability and PSPRS net OPEB asset has been recorded at June 30, 2019, 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, 2019, was $141.3 million. Changes in the University's net OPEB liability during the fiscal year ended June 30, 2019, were as follows (Dollars in thousands):

Beginning balance	$ 133,753
Increases	19,775
Decreases	(12,232)
Ending balance	$ 141,296

Single-Employer Plan

Plan Description. The Arizona Department of Administration (ADOA) administers a single-employer defined benefit postemployment plan (ADOA Plan) that provides medical and accident benefits to retired state employees and their dependents, including University employees and their dependents. For financial reporting purposes, the University presents its proportionate share of the ADOA Plan total liability and the related note disclosures similar to a multi-employer plan.

Title 38, Chapter 4 of the A.R.S. assigns the authority to establish and amend the benefit provisions of the ADOA Plan to the Arizona State Legislature. The ADOA pays the medical costs incurred by retired employees, net of related premiums that are paid entirely by the retiree or on behalf of the retiree. These premium rates are based on a blend of active employee and retiree experience, resulting in a contribution basis that is lower than the expected claim costs for retirees, creating an implicit subsidization of retirees by the ADOA Plan. A portion of the ADOA Plan's implicit rate subsidy represents an obligation of the University for its proportionate share of the total OPEB liability.

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

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

OPEB Liability. At June 30, 2019, the University reported a liability of $140.8 million for its proportionate share of the ADOA total OPEB liability. The total OPEB liability was measured as of June 30, 2018 and was determined using update procedures to roll forward the liability from an actuarial valuation as of June 30, 2017. 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, 2018.

The total OPEB liability as of June 30, 2018 reflects the following changes in benefit terms and actuarial assumptions:

- The discount rate increased due to changes in the bond index.

- Per capita costs and contributions and related trend rates were adjusted to reflect updated experience.

- Assumed retirement rates, turnover rates, disability incidence rates, and morality rates for healthy and disabled lives were updated to be the same as those used for ASRS annual actuarial valuation.

The University's proportion measured as of June 30, 2017 was 15.95 percent and as of June 30, 2018 was 16.16 percent.

OPEB Expense and Deferred Outflow/Inflows of Resources. For the year ended June 30, 2019, the University recognized ADOA OPEB expense of $10.3 million. At June 30, 2019, 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	$ 4,408	
Changes in assumptions or other inputs		$ 30,773
Difference between expected and actual experience in the Total OPEB Liability		4,894
Total	**$ 4,408**	**$ 35,667**

The $4.4 million reported as deferred outflows of resources related to ADOA OPEB resulting from University benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to ADOA OPEB will be recognized in pension expense as follows (Dollars in thousands):

Year ending June 30,	
2020	$ (6,424)
2021	(6,424)
2022	(6,424)
2023	(6,424)
2024	(6,424)
Thereafter	(3,547)

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, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The ADOA Plan's actuarial methods and significant assumptions for the most recent actuarial valuation are as follows:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age
Projected salary increases	2.70% - 7.2% varying by years of service
Healthcare cost trend rates:	
Medical (pre-65)	6.0% graded to 4.5% by .5%
Medical (post-65)	4.5%
Prescription drug	8.5% graded to 4.5% by .5%
Administrative costs	3.0%
Discount rate	3.87%
Mortality rates:	Level dollar, open
Employees	RP-2014 Employee Mortality Tables projected generationally from 2014 with 1% improvement rate per year
Healthy retirees and spouses	2017 State Retirees of Arizona Mortality Tables projected generationally from 2017 with 1% improvement per year
Disabled retirees	RP-2014 Disabled Retiree Mortality Tables projected generationally from 2014 with 1% improvement per year

Discount Rate. The discount rate used to measure the total OPEB liability was 3.87 percent which was set based on the Bond Buyer 20-Bond General Obligation (GO) Municipal Bond Index as of the measurement date.

Sensitivity of the University's Proportionate Share of the ADOA total OPEB liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability calculated when using the discount rate of 3.87 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 (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate (Dollars in thousands):

	University's proportionate share of the total OPEB liability
1% decrease (2.87%)	$ 164,808
Current discount rate (3.87%)	140,836
1% increase (4.87%)	121,837

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	$ 119,193
Current rate trends	140,836
1% increase in trend rates	168,775

Note M - ASU at the Downtown Phoenix Campus

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

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

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

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

Note N - Insurance Programs and Other Claims

Risk Management Insurance. Pursuant to A.R.S. section 41-621, the University participates in a self-insurance program administered by the State of Arizona, Department of Administration, Risk Management Section. The State's Risk Management Program covers the University, subject to certain deductibles, for risks of loss related to such situations as theft, damage and destruction of property, buildings, and equipment; errors and omissions; injuries to employees; natural disasters; and liability for acts or omissions of any nature while acting in authorized governmental or proprietary capacities and in the course and scope of employment or authorization, except as prescribed in A.R.S. section 41-621. Loss risks not covered by the Risk Management Section and where the University has no insurance coverage are losses arising from contractual breaches and losses that arise out of and are directly attributable to an act or omission determined by a court to be a felony. From time to time, various claims and lawsuits associated with the normal conduct of University business are pending or may arise against the University.

In the opinion of University management, any losses from the resolution of any other pending claims or litigation not covered by the Risk Management Section should not have a material effect on the University's financial statements. Also, in accordance with the disclosure requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, all estimated losses for unsettled claims and actions of the State are determined on an actuarial basis and are included in the State of Arizona *Comprehensive Annual Financial Report*.

Note O - Privatized Student Housing

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

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

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

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

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

- Poly II, scheduled to open in August 2020 on the Polytechnic campus, features four-bedroom, single occupancy suits for sophomores and above and double-occupancy semi-suites for first-year students.

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

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

Note P - Summary Financial Information for ASU Component Units

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

Summary of Significant Accounting Policies

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

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

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

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

Pledges Receivable

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

The Sun Angel Foundation's pledges receivable are recorded at their net realizable value using a discount rate determined by management ranging from 1.80 percent to 5.14 percent for the year ended June 30, 2019.

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, 2019, net unconditional pledges receivable from these members included approximately $968 thousand. The ASUEP had conditional pledges receivable totaling $69.2 million at June 30, 2019; none are included in pledges receivable. Conditional pledges receivable are recorded when the conditions are substantially met.

Pledges receivable consist of *(Dollars in thousands)*

	ASU Enterprise Partners	Sun Angel Foundation	Other Component Units	Total
Gross pledges receivable	$ 226,376	$ 43,355	$ 5,245	$ 274,976
Present value discount	(17,528)	(1,977)		(19,505)
Allowance for uncollectible pledges	(52,312)	(10,300)	(132)	(62,744)
Net pledges receivable	**$ 156,536**	**$ 31,078**	**$ 5,113**	**$ 192,727**

Gross pledges are receivable as follows *(Dollars in thousands)*				
	ASU Enterprise Partners	**Sun Angel Foundation**	**Other Component Units**	**Total**
Receivable in one year	$ 64,174	$ 4,660	$ 5,245	$ 74,079
Receivable in two to five years	63,776	23,968		87,744
Receivable after five years	98,426	14,727		113,153
Total gross pledges to be received	**$ 226,376**	**$ 43,355**	**$ 5,245**	**$ 274,976**

Investments

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

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

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

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

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

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

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

- The current spending policy is based on a constant growth formula, in which the amount available for spending is based on the prior year spending amount plus an inflation factor (1.9 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.

Investment Summary

Investments consist of *(Dollars in thousands)*	ASU Enterprise Partners		ACFFC		Other Component Units		Total	
Money market funds and cash equivalents	$	124,148	$	15,371			$	139,519
Global equities		370,015						370,015
Global fixed income		271,165						271,165
Diversifying strategies		111,672						111,672
Real assets		142,395						142,395
Private capital		116,009						116,009
Other securities					$	18,943		18,943
Other investments		83,167						83,167
Total investments	**$**	**1,218,571**	**$**	**15,371**	**$**	**18,943**	**$**	**1,252,885**

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

(Dollars in thousands)	NAV		Level 1		Level 2		Level 3	
Assets at fair value (recurring basis)								
Global equities	$	24,605	$	239,826			$	105,584
Global fixed income		82,239		165,843	$	6,213		16,870
Diversifying strategies		99,547		4				12,121
Real assets		53		37,326				105,016
Private capital		2,336						113,673
Cash and cash equivalents				124,126				22
Total investments at fair value	$	208,780	$	567,125	$	6,213	$	353,286
Charitable trust receivable								1,313
Land and buildings held for investment								83,167
Assets with limited use				8,423				
Assets held under split-interest agreements				7,456				
Total assets at fair value	$	208,780	$	583,004	$	6,213	$	437,766
Liabilities at fair value (recurring basis)								
Assets held for other entities							$	269,303
Unrealized swap liability					$	7,152		
Total liabilities at fair value					$	7,152	$	269,303

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, 2019 is $20.0 million.

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

The University will make lease payments at times in amounts sufficient to pay all principal and interest on the Series 2009B and 2017 Bonds. The Sublease has successive annual renewals without action from either party through March 31, 2034. The Sublease is subject to early termination by Nano or the University upon the payment in full of the Series 2009B and 2017 Bonds. Upon termination or expiration of the Sublease, the ACFFC's interest in the premises, including all buildings and improvements on the leased premises, transfers to the University without further consideration. ACFFC's net investment in the Nanotechnology facility direct financing lease is $26.7 million at June 30, 2019.

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

Pursuant to a University lease agreement, dated July 1, 2005, McAllister Academic Village, LLC, a wholly-owned subsidiary of ACFFC, leases its interest in the non-residential portion of Hassayampa Academic Village (Hassayampa, HAV) to the University which consists of the academic, tutorial, retail and food service facilities. The lease was amended effective July 1, 2016 to change the annual renewal period through June 30, 2039 to correspond with the maturity of the Hassayampa 2016 Bonds. Any right, title or interest of Hassayampa in and to the academic portions of the Hassayampa Project will pass to the University without further cost upon the payment in full of the Hassayampa 2008 Bonds. Lease payments are based on the fixed interest rates determined by the Hassayampa 2008 and 2016 Bonds maturity schedules. ACFFC's net investment in the McAllister (HAV) direct financing lease is $10.1 million at June 30, 2019.

Contingent Agreements

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

Power Plant Agreements

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

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

ASU Foundation Endowment and Net Asset Classification

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

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

ASU Enterprise Partners Endowment and Net Asset Classifications

ASU Enterprise Partners endowments by net asset category *(Dollars in thousands)*

		With Donor Restrictions		
	Without Donor Restrictions	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments		$ 62,089	$ 496,391	$ 558,480
Quasi-endowments		81,562		81,562
Total funds		**$ 143,651**	**$ 496,391**	**$ 640,042**

Changes in endowment net assets *(Dollars in thousands)*

		With Donor Restrictions		
	Without Donor Restrictions	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2018	$ (6,025)	$ 124,671	$ 434,558	$ 553,204
Adjustment due to reclassification	6,025	(6,025)		
Contributions and other additions		1,447	60,249	61,696
Investment return:				
Interest and dividends		8,295	441	8,736
Net realized and unrealized gains		62,518	1,191	63,709
Changes in assets due to other entities		(20,825)		(20,825)
Total investment return		49,988	1,632	51,620
Appropriation for expenditure		(26,475)	(515)	(26,990)
Reclassification of donor intent		45	467	512
Endowment net assets, June 30, 2019		**$ 143,651**	**$ 496,391**	**$ 640,042**

Property and Equipment

Property and equipment consist of *(Dollars in thousands)*

	ASU Enterprise Partners	ACFFC	Other Component Units	Total
Cost or donated value:				
Construction in Progress			$ 2,115	$ 2,115
Buildings and improvements	$ 17,397	$ 195,901	4,620	217,918
Furniture, fixtures, and equipment	9,194	79,027	1,638	89,859
Leasehold improvements			16,881	16,881
Land			1,530	1,530
Software			5,510	5,510
Total cost or donated value	26,591	274,928	32,294	333,813
Accumulated depreciation	(13,008)	(140,100)	(15,104)	(168,212)
Net property and equipment	**$ 13,583**	**$ 134,828**	**$ 17,190**	**$ 165,601**

Bonds and Obligations under Capital lease

Bonds payable consist of *(Dollars in thousands)*	**Final Maturity**	**ASU Enterprise Partners**	**ACFFC**	**Other Component Units**	**Total**
Series 2018 Tax-Exempt Revenue Bonds (Sun Devil Energy Center)	2038		$ 23,550		$ 23,550
Series 2017 Tax-Exempt Lease Revenue Refunding Bonds (Nanotechnology Research)	2034		23,860		23,860
Series 2017 Tax-Exempt Lease Revenue Refunding Bonds (ASU Energy Center)	2028		11,055		11,055
Series 2016 Tax-Exempt Revenue Refunding Bonds (Hassayampa Academic Village)	2039		118,050		118,050
Series 2014A Tax-Exempt Lease Revenue Bonds (DC Project)	2035	$ 31,390			31,390
Series 2014B Taxable Lease Revenue Bonds (DC Project)	2019	930			930
Series 2014A Revenue Refunding Bonds (Fulton)	2034	35,525			35,525
Series 2012 Revenue Bonds (Phoenix Collegiate Academy Project)	2042			$ 5,050	5,050
Series 2009 Revenue Bonds (Energy Management Services)	2024		21,000		21,000
Series 2009B Lease Revenue Refunding Bonds (Nanotechnology Research)	2022		3,245		3,245
Series 2008 Revenue Refunding Bonds (Hassayampa Academic Village)	2019		2,400		2,400
Series 2008 Variable Rate Demand Revenue Refunding Bonds (Sun Devil Energy Center)	2030		29,005		29,005
Series 2006 Development Refunding Bonds (ASU Research Park)	2021			2,210	2,210
Series 2004A Variable Rate Revenue Bonds (Brickyard)	2034	22,420			22,420
Series 2004B Variable Rate Revenue Bonds (Brickyard)	2022	3,430			3,430
Unamortized loan costs			(2,418)	(286)	(2,704)
Deferred Cost of Refunding			(15,391)		(15,391)
Unamortized bond premium (discount)		(1,202)	20,011	(50)	18,759
		$ 92,493	**$ 234,367**	**$ 6,924**	**$ 333,784**

The following schedule reflects future principal payment commitments to investors:

Future principal commitments consist of *(Dollars in thousands)* **Year Ending June 30,**	**ASU Enterprise Partners**	**ACFFC**	**Other Component Units**	**Total**
2020	$ 4,035	$ 10,485	$ 1,160	$ 15,680
2021	4,215	10,710	1,215	16,140
2022	4,395	11,375	115	15,885
2023	4,600	12,035	120	16,755
2024	4,800	12,720	130	17,650
Thereafter	70,448	177,042	4,184	251,674
	$ 92,493	**$ 234,367**	**$ 6,924**	**$ 333,784**

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, 2019 *(Dollars in thousands)*				
	ASU Enterprise Partners	**ACFFC**	**Nonmajor Component Units**	**Total**
Assets				
Cash and cash equivalents	$ 15,496	$ 6,161	$ 13,860	$ 35,517
Pledges receivables, net	156,536		36,191	192,727
Other receivables, net	7,204	451	40,113	47,768
Investments in securities	1,135,404	15,371	18,943	1,169,718
Other investments	83,167			83,167
Net direct financing leases	20,035	36,773		56,808
Property and equipment, net	13,583	134,828	17,190	165,601
Other assets	17,327	6	2,776	20,109
Total assets	$ 1,448,752	$ 193,590	$ 129,073	$ 1,771,415
Liabilities				
Accounts payable and accrued liabilities	$ 17,638	$ 720	$ 6,409	$ 24,767
Deferred revenue			13,385	13,385
ASU endowment trust liability	250,356			250,356
Other liabilities	28,755	8,356	2,582	39,693
Long-term debt	92,493	234,367	6,924	333,784
Total liabilities	$ 389,242	$ 243,367	$ 29,300	$ 661,985
Net Assets				
Without Donor Restrictions - Unrestricted	$ 112,595	$ (49,853)	$ 56,933	$ 119,675
With Donor Restrictions - Temporarily restricted	379,072		42,840	421,912
With Donor Restrictions - Permanently restricted	567,843			567,843
Total net assets (deficit)	**$ 1,059,510**	**$ (49,853)**	**$ 99,773**	**$ 1,109,430**

Component Units
Statement of Activities
Year ended June 30, 2019
(Dollars in thousands)

	ASU Enterprise Partners	ACFFC	Nonmajor Component Units	Total
Revenues				
Contributions	$ 205,161		$ 29,813	$ 234,974
Rental revenues	1,982	$ 14,987	10,824	27,793
Sales and services	27,177	11,436	4,315	42,928
Net investment return	98,589	463	1,604	100,656
Grants and aid			29,545	29,545
Other revenues	9,599	4,565	1,265	15,429
Total revenues	$ 342,508	$ 31,451	$ 77,366	$ 451,325
Expenses				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	$ 97,898		$ 21,556	$ 119,454
Vendor payments	11,473			11,473
Scholarship fund transfers to ASU	9,538			9,538
Rent payments to ASU		$ 2,152	3,565	5,717
Management and general	40,827	9,512	53,500	103,839
Interest expense	1,444	8,365	163	9,972
Depreciation/amortization	831	9,314	388	10,533
Other expenses	11,067	52	1,579	12,698
Total expenses	$ 173,078	$ 29,395	$ 80,751	$ 283,224
Increase/(Decrease) in net assets before gains	169,430	2,056	(3,385)	168,101
Gain on acquisition			3,334	3,334
Increase/(Decrease) in net assets after gains	169,430	2,056	(51)	171,435
Net assets (deficit), beginning of year	890,080	(51,909)	99,824	937,995
Net assets (deficit), end of year	**$ 1,059,510**	**$ (49,853)**	**$ 99,773**	**$ 1,109,430**


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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)

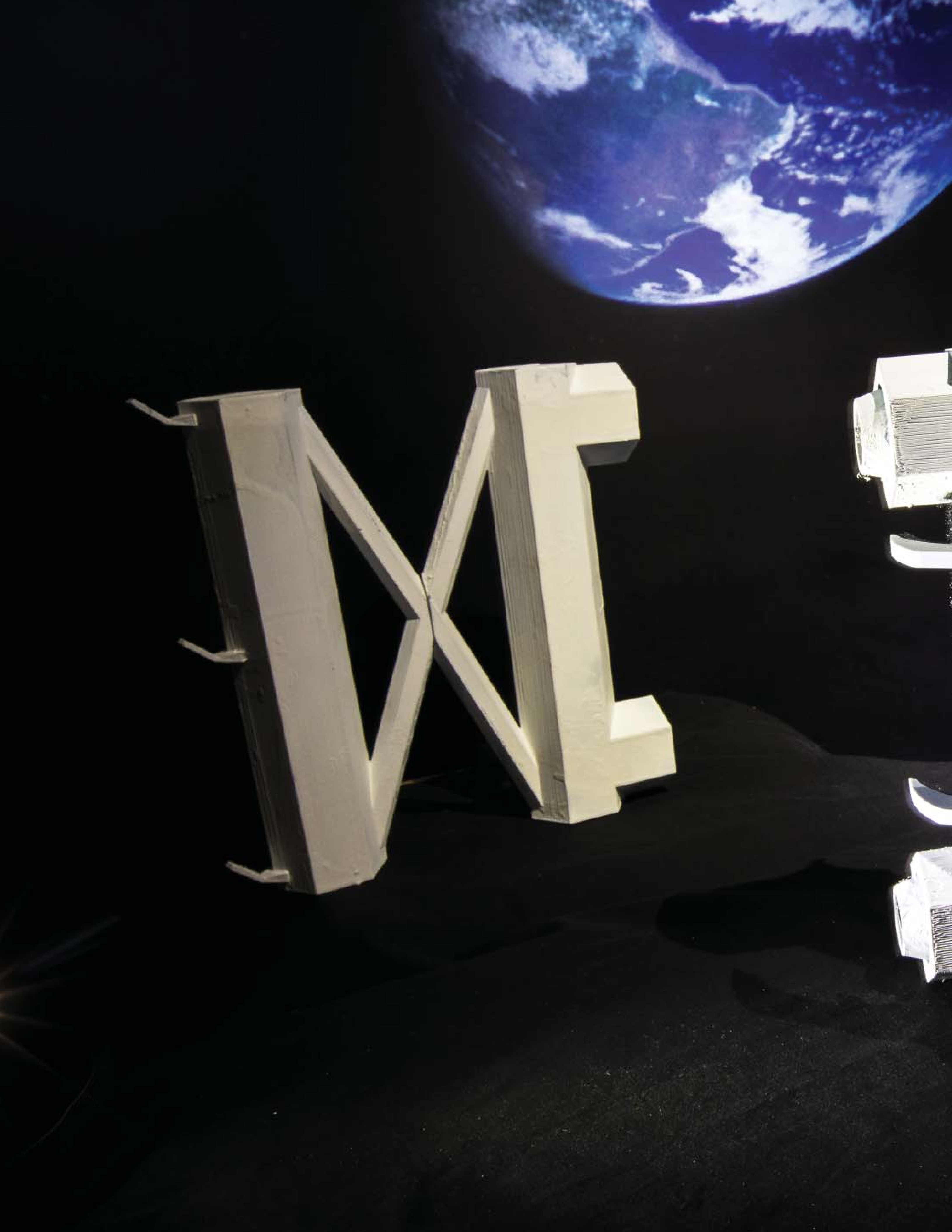
	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	**2018 (2017)**	**2017 (2016)**	**2016 (2015)**	**2015 (2014)** (as restated)	**2010 through 2014**
University's proportion of the net pension liability	3.67%	3.48%	3.39%	3.19%	3.05%	Information not available
University's proportionate share of the net pension liability	$ 511,370	$ 542,354	$ 546,672	$ 497,351	$ 451,741	
University's covered payroll (trailing)	$ 365,389	$ 340,502	$ 318,111	$ 295,068	$ 276,395	
University's proportionate share of the net pension liability as a percentage of its covered payroll	139.95%	159.28%	171.85%	168.55%	163.44%	
Plan fiduciary net position as a percentage of the total pension liability	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)

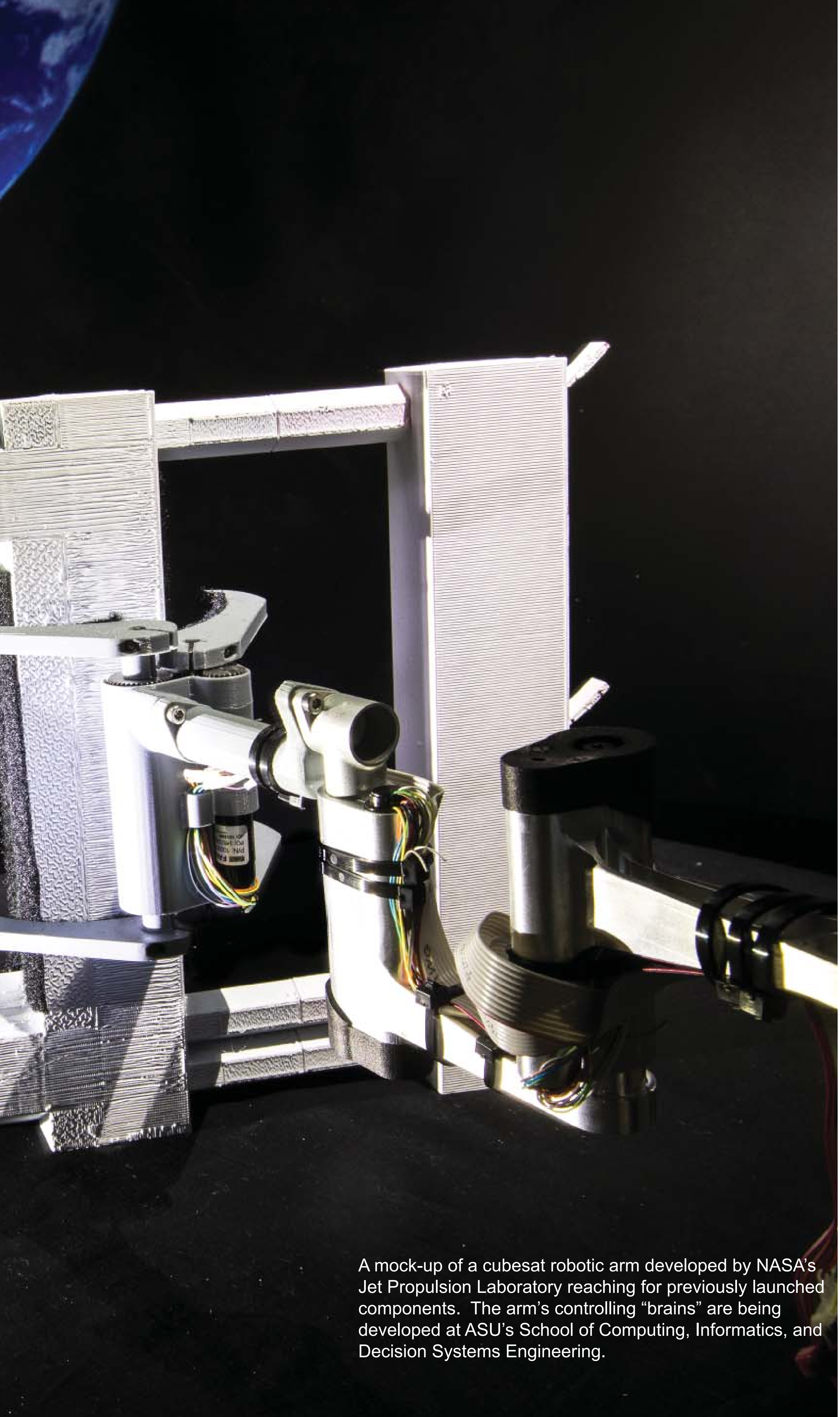
	Reporting Fiscal Year (Measurement Date)			
	2019 (2018)	**2018 (2017)**	**2017 (2016)**	**2010 through 2016**
University's proportion of the total OPEB liability	16.16%	15.95%	15.95%	Information not available
University's proportionate share of the total OPEB liability	$ 140,836	$ 134,500	$ 173,187	
Actuarially-determined University's covered payroll	$ 731,068	$ 711,848	$ 781,648	
University's proportionate share of the total OPEB liability as a percentage of its covered payroll	19.3%	18.9%	22.2%	

Schedule of University Contributions Arizona State Retirement System *(Dollars in thousands)*										
	2019	**2018** [1] *(as restated)*	**2017** [1] *(as restated)*	**2016** [1] *(as restated)*	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Statutorily required contribution	$ 45,001	$ 39,726	$ 36,607	$ 34,408	$ 32,026	$ 29,447	$ 26,714	$ 24,826	$ 23,825	$ 21,578
University's contributions in relation to the statutorily required contribution	45,001	39,726	36,607	34,408	32,026	29,447	26,714	24,826	23,825	21,578
University's contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
University's covered payroll	$ 402,960	$ 365,389	$ 340,502	$ 318,111	$ 295,068	$ 276,395	$ 261,965	$ 251,539	$ 264,429	$ 258,729
University's contributions as a percentage of covered payroll	11.17%	10.87%	10.75%	10.82%	10.85%	10.65%	10.20%	9.87%	9.01%	8.34%

[1] 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



A mock-up of a cubesat robotic arm developed by NASA's Jet Propulsion Laboratory reaching for previously launched components. The arm's controlling "brains" are being developed at ASU's School of Computing, Informatics, and Decision Systems Engineering.

Nonmajor Component Units
Combining Statement of Financial Position
June 30, 2019
(Dollars in thousands)

	ASU Alumni Association	ASU Preparatory Academy, Inc.	Arizona State University Research Park, Inc.	Sun Angel Foundation	Total
Assets					
Cash and cash equivalents	$ 561	$ 3,223	$ 4,086	$ 5,990	$ 13,860
Pledges receivables, net	20	5,093		31,078	36,191
Other receivables, net	146	1,052	38,634	281	40,113
Investments in securities	18,943				18,943
Property and equipment, net		11,570	5,605	15	17,190
Other assets	122	293	2,136	225	2,776
Total assets	$ 19,792	$ 21,231	$ 50,461	$ 37,589	$ 129,073
Liabilities					
Accounts payable and accrued liabilities	$ 104	$ 6,048	$ 123	$ 134	$ 6,409
Deferred revenue	30	800	12,555		13,385
Other liabilities	17		2,565		2,582
Long-term debt		4,764	2,160		6,924
Total liabilities	$ 151	$ 11,612	$ 17,403	$ 134	$ 29,300
Net Assets					
Without Donor Restrictions - Unrestricted	$ 19,405	$ 3,506	$ 33,058	$ 964	$ 56,933
With Donor Restrictions - Temporarily restricted	236	6,113		36,491	42,840
With Donor Restrictions - Permanently restricted					
Total net assets	**$ 19,641**	**$ 9,619**	**$ 33,058**	**$ 37,455**	**$ 99,773**

Nonmajor Component Units
Combining Statement of Activities
Year ended June 30, 2019
(Dollars in thousands)

	ASU Alumni Association	ASU Preparatory Academy, Inc.	Arizona State University Research Park, Inc.	Sun Angel Foundation	Total
Revenues					
Contributions	$ 1,211	$ 12,191		$ 16,411	$ 29,813
Rental revenues			$ 10,824		10,824
Sales and services	1,649	2,282		384	4,315
Net investment return	1,442		21	141	1,604
Grants and aid		29,545			29,545
Other revenues	107	871	73	214	1,265
Total revenues	$ 4,409	$ 44,889	$ 10,918	$ 17,150	$ 77,366
Expenses					
Payments to the benefit of ASU -					
Cash donation transfers to ASU				$ 21,556	$ 21,556
Rent payments to ASU			$ 3,565		3,565
Management and general	$ 3,466	$ 47,915	1,107	1,012	53,500
Interest expense			163		163
Depreciation/amortization			388		388
Other expenses			150	1,429	1,579
Total expenses	$ 3,466	$ 47,915	$ 5,373	$ 23,997	$ 80,751
Increase/(Decrease) in net assets, before Gains	943	(3,026)	5,545	(6,847)	(3,385)
Gain on acquisition		3,334			3,334
Increase/(Decrease) in net assets after Gains	943	308	5,545	(6,847)	(51)
Net assets (deficit), beginning of year	18,698	9,311	27,513	44,302	99,824
Net assets (deficit), end of year	**$ 19,641**	**$ 9,619**	**$ 33,058**	**$ 37,455**	**$ 99,773**

Statistical Section

Narrative to the Statistical Section

Net Position by Component										
Fiscal year ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
(Dollars in thousands)										
Net investment in capital assets [(1)]	$ 985,149	$ 956,220	$ 852,262	$ 778,867	$ 718,642	$ 695,591	$ 664,867	$ 643,008	$ 634,253	$ 661,691
Restricted, Nonexpendable	84,714	78,813	74,102	70,544	64,833	59,476	55,572	52,941	49,513	46,883
Restricted, Expendable	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244	92,931
Unrestricted [(2)]	166,899	115,542	282,765	253,728	161,623	563,307	511,298	462,958	359,430	235,290
Total Net Position	**$ 1,355,388**	**$ 1,269,985**	**$ 1,333,832**	**$ 1,221,116**	**$ 1,054,762**	**$ 1,432,322**	**$ 1,336,617**	**$ 1,251,568**	**$ 1,130,440**	**$ 1,036,795**
Expressed as a percent of the total										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	72.7	75.3	63.9	63.8	68.1	48.5	49.7	51.4	56.1	63.8
Restricted, Nonexpendable	6.3	6.2	5.6	5.8	6.2	4.2	4.2	4.2	4.4	4.5
Restricted, Expendable	8.8	9.4	9.3	9.6	10.4	8.0	7.8	7.4	7.7	9.0
Unrestricted	12.2	9.1	21.2	20.8	15.3	39.3	38.3	37.0	31.8	22.7
Total Net Position	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Percentage increase/(decrease) from prior year										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	3.0	12.2	9.4	8.4	3.3	4.6	3.4	1.4	(4.1)	(0.6)
Restricted, Nonexpendable	7.5	6.4	5.0	8.8	9.0	7.0	5.0	6.9	5.6	4.6
Restricted, Expendable	(0.7)	(4.2)	5.7	7.6	(3.8)	8.6	13.2	6.2	(6.1)	23.3
Unrestricted	44.4	(59.1)	11.4	57.0	(71.3)	10.2	10.4	28.8	52.8	41.8
Total Net Position	**6.7**	**(4.8)**	**9.2**	**15.8**	**(26.4)**	**7.2**	**6.8**	**10.7**	**9.0**	**8.9**

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

[(2)] 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 then Pensions,* as amended by GASB Statement No. 85, *Omnibus 2017.*

Net Position

Statement of Net Position[1] *(Dollars in thousands)*										
June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Assets										
Current Assets										
Cash and cash equivalents	$ 239,203	$ 78,147	$ 167,188	$ 72,543	$ 47,316	$ 33,551	$ 49,964	$ 125,473	$ 265,139	$ 177,628
Short-term investments	70,908	43,789	45,739	68,527	30,775	71,760	118,330	103,282	34,186	4,019
Accounts receivables, net	238,119	134,045	143,601	120,235	110,561	92,554	72,510	62,826	49,459	44,359
Receivables from State of Arizona					90,575	90,575	90,575	90,575	90,575	90,578
Other assets	5,714	2,623	4,282	3,344	3,377	8,863	2,188	2,020	2,822	8,410
Total Current Assets	**$ 553,944**	**$ 258,604**	**$ 360,810**	**$ 264,649**	**$ 282,604**	**$ 297,303**	**$ 333,567**	**$ 384,176**	**$ 442,181**	**$ 324,994**
Noncurrent Assets										
Restricted cash and cash equivalents	$ 280,166	$ 215,942	$ 298,730	$ 236,711	$ 247,270	$ 137,343	$ 140,110	$ 234,108	$ 175,659	$ 204,288
Endowment investments	250,356	137,372	130,118	113,659	116,252	114,146	99,822	90,133	94,261	80,344
Other investments	595,537	814,098	732,745	729,729	572,558	501,779	360,591	212,058	79,309	98,195
Student loans receivable, net	7,820	8,185	10,365	10,923	10,668	11,262	10,872	10,916	11,487	11,088
Other assets/equity interest for Thunderbird	361	595	526	17,200	17,401	1,473	7,018	7,018		
Capital assets, net	2,749,258	2,634,819	2,433,826	2,226,823	2,076,892	1,945,532	1,876,261	1,729,475	1,623,944	1,576,848
Total Noncurrent Assets	**$ 3,883,498**	**$ 3,811,011**	**$ 3,606,310**	**$ 3,335,045**	**$ 3,041,041**	**$ 2,711,535**	**$ 2,494,674**	**$ 2,283,708**	**$ 1,984,660**	**$ 1,970,763**
Total Assets	**$ 4,437,442**	**$ 4,069,615**	**$ 3,967,120**	**$ 3,599,694**	**$ 3,323,645**	**$ 3,008,838**	**$ 2,828,241**	**$ 2,667,884**	**$ 2,426,841**	**$ 2,295,757**
Deferred Outflows of Resources										
Interest rate swap	$ 15,298	$ 11,043	$ 15,379	$ 23,206	$ 16,772	$ 14,135	$ 14,078	$ 22,880	$ 10,028	$ 11,126
Unamortized loss on refunding debt	29,594	31,968	30,449	40,912	42,475	17,763				
Pensions related and other postemployment benefits	115,338	103,546	138,215	77,199	72,481					
Total Deferred Outflows of Resources	**$ 160,230**	**$ 146,557**	**$ 184,043**	**$ 141,317**	**$ 131,728**	**$ 31,898**	**$ 14,078**	**$ 22,880**	**$ 10,028**	**$ 11,126**
Liabilities										
Current Liabilities										
Accounts payable and accrued liabilities	$ 187,417	$ 149,666	$ 127,029	$ 131,156	$ 94,998	$ 80,259	$ 76,697	$ 64,703	$ 81,949	$ 84,689
Compensated absences	3,919	3,723	3,286	3,235	3,167	3,297	3,057	2,778	2,720	2,638
Unearned revenues	167,545	78,192	65,619	51,385	55,176	61,964	42,645	30,455	29,150	34,016
Funds held for others	19,961	17,898	23,350	29,054	18,270	12,476	11,409	10,940	10,066	7,712
Current portion of long-term debt - Funded by:										
University operating revenues	132,433	124,356	118,910	127,881	54,904	53,246	37,669	35,414	32,515	32,668
State appropriations and other State monies	32,807	34,360	34,222	31,903	15,876	13,598	12,537	10,593	10,206	9,838
Total Current Liabilities	**$ 544,082**	**$ 408,195**	**$ 372,416**	**$ 374,614**	**$ 242,391**	**$ 224,840**	**$ 184,014**	**$ 154,883**	**$ 166,606**	**$ 171,561**
Noncurrent Liabilities										
Compensated absences	$ 33,352	$ 31,570	$ 28,772	$ 27,441	$ 26,847	$ 24,476	$ 23,825	$ 21,434	$ 23,118	$ 33,279
Other liabilities	10,819	11,614	2,577	3,558	25,815	39,158	12,574	10,603	8,975	1,746
Derivative instrument - Interest rate swap	15,298	11,043	15,379	23,206	16,772	14,135	14,078	22,880	10,028	11,126
Net Pension and other postemployment benefits liability	700,057	719,592	631,938	559,071	484,133					
Long-term debt - Funded by:										
University operating revenues	1,441,660	1,350,987	1,335,986	1,104,411	1,111,056	891,081	917,810	863,255	746,197	717,398
State appropriations and other State monies	394,132	339,683	361,636	385,122	413,981	414,724	353,401	366,141	351,505	334,978
Total Noncurrent Liabilities	**$ 2,595,318**	**$ 2,464,489**	**$ 2,376,288**	**$ 2,102,809**	**$ 2,078,604**	**$ 1,383,574**	**$ 1,321,688**	**$ 1,284,313**	**$ 1,139,823**	**$ 1,098,527**
Total Liabilities	**$ 3,139,400**	**$ 2,872,684**	**$ 2,748,704**	**$ 2,477,423**	**$ 2,320,995**	**$ 1,608,414**	**$ 1,505,702**	**$ 1,439,196**	**$ 1,306,429**	**$ 1,270,088**
Deferred Inflows of Resources										
Unamortized gain on refunding debt	$ 1,761	$ 1,894	$ 1,116							
Pensions related and other postemployment benefits	101,123	71,609	67,511	$ 42,472	$ 79,616					
Total Deferred Inflows of Resources	**$ 102,884**	**$ 73,503**	**$ 68,627**	**$ 42,472**	**$ 79,616**					
Net Position										
Net investment in capital assets	$ 985,149	$ 956,220	$ 852,262	$ 778,867	$ 718,642	$ 695,591	$ 664,867	$ 643,008	$ 634,253	$ 661,691
Restricted										
Nonexpendable:										
Student aid	77,959	72,059	67,365	63,807	59,185	54,858	51,572	48,693	45,949	43,320
Academic department uses	6,755	6,754	6,737	6,737	5,648	4,618	4,000	4,248	3,564	3,563
Expendable:										
Student aid	33,821	33,024	40,962	38,907	44,109	46,498	37,777	35,705	37,042	30,963
Academic department uses	78,112	79,868	77,450	72,534	63,919	66,852	66,771	56,540	49,380	45,281
Capital projects and debt service	6,693	6,518	6,291	6,536	1,636	598	332	416	822	16,687
Unrestricted	166,899	115,542	282,765	253,728	161,623	563,307	511,298	462,958	359,430	235,290
Total Net Position	**$ 1,355,388**	**$ 1,269,985**	**$ 1,333,832**	**$ 1,221,116**	**$ 1,054,762**	**$ 1,432,322**	**$ 1,336,617**	**$ 1,251,568**	**$ 1,130,440**	**$ 1,036,795**

[1]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 then Pensions,* as amended by GASB Statement No. 85, *Omnibus 2017.*

Statement of Net Position – Adjusted for Pensions and Other Postemployment Benefits[(1)] *(Dollars in thousands)*

June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assets										
Current Assets										
Cash and cash equivalents	$ 239,203	$ 78,147	$ 167,188	$ 72,543	$ 47,316	$ 33,551	$ 49,964	$ 125,473	$ 265,139	$ 177,628
Short-term investments	70,908	43,789	45,739	68,527	30,775	71,760	118,330	103,282	34,186	4,019
Accounts receivables, net	238,119	134,045	143,601	120,235	110,561	92,554	72,510	62,826	49,459	44,359
Receivables from State of Arizona					90,575	90,575	90,575	90,575	90,575	90,578
Other assets	5,714	2,623	4,282	3,344	3,377	8,863	2,188	2,020	2,822	8,410
Total Current Assets	**$ 553,944**	**$ 258,604**	**$ 360,810**	**$ 264,649**	**$ 282,604**	**$ 297,303**	**$ 333,567**	**$ 384,176**	**$ 442,181**	**$ 324,994**
Noncurrent Assets										
Restricted cash and cash equivalents	$ 280,166	$ 215,942	$ 298,730	$ 236,711	$ 247,270	$ 137,343	$ 140,110	$ 234,108	$ 175,659	$ 204,288
Endowment investments	250,356	137,372	130,118	113,659	116,252	114,146	99,822	90,133	94,261	80,344
Other investments	595,537	814,098	732,745	729,729	572,558	501,779	360,591	212,058	79,309	98,195
Student loans receivable, net	7,820	8,185	10,365	10,923	10,668	11,262	10,872	10,916	11,487	11,088
Other assets/equity interest for Thunderbird	361	595	526	17,200	17,401	1,473	7,018	7,018		
Capital assets, net	2,749,258	2,634,819	2,433,826	2,226,823	2,076,892	1,945,532	1,876,261	1,729,475	1,623,944	1,576,848
Total Noncurrent Assets	**$ 3,883,498**	**$ 3,811,011**	**$ 3,606,310**	**$ 3,335,045**	**$ 3,041,041**	**$ 2,711,535**	**$ 2,494,674**	**$ 2,283,708**	**$ 1,984,660**	**$ 1,970,763**
Total Assets	**$ 4,437,442**	**$ 4,069,615**	**$ 3,967,120**	**$ 3,599,694**	**$ 3,323,645**	**$ 3,008,838**	**$ 2,828,241**	**$ 2,667,884**	**$ 2,426,841**	**$ 2,295,757**
Deferred Outflows of Resources										
Interest rate swap	$ 15,298	$ 11,043	$ 15,379	$ 23,206	$ 16,772	$ 14,135	$ 14,078	$ 22,880	$ 10,028	$ 11,126
Unamortized loss on refunding debt	29,594	31,968	30,449	40,912	42,475	17,763				
Total Deferred Outflows of Resources	**$ 44,892**	**$ 43,011**	**$ 45,828**	**$ 64,118**	**$ 59,247**	**$ 31,898**	**$ 14,078**	**$ 22,880**	**$ 10,028**	**$ 11,126**
Liabilities										
Current Liabilities										
Accounts payable and accrued liabilities	$ 196,100	$ 157,300	$ 136,679	$ 137,378	$ 99,910	$ 80,259	$ 76,697	$ 64,703	$ 81,949	$ 84,689
Compensated absences	3,919	3,723	3,286	3,235	3,167	3,297	3,057	2,778	2,720	2,638
Unearned revenues	167,545	78,192	65,619	51,385	55,176	61,964	42,645	30,455	29,150	34,016
Funds held for others	19,961	17,898	23,350	29,054	18,270	12,476	11,409	10,940	10,066	7,712
Current portion of long-term debt - Funded by:										
University operating revenues	132,433	124,356	118,910	127,881	54,904	53,246	37,669	35,414	32,515	32,668
State appropriations and other State monies	32,807	34,360	34,222	31,903	15,876	13,598	12,537	10,593	10,206	9,838
Total Current Liabilities	**$ 552,765**	**$ 415,829**	**$ 382,066**	**$ 380,836**	**$ 247,303**	**$ 224,840**	**$ 184,014**	**$ 154,883**	**$ 166,606**	**$ 171,561**
Noncurrent Liabilities										
Compensated absences	$ 33,352	$ 31,570	$ 28,772	$ 27,441	$ 26,847	$ 24,476	$ 23,825	$ 21,434	$ 23,118	$ 33,279
Other liabilities	28,786	27,427	17,229	18,206	38,302	39,158	12,574	10,603	8,975	1,746
Derivative instrument - Interest rate swap	15,298	11,043	15,379	23,206	16,772	14,135	14,078	22,880	10,028	11,126
Long-term debt - Funded by:										
University operating revenues	1,441,660	1,350,987	1,335,986	1,104,411	1,111,056	891,081	917,810	863,255	746,197	717,398
State appropriations and other State monies	394,132	339,683	361,636	385,122	413,981	414,724	353,401	366,141	351,505	334,978
Total Noncurrent Liabilities	**$ 1,913,228**	**$ 1,760,710**	**$ 1,759,002**	**$ 1,558,386**	**$ 1,606,958**	**$ 1,383,574**	**$ 1,321,688**	**$ 1,284,313**	**$ 1,139,823**	**$ 1,098,527**
Total Liabilities	**$ 2,465,993**	**$ 2,176,539**	**$ 2,141,068**	**$ 1,939,222**	**$ 1,854,261**	**$ 1,608,414**	**$ 1,505,702**	**$ 1,439,196**	**$ 1,306,429**	**$ 1,270,088**
Deferred Inflows of Resources										
Unamortized gain on refunding debt	$ 1,761	$ 1,894	$ 1,116							
Total Deferred Inflows of Resources	**$ 1,761**	**$ 1,894**	**$ 1,116**							
Net Position										
Net investment in capital assets	$ 985,149	$ 956,220	$ 852,262	$ 778,867	$ 718,642	$ 695,591	$ 664,867	$ 643,008	$ 634,253	$ 661,691
Restricted										
Nonexpendable:										
Student aid	77,959	72,059	67,365	63,807	59,185	54,858	51,572	48,693	45,949	43,320
Academic department uses	6,755	6,754	6,737	6,737	5,648	4,618	4,000	4,248	3,564	3,563
Expendable:										
Student aid	33,821	33,024	40,962	38,907	44,109	46,498	37,777	35,705	37,042	30,963
Academic department uses	78,112	79,868	77,450	72,534	63,919	66,852	66,771	56,540	49,380	45,281
Capital projects and debt service	6,693	6,518	6,291	6,536	1,636	598	332	416	822	16,687
Unrestricted	826,091	779,750	819,697	757,202	635,492	563,307	511,298	462,958	359,430	235,290
Total Net Position	**$ 2,014,580**	**$1,934,193**	**$ 1,870,764**	**$ 1,724,590**	**$ 1,528,631**	**$ 1,432,322**	**$ 1,336,617**	**$ 1,251,568**	**$ 1,130,440**	**$ 1,036,795**

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

Changes in Net Position

Changes in Net Position *(Dollars in thousands)*										
Fiscal Year Ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Revenues										
Operating Revenues										
Student tuition and fees, net	$ 1,423,052	$ 1,323,268	$ 1,250,828	$ 1,157,535	$ 1,021,014	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319
Research grants and contracts	344,128	313,558	271,730	253,158	237,489	244,293	238,031	229,801	217,012	199,901
Sales and services										
Auxiliary enterprises	183,534	166,057	161,797	149,734	145,008	140,535	122,453	105,510	136,540	134,899
Educational departments	78,508	94,158	81,543	69,523	67,230	58,449	56,006	53,866	43,514	37,625
Other revenues	19,347	18,745	16,326	14,387	12,001	8,447	8,018	8,947	9,093	10,295
Total Operating Revenues	**$ 2,048,569**	**$ 1,915,786**	**$ 1,782,224**	**$ 1,644,337**	**$ 1,482,742**	**$ 1,348,645**	**$ 1,227,473**	**$ 1,155,341**	**$ 1,045,483**	**$ 949,039**
Expenses										
Operating Expenses										
Educational and general										
Instruction	$ 961,580	$ 881,696	$ 810,656	$ 749,722	$ 686,397	$ 617,091	$ 548,998	$ 519,117	$ 495,815	$ 472,979
Research	323,623	297,448	267,303	261,055	244,763	235,720	225,453	211,569	201,255	189,599
Public service	36,140	37,524	35,378	36,807	36,201	40,209	44,860	46,938	48,208	41,196
Academic support	304,645	299,208	294,706	265,540	247,700	225,853	204,831	185,890	187,435	176,213
Student services	151,295	136,125	123,377	111,018	98,491	72,409	65,908	60,737	55,244	49,078
Institutional support	171,016	159,109	152,226	155,172	151,613	136,334	124,546	120,491	124,893	122,706
Operation and maintenance of plant	122,567	119,349	116,456	108,454	102,167	98,901	91,077	86,750	83,939	77,598
Scholarships and fellowships	247,194	211,811	187,124	152,802	136,675	127,468	112,363	113,171	120,428	109,404
Auxiliary enterprises	179,578	175,130	154,794	147,562	143,184	130,550	119,509	115,799	142,492	135,141
Depreciation	137,064	132,814	123,705	116,381	114,617	112,270	106,992	98,005	97,202	95,745
Total Operating Expenses	**$ 2,634,702**	**$ 2,450,214**	**$ 2,265,725**	**$ 2,104,513**	**$ 1,961,808**	**$ 1,796,805**	**$ 1,644,537**	**$ 1,558,467**	**$ 1,556,911**	**$ 1,469,659**
Operating Loss	**$ (586,133)**	**$ (534,428)**	**$ (483,501)**	**$ (460,176)**	**$ (479,066)**	**$ (448,160)**	**$ (417,064)**	**$ (403,126)**	**$ (511,428)**	**$ (520,620)**
Nonoperating Revenues (Expenses)										
State appropriations	$ 303,370	$ 306,778	$ 296,913	$ 281,385	$ 338,042	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914
Federal fiscal stabilization funds									867	32,502
Share of state tax - TRIF	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799	21,770	21,303
Financial aid grants	168,230	152,500	128,474	124,188	115,070	106,855	104,415	110,222	104,498	84,998
Grants and contracts	57,365	58,624	56,233	56,743	49,037	35,863	42,195	49,237	50,133	48,390
Private gifts	82,731	75,791	74,282	99,612	57,651	64,928	59,807	55,329	50,584	45,847
Financial aid trust funds [1]			16,019	14,833	13,615	12,393	11,114	11,027	9,279	9,249
Net investment return (loss)	60,603	12,778	23,038	9,382	5,133	20,263	9,494	(1,629)	17,130	7,510
Interest on debt	(63,413)	(61,903)	(69,135)	(59,972)	(53,428)	(52,674)	(53,331)	(48,101)	(47,505)	(42,740)
Other expenses	(22,341)	(8,590)	(7,610)	(16,039)	(9,814)	(9,642)	(10,995)	(8,358)	(6,980)	(10,002)
Net Nonoperating Revenues	**$ 621,149**	**$ 568,518**	**$ 549,540**	**$ 541,207**	**$ 541,832**	**$ 520,264**	**$ 485,326**	**$ 499,291**	**$ 580,690**	**$ 577,971**
Income (loss) before other revenues, expenses, gains, or losses	**$ 35,016**	**$ 34,090**	**$ 66,039**	**$ 81,031**	**$ 62,766**	**$ 72,104**	**$ 68,262**	**$ 96,165**	**$ 69,262**	**$ 57,351**
Capital appropriations	$ 25,406	$ 13,479	$ 11,190	$ 11,422	$ 15,000	$ 14,471	$ 14,472	$ 14,472	$ 14,472	$ 14,472
Capital commitments	9,532	9,540	15,421	9,537	5,121	2,733	4,268	1,646	990	
Capital grants	62	109	320	1	158	893	761	1,636	1,371	2,086
Capital private gifts	14,961	5,822	6,390	4,936	7,106	8,308	2,503	7,206	3,567	3,351
Additions to permanent endowments	426	34	13	1,577	2,089	904	77	3	99	443
Property additions										
Special Items							(5,294)			
Extraordinary Item - insurance recovery						3,900			3,884	7,080
Increase (Decrease) in Net Position	**$ 85,403**	**$ 63,074**	**$ 99,373**	**$ 108,504**	**$ 92,240**	**$ 103,313**	**$ 85,049**	**$ 121,128**	**$ 93,645**	**$ 84,783**
Total Revenues	$ 2,805,859	$ 2,583,781	$ 2,441,843	$ 2,289,028	$ 2,117,290	$ 1,962,434	$ 1,799,206	$ 1,736,054	$ 1,705,041	$ 1,607,184
Total Expenses	$ 2,720,456	$ 2,520,707	$ 2,342,470	$ 2,180,524	$ 2,025,050	$ 1,859,121	$ 1,714,157	$ 1,614,926	$ 1,611,396	$ 1,522,401
Increase (Decrease) in Net Position	**$ 85,403**	**$ 63,074**	**$ 99,373**	**$ 108,504**	**$ 92,240**	**$ 103,313**	**$ 85,049**	**$ 121,128**	**$ 93,645**	**$ 84,783**

[1] Balances prior to FY 2018 presented Financial Aid Trust funds as a nonoperating revenue source. In FY 2018 Financial Aid Trust fund activities were included in student tuition and fees, net and state appropriations.

Changes in Net Position (Expressed as a percent of Total Revenues / Total Expenses)										
Fiscal Year Ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
	%	%	%	%	%	%	%	%	%	%
Revenues										
Operating Revenues										
Student tuition and fees, net	50.7	51.2	51.2	50.6	48.2	45.7	44.6	43.6	37.5	35.2
Research grants and contracts	12.3	12.1	11.1	11.1	11.2	12.4	13.2	13.2	12.7	12.4
Sales and services										
Auxiliary enterprises	6.5	6.4	6.6	6.5	6.9	7.2	6.8	6.1	8.0	8.4
Educational departments	2.8	3.7	3.4	3.0	3.2	3.0	3.1	3.1	2.6	2.3
Other revenues	0.7	0.7	0.7	0.6	0.6	0.4	0.4	0.5	0.5	0.6
Total Operating Revenues	**73.0**	**74.1**	**73.0**	**71.8**	**70.1**	**68.7**	**68.1**	**66.5**	**61.3**	**58.9**
Expenses										
Operating Expenses										
Educational and general										
Instruction	*35.3*	*35.0*	*34.6*	*34.4*	*33.9*	*33.2*	*32.0*	*32.1*	*30.8*	*31.1*
Research	*11.9*	*11.8*	*11.4*	*12.0*	*12.1*	*12.7*	*13.2*	*13.1*	*12.5*	*12.5*
Public service	*1.3*	*1.5*	*1.5*	*1.7*	*1.8*	*2.2*	*2.6*	*2.9*	*3.0*	*2.7*
Academic support	*11.2*	*11.9*	*12.6*	*12.2*	*12.2*	*12.1*	*11.9*	*11.5*	*11.6*	*11.6*
Student services	*5.6*	*5.4*	*5.3*	*5.1*	*4.9*	*3.9*	*3.8*	*3.8*	*3.4*	*3.2*
Institutional support	*6.3*	*6.3*	*6.5*	*7.1*	*7.5*	*7.3*	*7.3*	*7.5*	*7.8*	*8.1*
Operation and maintenance of plant	*4.5*	*4.7*	*5.0*	*5.0*	*5.0*	*5.3*	*5.3*	*5.4*	*5.2*	*5.1*
Scholarships and fellowships	*9.1*	*8.4*	*8.0*	*7.0*	*6.7*	*6.9*	*6.6*	*7.0*	*7.5*	*7.2*
Auxiliary enterprises	*6.6*	*6.9*	*6.6*	*6.7*	*7.1*	*7.0*	*7.0*	*7.2*	*8.8*	*8.9*
Depreciation	*5.0*	*5.3*	*5.3*	*5.3*	*5.7*	*6.0*	*6.2*	*6.1*	*6.0*	*6.3*
Total Operating Expenses	**93.9**	**94.8**	**92.8**	**91.9**	**92.7**	**91.5**	**91.4**	**89.8**	**91.3**	**91.4**
Operating Loss	**(20.9)**	**(20.7)**	**(19.8)**	**(20.1)**	**(22.6)**	**(22.8)**	**(23.3)**	**(23.3)**	**(30.0)**	**(32.5)**
Nonoperating Revenues (Expenses)										
State appropriations	11.0	11.9	12.2	12.3	16.0	16.0	16.5	17.7	22.3	23.7
Federal fiscal stabilization funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	2.0
Share of state tax - TRIF	1.2	1.3	1.3	1.4	1.3	1.4	1.4	1.4	1.3	1.3
Financial aid grants	6.0	5.9	5.3	5.4	5.4	5.4	5.8	6.3	6.1	5.3
Grants and contracts	2.0	2.3	2.3	2.5	2.3	1.8	2.3	2.8	2.9	3.0
Private gifts	2.9	2.9	3.0	4.4	2.7	3.3	3.3	3.2	3.0	2.9
Financial aid trust funds	0.0	0.0	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6
Net investment return (loss)	2.2	0.5	0.9	0.4	0.2	1.0	0.5	(0.1)	1.0	0.5
Interest on debt	*(2.4)*	*(2.5)*	*(2.9)*	*(2.8)*	*(2.6)*	*(2.8)*	*(3.1)*	*(3.0)*	*(2.9)*	*(2.8)*
Other expenses	*(0.8)*	*(0.3)*	*(0.3)*	*(0.7)*	*(0.5)*	*(0.5)*	*(0.6)*	*(0.5)*	*(0.4)*	*(0.7)*
Net Nonoperating Revenues	**22.1**	**22.0**	**22.5**	**23.6**	**25.6**	**26.5**	**27.0**	**28.8**	**34.1**	**36.0**
Income (loss) before other revenues, expenses, gains, or losses	**1.2**	**1.3**	**1.3**	**2.7**	**3.5**	**3.0**	**3.7**	**3.7**	**5.5**	**4.1**
Capital appropriations	0.9	0.5	0.5	0.5	0.7	0.7	0.8	0.8	0.8	0.9
Capital commitment	0.3	0.4	0.6	0.4	0.2	0.1	0.2	0.1	0.1	0.0
Capital grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Capital private gifts	0.5	0.2	0.3	0.2	0.4	0.4	0.1	0.4	0.2	0.2
Additions to permanent endowments	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Property additions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Items	0.0	0.0	0.0	0.0	0.0	0.0	*(0.3)*	0.0	0.0	0.0
Extraordinary Item - insurance recovery	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.4
Increase (Decrease) in Net Position	**2.9**	**2.4**	**4.1**	**4.7**	**4.4**	**5.3**	**4.7**	**7.0**	**5.5**	**5.3**

Percent of Total Expense is italicized.

Changes in Net Position (Percentage increase (decrease) from prior year)										
Fiscal Year Ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
	%	%	%	%	%	%	%	%	%	%
Revenues										
Operating Revenues										
Student tuition and fees, net	7.5	5.8	8.1	13.4	13.8	11.7	6.0	18.4	12.9	13.4
Research grants and contracts	9.7	15.4	7.3	6.6	(2.8)	2.6	3.6	5.9	8.6	18.6
Sales and services										
Auxiliary enterprises	10.5	2.6	8.1	3.3	3.2	14.8	16.1	(22.7)	1.2	3.0
Educational departments	(16.6)	15.5	17.3	3.4	15.0	4.4	4.0	23.8	15.7	1.4
Other revenues	3.2	14.8	13.5	19.9	42.1	5.4	(10.4)	(1.6)	(11.7)	(15.8)
Total Operating Revenues	6.9	7.4	8.4	10.9	9.9	9.9	6.2	10.5	10.2	11.9
Expenses										
Operating Expenses										
Educational and general										
Instruction	9.1	8.8	8.1	9.2	11.2	12.4	5.8	4.7	4.8	4.0
Research	8.8	11.3	2.4	6.7	3.8	4.6	6.6	5.1	6.1	4.8
Public service	(3.7)	6.1	(3.9)	1.7	(10.0)	(10.4)	(4.4)	(2.6)	17.0	(4.5)
Academic support	1.8	1.5	11.0	7.2	9.7	10.3	10.2	(0.8)	6.4	2.7
Student services	11.1	10.3	11.1	12.7	36.0	9.9	8.5	9.9	12.6	(4.5)
Institutional support	7.5	4.5	(1.9)	2.3	11.2	9.5	3.4	(3.5)	1.8	(3.3)
Operation and maintenance of plant	2.7	2.5	7.4	6.2	3.3	8.6	5.0	3.3	8.2	(11.3)
Scholarships and fellowships	16.7	13.2	22.5	11.8	7.2	13.4	(0.7)	(6.0)	10.1	23.9
Auxiliary enterprises	2.5	13.1	4.9	3.1	9.7	9.2	3.2	(18.7)	5.4	11.3
Depreciation	3.2	7.4	6.3	1.5	2.1	4.9	9.2	0.8	1.5	2.1
Total Operating Expenses	7.5	8.1	7.7	7.3	9.2	9.3	5.5	0.1	5.9	3.5
Operating Loss	9.7	10.5	5.1	(3.9)	6.9	7.5	3.5	(21.2)	(1.8)	(8.9)
Nonoperating Revenues (Expenses)										
State appropriations	(1.1)	3.3	5.5	(16.8)	7.5	5.7	(3.4)	(19.2)	0.0	(5.4)
Federal fiscal stabilization funds	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(97.3)	(53.5)
Share of state tax - TRIF	6.3	3.9	0.8	17.1	(4.5)	10.1	6.0	9.3	2.2	(10.2)
Financial aid grants	10.3	18.7	3.5	7.9	7.7	2.3	(5.3)	5.5	22.9	70.1
Grants and contracts	(2.1)	4.3	(0.9)	15.7	36.7	(15.0)	(14.3)	(1.8)	3.6	(4.9)
Private gifts	9.2	2.0	(25.4)	72.8	(11.2)	8.6	8.1	9.4	10.3	(6.8)
Financial aid trust funds	n/a	(100.0)	8.0	8.9	9.9	11.5	0.8	18.8	0.3	5.0
Net investment return (loss)	374.3	(44.5)	145.6	82.8	(74.7)	113.4	(682.8)	(109.5)	128.1	(168.7)
Interest on debt	2.4	(10.5)	15.3	12.2	1.4	(1.2)	10.9	1.3	11.1	8.3
Other expenses	160.1	12.9	(52.6)	63.4	1.8	(12.3)	31.6	19.7	(30.2)	61.7
Net Nonoperating Revenues	9.3	3.5	1.5	(0.1)	4.1	7.2	(2.8)	(14.0)	0.5	(3.4)
Income (loss) before other revenues, expenses, gains, or losses	2.7	(48.4)	(18.5)	29.1	(13.0)	5.6	(29.0)	38.8	20.8	114.4
Capital appropriations	88.5	20.5	(2.0)	(23.9)	3.7	0.0	0.0	0.0	0.0	0.0
Capital commitment	(0.1)	(38.1)	61.7	86.2	87.4	(36.0)	159.3	66.3	n/a	n/a
Capital grants	(43.1)	(65.9)	n/a	(99.4)	(82.3)	17.3	(53.5)	19.3	(34.3)	45.7
Capital private gifts	157.0	(8.9)	29.5	(30.5)	(14.5)	231.9	(65.3)	102.0	6.4	(32.5)
Additions to permanent endowments	1,152.9	161.5	(99.2)	(24.5)	131.1	1,074.0	2,466.7	(97.0)	(77.7)	822.9
Property additions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Items	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Extraordinary Item - insurance recovery	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(45.1)	160.3
Increase (Decrease) in Net Position	35.4	(36.5)	(8.4)	17.6	(10.7)	21.5	(29.8)	29.3	10.5	47.1

Operating Expenses by Natural Classification										
Fiscal year ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
(Dollars in thousands)										
Personal services	$ 1,090,068	$1,019,332	$ 949,189	$ 888,936	$ 830,440	$ 761,778	$ 711,641	$ 679,715	$ 692,246	$ 664,755
Benefits	347,569	343,363	309,033	298,199	285,991	268,025	236,380	231,295	226,400	216,684
Pensions and OPEB (1)	5,016	355	33,458	29,605	4,069					
Personal services and benefits	1,442,653	1,363,050	1,291,680	1,216,740	1,120,500	1,029,803	948,021	911,010	918,646	881,439
Supplies and services	807,791	742,539	663,216	601,218	576,345	514,355	464,452	423,693	407,826	371,588
Student aid, net scholarship allowance	247,194	211,811	187,124	170,174	150,346	140,377	125,072	125,759	133,237	120,887
Depreciation	137,064	132,814	123,705	116,381	114,617	112,270	106,992	98,005	97,202	95,745
Total Operating Expenses by Natural Classification	**$ 2,634,702**	**$2,450,214**	**$2,265,725**	**$2,104,513**	**$1,961,808**	**$1,796,805**	**$ 1,644,537**	**$1,558,467**	**$1,556,911**	**$1,469,659**
Expressed as a percent of the total										
	%	%	%	%	%	%	%	%	%	%
Personal services	41.4	41.7	41.9	42.2	42.3	42.4	43.3	43.6	44.5	45.2
Benefits	13.2	14.0	13.6	14.2	14.6	14.9	14.4	14.8	14.5	14.8
Pensions and OPEB (1)	0.2	0.0	1.5	1.4	0.2					
Personal services and benefits	54.8	55.6	57.0	57.8	57.1	57.3	57.7	58.4	59.0	60.0
Supplies and services	30.6	30.3	29.2	28.6	29.4	28.6	28.2	27.2	26.2	25.3
Student aid, net scholarship allowance	9.4	8.7	8.3	8.1	7.7	7.8	7.6	8.1	8.6	8.2
Depreciation	5.2	5.4	5.5	5.5	5.8	6.3	6.5	6.3	6.2	6.5
Total Operating Expenses by Natural Classification	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Percentage increase/(decrease) from prior year										
	%	%	%	%	%	%	%	%	%	%
Personal services	6.9	7.4	6.8	7.0	9.0	7.0	4.7	(1.8)	4.1	(0.2)
Benefits	1.2	11.1	3.6	4.3	6.7	13.4	2.2	2.2	4.5	4.8
Pensions and OPEB (1)	1,313.0	(98.9)	13.0	627.6						
Personal services and benefits	5.8	5.5	6.2	8.6	8.8	8.6	4.1	(0.8)	4.2	0.9
Supplies and services	8.8	12.0	10.3	4.3	12.1	10.7	9.6	3.9	9.8	5.4
Student aid, net scholarship allowance	18.1	11.8	10.0	13.2	7.1	12.2	(0.5)	(5.6)	10.2	20.4
Depreciation	3.2	7.4	6.3	1.5	2.1	4.9	9.2	0.8	1.5	2.1
Total Operating Expenses by Natural Classification	**7.6**	**8.0**	**7.7**	**7.3**	**9.2**	**9.3**	**5.5**	**0.1**	**5.9**	**3.5**
Scholarship allowance	$ 402,554	$ 389,890	$ 349,989	$ 313,064	$ 269,503	$ 231,124	$ 211,919	$ 203,501	$ 180,646	$ 155,161

(1) 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 *(Dollars in millions)*										
Fiscal Year Ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Sources										
Student Tuition and Fees, net	$ 1,423.1	$ 1,323.3	$ 1,250.8	$ 1,157.5	$ 1,021.0	$ 896.9	$ 803.0	$ 757.2	$ 639.3	$ 566.3
Gross Tuition and Fees	*1,825.6*	*1,697.4*	*1,585.4*	*1,453.8*	*1,278.0*	*1,117.8*	*1,005.8*	*952.5*	*811.4*	*711.1*
Scholarship Allowance	*402.5*	*374.1*	*334.6*	*296.3*	*257.0*	*220.9*	*202.8*	*195.3*	*172.1*	*144.8*
State Appropriation	328.8	320.3	308.1	292.8	353.0	329.0	311.9	322.2	395.4	395.4
Capital Appropriation	*25.4*	*13.5*	*11.2*	*11.4*	*15.0*	*14.5*	*14.5*	*14.5*	*14.5*	*14.5*
Federal Fiscal Stabilization Funds									0.8	32.5
Grants and Contracts	401.5	372.3	328.3	309.9	286.7	281.1	281.0	280.7	268.5	250.4
Federally Funded	*304.5*	*262.0*	*238.3*	*242.3*	*229.9*	*247.9*	*225.4*	*232.3*	*219.8*	*191.9*
Financial Aid Grants	168.2	152.5	128.5	124.2	115.1	106.9	104.4	110.2	104.5	85.0
Federally Funded	*167.9*	*152.2*	*128.2*	*123.9*	*114.8*	*106.4*	*104.0*	*109.8*	*104.1*	*84.6*
Auxiliary Enterprises, net	183.5	166.1	161.8	149.7	145.0	140.5	122.5	105.5	136.6	134.9
Private and Capital Gifts	97.7	81.6	80.7	106.2	66.8	74.1	62.3	62.6	54.2	49.6
Capital Gifts	*15.0*	*5.8*	*6.4*	*4.9*	*7.1*	*8.3*	*2.5*	*7.2*	*3.6*	*3.4*
Sales and Services	78.5	94.1	81.5	69.5	67.2	58.4	56.0	53.9	43.5	37.6
Technology and Research Initiatives Funds (TRIF)	34.6	32.5	31.3	31.1	26.5	27.8	25.2	23.8	21.8	21.3
Other Sources	89.9	41.1	70.8	48.1	35.9	47.7	32.9	20.0	40.4	34.2
Total Sources	**$ 2,805.8**	**$ 2,583.8**	**$ 2,441.8**	**$ 2,289.0**	**$ 2,117.2**	**$ 1,962.4**	**$ 1,799.2**	**$ 1,736.1**	**$ 1,705.0**	**$ 1,607.2**
Uses										
Instruction	$ 961.6	$ 881.7	$ 810.6	$ 749.7	$ 686.4	$ 617.1	$ 549.0	$ 519.1	$ 495.8	$ 473.0
Organized Research	323.6	297.5	267.3	261.1	244.8	235.7	225.5	211.6	201.3	189.6
Public Service	36.1	37.5	35.4	36.8	36.2	40.2	44.9	46.9	48.2	41.2
Academic Support	304.6	299.2	294.7	265.5	247.7	225.8	204.8	185.9	187.4	176.2
Student Services	151.2	136.1	123.4	111.0	98.4	72.4	65.9	60.7	55.2	49.1
Institutional Support	171.0	159.1	152.2	155.2	151.6	136.3	124.5	120.5	124.9	122.7
Operation and Maintenance of Plant	122.6	119.4	116.5	108.4	102.2	98.9	91.1	86.7	83.9	77.6
Scholarships and Fellowships	247.2	211.8	187.1	152.8	136.7	127.5	112.4	113.2	120.5	109.4
Auxiliary Enterprises	179.6	175.1	154.8	147.6	143.2	130.6	119.5	115.8	142.5	135.1
Depreciation	137.1	132.8	123.7	116.4	114.6	112.3	107.0	98.0	97.2	95.7
Academic and Research Buildings	*84.9*	*80.6*	*73.8*	*69.4*	*67.6*	*63.9*	*60.0*	*52.1*	*50.3*	*50.1*
Other Expenses	85.8	70.5	76.7	76.0	63.2	62.3	69.6	56.5	54.5	52.8
Total Uses	**$ 2,720.4**	**$ 2,520.7**	**$ 2,342.4**	**$ 2,180.5**	**$ 2,025.0**	**$ 1,859.1**	**$ 1,714.2**	**$ 1,614.9**	**$ 1,611.4**	**$ 1,522.4**

Principal Revenue Sources

Principal Revenue Sources *(Dollars in thousands)*

Fiscal year ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and Fees, net of scholarship allowance	**$ 1,423,052**	**$1,323,268**	**$1,250,828**	**$1,157,535**	**$1,021,014**	**$ 896,921**	**$ 802,965**	**$ 757,217**	**$ 639,324**	**$ 566,319**
percent of total revenue	51%	51%	51%	51%	48%	46%	45%	44%	37%	35%
percent increase from prior year	8%	6%	8%	13%	14%	12%	6%	18%	13%	13%
State of Arizona Government										
State appropriations	$ 303,370	$ 306,778	$ 296,913	$ 281,385	$ 338,042	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914
Technology and research initiative fund	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799	21,770	21,303
Capital appropriations and capital commitments	34,938	24,434	20,731	20,959	20,121	17,204	16,642	16,118	15,462	14,472
State grants and contracts	14,529	11,640	12,328	8,536	6,848	3,055	1,514	9,136	6,386	10,800
Financial aid trust fund	5,986	5,989	5,899	5,724	5,483	5,350	4,920	5,242	5,322	5,569
Capital grants										
State of Arizona Government	**$ 393,427**	**$ 381,381**	**$ 367,197**	**$ 347,679**	**$ 397,020**	**$ 367,887**	**$ 345,703**	**$ 362,060**	**$ 429,854**	**$ 433,058**
percent of total revenue	14%	15%	15%	15%	19%	19%	19%	21%	25%	27%
percent increase (decrease) from prior year	3%	4%	6%	(12%)	8%	6%	(5%)	(16%)	(1%)	(5%)
Federal Government										
Federal grants and contracts	$ 304,503	$ 262,007	$ 238,293	$ 242,299	$ 229,925	$ 247,015	$ 224,603	$ 230,747	$ 218,704	$ 189,909
Financial aid grants	167,931	152,238	128,207	123,945	114,816	106,360	103,965	109,779	104,057	84,574
Capital grants						859	761	1,517	1,142	2,031
Federal fiscal stabilization funds									867	32,502
Federal Government	**$ 472,434**	**$ 414,245**	**$ 366,500**	**$ 366,244**	**$ 344,741**	**$ 354,234**	**$ 329,329**	**$ 342,043**	**$ 324,770**	**$ 309,016**
percent of total revenue	17%	16%	15%	16%	16%	18%	18%	20%	19%	19%
percent increase (decrease) from prior year	14%	13%	0%	6%	(3%)	8%	(4%)	5%	5%	14%
Total from principal revenue sources	**$ 2,288,913**	**$2,118,894**	**$1,984,525**	**$1,871,458**	**$1,762,775**	**$1,619,042**	**$1,477,997**	**$1,461,320**	**$1,393,948**	**$1,308,393**
percent of total revenue	82%	82%	81%	82%	83%	83%	82%	85%	81%	81%
percent increase from prior year	8%	7%	6%	6%	9%	10%	1%	5%	7%	7%

Academic Year Tuition and Required Fees

Academic Year Tuition and Required Fees										
Fiscal year ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
RESIDENT UNDERGRADUATE										
Arizona State University	$10,822	$10,792	$10,640	$10,478	$10,127	$ 9,861	$ 9,724	$ 9,720	$ 8,132	$ 6,334
percent increase from prior year	0.3%	1.4%	1.5%	3.5%	2.7%	1.4%	0.0%	19.5%	28.4%	11.8%
PAC-12 Public Average	$11,821	$11,680	$11,175	$11,173	$10,972	$10,729	$10,484	$ 9,831	$ 8,990	$ 7,803
percent increase from prior year	1.2%	4.5%	0.0%	1.8%	2.3%	2.3%	6.6%	9.4%	15.2%	14.6%
ABOR Peers Average	$12,671	$12,481	$12,166	$12,005	$11,871	$11,675	$11,440	$10,846	$10,146	$ 9,443
percent increase from prior year	1.5%	2.6%	1.3%	1.1%	1.7%	2.1%	5.5%	6.9%	7.4%	6.1%
NON-RESIDENT UNDERGRADUATE										
Arizona State University	$28,336	$27,372	$26,470	$25,458	$24,503	$23,654	$22,977	$22,319	$20,596	$18,919
percent increase from prior year	3.5%	3.4%	4.0%	3.9%	3.6%	2.9%	2.9%	8.4%	8.9%	5.4%
PAC-12 Public Average	$34,599	$33,962	$32,937	$31,810	$30,469	$29,436	$28,653	$27,510	$26,753	$25,123
percent increase from prior year	1.9%	3.1%	3.5%	4.4%	3.5%	2.7%	4.2%	2.8%	6.5%	10.1%
ABOR Peers Average	$34,527	$33,421	$32,159	$31,061	$30,003	$29,146	$28,297	$27,066	$25,665	$24,436
percent increase from prior year	3.3%	3.9%	3.5%	3.5%	2.9%	3.0%	4.5%	5.5%	5.0%	5.9%
RESIDENT GRADUATE										
Arizona State University	$12,134	$11,938	$11,776	$11,624	$11,303	$10,818	$10,517	$10,220	$8,848	$ 7,465
percent increase from prior year	1.6%	1.4%	1.3%	2.8%	4.5%	2.9%	2.9%	15.5%	18.5%	6.0%
PAC-12 Public Average	$13,544	$13,383	$13,086	$12,937	$12,676	$12,374	$12,039	$11,494	$10,321	$ 9,824
percent increase from prior year	1.2%	2.3%	1.2%	2.1%	2.4%	2.8%	4.7%	11.4%	5.1%	8.0%
ABOR Peers Average	$15,212	$14,886	$14,540	$14,225	$13,955	$13,598	$13,207	$12,603	$11,843	$11,022
percent increase from prior year	2.2%	2.4%	2.2%	1.9%	2.6%	3.0%	4.8%	6.4%	7.4%	5.3%
NON-RESIDENT GRADUATE										
Arizona State University	$30,926	$29,874	$28,882	$27,780	$26,736	$25,804	$25,066	$24,345	$22,397	$20,659
percent increase from prior year	3.5%	3.4%	4.0%	3.9%	3.6%	2.9%	3.0%	8.7%	8.4%	5.4%
PAC-12 Public Average	$28,610	$28,097	$27,491	$26,912	$26,281	$25,597	$24,952	$24,051	$22,722	$21,823
percent increase from prior year	1.8%	2.2%	2.2%	2.4%	2.7%	2.6%	3.7%	5.8%	4.1%	6.4%
ABOR Peers Average	$30,874	$30,184	$29,367	$28,693	$27,958	$27,206	$26,485	$25,552	$24,435	$23,437
percent increase from prior year	2.3%	2.8%	2.4%	2.6%	2.8%	2.7%	3.7%	4.6%	4.3%	4.4%

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

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.

Summary of Composite Financial Index Ratios[1]										
Fiscal year ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
COMPOSITE FINANCIAL INDEX										
+ Primary Reserve Ratio	**0.28**	**0.25**	**0.32**	**0.29**	**0.27**	**0.45**	**0.43**	**0.40**	**0.35**	**0.27**
/ 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	2.08	1.88	2.41	2.18	2.03	3.38	3.23	3.01	2.63	2.03
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.73	0.66	0.84	0.76	0.71	1.18	1.13	1.05	0.92	0.71
+ Return on Net Position/Net Assets	**11.6%**	**6.3%**	**9.2%**	**5.8%**	**10.3%**	**8.5%**	**8.3%**	**7.1%**	**10.5%**	**6.7%**
/ 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	5.81	3.15	4.60	2.90	5.15	4.25	4.15	3.55	5.25	3.35
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	1.16	0.63	0.92	0.58	1.03	0.85	0.83	0.71	1.05	0.67
+ Net Operating Revenues Ratio	**3.3%**	**0.9%**	**4.1%**	**2.0%**	**3.4%**	**4.4%**	**3.9%**	**3.5%**	**4.9%**	**3.3%**
/ 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	2.51	0.69	3.15	1.54	2.62	3.38	3.00	2.69	3.77	2.54
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.25	0.07	0.32	0.15	0.26	0.34	0.30	0.27	0.38	0.25
+ Viability Ratio	**0.4**	**0.3**	**0.4**	**0.3**	**0.3**	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**
/ Strength Factor	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417
= Ratio / Strength Factor	0.88	0.72	0.96	0.72	0.72	1.20	1.20	0.96	0.96	0.72
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.31	0.25	0.34	0.25	0.25	0.42	0.42	0.34	0.34	0.25
Composite Financial Index	**2.45**	**1.61**	**2.42**	**1.74**	**2.25**	**2.79**	**2.68**	**2.37**	**2.69**	**1.88**

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.

[1]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 then Pensions,* as amended by GASB Statement No. 85, *Omnibus 2017.*

Detail of Composite Financial Index Ratios[1] *(Dollars in thousands)*										
Fiscal Year Ended June 30,	**2019**	**2018**	**2017[2]**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
PRIMARY RESERVE RATIO										
Unrestricted Net Position	$ 166,899	$ 115,542	$ 282,765	$ 253,728	$ 161,623	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290
Without Donor Restrictions - Unrestricted Net Assets - Component Units	119,675	44,688	54,955	(2,912)	29,112	(28,470)	(51,915)	(62,932)	(34,119)	(57,636)
Expendable Restricted Net Position	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244	92,931
With Donor Restrictions - Temporarily Restricted Net Assets - Component Units	421,912	408,384	363,620	341,524	323,456	286,599	260,101	232,312	214,130	182,878
Expendable Net Position/ Net Assets	**$ 827,111**	**$ 688,024**	**$ 826,043**	**$ 710,317**	**$ 623,855**	**$ 935,384**	**$ 824,364**	**$ 724,999**	**$ 626,685**	**$ 453,463**
Operating Expenses	$ 2,634,702	$2,450,214	$2,265,725	$2,104,513	$1,961,808	$ 1,796,805	$ 1,644,537	$ 1,558,467	$ 1,556,911	$ 1,469,659
Nonoperating Expenses	85,754	70,493	76,745	76,011	63,242	62,316	64,326	56,459	54,485	52,742
Component Unit Total Expenses	283,224	252,963	228,083	280,389	266,791	201,738	186,523	202,475	182,983	171,174
Total Expenses	**$ 3,003,680**	**$2,773,670**	**$2,570,553**	**$2,460,913**	**$2,291,841**	**$ 2,060,859**	**$ 1,895,386**	**$ 1,817,401**	**$ 1,794,379**	**$ 1,693,575**
Expendable Net Position/ Net Assets	$ 827,111	$ 688,024	$ 826,043	$ 710,317	$ 623,855	$ 935,384	$ 824,364	$ 724,999	$ 626,685	$ 453,463
Total Expenses	$ 3,003,680	$2,773,670	$2,570,553	$2,460,913	$2,291,841	$ 2,060,859	$ 1,895,386	$ 1,817,401	$ 1,794,379	$ 1,693,575
Ratio	**0.28**	**0.25**	**0.32**	**0.29**	**0.27**	**0.45**	**0.43**	**0.40**	**0.35**	**0.27**
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.										
RETURN ON NET POSITION/NET ASSETS RATIO										
Change in Total Net Position/ Net Assets	$ 256,838	$ 131,399	$ 185,017	$ 109,055	$ 170,423	$ 163,969	$ 148,312	$ 118,202	$ 159,068	$ 94,407
Total Net Position/Net Assets (Beginning of Year)	$2,207,980	$2,076,581	$2,018,485	$1,884,777	$1,656,504	$ 1,927,200	$ 1,786,613	$ 1,668,411	$ 1,509,343	$ 1,414,936
Ratio	**11.6%**	**6.3%**	**9.2%**	**5.8%**	**10.3%**	**8.5%**	**8.3%**	**7.1%**	**10.5%**	**6.7%**
Return on Net Position/Net Assets Ratio calculation includes component unit information.										
Measures total economic return. While an increasing trend reflects strength, a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.										

[1]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 then Pensions,* as amended by GASB Statement No. 85, *Omnibus 2017.*

[2] The FY 2017 Return on Net Position/Net Assets ratio has been restated to adjust for the impact of the ASUEP restructure transfer.

Detail of Composite Financial Index Ratios[1] *(Dollars in thousands)*

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NET OPERATING REVENUES RATIO										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	$ 35,016	$ 34,090	$ 66,039	$ 81,031	$ 62,766	$ 72,104	$ 68,262	$ 96,165	$ 69,262	$ 57,351
Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	65,965	(9,501)	44,861	(32,024)	17,131	23,577	8,169	(30,703)	23,517	(189)
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	**$ 100,981**	**$ 24,589**	**$ 110,900**	**$ 49,007**	**$ 79,897**	**$ 95,681**	**$ 76,431**	**$ 65,462**	**$ 92,779**	**$ 57,162**
Total Operating Revenues	$ 2,048,569	$ 1,915,786	$ 1,782,224	$ 1,644,337	$ 1,482,742	$ 1,348,645	$ 1,227,473	$ 1,155,341	$ 1,045,483	$ 949,039
State Appropriations and State Related Revenues	337,974	339,318	328,239	312,460	364,568	342,278	322,627	331,564	403,551	434,719
Non-capital Gifts and Grants, net	308,326	286,915	258,989	280,543	221,758	207,646	206,417	214,788	205,215	179,235
Financial aid trust			16,019	14,833	13,615	12,393	11,114	11,027	9,279	9,249
Investment Income (Loss), net	60,603	12,778	23,038	9,382	5,133	20,263	9,494	(1,629)	17,130	7,510
Component Units Total Unrestricted Revenue	349,189	243,462	272,944	248,365	283,922	225,315	194,692	171,772	206,500	170,985
Adjusted Net Operating Revenue	**$ 3,104,661**	**$ 2,798,259**	**$ 2,681,453**	**$ 2,509,920**	**$ 2,371,738**	**$ 2,156,540**	**$ 1,971,817**	**$1,882,863**	**$ 1,887,158**	**$ 1,750,737**
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	$ 100,981	$ 24,589	$ 110,900	$ 49,007	$ 79,897	$ 95,681	$ 76,431	$ 65,462	$ 92,779	$ 57,162
Adjusted Net Operating Revenue	$ 3,104,661	$ 2,798,259	$ 2,681,453	$ 2,509,920	$ 2,371,738	$ 2,156,540	$ 1,971,817	$ 1,882,863	$ 1,887,158	$ 1,750,737
Ratio	**3.3%**	**0.9%**	**4.1%**	**2.0%**	**3.4%**	**4.4%**	**3.9%**	**3.5%**	**4.9%**	**3.3%**
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.										
VIABILITY RATIO										
Unrestricted Net Position	$ 166,899	$ 115,542	$ 282,765	$ 253,728	$ 161,623	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290
Without Donor Restrictions - Unrestricted Net Assets - Component Units	119,675	44,688	54,955	(2,912)	29,112	(28,470)	(51,915)	(62,932)	(34,119)	(57,636)
Expendable Restricted Net Position	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244	92,931
With Donor Restrictions - Temporarily Restricted Net Assets - Component Units	421,912	408,384	363,620	341,524	323,456	286,599	260,101	232,312	214,130	182,878
Expendable Net Position/Net Assets	**$ 827,111**	**$ 688,024**	**$ 826,043**	**$ 710,317**	**$ 623,855**	**$ 935,384**	**$ 824,364**	**$ 724,999**	**$ 626,685**	**$ 453,463**
University Long-Term Debt, net capital leases with Component Units	$ 1,928,622	$ 1,768,827	$ 1,771,961	$ 1,573,804	$ 1,511,891	$ 1,319,199	$ 1,266,524	$ 1,227,702	$ 1,078,340	$ 1,032,441
Component Unit Long-Term Debt	333,784	347,987	340,602	499,844	514,409	509,339	521,101	546,488	586,851	596,104
Total Adjusted University Debt	**$ 2,262,406**	**$ 2,116,814**	**$ 2,112,563**	**$ 2,073,648**	**$ 2,026,300**	**$ 1,828,538**	**$ 1,787,625**	**$1,774,190**	**$ 1,665,191**	**$ 1,628,545**
Expendable Net Position/Net Assets	$ 827,111	$ 688,024	$ 826,043	$ 710,317	$ 623,855	$ 935,384	$ 824,364	$ 724,999	$ 626,685	$ 453,463
Total Adjusted University Debt	$ 2,262,406	$ 2,116,814	$ 2,112,563	$ 2,073,648	$ 2,026,300	$ 1,828,538	$ 1,787,625	$ 1,774,190	$ 1,665,191	$ 1,628,545
Ratio	**0.4**	**0.3**	**0.4**	**0.3**	**0.3**	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**
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.										

[1]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 then Pensions,* as amended by GASB Statement No. 85, *Omnibus 2017*.

Summary of Ratios[1] *(Dollars in thousands)*

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EXPENDABLE RESOURCES TO DEBT										
Unrestricted Net Position	$ 166,899	$ 115,542	$ 282,765	$ 253,728	$ 161,623	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290
Expendable Restricted Net Position	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244	92,931
Expendable Net Position	**$ 285,525**	**$ 234,952**	**$ 407,468**	**$ 371,705**	**$ 271,287**	**$ 677,255**	**$ 616,178**	**$ 555,619**	**$ 446,674**	**$ 328,221**
Expendable Net Position	$ 285,525	$ 234,952	$ 407,468	$ 371,705	$ 271,287	$ 677,255	$ 616,178	$ 555,619	$ 446,674	$ 328,221
Total Bonds, COPS, and Capital Leases	$2,001,032	$1,849,386	$1,850,754	$1,649,317	$1,595,817	$1,372,649	$1,341,332	$1,287,784	$1,147,940	$1,102,762
Ratio	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**
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.										
TOTAL FINANCIAL RESOURCES TO DIRECT DEBT										
Unrestricted Net Position	$ 166,899	$ 115,542	$ 282,765	$ 253,728	$ 161,623	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290
Expendable Restricted Net Position	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661	87,244	92,931
Nonexpendable Restricted Net Position	84,714	78,813	74,102	70,544	64,833	59,476	55,572	52,941	49,513	46,883
Total Financial Resources	**$ 370,239**	**$ 313,765**	**$ 481,570**	**$ 442,249**	**$ 336,120**	**$ 736,731**	**$ 671,750**	**$ 608,560**	**$ 496,187**	**$ 375,104**
Total Financial Resources	$ 370,239	$ 313,765	$ 481,570	$ 442,249	$ 336,120	$ 736,731	$ 671,750	$ 608,850	$ 496,187	$ 375,104
Total Bonds, COPS, and Capital Leases	$2,001,032	$1,849,386	$1,850,754	$1,649,317	$1,595,817	$1,372,649	$1,341,332	$1,287,784	$1,147,940	$1,102,762
Ratio	**0.2**	**0.2**	**0.3**	**0.3**	**0.2**	**0.5**	**0.5**	**0.5**	**0.4**	**0.3**
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.										
DIRECT DEBT TO ADJUSTED CASH FLOW										
Net Cash Used by Operating Activities	$(439,627)	$ (384,847)	$ (320,901)	$ (315,803)	$ (367,867)	$ (319,052)	$ (322,858)	$ (346,453)	$ (420,160)	$ (441,550)
State Appropriations and Federal Stabilization Funds	303,370	306,778	296,913	281,385	338,042	314,493	297,402	307,765	381,781	413,416
Share of State Sales Tax - TRIF	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799	21,770	21,303
Non-capital Grants and Contracts, Gifts, Other [1]	308,326	286,915	275,008	295,376	235,373	220,039	217,531	225,815	214,494	188,484
Adjusted Cash Flow from Operations	**$ 206,673**	**$ 241,386**	**$ 282,346**	**$ 292,033**	**$ 232,074**	**$ 243,265**	**$ 217,300**	**$ 210,926**	**$ 197,885**	**$ 181,653**
Total Bonds, COPS, and Capital Leases	$2,001,032	$1,849,386	$1,850,754	$1,649,317	$1,595,817	$1,372,649	$1,341,332	$1,287,784	$1,140,940	$1,102,762
Adjusted Cash Flow from Operations	$ 206,673	$ 241,386	$ 282,346	$ 292,033	$ 232,074	$ 243,265	$ 217,300	$ 210,926	$ 197,885	$ 181,653
Ratio	**9.7**	**7.7**	**6.6**	**5.6**	**6.9**	**5.6**	**6.2**	**6.1**	**5.8**	**6.1**
[1] Includes financial aid grants, grants and contracts, private gifts, and financial aid trust funds.										
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.										
DEBT SERVICE TO OPERATIONS										
Interest Paid on Debt and Leases	$ 63,413	$ 61,903	$ 69,135	$ 59,972	$ 53,428	$ 52,674	$ 53,331	$ 48,101	$ 47,505	$ 42,740
Principal Paid on Debt and Leases [1]	62,161	252,076	62,596	99,285	305,910	50,596	137,349	124,871	50,626	43,097
Principal Paid from Refinancing Activities [2]		(196,830)	(1,153)	(39,415)	(243,340)		(90,955)	(82,130)	(8,090)	
Debt Service	**$ 125,574**	**$ 117,149**	**$ 130,578**	**$ 119,842**	**$ 115,998**	**$ 103,270**	**$ 99,725**	**$ 90,842**	**$ 90,041**	**$ 85,837**
Debt Service	$ 125,574	$ 117,149	$ 130,578	$ 119,842	$ 115,998	$ 103,270	$ 99,725	$ 90,842	$ 90,041	$ 85,837
Operating Expenses	$2,634,702	$2,450,214	$2,265,725	$2,104,513	$1,961,808	$1,796,805	$1,644,537	$1,558,467	$1,556,911	$1,469,659
Ratio	**4.8%**	**4.8%**	**5.8%**	**5.7%**	**5.9%**	**5.7%**	**6.1%**	**5.8%**	**5.8%**	**5.8%**
[1] Obtained from “Bonds Payable, Certificates of Participation, Capital Leases, and Other Lease Obligations” disclosures included in the applicable fiscal year’s audited Notes to Financial Statements.										
[2] Obtained amount from refunding bonds official statements.										
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.										

[1]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 then Pensions,* as amended by GASB Statement No. 85, *Omnibus 2017.*

Summary of Ratios *(Dollars in thousands)*										
Fiscal Year Ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES										
Operating Expenses	$ 2,634,702	$ 2,450,214	$ 2,265,725	$ 2,104,513	$ 1,961,808	$ 1,796,805	$ 1,644,537	$ 1,558,467	$ 1,556,911	$ 1,469,659
Scholarships and Fellowships	(247,194)	(211,811)	(187,124)	(152,802)	(136,675)	(127,468)	(112,363)	(113,171)	(120,428)	(109,404)
Interest on Debt	63,413	61,903	69,135	59,972	53,428	52,674	53,331	48,101	47,505	42,740
Total Adjusted Operating Expenses	**$ 2,450,921**	**$ 2,300,306**	**$ 2,147,736**	**$ 2,011,683**	**$ 1,878,561**	**$ 1,722,011**	**$ 1,585,505**	**$ 1,493,397**	**$ 1,483,988**	**$ 1,402,995**
Research Expenses	$ 323,623	$ 297,448	$ 267,303	$ 261,055	$ 244,763	$ 235,720	$ 225,453	$ 211,569	$ 201,255	$ 189,599
Total Adjusted Operating Expenses	$ 2,450,921	$ 2,300,306	$ 2,147,736	$ 2,011,683	$ 1,878,561	$ 1,722,011	$ 1,585,505	$ 1,493,397	$ 1,483,988	$ 1,402,995
Ratio	**13.2%**	**12.9%**	**12.4%**	**13.0%**	**13.0%**	**13.7%**	**14.2%**	**14.2%**	**13.6%**	**13.5%**
Measures the institution's research expense to the total operating expenses.										
NET TUITION PER STUDENT										
Student Tuition and Fees, net	$ 1,423,052	$ 1,323,268	$ 1,250,828	$ 1,157,535	$ 1,021,014	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319
Financial Aid Grants	168,230	152,500	128,474	124,188	115,070	106,855	104,415	110,222	104,498	84,998
Scholarships and Fellowships	(247,194)	(211,811)	(187,124)	(152,802)	(136,675)	(127,468)	(112,363)	(113,171)	(120,428)	(109,404)
Net Tuition and Fees	**$ 1,344,088**	**$ 1,263,957**	**$ 1,192,178**	**$ 1,128,921**	**$ 999,409**	**$ 876,308**	**$ 795,017**	**$ 754,268**	**$ 623,394**	**$ 541,913**
Net Tuition and Fees	$ 1,344,088	$ 1,263,957	$ 1,192,178	$ 1,128,921	$ 999,409	$ 876,308	$ 795,017	$ 754,268	$ 623,394	$ 541,913
Student FTE	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558	69,459	66,988
Net Tuition per Student (whole dollars)	**$ 12,967**	**$ 12,904**	**$ 12,672**	**$ 12,721**	**$ 12,300**	**$ 11,474**	**$ 10,881**	**$ 10,395**	**$ 8,975**	**$ 8,090**
Measures the institution's net student tuition and fees received per student.										
STATE APPROPRIATIONS PER STUDENT										
State Appropriations	$ 303,370	$ 306,778	$ 296,913	$ 281,385	$ 338,042	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914
Capital State Appropriations	25,406	13,479	11,190	11,422	15,000	14,471	14,472	14,472	14,472	14,472
Adjusted State Appropriations	**$ 328,776**	**$ 320,257**	**$ 308,103**	**$ 292,807**	**$ 353,042**	**$ 328,964**	**$ 311,874**	**$ 322,237**	**$ 395,386**	**$ 395,386**
Adjusted State Appropriations	$ 328,776	$ 320,257	$ 308,103	$ 292,807	$ 353,042	$ 328,964	$ 311,874	$ 322,237	$ 395,386	$ 395,386
Student FTE	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558	69,459	66,988
Adjusted State Appropriations per Student (whole dollars)	**$ 3,172**	**$ 3,270**	**$ 3,275**	**$ 3,300**	**$ 4,345**	**$ 4,307**	**$ 4,269**	**$ 4,441**	**$ 5,692**	**$ 5,902**
Measures the institution's dependency on state appropriations.										

Debt Coverage for Senior and Subordinate Lien Bonds

Summary of Ratios *(Dollars in thousands)*

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010

Bond Resolution Covenant. 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.

Bond Resolution Requirement. 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.

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUES AVAILABLE FOR DEBT SERVICE										
Tuition and Fees, net of scholarship allowance	$ 1,423,051	$ 1,312,313	$ 1,250,828	$ 1,157,535	$ 1,021,014	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319
Receipts from Other Major Revenue Sources (Facilities Revenue)	358,231	335,309	304,859	293,117	279,610	264,385	244,696	220,610	237,446	216,408
Net Revenues Available for Debt Service	**$ 1,781,282**	**$ 1,647,622**	**$ 1,555,687**	**$ 1,450,652**	**$ 1,300,624**	**$ 1,161,306**	**$ 1,047,661**	**$ 977,827**	**$ 876,770**	**$ 782,727**
SENIOR LIEN MAXIMUM BONDS DEBT SERVICE										
Interest on Debt	$ 58,683	$ 54,954	$ 53,077	$ 42,451	$ 46,842	$ 40,342	$ 42,079	$ 38,702	$ 32,895	$ 30,405
Principal Paid on Debt	61,425	53,455	51,555	46,525	40,155	42,635	44,770	43,020	39,670	37,150
Senior Lien Bonds Debt Service Requirement (1)	**$ 120,108**	**$ 108,409**	**$ 104,632**	**$ 88,976**	**$ 86,997**	**$ 82,977**	**$ 86,849**	**$ 81,722**	**$ 72,565**	**$ 67,555**
Coverage	**14.83**	**15.20**	**14.87**	**16.30**	**14.95**	**14.00**	**12.06**	**11.97**	**12.08**	**11.59**

Debt Service Assurance Agreement and SPEED Bond Resolution Covenant. 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.

Fiscal Year Ended June 30,	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
SENIOR LIEN BONDS DEBT SERVICE										
Interest on Debt	$ 58,683	$ 54,954	$ 53,077	$ 44,482	$ 46,842	$ 38,584	$ 42,079	$ 38,702	$ 32,895	$ 30,405
Principal Paid on Debt	61,425	53,455	51,555	43,435	40,155	42,640	44,770	43,020	39,670	37,150
Senior Lien Bonds Debt Service Requirement	**$ 120,108**	**$ 108,409**	**$ 104,632**	**$ 87,917**	**$ 86,997**	**$ 81,224**	**$ 86,849**	**$ 81,722**	**$ 72,565**	**$ 67,555**
SUBORDINATE LIEN BONDS DEBT SERVICE										
Interest on Debt	$ 4,640	$ 5,374	$ 5,374	$ 5,757	$ 7,154	$ 7,154	$ 3,441	$ 3,441	$ 2,110	$ 328
Principal Paid on Debt	7,630	6,970	6,970	7,805	6,440	6,440	845	845	845	845
Subordinate Lien Bonds Debt Service Requirements	**$ 12,270**	**$ 12,344**	**$ 12,344**	**$ 13,562**	**$ 13,594**	**$ 13,594**	**$ 4,286**	**$ 4,286**	**$ 2,955**	**$ 1,173**
Combined Senior/Subordinate Lien Debt Service (1)	**$ 132,378**	**$ 120,753**	**$ 116,976**	**$ 101,479**	**$ 100,591**	**$ 94,818**	**$ 91,135**	**$ 86,008**	**$ 75,520**	**$ 68,728**
Coverage	**13.46**	**13.64**	**13.30**	**14.30**	**12.93**	**12.25**	**11.50**	**11.37**	**11.61**	**11.39**

(1) Presents actual annual debt service through final bond maturity for the year with the highest debt service.

Long-Term Debt *(Dollars in thousands)*										
Fiscal year ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
System Revenue Bonds	$ 1,556,810	$ 1,404,350	$ 1,392,795	$ 1,212,240	$ 1,157,535	$ 1,002,655	$ 959,000	$ 902,845	$ 769,285	$ 710,550
Unamortized Premium	170,948	150,794	144,377	105,470	91,298	42,844	37,946	29,399	8,585	7,265
Net System Revenue Bonds	**$ 1,727,758**	**$ 1,555,144**	**$ 1,537,172**	**$ 1,317,710**	**$ 1,248,833**	**$1,045,499**	**$ 996,946**	**$ 932,244**	**$ 777,870**	**$ 717,815**
Certificates of Participation	$ 173,075	$ 188,325	$ 202,290	$ 213,710	$ 224,965	$ 235,505	$ 248,385	$ 261,910	$ 271,920	$ 281,965
Unamortized Premium	3,869	4,666	6,470	7,574	8,731	9,892	11,202	4,582	5,458	6,372
Net Certificates of Participation	**$ 176,944**	**$ 192,991**	**$ 208,760**	**$ 221,284**	**$ 233,696**	**$ 245,397**	**$ 259,587**	**$ 266,492**	**$ 277,378**	**$ 288,337**
Total Bonds Payable	$ 1,727,758	$ 1,555,144	$ 1,537,172	$ 1,317,710	$ 1,248,833	$ 1,045,499	$ 996,946	$ 932,244	$ 777,870	$ 717,815
COPS Payable	176,944	192,991	208,760	221,284	233,696	245,397	259,587	266,492	277,378	288,337
Capital and Operating Leases Payable	96,330	101,251	104,822	110,323	113,288	81,753	84,799	89,048	92,692	96,610
Total	**$ 2,001,032**	**$ 1,849,386**	**$ 1,850,754**	**$ 1,649,317**	**$ 1,595,817**	**$1,372,649**	**$1,341,332**	**$1,287,784**	**$ 1,147,940**	**$1,102,762**
Long-Term Debt										
per Student FTE *(whole dollars)*	$ 19,305	$ 18,881	$ 19,673	$ 18,586	$ 19,640	$ 17,972	$ 18,359	$ 17,748	$ 16,527	$ 16,462
per Dollar of State Appropriations and State Capital Appropriations	$ 6.09	$ 5.77	$ 6.01	$ 5.63	$ 4.52	$ 4.17	$ 4.30	$ 4.00	$ 2.90	$ 2.79
per Dollar of Total Grants and Contracts	$ 4.98	$ 4.97	$ 5.64	$ 5.32	$ 5.57	$ 4.88	$ 4.77	$ 4.59	$ 4.28	$ 4.40
Data Used in Above Calculations										
Total Student FTE	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558	69,459	66,988
State Appropriations and State Capital Appropriations	$ 328,776	$ 320,257	$ 308,103	$ 292,807	$ 353,042	$ 328,964	$ 311,874	$ 322,237	$ 395,386	$ 395,386
Grants and Contracts	$ 401,555	$ 372,291	$ 328,283	$ 309,902	$ 286,684	$ 281,049	$ 280,987	$ 280,674	$ 268,516	$ 250,377

Student FTE based on fall enrollment of the fiscal year.

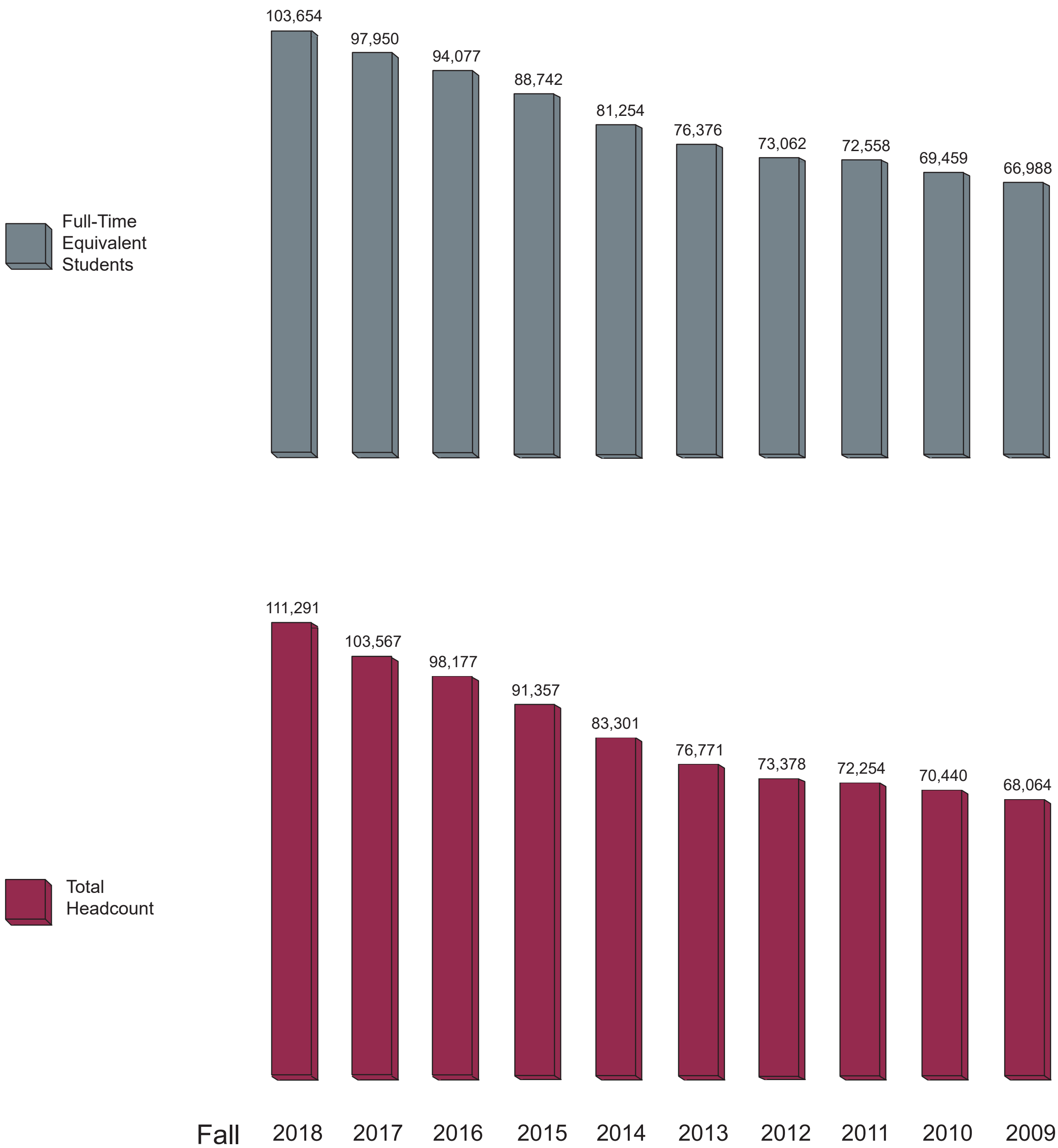
Admissions, Enrollment, and Degrees Earned

Admissions, Enrollment, and Degrees Earned *(Fall Enrollment)*										
Fall enrollment of fiscal year	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
ADMISSIONS - FRESHMEN										
Applications [1]	45,327	44,613	42,396	42,363	38,280	35,294	37,982	37,225	35,449	32,188
Accepted	36,856	34,712	32,653	32,400	30,028	26,915	26,986	26,425	25,795	25,616
Enrolled	13,974	12,337	12,119	12,004	11,079	10,232	9,265	9,254	9,544	9,344
Accepted as Percentage of Application	81%	78%	77%	76%	78%	76%	71%	71%	73%	80%
Enrolled as Percentage of Accepted	38%	36%	37%	37%	37%	38%	34%	35%	37%	36%
Average SAT scores - Total [2]	1210	1194	1184	1182	1182	1178	1182	1177	1171	1155
Verbal	603	598	594	594	594	592	593	592	589	582
Math	608	599	591	589	590	589	591	588	585	576
ENROLLMENT										
Student FTE	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558	69,459	66,988
Student Headcount	111,291	103,567	98,177	91,357	83,301	76,771	73,378	72,254	70,440	68,064
Men (Headcount)	53,028	50,649	49,059	46,218	42,194	38,580	36,401	35,758	34,491	33,005
Percentage of Total	47.6%	48.9%	50.0%	50.6%	50.7%	50.3%	49.6%	49.5%	49.0%	48.5%
Women (Headcount)	58,263	52,918	49,118	45,139	41,107	38,191	36,977	36,496	35,949	35,059
Percentage of Total	52.4%	51.1%	50.0%	49.4%	49.3%	49.7%	50.4%	50.5%	51.0%	51.5%
African American (Headcount)	5,695	5,152	4,785	4,439	4,002	3,663	3,491	3,521	3,452	3,257
Percentage of Total	5.1%	5.0%	4.9%	4.9%	4.8%	4.8%	4.8%	4.9%	4.9%	4.8%
White (Headcount)	58,749	55,000	52,531	49,083	45,407	43,713	43,494	43,774	43,291	42,728
Percentage of Total	52.8%	53.1%	53.5%	53.7%	54.5%	56.9%	59.3%	60.6%	61.5%	62.8%
Other (Headcount)	46,847	43,415	40,861	37,835	33,892	29,395	26,393	24,959	23,697	22,079
Percentage of Total	42.1%	41.9%	41.6%	41.4%	40.7%	38.3%	35.9%	34.5%	33.6%	32.4%
DEGREES EARNED										
Bachelor's	19,340	18,178	16,450	15,264	14,842	14,381	13,913	13,210	12,194	11,810
Master's	7,149	6,828	6,008	5,817	5,268	4,584	4,163	4,007	4,150	3,914
Doctoral	714	692	677	674	687	596	636	611	545	490
Professional	282	276	199	198	223	200	204	217	201	166
Total Degrees Earned	**27,485**	**25,974**	**23,334**	**21,953**	**21,020**	**19,761**	**18,916**	**18,045**	**17,090**	**16,380**

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

(2) 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	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
ENROLLMENT (Headcount)										
Undergraduate	89,898	83,551	79,447	74,146	67,507	62,089	59,382	58,404	56,562	54,277
Graduate	21,393	20,016	18,730	17,211	15,794	14,682	13,996	13,850	13,878	13,787
Resident (Arizona)	54,861	53,158	51,438	50,350	49,940	49,537	50,400	51,235	51,128	50,374
Non-Resident	56,430	50,409	46,739	41,007	33,361	27,234	22,978	21,019	19,312	17,690

Demographic Data

Demographic Data										
Fiscal Year Ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Arizona Population	7,171,646	7,016,270	6,931,071	6,829,397	6,731,484	6,626,624	6,553,255	6,482,505	6,413,158	6,343,154
Arizona Personal Income *(in millions)*	313,040	292,108	278,925	266,756	255,089	244,011	235,781	227,287	216,590	212,873
Arizona Per Capita Personal Income	43,650	41,633	40,243	39,060	37,895	36,823	35,979	35,062	33,773	33,560
Arizona Unemployment Rate	4.80%	4.90%	5.30%	6.10%	6.90%	8.00%	8.30%	9.50%	10.50%	9.90%

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

Principal Employers						
	Calendar Year Ended December 31, 2018			Calendar Year Ended December 31, 2009		
Employer	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment
State of Arizona	37,655	1	1.10%	52,420	1	1.68%
Banner Health	36,213	2	1.05%	27,431	3	0.88%
Wal-Mart Stores, Inc.	33,814	3	0.98%	31,280	2	1.00%
Wells Fargo & Co.	15,062	4	0.44%	14,000	5	0.45%
City of Phoenix	13,894	5	0.40%	16,375	4	0.52%
Arizona State University	13,480	6	0.39%	12,043	8	0.38%
Raytheon Missile Systems	12,000	7	0.35%	11,500	9	0.37%
HonorHealth	11,308	8	0.33%			
Dignity Health	11,206	9	0.33%			
University of Arizona	10,659	10	0.31%			
Apollo Group Inc.				12,299	7	0.39%
Honeywell International				10,145	10	0.32%
Maricopa County				12,996	6	0.42%
	195,291		5.68%	200,489		6.41%

Sources: *Phoenix Business Journal*, Book of Lists 2018 and Arizona Department of Transportation CAFR 2010 for employers: Arizona Department of Administration - Employment and Population Statistics website, https://laborstats.az.gov/laus-custom-data-search for annual state employment.

Faculty and Staff

Faculty and Staff										
Fall employment of fiscal year	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
FACULTY										
Full-time	3,483	3,367	3,225	3,108	2,963	2,777	2,635	2,612	2,644	2,611
Part-time	291	310	330	394	515	375	276	253	231	380
Total Faculty	**3,774**	**3,677**	**3,555**	**3,502**	**3,478**	**3,152**	**2,911**	**2,865**	**2,875**	**2,991**
Percentage Tenured	54.5%	55.0%	55.4%	55.9%	54.2%	58.0%	61.1%	61.2%	63.7%	61.6%
STAFF										
Full-time	7,551	7,189	6,734	6,443	5,966	5,693	5,487	5,485	5,561	5,523
Part-time	4,819	4,519	4,414	4,168	4,183	3,565	3,684	3,699	3,838	3,628
Total Staff	**12,370**	**11,708**	**11,148**	**10,611**	**10,149**	**9,258**	**9,171**	**9,184**	**9,399**	**9,151**
Total Faculty and Staff	**16,144**	**15,385**	**14,703**	**14,113**	**13,627**	**12,410**	**12,082**	**12,049**	**12,274**	**12,142**

Sources: Arizona State University Fact Book and Institutional Analysis.

Percentage Tenured includes tenured and tenure track faculty.

Capital Assets										
Fiscal Year Ended June 30,	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
CAPITAL ASSETS *(Number of Facilities)*										
Academic/Support Facilities	227	249	251	252	248	224	223	221	235	240
Auxiliary Facilities	149	159	164	166	172	153	153	149	152	157
Total	**376**	**408**	**415**	**418**	**420**	**377**	**376**	**370**	**387**	**397**

Source: Arizona State University Capital Improvement Plans

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

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