

# Annual Comprehensive **Financial Report**

**Year Ended  
June 30, 2024**

Included as an Enterprise  
Fund of the State of Arizona



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# Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

Flagstaff, Arizona

Prepared by the Comptroller's Office

Included as an Enterprise Fund of the State of Arizona



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# INTRODUCTORY SECTION





## A MESSAGE FROM THE PRESIDENT



Founded 125 years ago, Northern Arizona University (NAU) has grown alongside the State of Arizona and today is among the nation's preeminent engines of opportunity in higher education, providing all students who seek to reach their full potential lifelong value from their college experience.

Today, our university is strong, celebrating a tremendous set of accomplishments that span the decades since our founding as Northern Arizona Normal School in 1899. NAU plays a crucial role in meeting the state's workforce needs in a wide range of sectors, positioning our graduates for careers of consequence and lives of purpose. Through a commitment to broadening access, propelling success, and ensuring post-graduate success, NAU fills a distinctive role in Arizona's educational ecosystem as a student-first institution.

NAU's Elevating Excellence strategic roadmap has distilled our aspirations into a powerful and actionable vision statement, supported by foundational priorities of academic excellence, student success, commitment to Indigenous Peoples, impactful scholarship, mission-driven faculty and staff, community engagement, and sustainable stewardship of resources. Guided by this roadmap, we have registered numerous achievements over the past few years that point to the value NAU brings to individuals, communities, and the state of Arizona as a whole. Below are just a few examples of how we are engaging in this important work, powering prosperity and success for countless individuals and the diverse communities they represent in Arizona and beyond.

We have expanded and enriched our academic offerings, ensuring that our students receive a top-tier education that prepares them for success in an ever-changing world. Our efforts to meet the healthcare needs of the state are embodied in our work to establish the College of Medicine at NAU, and the evolution of our College of Nursing and College of Health and Human Services, which are propelling graduates into much needed fields that benefit our communities.

We have prioritized student success by increasing access, retention, and graduation rates, while enhancing the overall student experience through comprehensive support systems. We have achieved record enrollment numbers among Arizona residents and students from working-class, first-generation, Native American, and Hispanic/Latino backgrounds. Importantly, NAU has been recognized for providing students with a positive return on their educational investment in under three years post-graduation, ranking the university in Tier I of the Third Way Economic Mobility Index.

We have deepened our commitment to Indigenous Peoples, fostering educational and scholarly opportunities and deepening partnerships. This includes transformational investments from the Mellon Foundation, NAU Foundation, and National Science Foundation in a suite of initiatives that are advancing Indigenous knowledges and perspectives. And we have seen record levels of Native American student enrollment in back-to-back years.

NAU is at the forefront in driving impactful scholarship and timely solutions to the challenges facing our world today. Our talented community of teacher-scholars have propelled record-breaking research growth. For the first time, NAU will achieve the prestigious R1 research designation in 2025 because of how we pursue scholarship, teaching excellence, and regional and global service, and impact in all of our endeavors.

The successes highlighted here demonstrate a strong foundation rooted in our strategic priorities, which must continue to be advanced in the service of our vision as a preeminent engine of opportunity. Looking ahead, we will continue to focus on securing a strong and increasingly resilient financial position to sustain our mission and expand our impact.

At a time when Arizona faces a shortfall of thousands of highly trained workers each year in a booming knowledge economy that demands a college degree, NAU is playing a crucial role in meeting the state's workforce needs in a wide range of sectors, determined to be the university for all Arizonans. We will continue to focus on serving the people of our state, contributing to the vitality of our workforce, and developing solutions to the most pressing issues and challenges of the day.

As we commence our 125th year of operations, I am confident that NAU will lead the way as the nation's preeminent engine of opportunity, vehicle of economic mobility, and driver of social impact in Arizona and beyond, and in so doing, help shape a brighter future for all Arizonans. Through a strategic finance lens, we concentrate our efforts on investing in impact, increasing revenue, and containing costs. By focusing on these key areas, we will ensure that NAU remains a strong, vibrant institution capable of delivering on its mission for years to come.

In partnership,

A handwritten signature in black ink that reads "José Luis Cruz Rivera".

José Luis Cruz Rivera  
President



To President Cruz Rivera, Members of the Arizona Board of Regents, and friends of Northern Arizona University:

I respectfully submit the Northern Arizona University Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2024. This report includes the financial statements as well as other useful information that helps ensure the University's accountability to the public. Responsibility for the accuracy of the information and for the completeness and fairness of its presentation, including all disclosures, rests with the University's management. We believe the information is accurate in all material respects and fairly presents the University's financial position, revenues, expenses, and other changes in net position.

We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and the audit committee 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 to be derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The University's ACFR is intended to fulfill the State of Arizona Transparency Law, Arizona Revised Statutes §41-725. Additionally, federal guidelines and certain bond covenants require that the University's accounting and financial records be audited each year. The University's annual audit is performed by the Arizona Auditor General. The University's internal auditors perform fiscal, compliance, and performance audits. The reports resulting from these audits are shared with University management, the Arizona Board of Regents (ABOR), ABOR Audit Committee and the ABOR Finance, Capital and Resources Committee.

The ACFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The ACFR includes Management's Discussion and Analysis (MD&A), along with other required supplementary information and all disclosures necessary for the reader to gain a broad understanding of the University's financial position and results of operations for the year ended June 30, 2024. This letter of transmittal is designed to complement the MD&A.



## LETTER OF TRANSMITTAL

October 31, 2024

The University is classified as a state instrumentality per Internal Revenue Code Section 115. 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 and is included in the State's ACFR. The accompanying financial statements present all funds belonging to the University and its component units.

The component units include the Northern Arizona University Foundation and Northern Arizona Capital Facilities Finance Corporation, LLC (NACFFC). The component units are non-profit, tax-exempt organizations. The Foundation is a discretely presented component unit. More information relating to the Foundation can be found in Notes 2 and 12 to the financial statements. NACFFC is a blended component unit, based on the nature and significance of its relationship to the University.

The University is responsible for planning, developing, and controlling its budget and expenses within authorized allocations in accordance with University, ABOR, state, and federal laws and regulations. ABOR approves the University's annual operating budget in accordance with ABOR policy 3-403. The budget includes the general purpose (state general funds and tuition and fees) budget and the local funds budget which consists of the designated, restricted, and auxiliary funds. The State Legislature reviews the University's local funds budget and adopts and appropriates the general-purpose budget through legislation. The University maintains budgetary controls to ensure compliance with provisions embodied in the annual appropriated budget. Project-length financial plans are adopted for capital projects.

## Profile of the University

Founded in 1899, Northern Arizona University is a vibrant, active, supportive, inclusive, and diverse community. Our academic programs, research, public service, and creative endeavors enrich lives and create opportunities in Arizona and beyond. NAU is a fully accredited, four-year degree-granting institution of higher learning offering more than 150 combined undergraduate and graduate degree programs, all distinguished by an ongoing commitment to close student-faculty relationships. The University's fiscal year 2024 fall semester (Fall 2023) total enrollment was 28,194 students. Enrollment was comprised of 23,134 undergraduate and 5,060 graduate students. The University emphasizes undergraduate education while offering graduate programs leading to master's and doctorate degrees in selected fields. The University's 1,140 full-time faculty educate a diverse student population. Over 64% of the student body population identified themselves as female, and 46% of the student population represent ethnically diverse groups.

NAU is a high research university with its main campus located on a 480.5-acre site in Flagstaff, Arizona. NAU statewide sites are located throughout the state and online. Approximately 77% attend classes at Flagstaff campus; the remainder participate in NAU distance learning initiatives at statewide and worldwide campuses. Flagstaff is a culturally diverse city rich with natural beauty and history. Located on the Colorado Plateau in the heart of the largest contingent Ponderosa pine forest in the world, Flagstaff has an estimated 79,705 residents. Nestled at the base of the San Francisco Peaks at an elevation of 7,000 feet, Flagstaff welcomes nearly 6 million visitors every year who find a favorable climate with four-seasons, many outdoor recreation opportunities, and easy access to the Grand Canyon.

NAU's educational and economic impacts in the region and across the state are profound. NAU's Flagstaff Mountain Campus thrives year-round and is the largest employer in the Flagstaff area. The Flagstaff Mountain Campus is a prestigious high elevation sports training site. Flagstaff is located at a "perfect" training elevation suggested by sport science research, at which desired physiological adaptations and increases in aerobic and anaerobic performance are most likely to occur. Flagstaff has a long history of being a training site for Olympic athletes. Swimmers from across the world, including Olympians from Germany, Australia, China, and the United Kingdom trained at the NAU Wall Aquatic Center preceding the 2024 Paris Olympic games. Six current and former Northern Arizona University cross country, track and field, and swimming student-athletes competed in the 2024 Paris Olympic Games.

The NAU athletic department claimed its 18th Big Sky Conference Men's All-Sport Trophy. NAU men won three conference titles in men's cross country, men's indoor track and men's tennis. The NAU women finished runner-up in the Big Sky Women's All-Sport Trophy standings, winning conference championships in cross country, indoor track and field and outdoor track and field plus a Western Athletic Conference title in swimming and diving for the tenth consecutive year.

NAU aims to be the nation's preeminent engine of opportunity, vehicle of economic mobility, and driver of social impact by delivering equitable postsecondary value in Arizona and beyond. NAU's high-quality academic programs, general studies curriculum, and teaching excellence of our faculty fosters students' knowledge and competencies necessary for professional success, informed civic engagement, lifelong learning, and the promotion of a more just and sustainable future. NAU's areas of distinctive and emerging excellence in research continue to advance knowledge and innovation to help solve issues of regional, national, and global relevance. NAU has achieved national prominence as a leader in several areas, including environmental sustainability, allied health professional education, and Native American educational partnerships. The University is committed to student success, offering a myriad of student services and academic planning tools to help students graduate in four years.

## Economic Outlook

In December 2023, the U.S. Census Bureau reported the 2023 population of Arizona was 7,431,344, continuing to rank 14th nationally. In 2023, Arizona experienced a population growth rate of 0.98%, and an increase of 72,147 residents. Arizona ranked seventh nationally in net migration by state, up from eighth nationally in 2022. Population growth remains consistent but is expected to slow gradually as natural population increases slow and as net migration moderates in response to declining housing affordability. Arizona's population is forecast to rise faster than the U.S., rising 1.0% per year compared to 0.3% per year nationally. State population is expected to rise by 2.6 million residents by 2054 to 10.3 million.

For the first half of 2024, the Arizona economy was solid. The Arizona Office of Economic Opportunity published the Arizona seasonally adjusted unemployment rate in June 2024 at 3.3%, significantly below the national rate of 4.1% which is up 0.5% year over year. Job growth was strong, contributing to a record low unemployment rate and a surge in the ratio of open jobs to unemployed residents. Income growth remained solid and outpaced decelerating inflation. Arizona and national labor markets have normalized over the past year but remain competitive.

Per the Eller College of Management's Economic and Business Research Center at the University of Arizona, the near-term outlook is positive assuming the U.S. avoids an economic downturn. The forecast calls for continued job, resident, and income growth. U.S. recession risks remain the primary risk factor. The U.S. labor market is being perceived as slightly weaker than previously observed. During the second and third quarters of 2024, U.S. Bureau of Labor Statistics reported lower payroll job adds than expected in multiple months. High interest rates have permeated the housing market slowing growth and decreasing affordability. Arizona would likely weather a moderate U.S. downturn and experience much slower growth. However, a significant downturn with significant declines in economic activity would be impactful. Regardless, the state of Arizona is much better balanced than it was prior to the Great Recession of 2007-2009.

Arizona's economic prospects in the long-term are bright. While economic growth is expected to slow compared to the pace of the prior 30 years the state is forecast to continue outpacing the nation across major macroeconomic indicators including jobs, population, and income. Arizona's growth is significantly dependent on innovation (productivity growth), capital investment, and potential resource constraints (primarily water). Innovation, a key driver of long-run economic growth, is significantly influenced by human capital development, including education and health. Innovation will become an even more important source of growth. Automation and artificial intelligence will be forefront in driving the innovation required to advance the current standard of living and workforce development amid slower labor force growth. Arizona needs a highly skilled population to take full advantage of the opportunities created by increased use of artificial intelligence. Investments in educational attainment translate to investments in the state's workforce and are critical to fostering continued economic growth in the long-term. NAU's impact on the Arizona economy is profound and is estimated to generate \$2.06 billion for the Arizona economy annually. More than 24,000 jobs throughout Arizona are supported by NAU.

Compared to prior fiscal year 2023, NAU's auxiliary revenues increased with increased student demand for on campus university housing and on campus dining. Increased campus activities, including Road Scholar program activities, along with increased investment income associated with higher interest rates drove increases in other revenues categories. Additionally, NAU's revenue growth from grants and contracts revenue increased reflective of growth in sponsored project activity. NAU expects these revenue categories to continue to trend favorably into the upcoming fiscal year 2025 offsetting the removal of multiple one-time revenue sources including state appropriation, TRIF awards, and the final pandemic emergency relief funds. Operating costs for the University will continue to increase with current inflation and a growing student body. Inflationary pressures are reflected in higher operating costs, including supplies, utilities, and labor, and result in reduced spending power. Ongoing review of resource allocations conducted throughout the University identify efficiencies enabling NAU's pursuit of strategic investment in NAU faculty, staff and students funding permanent salary base adjustments and increasing medical insurance premium costs. Management has been able to manage inflationary pressures and invest in personnel through continued, proactive cost containment measures and an elevated level of scrutiny on expenses to preserve budgetary flexibility.

The University outlook for 2025 is positive with continued growth in revenue including strong growth in auxiliary and other revenues. The University prioritizes on-campus housing resources to promote students' immersion in campus life and foster a strong and mutually beneficial relationship with NAU's home community in Flagstaff. Through a strategic finance lens, NAU will focus efforts investing in impact, increasing revenue, and containing costs. NAU will continue to effectively utilize our physical, technological, and financial resources in support of our vision and mission.

NAU's commitment to the responsible use of environmental resources, innovative use of technology, and mission-driven financial investments and philanthropic activity are keys to NAU's ongoing stable financial performance. NAU is subject to similar potentially challenging economic variables affecting other financial entities and institutions, but we approach the coming year with optimism and resolve. With expectations for stable near-term statewide growth and prioritizing strategic initiatives that position us for long-term success, we anticipate the University's financial operations will continue trending favorably. Maintaining a strategic financial focus will position us with the fiscal health needed and operational structure required to remain a viable institution over the long term that extends beyond 2025.

## **Progress and Major Initiatives**

The University continues to emphasize serving all Arizona residents. Strategic focus on the enrollment of first-generation, low-income, and other underrepresented students, upholds the institutional promise to ensure higher education is equitable and accessible to all Arizona residents. NAU's mission is to transform lives and enrich communities through high-quality academics and impactful scholarship, creative endeavors, and public service. As outlined in NAU Elevating Excellence, our commitment is to educate, support, and empower students from all backgrounds, identities, and lived experiences to reach their full potential and contribute to a more just, equitable, inclusive, prosperous, and sustainable future.

NAU's initiatives focus on aligning expenditures to the projected revenue base while pursuing targeted investments that will propel and be guided by NAU's Elevating Excellence.

In Fall 2023, NAU welcomed the largest number of first year Arizona resident students (4,318) in its 124-year history. Nearly half qualified for the Access2Excellence (A2E) tuition program that ensures full tuition coverage for Arizona residents whose household annual income is \$65,000 or below or who are members of Arizona's 22 federally recognized tribal nations. NAU continues to put its people-first philosophy into action, working toward providing a 10% increase to all salaries in a three-year period. Since 2022, NAU has invested an additional \$30 million in salary adjustments and mid-year merit adjustments. In a record-breaking year of research, NAU experienced the largest annual increase in research expenditures in its history.

NAU remains positioned to meet the goals set before the University in the future because of the considerable progress demonstrated not only this past year, but in the advances NAU has made throughout its history. The University will continue to adapt operations, revisit program offerings where appropriate, and further increase data driven focuses. It is clear NAU is well-positioned to seize the moment and tackle the many challenges facing institutions of higher education across the nation.

## Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Arizona University for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the eleventh consecutive year that NAU has achieved this prestigious award. To be awarded a Certificate of Achievement, NAU had to publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current fiscal year ACFR continues to meet the Certificate of Achievement in Excellence in Financial Reporting Program's requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report in a timely manner would not have been possible without the skill, effort, and dedication of the entire staff of the Comptroller's Office, and other University administrators and staff. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. In addition, the Arizona Auditor General provided invaluable assistance.

Respectfully Submitted,

Bjorn Flugstad

Chief Financial Officer

Senior Vice President- University Business Operations



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Northern Arizona University**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

## **ARIZONA BOARD OF REGENTS**

**June 30, 2024**

### **Ex-Officio Members**

#### **Honorable Katie Hobbs**

Governor of Arizona

#### **Honorable Tom Horne**

Superintendent of Public Instruction

### **Appointed Members**

#### **Cecilia Mata**

Chair, Sierra Vista

#### **Doug Goodyear**

Chair Elect, Scottsdale

#### **Gregg Brewster**

Secretary, Paradise Valley

#### **Fred DuVal**

Treasurer, Phoenix

#### **Liz Archuleta**

Regent, Flagstaff

#### **Jessica Pacheco**

Regent, Phoenix

#### **Larry Edward Penley**

Regent, Phoenix

#### **Katelyn Rees**

Student Regent, University of Arizona

#### **David Zaragoza**

Student Regent, Arizona State University

## **EXECUTIVE ADMINISTRATION**

**June 30, 2024**

#### **José Luis Cruz Rivera**

President

#### **Brian Register**

Chief of Staff

#### **Bjorn Flugstad**

Senior Vice President for University Operations

#### **Karen Pugliesi**

Executive Vice President and University Provost

#### **Laurie Dickson**

Vice President for University Strategy

#### **Margot Saltonstall**

Vice President for Student Affairs

#### **Ann Marie Chischilly**

Vice President for Native American Initiatives

#### **Mike Marlow**

Vice President for Intercollegiate Athletics

#### **Anika Olsen**

Vice President of Enrollment Management

#### **Jason Wilder**

Vice President for Research

#### **Nick Lobejko**

Vice President of Advancement & Foundation

#### **Justin Mallett**

Vice President for Inclusive Excellence

#### **Jonathan S. Gagliardi**

Vice President of Economic Mobility and Social Impact

#### **Julie Mueller**

Chief Economic Advisor to the President

#### **Kimberly Ott**

Associate Vice President of Communications

#### **Michelle Parker**

Vice President of Legal Affairs and General Counsel

#### **Harlan Teller**

Chief Marketing Officer

#### **Katy Yanez**

Vice President, Government Affairs

# ORGANIZATIONAL CHART



# FINANCIAL SECTION





**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

## Independent auditors' report

Members of the Arizona State Legislature

The Arizona Board of Regents

### Report on the audit of the financial statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Northern Arizona University as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report 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 discretely presented component unit of the University as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report.

#### *Basis for opinions*

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

## ***Emphasis of matter***

As discussed in Note 1 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, 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

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

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 16 through 25, schedule of the University's proportionate share of the net pension liability – Arizona State Retirement System on page 59, and schedule of the University's pension contributions – Arizona State Retirement System on page 59 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other information***

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

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

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

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

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

October 31, 2024

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Northern Arizona University for the fiscal year ended June 30, 2024, with comparative information for the fiscal year ended June 30, 2023. Management has prepared the discussion and analysis to be read in conjunction with the transmittal letter, the financial statements and accompanying notes to the financial statements. The financial statements encompass the University and its discretely presented component unit. The MD&A focuses only on the University. Information relating to the discretely presented component unit can be found in its separately issued financial statements.

The University's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The University's financial report includes the following financial statements: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements are presented on a consolidated basis to focus on the University as a whole.

## Financial Statement Overview

### Statement of Net Position

The Statement of Net Position (SNP) presents the financial position of the University at the end of the fiscal year. From the data presented, readers of the SNP are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the University owes vendors, investors, and lending institutions. The SNP provides a picture of the net position and their availability for expenditure by the institution. The change in net position is one indicator of whether the financial condition of the University has improved or worsened during the fiscal year.

### Condensed Statement of Net Position (dollars in thousands)

The following Condensed Statement of Net Position includes a comparison of the University's assets and deferred outflow of resources, liabilities and deferred inflow of resources, categorized into current and noncurrent components. The following table summarizes the University's Statement of Net Position (in thousands of dollars) on June 30, 2024, and on June 30, 2023.

Condensed Statement of Net Position	FY 2024	FY 2023	% Change
<b>Assets:</b>			
Current assets	\$ 330,559	\$ 281,579	17.4%
Capital assets, net	1,023,732	1,042,651	(1.8%)
Other non-current assets	107,490	131,343	(18.2%)
<b>Total Assets</b>	<b>\$ 1,461,781</b>	<b>\$ 1,455,573</b>	<b>0.4%</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 31,222</b>	<b>\$ 43,542</b>	<b>(28.3%)</b>
<b>Liabilities:</b>			
Current liabilities	\$ 101,117	\$ 95,746	5.6%
Non-current liabilities	897,525	936,449	(4.2%)
<b>Total Liabilities</b>	<b>\$ 998,642</b>	<b>\$ 1,032,195</b>	<b>(3.3%)</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 51,730</b>	<b>\$ 62,312</b>	<b>(17.0%)</b>
<b>Net Position:</b>			
Net investment in capital assets	\$ 277,524	\$ 269,975	2.8%
Restricted	129,652	95,827	35.3%
Unrestricted (deficit)	35,455	38,806	(8.6%)
<b>Total Net Position</b>	<b>\$ 442,631</b>	<b>\$ 404,608</b>	<b>9.4%</b>



**Total Assets**

Assets are resources controlled by the University and are measured in current or fair value, except for capital assets, which are recorded at historical cost less accumulated depreciation and amortization. The following table and chart present total assets, in thousands of dollars and percentages.

Total assets for the University increased by \$6.2 million compared to fiscal year 2023. The increase is primarily attributable to an increase in Current assets resulting from monies being converted to short-term investments.

Cash and Cash Equivalents	\$ 214,582	14.7%
Accounts Receivable	16,139	1.1%
Other Current Assets	99,838	6.8%
Capital Assets, net	1,023,732	70.0%
Other Noncurrent Assets	107,490	7.4%
<b>Total Assets</b>	<b>\$ 1,461,781</b>	<b>100%</b>

Cash and cash equivalents increased by \$10 million resulting from investments in the State Treasurer’s investment pools. Total Investments in U.S. agency securities increased \$18.6 million. Other non-current assets decreased due to \$26.8 million in U.S. agency securities reaching less than 1 year to maturity and being reclassified to Current assets. Endowment investments increased \$4.0 million primarily due to market gains and value adjustments. Right-to-Use assets increased by \$3.1 million due to recognition of additional Subscription-based information technology arrangements (SBITA).

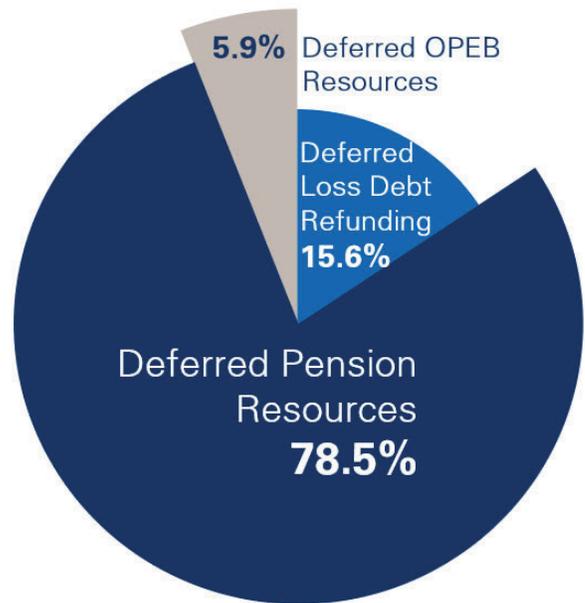
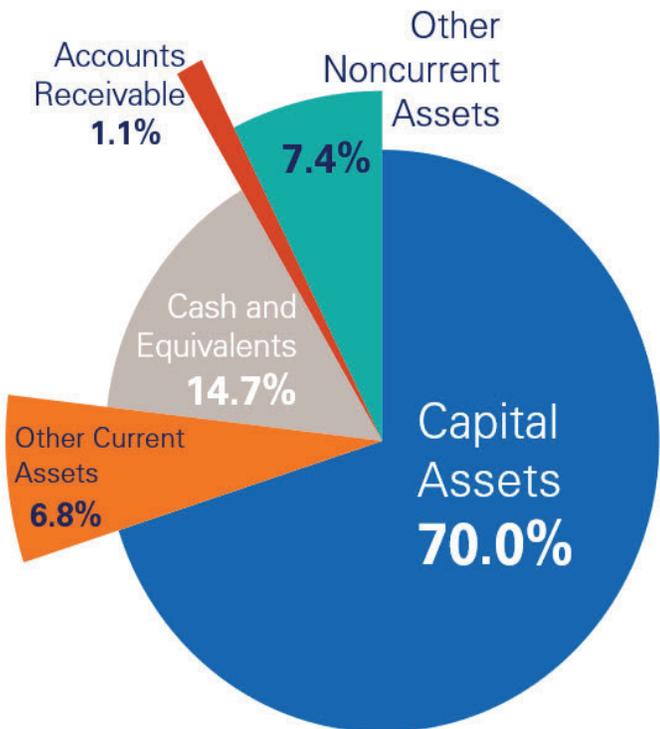
These increases were partially offset by decreases in Accounts receivable of \$4.1 million resulting from the timing of bank balance transactions and decreases in Grants and contracts receivables of \$6.1 million resulting from the collection of federal awards recognized in the prior fiscal year. Depreciable capital assets decreased by \$21.6 million due to assets becoming fully depreciated.

**Total Deferred Outflows of Resources**

Deferred outflows of resources are consumptions of the University’s net position applicable to future reporting periods. The following table and chart present total deferred outflow of resources, in thousands of dollars and percent:

Deferred loss debt refunding	\$ 4,878	15.6%
Deferred Pension Resources	24,491	78.5%
Deferred OPEB Resources	1,853	5.9%
<b>Total Deferred Outflows</b>	<b>\$ 31,222</b>	<b>100.0%</b>

Deferred outflows of resources decreased by \$12.3 million compared to fiscal year 2023. The decrease is attributable to a \$4.4 million decrease in contributions for pension plans, and an \$8.3 million decrease in deferred amounts of debt service no longer owed due to debt refunding.

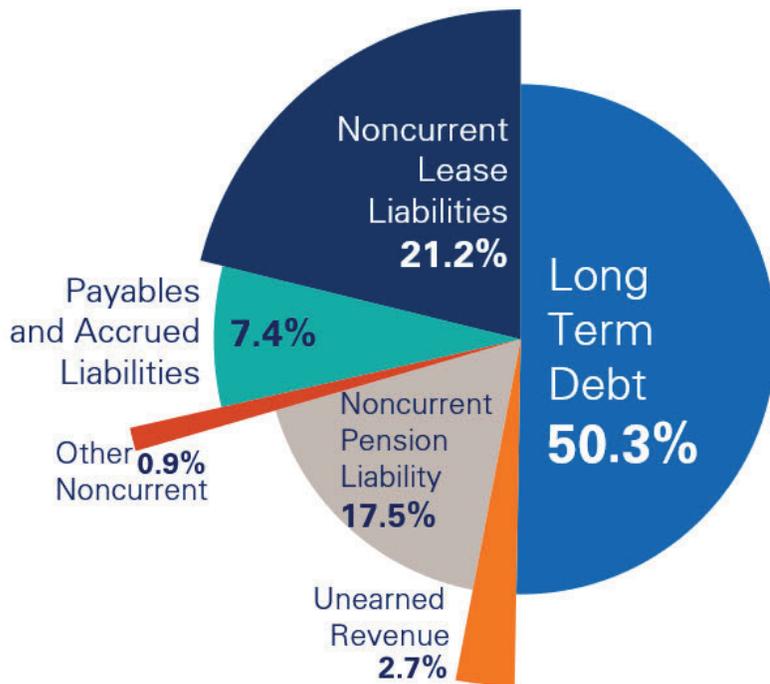


## Total Liabilities

Liabilities are what the University owes to others or resources it has collected from others before it has provided services. The following table and chart indicate total liabilities, in thousands of dollars and percent:

Unearned Revenue	\$	27,258	2.7%
Payables and Accrued Liabilities		73,859	7.4%
Noncurrent Pension Liability		174,642	17.5%
Noncurrent Long-Term Debt		502,120	50.3%
Noncurrent Lease Liabilities		211,286	21.2%
Other Noncurrent Liabilities		9,477	0.9%
<b>Total Liabilities</b>	<b>\$</b>	<b>998,642</b>	<b>100%</b>

Total liabilities for the University decreased by \$33.6 million from fiscal year 2023. Noncurrent Long-Term Debt decreased \$38.6 million resulting from reductions in principal due to annual debt service payments and refundings. Net pension liability saw a decrease of \$1.9 million due to actuarial adjustments for the ASRS. These decreases were partially offset by increases in other areas. Accrued compensated absences increased by \$1 million due to employee carry forward of accrued vacation hours. Deposits held in custody for others increased \$2.4 million due to increases in unapplied on-account payment balances.

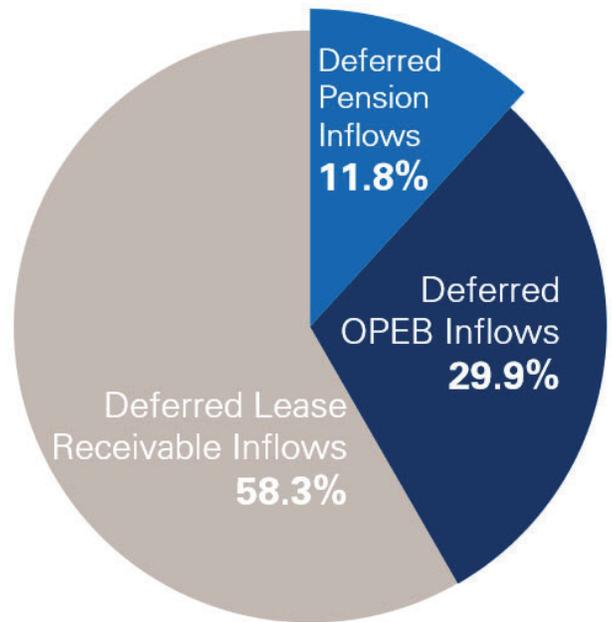


## Total Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net position by the University that is applicable to future reporting periods. The following table and chart illustrate total deferred inflow of resources, in thousands of dollars:

Deferred Pension Inflows	\$	6,098	11.8%
Deferred OPEB Inflows		15,473	29.9%
Deferred Lease Receivable Inflows		30,159	58.3%
<b>Total Deferred Inflows</b>	<b>\$</b>	<b>51,730</b>	<b>100%</b>

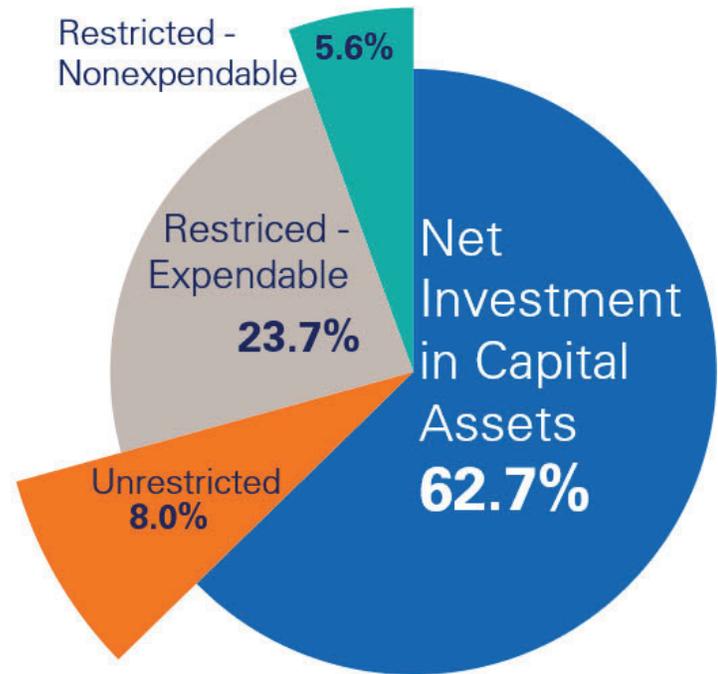
Deferred inflows of resources decreased \$10.6 million due to actuarial adjustments provided by the ASRS and PSPRS regarding deferred pension inflows and deferred OPEB inflows. See note 10 for detailed information on deferred inflows related to pensions.



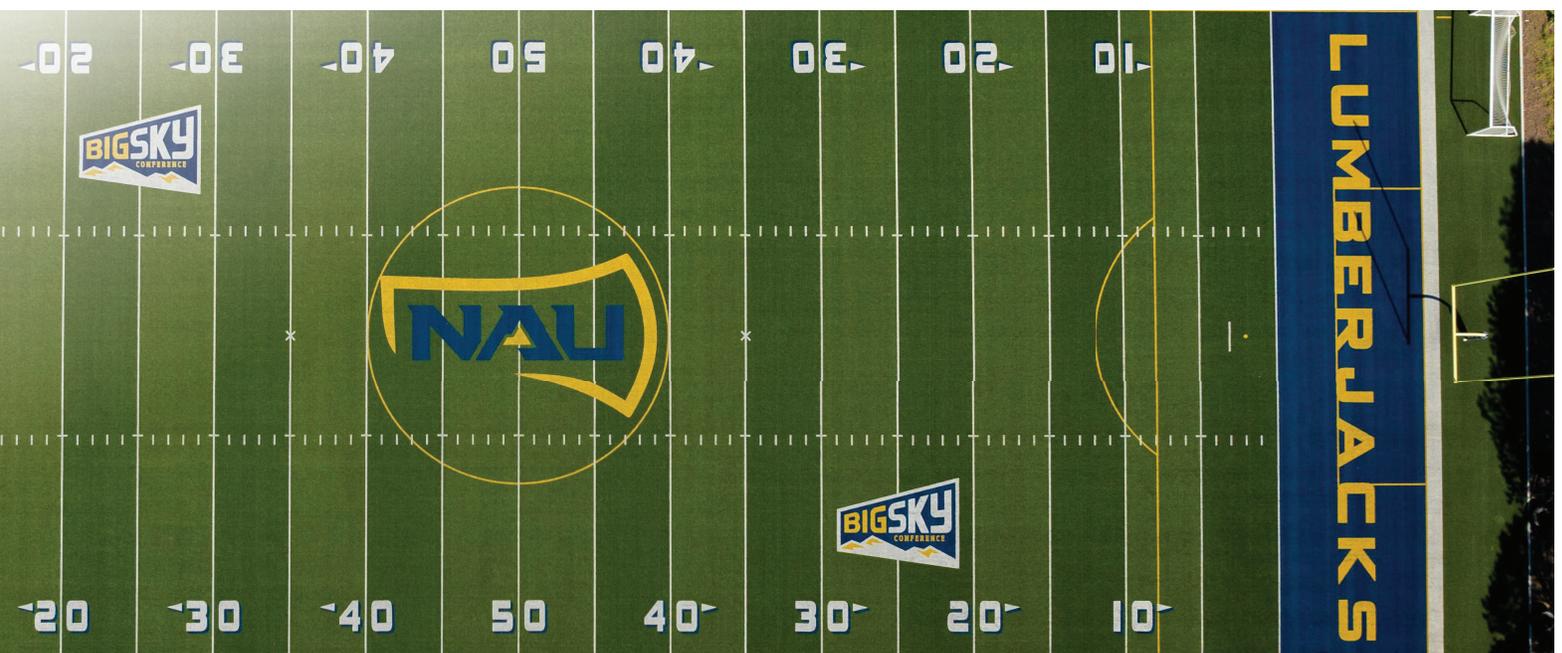
## Total Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. 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, including student loans. 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. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the institution for any lawful purpose of the institution. Although unrestricted net position is not subject to externally imposed stipulations, substantially all the University's unrestricted net position has been designated for various academic and research programs and initiatives.

Net position represents the value of the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The University's net position was \$442.6 million on June 30, 2024, an increase of net assets of \$38.0 million over the prior year.



Net Investment in Capital Assets	\$ 277,524	62.7%
Restricted- Nonexpendable	24,611	5.6%
Restricted- Expendable	105,041	23.7%
Unrestricted	35,455	8.0%
<b>Total Net Position</b>	<b>\$ 442,631</b>	<b>100%</b>





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

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's revenues earned and expenses incurred during fiscal year 2024, regardless of when cash was received or paid. Activities are reported as either operating or nonoperating. Generally, operating revenues are earned in exchange for providing goods and services. Operating expenses are incurred in the normal operation of the University, including a provision for depreciation and amortization on capital assets.

Certain revenue sources that the University relies on for operations, including state appropriations, non-capital grants and gifts, and net investment income are required by GASB Statement No. 35 to be classified as nonoperating revenues. Capital financing costs incurred are reported as non-operating expenses.

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

A comparison of the University's operations (in thousands of dollars) for the year ended June 30, 2024, and for the year ended June 30, 2023, is as follows:

	FY 2024	FY 2023	% Change
<b>Operating revenues:</b>			
Student tuition and fees, net	\$ 201,626	\$ 195,450	3.2%
Grants and contracts	69,339	55,634	24.6%
Auxiliary enterprises, net	85,741	77,873	10.1%
Other	27,945	23,221	20.3%
<b>Total operating revenues</b>	<b>\$ 384,651</b>	<b>\$ 352,178</b>	<b>9.2%</b>
<b>Operating expenses:</b>			
Educational and general	\$ 562,099	\$ 521,825	7.7%
Auxiliary enterprises	59,242	50,317	17.7%
Depreciation and Amortization	56,829	53,568	6.1%
<b>Total operating expenses</b>	<b>\$ 678,170</b>	<b>\$ 625,710</b>	<b>8.4%</b>
<b>Operating loss</b>	<b>\$ (293,519)</b>	<b>\$ (273,532)</b>	<b>7.3%</b>
<b>Nonoperating revenues (expenses):</b>			
State appropriations	\$ 144,555	\$ 165,322	(12.6%)
Share of state sales tax revenues	46,666	19,560	138.6%
Grants and gifts	129,097	111,566	15.7%
Net investment income	20,657	13,044	58.4%
Interest expense on debt	(21,607)	(24,006)	(10.0%)
Other non-operating revenues and expenses	5,710	7,352	(22.3%)
<b>Net non-operating revenues</b>	<b>\$ 325,078</b>	<b>\$ 292,838</b>	<b>11.0%</b>
<b>Income before capital and endowment additions</b>	<b>\$ 31,560</b>	<b>\$ 19,306</b>	<b>63.5%</b>
Capital appropriations	5,303	5,302	0.0%
Other capital and endowment additions	1,160	29,991	(96.1%)
<b>Increase in net position</b>	<b>\$ 38,023</b>	<b>\$ 54,599</b>	<b>(30.4%)</b>
<b>Net position, beginning of year</b>	<b>404,608</b>	<b>350,009</b>	<b>15.6%</b>
<b>Net position, end of year</b>	<b>\$ 442,631</b>	<b>\$ 404,608</b>	<b>9.4%</b>

## Operating Revenues

The operating revenues represent resources generated by the University in fulfilling its instruction, research, and public service missions. Student tuition and fees reported net of the scholarship allowance increased by 3.2% due to increased enrollment and greater financial aid and scholarship allowances. Revenues from operating grants and contracts increased 24.6% over the prior year, primarily due to increased grant activity. The funding comes from contracts and grants awarded by federal and state agencies, foundations, non-profit organizations, corporations, and associations. Revenues vary from year to year for many reasons, including the availability of funding from sponsors and the commencement or closure of large projects.

Auxiliary enterprises include the revenues from student housing, student health services, dining operations, and parking and shuttle services. Auxiliary and other revenues increased 10.1% and 20.3% respectively over the prior fiscal year, mainly due to increased student demand for on campus university housing and meal plans.

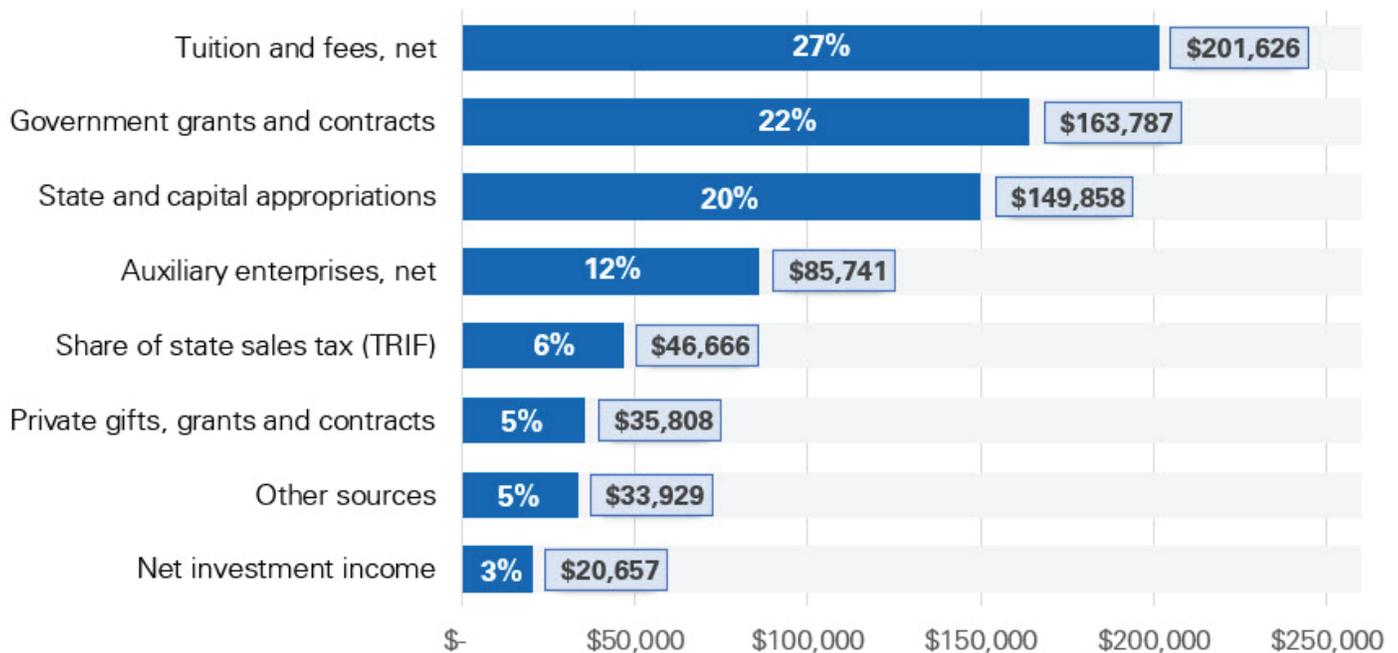
## Non-operating Revenues

State appropriations, non-capital grants and gifts, and investment income are considered non-operating because they were not generated by the University's principal, ongoing operations. State and capital appropriations were not generated by the University and are provided to aid in funding operating expenses. State and capital appropriations revenue totaled \$149.9 million for fiscal year 2024, a decrease of 12.1% from the \$170.6 million received during fiscal year 2023. The decrease was mainly due to a one-time state appropriation received during fiscal year 2023 in the amount of \$26 million. One-time Technology Resource Infrastructure Funding (TRIF) awards resulted in a 138.6% increase in Share of state sales tax revenue. TRIF funding, exclusive of one-time awards, is expected to maintain levels comparable with the last three fiscal years.

Grants and gifts, including expendable gifts, increased \$17.5 million from the prior fiscal year reflective of growth in sponsored project activity. Grants and gifts include expenditure of the final institutional portion of Higher Education Emergency Relief Funds (HEERF) totaling \$5.3 million and allocated federal grant funding by the Office of the Arizona Governor totaling \$7.7 million in the current fiscal year. No student aid disbursements were made this fiscal year.

Net investment income increased \$7.6 million due to increased interest earnings, unrealized market gains, and endowment market appreciation. Total other capital additions decreased by \$28.8 million primarily due to a capital donation of art from the NAU Foundation in the amount of \$24.6 million in the prior fiscal year.

**Total Revenue, for fiscal year 2024 (in thousands)**



## Operating Expenses

Operating expenses are reported by programmatic (functional) classification in the Statement of Revenues, Expenses, and Changes in Net Position and by natural classification in Note 9.

The University's operating expenses were \$678.2 million for the fiscal year ended June 30, 2024. Overall, operating expenses increased 8.4% from the prior year. The overall increase in operating expenses is attributed to travel volume and travel costs continuing to increase from low levels during the pandemic, increased campus activity driving a range of expenditures including utility usage, and higher supplier costs resulting from inflation driven cost increases for supplies, labor, and utilities.

## Operating Expenses by Natural Classification (dollars in thousands)

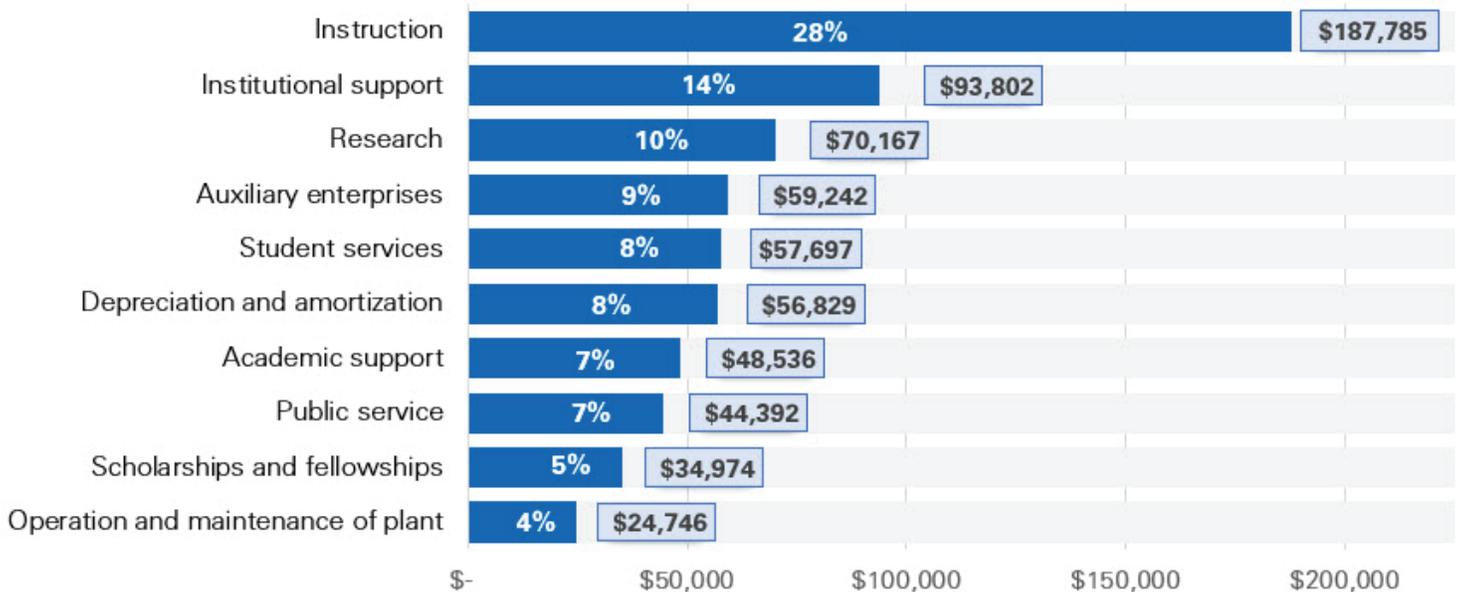
	FY 2024	FY 2023	% Change
Operating:			
Personal services and benefits	\$ 416,419	\$ 377,308	10.4%
Operations	169,949	164,186	3.5%
Scholarships	34,974	30,648	14.1%
Depreciation and amortization	56,828	53,568	6.1%
<b>Total operating expenses</b>	<b>\$ 678,170</b>	<b>\$ 625,710</b>	<b>8.4%</b>

The above and below tables illustrate the University's operating expenses by natural and functional classification:

## Operating Expenses by Functional Classification (dollars in thousands)

	FY 2024	FY 2023	% Change
Operating:			
Instruction	\$ 187,785	\$ 174,993	7.3%
Research	70,167	58,678	19.6%
Public service	44,392	37,034	19.9%
Academic support	48,536	46,400	4.6%
Student services	57,697	54,320	6.2%
Institutional support	93,802	84,430	11.1%
Operation and maintenance of plant	24,746	35,322	(29.9%)
Scholarships and fellowships	34,974	30,648	14.1%
Auxiliary enterprises	59,242	50,317	17.7%
Depreciation and amortization	56,829	53,568	6.1%
<b>Total operating expenses</b>	<b>\$ 678,170</b>	<b>\$ 625,710</b>	<b>8.4%</b>

## Operating Expense by Functional Classification (in thousands)



## Combined Sources and Uses (dollars in millions)

	FY 2024		FY 2023		% Change		
<b>Sources</b>							
Tuition and fees, net	\$	201.6	27.3%	\$	195.5	27.7%	3.1%
Grants and contracts		163.8	22.2%		145.5	20.7%	12.6%
State and capital appropriations		149.9	20.3%		170.6	24.2%	(12.1%)
Auxiliary enterprises, net		85.7	11.6%		77.9	11.1%	10.0%
Share of state sales tax (TRIF)		46.7	6.3%		19.6	2.8%	138.3%
Private gifts, grants and contracts		35.8	4.9%		51.7	7.3%	(30.8%)
Other sources		33.9	4.6%		30.8	4.4%	10.1%
Net investment income		20.6	2.8%		13.0	1.8%	58.5%
<b>Total sources</b>	<b>\$</b>	<b>738.0</b>	<b>100.0%</b>	<b>\$</b>	<b>704.6</b>	<b>100.0%</b>	<b>4.7%</b>
<b>Uses</b>							
Instruction and academic support	\$	236.3	33.8%	\$	221.4	34.1%	6.7%
Student services and institutional support		151.5	21.6%		138.8	21.4%	9.1%
Research and public service		114.6	16.4%		95.7	14.7%	19.7%
Auxiliary enterprises		59.2	8.5%		50.3	7.7%	17.7%
Depreciation and amortization		56.8	8.1%		53.6	8.2%	6.0%
Scholarships and fellowships		35.0	5.0%		30.6	4.8%	14.4%
Operation and maintenance of plant		24.7	3.5%		35.3	5.4%	(30.0%)
Other uses		21.9	3.1%		24.3	3.7%	(9.9%)
<b>Total uses</b>	<b>\$</b>	<b>700.0</b>	<b>100.0%</b>	<b>\$</b>	<b>650.0</b>	<b>100.0%</b>	<b>7.7%</b>

## Statement of Cash Flows

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, governmental grants and contracts, and auxiliary enterprise revenues. Operating expenses include employee salaries and benefits and vendor payments to suppliers. Net cash flows from non-capital financing activities are 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. The following summarizes cash flows for fiscal years 2024 and 2023:

<b>Cash Provided By (Used For), (dollars in thousands)</b>	<b>FY2024</b>	<b>FY2023</b>
Operating activities	\$ (238,373)	\$ (241,002)
Non-capital financing activities	325,815	293,641
Capital financing activities	(74,996)	(71,341)
Investing activities	(3,108)	(25,283)
<b>Net increase in cash and cash equivalents</b>	<b>\$ 9,338</b>	<b>\$ (43,985)</b>
Cash and cash equivalents, beginning of year	215,014	258,999
<b>Cash and cash equivalents, end of year</b>	<b>\$ 224,352</b>	<b>\$ 215,014</b>

## Capital and Debt Analysis

The University is required by Arizona Revised Statutes §41-793 and Arizona Board of Regents (ABOR) policy 7-102 to prepare an annual Capital Improvement Plan (CIP). The CIP details the University's strategic plan on space and capital acquisition to meet short and long-term requirements. The projects included in the CIP concentrate on capital improvements that provide students, faculty, and staff with high quality, safe environments dedicated to academic and research endeavors. It outlines the current capital funding allocation for the University, specifically for building renewal, deferred maintenance, facility leases, and other critical construction projects. The CIP covers a three-year period and focuses on addressing space deficiencies in academic, research, student housing, and support service facilities. The CIP also outlines any plans to issue debt to finance capital acquisitions or construction to address space deficiencies. The CIP provides a summary of debt information including the debt ratio projection to comply with ABOR policy and state statutes. If a project requires debt financing, the University must submit a financing plan to ABOR for approval and submit the project and financing plan to the State Joint Committee on Capital Review (JCCR) for review. There were no significant capital projects during the current fiscal year. The University issued SPEED (revenue) bonds, System Revenue (SRB) bonds, and Certificates of Participation (COPs) to advance-refund older, higher cost issues.

The University generally finances capital improvements and acquisitions through the issuance of System Revenue Bonds (SRBs) and Certificates of Participation (COPs). The amount of debt the University is able to issue is limited by a debt ratio of 8.0 percent as defined by State law Arizona Revised Statutes §15-1683, and ABOR policy 3-411. The debt ratio is determined by annual debt service on bonds and COPs as a percentage of total operating expenses and debt service. At June 30, 2024, the University's debt ratio was 3.97%. The University's credit ratings on its outstanding system revenue bonds are A1 by Moody's and A+ by Standard and Poor's.

In accordance with Arizona Revised Statutes §15-1670, NAU received \$5.3 million in state appropriations for capital financing for research infrastructure projects. For more detailed information on capital asset activity and long-term debt activity please review the relevant disclosures in the notes to the financial statements (Note 4 and Note 5).

## Economic Outlook

NAU's enterprise profile is very strong, characterized by its established brand, strong annual fundraising, and strategic position as a large comprehensive university. Fall 2024 enrollment as of the 21-day census indicates a 1.0% increase from 28,194 total students enrolled Fall 2023 to 28,468 total students enrolled Fall 2024. The University's state and capital appropriations budget for fiscal year 2025 is \$137.6 million, a 0.4% decrease of \$0.6 million from the \$138.2 million received during fiscal year 2024. It is anticipated that the State will continue to take a conservative approach to State spending and budgeting in the fiscal periods to come. The University continuously evaluates strategic plans to identify programmatic and institutional adjustments necessary to serve as an engine of opportunity and driver of equitable postsecondary value in Arizona and beyond. The Arizona Board of Regents and the three State universities are actively evaluating creative solutions to generate new revenues and contain costs in order to continue providing quality and affordable education.

Steadily increasing demand for on-campus housing has increased student housing occupancy resulting in a strong rebound in revenue from auxiliary activities such as housing, dining, parking, and athletics after sharp declines in fiscal year 2020 and fiscal year 2021 during the pandemic. Respectively, housing revenue increased 11.3%, dining revenue increased 16.7%, parking revenue increased 0.8% and athletics revenue increased 24.5% from fiscal year 2023 to fiscal year 2024. Very favorable financial market performance was seen in fiscal year 2024 leading to large investment gains and interest income. Federal government relief funds continued to provide direct aid to the University, offsetting pandemic related revenue losses and expense increases. Federal government relief funds are fully expended as of the current fiscal year.

Moody's Investors Services published its Sector In-Depth report on Higher Education US in December 2023. The 2024 outlook for US higher education has been revised to stable from negative as revenue gains are expected to materialize across multiple sources as the residual impacts of the pandemic wane. Expense growth is expected to moderate as inflation cools, preventing further deterioration in operating performance for most of the higher education sector. The outlook could move to positive if revenue growth significantly overtakes expenses, supported by material strengthening across multiple sources including auxiliary revenue. A negative outlook could materialize if revenue stagnates and expense growth fails to slow, leading to further erosion in sector wide operating performance.

The University continues to face pressure on its ability to manage expenses while maintaining the competitive salaries and benefits needed to attract top faculty. Inflationary pressures, including the rising cost of labor, elevated commodity prices and increasing utility costs, are likely to push operating costs higher. NAU has been able to manage these increases through continued, proactive management of discretionary expenses and ongoing reduction of operational expenses. NAU will maintain vigorous scrutiny of expenses to preserve budgetary flexibility.

Since the University is ultimately subject to the same economic variables that affect other financial entities, it is difficult to predict future outcomes. Continued effective leadership and commitment to financial health will fortify the University as it continues to thrive. While it is not possible to predict future results, management believes that the University's financial position will remain stable. The University will continue working diligently to provide quality instruction, research, and public service to the State of Arizona.



# Statement of Net Position

June 30, 2024

## Assets

Current assets:

Cash and cash equivalents (Note 3)	\$	214,582,388
Short term investments (Note 3)		65,641,092
Receivables (net of allowance for uncollectibles):		
Accounts receivable		16,139,420
Accrued interest		503,870
Endowment		25,239
Government grants and contracts		25,969,152
Student loans, current portion		900,142
Other assets		6,250,872
Inventories		546,469
<b>Total Current Assets</b>	<b>\$</b>	<b>330,558,644</b>

Noncurrent assets:

Restricted cash and cash equivalents held by trustee for capital projects (Note 3)	\$	9,769,641
Long term investments (Note 3)		20,707,363
Student loans receivable, net of allowance		459,890
Endowment investments (Note 3)		45,505,272
Other postemployment benefit asset		271,264
Leases receivable		30,776,840
Capital assets, not being depreciated and amortized (Note 4)		71,780,031
Depreciable capital assets, net of depreciation and amortization (Note 4)		951,951,687
<b>Total Noncurrent Assets</b>	<b>\$</b>	<b>1,131,221,988</b>

## Total Assets

**\$ 1,461,780,632**

## Deferred Outflows of Resources

Deferred charge on debt refunding	\$	4,878,478
Deferred outflows related to pensions (Note 10)		24,490,519
Deferred outflows related to OPEB		1,853,189
<b>Total Deferred Outflows of Resources</b>	<b>\$</b>	<b>31,222,186</b>

# Statement of Net Position

(Continued)

## Liabilities

Current liabilities:

Accounts payable	\$	12,104,391
Accrued payroll and employee benefits		10,694,972
Interest payable		3,492,218
Unearned revenues (Note 7)		27,258,315
Accrued compensated absences, current portion (Note 8)		831,583
Pension liability, current portion (Note 10)		716,885
Deposits held in custody for others		8,695,337
Current portion of lease and subscription liability (Note 5)		4,852,505
Current portion of long-term debt funded by:		
University operating revenues (Note 5)		22,573,983
State appropriations and other State monies (Note 5)		9,896,917
<b>Total Current Liabilities</b>	<b>\$</b>	<b>101,117,106</b>

Noncurrent liabilities:

Accrued compensated absences (Note 8)	\$	8,936,058
Deposits held in custody for others		541,349
Pension liability (Note 10)		174,641,842
Lease and subscription liability (Note 5)		211,285,494
Long-term debt funded by:		
University operating revenues (Note 5)		401,569,400
State appropriations and other State monies (Note 5)		100,551,073
<b>Total Noncurrent Liabilities</b>	<b>\$</b>	<b>897,525,216</b>

**Total Liabilities**

**\$ 998,642,322**

## Deferred Inflows of Resources

Deferred inflows related to pensions (Note 10)	\$	6,097,899
Deferred inflows related to OPEB		15,472,650
Deferred inflows related to leases		30,158,919
<b>Total Deferred Inflows of Resources</b>	<b>\$</b>	<b>51,729,468</b>

## Net Position

Net investment in capital assets	\$	277,524,265
Restricted:		
Nonexpendable:		
Scholarships and fellowships		23,849,196
Student loans		761,257
Expendable:		
Scholarships and fellowships		20,990,470
Academic department uses		84,051,016
Unrestricted		35,454,824
<b>Total Net Position</b>	<b>\$</b>	<b>442,631,028</b>

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

For the Year Ended June 30, 2024

## Operating Revenues

Tuition and fees (net of scholarship allowances of \$196,567,978)	\$	201,626,211
Government grants and contracts		59,570,678
Private grants and contracts		9,767,557
Auxiliary enterprises		
Residence life (net of scholarship allowances of \$9,809,193)		48,075,460
Other auxiliaries		37,665,492
Other		27,945,179
<b>Total operating revenues</b>	<b>\$</b>	<b>384,650,577</b>

## Operating Expenses

Operating expenses (Note 9)		
Educational and general:		
Instruction	\$	187,785,040
Research		70,167,477
Public service		44,392,199
Academic support		48,536,248
Student services		57,696,680
Institutional support		93,802,132
Operation and maintenance of plant		24,745,572
Scholarships and fellowships		34,973,795
Auxiliary enterprises		59,241,848
Depreciation and amortization (Note 4)		56,828,512
<b>Total operating expenses</b>	<b>\$</b>	<b>678,169,503</b>
<b>Operating loss</b>	<b>\$</b>	<b>(293,518,926)</b>



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

(Continued)

## Nonoperating Revenues (Expenses)

State appropriations	\$	144,555,054
Share of State sales tax- technology and research initiative funding		46,665,918
Government grants		104,216,191
Private grants and gifts		24,880,404
Net investment income		20,656,883
Interest expense on capital asset related debt		(21,606,602)
Net loss on disposal of capital assets		(272,827)
Other nonoperating revenues and expenses		5,983,363
<b>Total nonoperating revenues and expenses</b>	\$	<b>325,078,384</b>
<b>Gain before capital and endowment additions</b>	\$	<b>31,559,458</b>

Capital appropriations	\$	5,302,900
Capital grants and gifts		19,955
Additions to permanent endowments		1,140,525
<b>Total other revenues</b>	\$	<b>6,463,380</b>

**Increase in net position** \$ **38,022,838**

## Net Position

Total net position, beginning of year	\$	404,608,190
Total net position, end of year	\$	<u>442,631,028</u>

See Notes to Financial Statements



# Statement of Cash Flows

For the Year Ended June 30, 2024

## Cash Flows from Operating Activities:

Tuition and fees	\$ 197,063,964
Grants and contracts	69,060,290
Payments to vendors and suppliers	(168,945,958)
Payments for employee wages and benefits	(415,554,912)
Payments for scholarships and fellowships	(34,973,795)
Loans issued to students	(49,180)
Collection on loans to students	800,067
Auxiliary enterprise receipts	85,160,727
Other receipts	29,391,589
Custodial receipts and disbursements:	
Private student loans and scholarships received	31,122,131
Private student loans and scholarships disbursed	(31,346,519)
Other custodial receipts	3,000,016
Other custodial disbursements	(3,100,860)
<b>Net cash used for operating activities</b>	<b>\$ (238,372,440)</b>

## Cash Flows from Noncapital Financing Activities:

State appropriations	\$ 144,555,054
Share of state sales tax receipts	47,597,690
Gifts and grants for other than capital purposes	132,885,450
Federal direct student lending received	129,140,463
Federal direct student lending disbursed	(129,504,312)
Financial aid trust funds	1,140,525
<b>Net cash provided by non-capital financing activities</b>	<b>\$ 325,814,870</b>

## Cash Flows from Capital Financing Activities:

Capital appropriations	\$ 5,302,900
Capital commitment- State lottery revenue	8,038,994
Purchases of capital assets	(38,161,939)
Principal paid on capital debt and obligations	(27,812,433)
Interest paid on capital debt and obligations	(22,363,446)
<b>Net cash used for capital financing activities</b>	<b>\$ (74,995,924)</b>

# Statement of Cash Flows

(Continued)

## Cash Flows from Investing Activities:

Proceeds from sales and maturities of investments	\$ 15,000,000
Interest on investments	14,870,510
Purchase of investments	(32,978,611)
<b>Net cash used for investing activities</b>	<b>\$ (3,108,101)</b>
<b>Net increase in cash and cash equivalents</b>	<b>\$ 9,338,405</b>

Cash and cash equivalents- July 1, 2023	215,013,624
Cash and cash equivalents- June 30, 2024	<u>\$ 224,352,029</u>

## Reconciliation of Operating Loss to Net Cash Used for Operating Activities:

Operating loss	\$ (293,518,926)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization	56,828,512
Other nonoperating revenue/expense	(2,055,631)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Receivables:	
Accounts receivable	4,065,080
Leases receivable	661,098
Government grants and contracts	85,812
Student loans	750,887
Inventories	(23,983)
Other assets	(3,848,673)
Accounts payable	1,026,592
Deposits held for others	2,762,226
Accrued payroll and employee benefits	652,129
Net pension and other post-employment benefits liability	(1,638,993)
Deferred outflows of resources related to pensions and other post-employment benefits	4,033,850
Deferred inflows of resources related to pensions and other post-employment benefits	(9,787,701)
Deferred inflows of resources related to leases	(794,901)
Unearned revenues	1,396,965
Accrued compensated absences	1,033,217
<b>Net cash used for operating activities</b>	<b>\$ (238,372,440)</b>

## Significant Noncash Transactions

Refinancing of long-term debt	\$ 90,799,721
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See Notes to Financial Statements

# Statement of Financial Position - Component Unit

Northern Arizona University Foundation, Inc.

June 30, 2024

## Assets

Cash and cash equivalents	\$	3,044,691
Promises to give, net		11,108,202
Bequests receivable		286,589
Interest and other receivables		243,634
Investments		280,960,466
Cash surrender value of life insurance		7,923,642
Assets held under split-interest agreements		3,000,343
Beneficial interest in perpetual trusts		3,658,676
Other assets and prepaids		239,045
<b>Total assets</b>	<b>\$</b>	<b>310,465,288</b>

## Liabilities

Accounts payable and accrued liabilities	\$	2,592,217
Assets held in custody for others		47,575,554
Due to Northern Arizona University		10,085
Deferred revenue		868,415
Liabilities under split-interest agreements		2,031,587
<b>Total liabilities</b>	<b>\$</b>	<b>53,077,858</b>

## Net Assets

Without donor restrictions		
Board designated endowment	\$	16,099,090
Undesignated		(4,522,436)
With donor restrictions		
Purpose restricted		245,810,776
<b>Total net assets</b>	<b>\$</b>	<b>257,387,430</b>

<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>310,465,288</b>
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See Notes to Financial Statements

## Statement of Activities - Component Unit

Northern Arizona University Foundation, Inc.

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Public contributions	\$ 902,951	\$ 16,125,568	\$ 17,028,519
Educational broadband service revenue	1,218,820	-	1,218,820
Change in cash surrender value of life insurance	-	80,557	80,557
Other income (loss) and support	(7,304)	555,715	548,411
Reclassification of donor intent	(1,114,747)	1,114,747	-
Net investment return	1,753,877	26,859,031	28,612,908
Change in beneficial interests in perpetual trusts	-	192,061	192,061
Change in value of split-interest agreements	(337,052)	-	(337,052)
Net assets released from restrictions	23,801,951	(23,801,951)	-
<b>Total revenue, support, and gains</b>	<u>\$ 26,218,496</u>	<u>\$ 21,125,728</u>	<u>\$ 47,344,224</u>
<b>Expenses and Losses</b>			
Program expenses	\$ 20,838,986	-	\$ 20,838,986
Supporting services expense			
Management and general	1,342,589	-	1,342,589
Fundraising and development	6,442,791	-	6,442,791
Total supporting services expenses	<u>\$ 7,785,380</u>	<u>\$ -</u>	<u>\$ 7,785,380</u>
<b>Total expenses and losses</b>	<u>\$ 28,624,366</u>	<u>\$ -</u>	<u>\$ 28,624,366</u>
<b>Change in net assets</b>	\$ (2,405,870)	\$ 21,125,728	\$ 18,719,858
<b>Net assets, Beginning of year</b>	<u>\$ 13,982,524</u>	<u>\$ 224,685,048</u>	<u>\$ 238,667,572</u>
<b>Net assets, End of year</b>	<u>\$ 11,576,654</u>	<u>\$ 245,810,776</u>	<u>\$ 257,387,430</u>

See Notes to Financial Statements

# Notes to the Financial Statements

## Note 1 – Summary of Significant Accounting Policies

### Financial Reporting Entity

As required by generally accepted accounting principles (GAAP), the financial reporting entity includes both the primary government and all its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Northern Arizona University is an integral part of the State of Arizona's Tri-University system, which is an enterprise fund in the State of Arizona's Annual Financial Report.

The financial statements are presented in accordance with GAAP applicable to governmental colleges and universities engaged in business-type activities as adopted by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements present all funds belonging to the University and its component units. The component units are either blended or discretely presented in the University's financial statements. The blended component unit, although legally separate, is in substance part of the University's operations. Therefore, it is reported as if it were part of the University. In addition, the financial statements include the financial position and activities of the University's discretely presented component unit as described in Notes 2 and 12. As a result, the financial statements have been modified to reflect the recognition of certain agreements.

### Basis of Presentation

The accompanying financial statements are presented in accordance with GAAP as prescribed by the GASB. Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the full scope of the University's activities is considered a single business-type activity and, accordingly, is reported within a single column in the basic financial statements.

The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows.

- The Statement of Net Position provides information about the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Current liabilities are obligations that will be paid within one year of the statement date and current assets are those resources available to satisfy current liabilities. Net position is classified according to external donor restrictions or availability of assets to satisfy the University's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation and amortization, less any outstanding liabilities incurred to acquire or construct the assets. Nonexpendable restricted net position includes gifts that have been received for endowment purposes the corpus of which cannot be expended. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.
- The Statement of Revenues, Expenses, and Changes in Net Position provides information about the University's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition and housing charges, in which each party receives and gives up essentially equal values, are considered operating revenues. Other revenues, such as state appropriations, and government grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues as defined by GASB Statement No. 35. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.
- 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 either operating, noncapital financing, capital financing, or investing activities.

## **Basis of Accounting**

The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the University receives (or gives) value without directly giving (or receiving) equal value in exchange, include state appropriations, certain grants, and donations. State appropriations are recognized as revenue in the year in which it is made available for use. Revenues are recorded, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection. All significant transactions resulting from internal activity have been eliminated.

## **Cash and Investments**

For the Statement of Cash Flows, cash and cash equivalents are comprised of cash on hand, demand deposits, investments in the State Treasurer's Investment Pools 3, 4, and 5, cash and investments held by trustee, and only those highly liquid investments with a maturity of three months or less when purchased. All restricted cash and cash equivalents, including funds held by a bond trustee, are shown as noncurrent cash and cash equivalents. The University reports all investments at fair value. Fair value typically is the quoted market price for investments. Investment income/(loss) includes realized and unrealized gains and losses.

## **Revenues/Expenses**

Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition and housing charges, in which each party receives and gives up essentially equal values, are considered operating revenues. Additionally, research grants and contracts are considered operating revenues. Other revenues, such as state appropriations, and non-research grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues as defined by GASB Statement No. 35. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

## **Receivables**

Receivables consist of tuition and fees charged to students, accrued interest, amounts due from the federal, state, and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and notes receivables from loans to students. Student loans, student receivables, and notes receivables are recorded net of an allowance for doubtful accounts. The other receivables are shown at book value with no provision for doubtful accounts considered necessary.

## **Scholarship Allowances**

Student tuition and fees revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. A scholarship allowance is the difference between the stated charge for goods and services the University provides and the amount that the student or third parties making payments on the student's behalf pays. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the University are considered scholarship allowances.

## **Subscription-Based Information Technology Arrangements (SBITA)**

The University recognizes subscription liabilities with an initial, individual value of \$1 million or more. The University uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The University's estimated incremental borrowing rate is calculated as described below. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

## Leases

The University leases real estate and equipment and determines the classification of the lease at commencement of the contract. Leases that have a maximum possible term of 12 months or less are expensed based on the provisions of the contract. For all leases in excess of 12 months and that do not have mutual termination provisions, do not transfer the asset to the University at the term of the lease, and are an exchange or exchange-like transaction, the University recognizes an intangible right-to-use lease asset and a corresponding lease liability. The lease liability is measured at commencement of the lease based on the present value of the payments expected to be made. The intangible right-to-use lease asset is initially measured as the lease liability, plus payments made before lease commencement, plus direct costs incurred to place the asset into service, less any incentives received prior to commencement. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or useful life of the asset unless the lease contains a purchase option that the University has determined is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

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

The University's threshold for lease accounting is for all leases where the present value of minimum lease payments is \$5,000 or more for equipment and \$100,000 or more for real estate.

For leases where the University is the lessor, the University recognizes lease receivables. The lease receivable is initially recorded as the present value of the future payments using the stated rate or if not readily determined, then at our incremental borrowing rate utilizing professional judgement. Over the lease term, the University recognizes revenue from interest income and the amortization of the deferred inflows of resources using the compound interest method.

During the fiscal year ended June 30, 2024, the University had \$863,084 in current lease receivables (included in Accounts Receivable) and \$30,776,840 in non-current lease receivables and recognized total lease-related revenues of \$794,901.

## Capital Assets and Special Collections

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value. The University maintains special collections for educational purposes and public exhibition. These special collections are not subject to disposal for financial gain or encumbrance. Accordingly, such collections are not capitalized for financial statement purposes but are inventoried for property control purposes. Additionally, the University maintains Art and Historical Collections which are not depreciated. These collections include the David Muench photography collection. Capital assets, other than land, construction in progress, and intangible assets with indefinite useful lives, are depreciated or amortized over their estimated useful lives using the straight-line method. Non-capital equipment and facility costs including repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. The capitalization thresholds and estimated useful lives for capital assets of the University are as follows:

Asset Category	Capitalization Threshold	Estimated Useful Life (yrs)
Building improvements	\$100 thousand	20
Buildings	All	40
Infrastructure	All	20-40
Land	All	N/A
Equipment:		
Machinery, vehicles, and other equipment	\$5 thousand	5-15
Intangible assets (other than right-to-use):		
Computer software > \$10 million	\$10 million	10
Computer software < \$10 million	\$1 million	5
Other*	\$100 thousand	*
Intangible right-to-use lease assets:		
Vehicles and equipment	\$5 thousand	N/A
Buildings and Land	\$100 thousand	N/A
Intangible right-to-use subscription assets:		
Subscription software	\$1 million	N/A
Library books	All	10
Art and Historical Collections	\$1 million	N/A

\*Includes websites, non-software licenses and permits, patents, copyrights and trademarks, rights-of-way and easements, natural resource extraction rights, and other intangible assets. In general, the estimated useful life is the shorter of the legal or the estimated useful life.

## Deferred Outflows and Inflows of Resources

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

## Restricted and Unrestricted Resources

Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets, resources legally segregated for the payment of principal and interest as required by debt covenants, unspent debt proceeds, sponsored research grants and contracts and gifts, and endowment and other restricted investments. The University's policy regarding whether to first apply restricted or unrestricted resources is made on a case-by-case basis. Restricted resources remain classified as such until spent.

## Pension and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

## Compensated Absences

Compensated absences consist of vacation leave and compensatory time earned by employees based on services already rendered. Employees may accumulate up to 320 hours of vacation depending on years of service and full-time equivalent employment status. Any vacation hours more than the maximum amount that are unused on December 31 are forfeited. Upon termination of employment, all unused vacation benefits not exceeding 176 hours (annual accrual amount), depending on years of service and full-time equivalent employment status, and compensatory time are paid to employees. Accordingly, vacation benefits and compensatory time are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative. Employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, upon retirement, employees who have accumulated at least 500 hours of sick leave are paid a formulated benefit amount. The University makes contributions each pay period to the State's Retiree Accumulated Sick Leave Fund and the State makes benefit payments directly to the retired employees from the fund. Consequently, the University does not have a liability for these sick leave benefits.

## Investment Income (Loss)

Net investment income or loss is composed of interest, dividends, and net changes in the fair value of applicable investments.

## Credit Card Rebates

The University earned credit card rebates of \$787,177 from Bank of America and JP Morgan in FY24.





## Note 2 – Component Units

Component units can be defined as legally separate entities for which the University is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause its financial statements to be misleading or incomplete. GASB Statement No. 14 – *The Financial Reporting Entity* and GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34* have set forth criteria to be considered in determining financial accountability. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion under GASB Statement No. 14, a financial benefit or burden relationship also would need to be present between the primary government and the organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, GASB Statement No. 61 clarifies the way 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.

The financial statements of the University include the operations of the Northern Arizona University Foundation, Inc. (Foundation), a discretely presented component unit. The Foundation was incorporated as a legally separate not-for-profit corporation in the State of Arizona in January 1959 and operates exclusively for the benefit of Northern Arizona University. The Foundation receives gifts and bequests, administers those resources by investing in securities and property, and disburses payments to and on behalf of the University for advancement of its mission. The University does not control the timing or amount of receipts from the Foundation. The restricted resources of the Foundation can only be used by, or for the benefit of, the University or its constituents.

Consequently, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. In accordance with generally accepted accounting principles for public colleges and universities, only the Statement of Financial Position and the Statement of Activities of the discretely presented component unit are included in the University's financial statements.

Northern Arizona Capital Facilities Finance Corporation, LLC (NACFFC), although legally separate, is reported as if it is part of the University. NACFFC was incorporated in October 2001 as a legally separate not-for-profit corporation under the laws of the State of Arizona for the purpose of acquiring, developing, constructing, and operating student housing and other capital facilities and equipment for the use and benefit of the University's students. Because NACFFC's outstanding debt is expected to be repaid entirely with resources from the University, NACFFC's financial statements have been blended with those of the University in accordance with GASB Statement No. 61.

For financial reporting purposes, both the Foundation and NACFFC follow the Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the University's financial report. Accordingly, those financial statements have been reported on separate pages following the University's financial statements. Since NACFFC's financial results are blended with the University's financial results, adjustments were made to present NACFFC's financial results in accordance with the GASB reporting model. In addition, the University eliminated all duplicate financial transactions for reporting purposes.

The Foundation and NACFFC have a June 30 year-end. Complete financial statements as originally presented for the Foundation and NACFFC can be obtained from Northern Arizona University Comptroller's Office, P.O. Box 4069, Flagstaff, AZ 86011.

During the year ended June 30, 2024, the Foundation recognized expenses for scholarships to Northern Arizona University of \$4,104,838 and grants and assistance to Northern Arizona University of \$16,734,148.

## Note 3 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) §15-1668 requires that deposits of the University not covered by federal deposit insurance be secured by government bonds or by a safekeeping receipt of the institution accepting the deposit. A.R.S. §35-1207 requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. Further, the Arizona Board of Regents (ABOR) provides policy regarding deposits. Deposits can be made only at depository banks approved by ABOR. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the University's investments.

There is no statutory requirement that governs University investment activities. A.R.S. §15-1625 gives the ABOR jurisdiction and control over the Universities, and A.R.S. §15-1626 allows ABOR to authorize the Universities to adopt regulation, policies, rules, or measures as deemed necessary. ABOR investment policies require that the University invest its operating funds only in the State Treasurer's Local Government Investment Pool, collateralized time certificates of deposit and repurchase agreements, U.S. Treasury securities, federal agency securities, and investment grade corporate bonds. In addition, ABOR has authorized the University to establish an investment committee. The investment committee establishes investment policies and makes investment decisions. ABOR policies guide the investment committee decisions. The University's deposit and investment policies mirror that of the ABOR policies.

University policy states that restricted (gift) and endowment funds will be invested according to the conditions stipulated by the donor, but if no conditions are imposed, such funds may be invested under the direction of the investment committee in such a manner as to obtain the most favorable rate of return and income stability.

The bond indentures constitute the investment policy for University monies held with bond trustees. The bond indentures authorize the bond trustees to invest in obligations of, or guaranteed by, the federal government or any agency or instrumentality thereof, municipal obligations, collateralized certificates of deposit with federally insured banks, trust companies, savings and loan associations within the State of Arizona, or repurchase agreements.

### Deposits

At June 30, 2024, the carrying amount of the University's deposits was (\$610,144) and the bank balance was \$4,668,075. Beyond the requirements established by A.R.S. and ABOR, the University does not have a policy that specifically addresses custodial credit risk.

### Investments

U.S. agency securities include the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

Trust agreements between the University and the Northern Arizona University Foundation (Foundation), authorize the Foundation to invest certain University restricted (gift) and endowment monies. The Foundation Investment Pool invests in a variety of asset classes, including common stocks, fixed income, and international equity funds. The Foundation's Board of Directors appointed Investment Committee is responsible for oversight of the Pool in accordance with Foundation policies and procedures. The fair value of the University's position in the Pool is based on the University's proportionate share of the Pool and is not identified with specific investments. The University's ownership interest is recorded in the Foundation's records. As of June 30, 2024, the Foundation held \$46,804,522 in custody for the University, including funds for the University's Arizona Financial Aid Trust Fund (AFAT) described below.

The AFAT was established in accordance with A.R.S. §15-1642 for the purpose of providing aid to students with verifiable financial need. The Foundation holds and manages the University's share of AFAT within its pool. The University's ownership interest is recorded in the Foundation's records. The fair value of the AFAT at June 30, 2024, was \$36,407,792.

The University measures and categorizes its investments using 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;
- Level 2: Inputs, other than quoted market prices included within Level 1, that are observable, either directly or indirectly;
- Level 3: Significant unobservable inputs.

The University's investments at June 30, 2024, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	As of June 30, 2024	Hierarchy Fair Value		
		Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
U.S. agency securities	\$ 64,494,295		\$ 64,494,295	
Government money market mutual funds	9,769,641	\$ 9,769,641		
<b>Total investments by fair value level</b>	<b>\$ 74,263,936</b>	<b>\$ 9,769,641</b>	<b>\$ 64,494,295</b>	

#### Investment pools measured at fair value

State Treasurer's investment pools 3, 4, 5 & 500	\$ 235,732,424
NAU Foundation investment pool	46,804,522
<b>Total investment pools measured at fair value</b>	<b>\$ 282,536,946</b>

<b>Total investments</b>	<b>\$ 356,800,882</b>
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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. 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 on which can be directly observed.

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 a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

#### Credit Risk

For its operating funds, University policy requires negotiable certificates of deposit; corporate bonds, debentures, and notes; banker acceptances; and State of Arizona bonds to carry a minimum rating of BBB or better from Standard and Poor's Rating Service, and Baa (Investment Grade) or better rating from Moody's Investors Service. There is no formal policy with regards to gift and endowment funds. Gift and endowment funds are held in the Foundation Investment Pool, which is not rated. At June 30, 2024, credit risk for the University's investments in debt securities was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pools 3, 4, and 500	Not Rated		\$ 39,944,636
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	195,787,788
Foundation investment pool	Not Rated		46,804,522
U.S. Agency Securities	AA+	Standard and Poor's	64,494,295
Government money market mutual funds	AAAm	Standard and Poor's	9,769,641
<b>Total</b>			<b>\$ 356,800,882</b>

## Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy in regard to custodial credit risk. At June 30, 2024, the University had \$64,494,295 of U.S. agency securities and \$9,769,641 in Government money market funds that were uninsured. The \$64,494,295 is not registered in the University's name and held by the counterparty and the \$9,769,641 is not registered in the University's name and held by the counterparty trustee.

## Concentration of Credit Risk

Other than United States Treasury securities and other federal agency securities, University policy limits investments in a single issuer to 5 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, 2024, the University had allowable investments in Federal Home Loan Bank securities of \$39.6 million, or 11.1 percent of total investments. Of these investments, \$29.6 million, or 8.3 percent, are current in nature.

## Interest Rate Risk

University policy for its operating funds limits the maximum maturity of any fixed-rate or variable-rate security to five years from the settlement date of purchase. The endowment fund portfolio has no such limitation. The following chart presents the interest rate risk for the University's debt investments at June 30, 2024, utilizing the segmented time distribution method:

Investment Type	Fair Value	Maturity	
		< 1 Year	1 - 5 Years
State Treasurer Investment Pool 3	\$ 10,062,833		\$ 10,062,833
State Treasurer Investment Pool 4	8,811,807	8,811,807	
State Treasurer Investment Pool 5	195,787,789	195,787,789	
State Treasurer Investment Pool 500	21,069,995		21,069,995
U.S. agency securities*	64,494,295	44,571,122	19,923,173
Government money market mutual funds	9,769,641	9,769,641	
<b>Total</b>	<b>\$ 309,996,360</b>	<b>\$ 258,940,359</b>	<b>\$ 51,056,001</b>

\*At June 30, 2024, the University held \$64,494,295, or 18 percent of investments, in U.S. agency securities, including the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association, which may be considered highly sensitive to interest rate fluctuations because borrower repayment terms may vary. The University's investments in U.S. agency securities are reported as having a maturity date of less than one year if they are expected to be called within one year.

A reconciliation of cash, deposits, and investments to amounts shown on the Statement of Net Position is as follows:

Cash, deposits, and investments:		Statement of Net Position	
Cash on hand	\$ 15,018	Cash and cash equivalents	\$ 214,582,388
Cash and deposits in bank	(610,144)	Short term investments	65,641,092
Total investments	356,800,882	Restricted cash and cash equivalents	
<b>Total</b>	<b>\$ 356,205,756</b>	held by trustee for capital projects	9,769,641
		Long term investments	20,707,363
		Endowment investments	45,505,272
		<b>Total</b>	<b>\$ 356,205,756</b>

## Note 4 - Capital Assets

Capital asset activity for year ended June 30, 2024, is presented as follows:

	Balance 7/1/2023	Additions / Increases	Retirements / Decreases	Balance 6/30/2024
Land	\$ 28,584,867			\$ 28,584,867
Construction in progress:				
Real property	18,087,723	\$ 511,014		18,598,737
Intangible assets	943,159		\$ 943,159	
Art and historical collection	24,596,427			24,596,427
<b>Total non-depreciable capital assets</b>	<b>\$ 72,212,176</b>	<b>\$ 511,014</b>	<b>\$ 943,159</b>	<b>\$ 71,780,031</b>
Buildings and improvements	\$ 1,187,946,801	\$ 13,600,487		\$ 1,201,547,288
Infrastructure	167,423,098	4,229,412		171,652,510
Equipment	98,924,461	5,049,462	\$ 3,559,773	100,414,150
Intangible assets, other than right-to-use	13,164,185			13,164,185
Library materials	45,501,886	52,654	30,442	45,524,098
<b>Total depreciable capital assets</b>	<b>\$ 1,512,960,431</b>	<b>\$ 22,932,015</b>	<b>\$ 3,590,215</b>	<b>\$ 1,532,302,231</b>
Less accumulated depreciation				
Buildings and improvements	\$ 525,387,534	\$ 33,155,140		\$ 558,542,674
Infrastructure	89,242,329	5,473,126		94,715,455
Equipment	72,530,195	5,433,416	\$ 3,287,604	74,676,007
Intangible assets, other than right-to-use	11,663,543	30,650		11,694,193
Library materials	45,060,674	150,690	29,784	45,181,580
<b>Total accumulated depreciation</b>	<b>\$ 743,884,275</b>	<b>\$ 44,243,022</b>	<b>\$ 3,317,388</b>	<b>\$ 784,809,909</b>
<b>Depreciable capital assets, net</b>	<b>\$ 769,076,156</b>	<b>\$ (21,311,007)</b>	<b>\$ 272,827</b>	<b>\$ 747,492,322</b>
Right-to-use assets				
Leased buildings	\$ 213,035,518	\$ 271,167		\$ 213,306,685
Leased equipment	3,243,296	1,208,731	\$ 134,762	4,317,265
Subscription assets	2,493,263	14,336,887		16,830,150
<b>Total right-to-use assets</b>	<b>\$ 218,772,077</b>	<b>\$ 15,816,785</b>	<b>\$ 134,762</b>	<b>\$ 234,454,100</b>
Less accumulated amortization				
Leased buildings	\$ 14,955,320	\$ 7,342,797		\$ 22,298,117
Leased equipment	1,418,626	1,048,151		2,466,777
Subscription assets	1,035,299	4,194,542		5,229,841
<b>Total accumulated amortization</b>	<b>\$ 17,409,245</b>	<b>\$ 12,585,490</b>	<b>\$ -</b>	<b>\$ 29,994,735</b>
<b>Right-to-use assets, net</b>	<b>\$ 201,362,832</b>	<b>\$ 3,231,295</b>	<b>\$ 134,762</b>	<b>\$ 204,459,365</b>
<b>Capital assets, net</b>	<b>\$ 1,042,651,164</b>	<b>\$ (17,568,698)</b>	<b>\$ 1,350,748</b>	<b>\$ 1,023,731,718</b>

In addition to expenditures through June 30, 2024, it is estimated that \$86 million will be required to complete projects under construction or planned for construction. Of that amount, \$45 million is contractually encumbered. These projects are being financed with a combination of 2020 lease revenue bonds, and University reserves.



## Note 5 - Long-Term Debt, Lease Obligations and Subscription-Based Information Technology Arrangements (SBITAS)

A summary of changes in the long-term debt activity for the year ended June 30, 2024, is presented as follows:

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Current Portion
Revenue Bonds Payable	\$ 346,465,000	\$ 57,975,000	\$ (75,665,000)	\$ 328,775,000	\$ 14,830,000
Direct Placement Revenue Bonds	148,085,000	-	(10,280,000)	137,805,000	10,580,000
Certificates of Participation	32,640,000	26,395,000	(31,025,000)	28,010,000	3,770,000
Subtotal long-term debt	\$ 527,190,000	\$ 84,370,000	\$ (116,970,000)	\$ 494,590,000	\$ 29,180,000
Premiums on Sale of Debt	44,375,393	7,568,191	(11,942,211)	40,001,373	3,290,900
Total long-term debt	\$ 571,565,393	\$ 91,938,191	\$ (128,912,211)	\$ 534,591,373	\$ 32,470,900

### Revenue Bonds Payable and Certificates of Participation

The University's bonded debt consists of various issues of System Revenue, Lease Revenue, and Stimulus Plan for Economic and Educational Development (SPEED) Revenue bonds that are generally callable with interest payable semiannually. Bond Proceeds are used to pay for acquiring or constructing capital facilities, infrastructure, and for refunding obligations from previously issued bonds.

For all outstanding SPEED revenue bonds, up to 80% of the debt service payments are payable from the University's SPEED revenue bond account monies, which are derived from certain revenues of the Arizona State Lottery as defined by State Statute. To the extent SPEED revenue bond account monies are not sufficient to make debt service payments, the SPEED revenue bonds are secured by a pledge of certain gross revenues, such as student tuition and fees, but that pledge is subordinate to the pledge of those gross revenues for the University's system revenue bonds.

The University utilizes Certificates of Participation (COPs) and Lease Revenue Bonds (LRB) to acquire buildings, land, and infrastructure. COPs and LRBs are generally callable, with interest payable semiannually and are collateralized by the acquired assets. In the event of a default, the underlying asset value would be removed from the University's financial statements and the control of the assets would return to the trustee. COPs were used to build the Applied Research and Development building, the Science Lab Facility, and to renovate the Engineering building. LRBs purchased Pine Ridge Village, McKay Village, High Country Conference Center, the Student and Academic Services building, and the Student Athlete High Performance Center (SAHPC).

During the year ended June 30, 2024, the University issued SPEED (revenue) bonds, System Revenue (SRB) bonds and Certificates of Participation (COPs) to advance-refund older, higher cost issues. Details of the refunding transactions are as follows:

	SPEED Revenue Bonds	System Revenue Bonds	Certificates of Participation
Amount of refunding debt issued	\$ 28,420,000	\$ 29,555,000	\$ 26,395,000
Amount of debt refunded	30,280,000	32,120,000	27,260,000
Reduction in debt service savings	1,815,285	3,371,225	1,435,392
Economic Gain (NPV savings)	1,153,801	3,266,337	1,289,646

The University refunded the 2014 System Revenue Bonds, 2013 SPEED Bonds, and the 2013 and 2015 COPs. The University used debt refunding proceeds to purchase securities that it placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. Refunded debt is considered defeased, and related liabilities are not included in the University's financial statements.

The University has pledged portions of its gross revenues towards the payment of debt related to system revenue bonds, system revenue refunding bonds, and SPEED revenue bonds outstanding at June 30, 2024. The bonds generally provide financing for various capital projects of the University. These pledged revenues include student tuition and fees, certain auxiliary enterprises revenue, investment income, and indirect cost recovery revenue. Pledged revenues do not include state appropriations, gifts, endowment income, or other restricted revenues. Pledged revenues have averaged \$308.2 million for the prior five years. For fiscal year 2024, pledged revenues totaled \$329.5 million of which approximately 9.4% (\$30.9 million) was required to cover current year debt service.

Future annual principal and interest payments on the bonds are expected to require approximately 6.96% of pledged revenues. Future pledged revenues required to pay all remaining related debt service for the bonds through final maturity of June 1, 2044, is \$435.8 million.

(in thousands)	Average Interest Rate	Final Maturity	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024
<b>Revenue Bonds:</b>						
2012 System Revenue	4.5%	6/1/2029	\$ 4,515		\$ (695)	\$ 3,820
2014 System Revenue and Refunding	5.0%	6/1/2038	34,840		(34,840)	-
2015 System Revenue Refunding	5.0%	6/1/2037	37,625		(2,520)	35,105
2016 System Revenue and Refunding	4.9%	6/1/2038	28,095		(515)	27,580
2020AB System Revenue Refunding	4.4%	6/1/2044	111,255		(135)	111,120
2024 System Revenue Refunding	5.0%	6/1/2038		\$ 29,555		29,555
<b>Subtotal - System Revenue Bonds</b>			<b>\$ 216,330</b>	<b>\$ 29,555</b>	<b>\$ (38,705)</b>	<b>\$ 207,180</b>
<b>Direct Placement Revenue Bonds:</b>						
2017 System Revenue Refunding	2.9%	6/1/2034	34,165		(2,680)	31,485
2017A System Revenue	2.6%	6/1/2038	19,310		(1,070)	18,240
2021AB System Revenue Refunding	1.9%	6/1/2031	19,785		(2,525)	17,260
<b>Subtotal - Direct Placement Bonds</b>			<b>\$ 73,260</b>	<b>\$ -</b>	<b>\$ (6,275)</b>	<b>\$ 66,985</b>
2013 SPEED Revenue	4.7%	8/1/2042	32,360		(32,360)	-
2020 SPEED Revenue Refunding	3.6%	8/1/2043	68,810		(3,790)	65,020
2024 SPEED Revenue Refunding	5.0%	8/1/2042		28,420		28,420
<b>Subtotal - SPEED Revenue Bonds</b>			<b>\$ 101,170</b>	<b>\$ 28,420</b>	<b>\$ (36,150)</b>	<b>\$ 93,440</b>
2014 Lease Revenue Student & Academic Services	5.0%	6/1/2044	28,965		(810)	28,155
<b>Subtotal - Lease Revenue Bonds</b>			<b>\$ 28,965</b>	<b>\$ -</b>	<b>\$ (810)</b>	<b>\$ 28,155</b>
<b>Direct Placement Lease Revenue Bonds:</b>						
2016 Lease Refunding North Campus	2.6%	6/1/2036	7,525		(495)	7,030
2017 Lease Refunding Pine Ridge/ Campus Heights	2.9%	6/1/2033	24,815		(1,995)	22,820
2020 Lease Revenue Student Athlete High Performance Center	2.8%	6/1/2044	42,485		(1,515)	40,970
<b>Subtotal - Direct Lease Revenue Bonds</b>			<b>\$ 74,825</b>	<b>\$ -</b>	<b>\$ (4,005)</b>	<b>\$ 70,820</b>
<b>Subtotal: Revenue Bonds</b>			<b>\$ 494,550</b>	<b>\$ 57,975</b>	<b>\$ (85,945)</b>	<b>\$ 466,580</b>
<b>Certificates of Participation (COP's):</b>						
2013 Refunding COP's	4.8%	9/1/2030	19,430		(19,430)	-
2015 Refunding COP's	4.9%	9/1/2030	13,210		(11,595)	1,615
2024 Refunding COP's	5.0%	9/1/2031		26,395	-	26,395
<b>Subtotal: COP's</b>			<b>\$ 32,640</b>	<b>\$ 26,395</b>	<b>\$ (31,025)</b>	<b>\$ 28,010</b>
<b>Total Par Amount of Bonds and COP's</b>			<b>\$ 527,190</b>	<b>\$ 84,370</b>	<b>\$ (116,970)</b>	<b>\$ 494,590</b>
<b>Discounts/Premiums on Sale of Bonds and COP's</b>			<b>\$ 44,375</b>	<b>\$ 7,568</b>	<b>\$ (11,942)</b>	<b>\$ 40,001</b>
<b>Total Bonds and COP's Payable</b>			<b>\$ 571,565</b>	<b>\$ 91,938</b>	<b>\$ (128,912)</b>	<b>\$ 534,591</b>

The following schedule details debt service requirements to maturity for System Revenue, Speed, and Lease Bonds and Certificates of Participation payable at June 30, 2024:

Year	System Revenue, Speed and Lease Bonds		Direct Placement System Revenue and Lease Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 14,830,000	\$ 14,801,158	\$ 10,580,000	\$ 3,717,154	\$ 3,770,000	\$ 1,247,858
2026	17,105,000	14,235,605	10,910,000	3,440,620	3,545,000	1,123,375
2027	18,400,000	13,398,480	11,240,000	3,155,222	3,730,000	941,500
2028	19,275,000	12,495,758	11,565,000	2,860,873	3,930,000	750,000
2029	20,315,000	11,548,238	11,900,000	2,557,645	4,125,000	548,625
2030-2034	101,535,000	43,096,010	51,085,000	8,192,641	8,910,000	451,000
2035-2039	94,335,000	20,692,942	18,070,000	3,108,873		
2040-2044	42,980,000	4,737,452	12,455,000	1,065,540		
<b>Total</b>	<b>\$ 328,775,000</b>	<b>\$ 135,005,643</b>	<b>\$ 137,805,000</b>	<b>\$ 28,098,568</b>	<b>\$ 28,010,000</b>	<b>\$ 5,062,358</b>



## Leases and Subscription-based information technology arrangements (SBITAs)

The University has entered into leases with various entities for right-to-use equipment, vehicles, classroom, office and student housing purposes, and has entered into subscription-based information technology arrangements with other entities for various right-to-use software. A summary of changes in lease and subscription activity for the year ended June 30, 2024, is presented as follows:

	Balance 7/1/23	Additions	Remeasure- ments	Deductions	Balance 6/30/24	Current Portion
Lease Liabilities	\$ 213,730,087	\$ 1,294,467	\$ 56,467	\$ (3,486,525)	\$ 211,594,496	\$ 3,034,577
Subscription Liabilities	1,532,362	4,685,049	-	(1,673,908)	4,543,503	1,817,928
<b>Total</b>	<b>\$ 215,262,449</b>	<b>\$ 5,979,516</b>	<b>\$ 56,467</b>	<b>\$ (5,160,433)</b>	<b>\$ 216,137,999</b>	<b>\$ 4,852,505</b>

### Leases

#### Statewide Campus Operations

The University maintains classroom and office space throughout 20+ statewide locations with various levels of operations. Many sites are located on community college campuses and other key locations that help meet the University goals of providing accessible educational opportunities statewide. Combined leased office and classroom space total approximately 85,100 square feet for significant sites. Lease terms are typically 5 years in duration, and future minimum lease payments for larger sites total approximately \$13.4 million.

#### Honors College

Located in the center of the University's main campus since 2019, the Honors College residence building houses over 700 students. The University operates the residence building under a 40-year sub lease with American Campus Communities, which constructed the building under a 40-year land lease with the University. Base lease payments increase 3% annually over the 40-year term and future minimum lease payments total approximately \$280 million through June 2057.

The following schedule details minimum lease payments to maturity for the University's leases payable at June 30, 2024:

Year ending June 30:	Principal	Interest	Total
2025	\$ 3,037,291	\$ 4,291,034	\$ 7,328,325
2026	3,434,027	4,198,075	7,632,102
2027	3,338,168	4,101,361	7,439,529
2028	3,273,727	4,017,601	7,291,328
2029	3,753,829	3,905,985	7,659,814
2030-2034	19,807,885	17,898,223	37,706,108
2035-2039	20,465,684	15,829,050	36,294,734
2040-2044	28,562,092	13,501,800	42,063,892
2045-2049	38,449,332	10,301,388	48,750,720
2050-2054	50,436,365	6,064,956	56,501,321
2055-2057	37,036,096	1,090,114	38,126,210
<b>Total</b>	<b>\$ 211,594,496</b>	<b>\$ 85,199,587</b>	<b>\$ 296,794,083</b>

#### Arizona Access Technology Program (AzTAP)

Created in 1994, Arizona's Assistive Technology Act Program, or AzTAP, works to improve the availability of assistive technology to individuals with disabilities and their families. The University's Institute for Human Development serves as the lead agency in the program, which operates in central Phoenix in leased space of approximately 5,700 square feet. Future minimum lease payments through January 2030 total approximately \$674,000.

#### Subscription Software

The University has obtained the right to use software applications under the provisions of various subscription-based information technology arrangements (SBITAs). These include systems that manage student relations, information technology and administrative service delivery, and data and system processes. In the Fall 2023, the University implemented a new Learning Management System (LMS) which included implementation costs of approximately \$9.6 million. Based on the end date of the current contractual obligations, future minimum software subscription payments through June 2027 total approximately \$4.7M.

The following schedule details minimum subscription payments to maturity for the University's subscription liabilities at June 30, 2024:

Year ending June 30:	Principal	Interest	Total
2025	\$ 1,817,928	\$ 105,733	\$ 1,923,661
2026	1,410,182	51,331	1,461,513
2027	1,258,438	2,573	1,261,011
2028	56,954	272	57,226
<b>Total</b>	<b>\$ 4,543,502</b>	<b>\$ 159,909</b>	<b>\$ 4,703,411</b>

## Note 6 – Self-Insurance Program

The University is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Arizona Revised Statutes §41-621 *et seq.* the University participates in a self-insurance program administered by the State of Arizona, Department of Administration, Risk Management Division. The State's Risk Management Program covers the University, subject to certain deductibles, for risks of loss related to such situations, 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. §41-621. Loss risks not covered by the Risk Management Program and for which the University has no insurance coverage are losses resulting from contractual breaches and losses that arise out of and are directly attributable to an act of 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.

The University has a Risk Management division that monitors and manages risk exposure. In the opinion of University management, any losses from the resolution of any other pending claims or litigation not covered by the Risk Management Program should not have a material effect on the University's financial statements. All estimated losses for unsettled claims and actions covered by the State's Risk Management Program are determined on an actuarial basis and are included in the State of Arizona's Annual Financial Report.

## Note 7 – Unearned Revenue and Deposits

Unearned revenue consists primarily of amounts received for tuition and fees for future terms, as well as money from grants and sponsors that have not yet been earned under the terms of the agreement. It also includes amounts received in advance for auxiliary services such as student housing or advance ticket sales for events.

Unearned revenue and deposits as of June 30, 2024, consist of the following:

<b>Current Unearned Revenue and Deposits</b>	
Tuition and Fees	\$ 10,853,232
Unexpended cash advances received for sponsored projects	14,694,426
Auxiliary sales and services	1,437,794
Deposits held for others	245,935
Endowment	26,928
<b>Total Unearned Revenue and Deposits \$</b>	<b><u>27,258,315</u></b>

## Note 8 - Accrued Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services already rendered. These balances are accrued when earned. Employees may carry forward from one calendar year to the next up to 320 accrued vacation hours depending on classification and years of service. Upon termination, compensatory time as well as accrued vacation hours up to 176 will be paid. At fiscal year-end, the University accrued all compensated absence balances accumulated to date as a liability in the financial statements.

Accrued compensated vacation for the year ended June 30, 2024, was as follows:

<b>Accrued Compensation</b>	
Beginning balance	\$ 8,734,423
Additions	12,023,245
Reductions	
Ending balance	<u>\$ 9,767,641</u>
<b>Current portion</b>	<b><u>\$ 831,583</u></b>

## Note 9 - Operating Expense by Natural Classification

The University's operating expenses presented in the Statement of Revenues, Expenses, and Changes in Net Position by natural and functional classification are summarized in the table below:

**For the Year Ended June 30, 2024**

	Personal Services and Benefits	Operations	Scholarships	Depreciation and Amortization	Total
Functional Classification:					
Educational and general					
Instruction	\$ 162,864,197	\$ 24,920,843			\$ 187,785,040
Research	45,952,799	24,214,678			70,167,477
Public service	23,256,994	21,135,205			44,392,199
Academic support	39,802,035	8,734,213			48,536,248
Student services	35,721,628	21,975,052			57,696,680
Institutional support	61,187,321	32,614,811			93,802,132
Operation and maintenance of plant	2,996,693	21,748,879			24,745,572
Scholarships			\$ 34,973,795		34,973,795
Auxiliary enterprises	44,636,962	14,604,886			59,241,848
Depreciation and amortization				\$ 56,828,512	56,828,512
<b>Total</b>	<b>\$ 416,418,629</b>	<b>\$ 169,948,567</b>	<b>\$ 34,973,795</b>	<b>\$ 56,828,512</b>	<b>\$ 678,169,503</b>



## Note 10 – Pension 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 administered by independent insurance and annuity companies approved by ABOR. The University also contributes to the Public Safety Personnel Retirement System (PSPRS), a state administered multiple-employer defined benefit pension plan. Although the defined contribution plans and PSPRS net pension liabilities have been recorded at June 30, 2024, the defined contribution plans and PSPRS have not been further disclosed due to their relative insignificance to the University's financial statements. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

The University's net pension liability at June 30, 2024, was comprised of the following:

ASRS	\$ 172,350,188
PSPRS	362,429
Defined Contribution Pension Plans	2,646,110
<b>Total net pension liability</b>	<b>\$ 175,358,727</b>

Changes in the University's net pension liability during the fiscal year ended June 30, 2024, were as follows:

Beginning balance	\$ 177,226,362
Increases	34,604,482
Decreases	(36,472,117)
<b>Ending balance</b>	<b>\$ 175,358,727</b>
<b>Current portion</b>	<b>\$ 716,885</b>

## Defined Benefit Plan

### Plan Description

The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. Full benefit eligible classified staff are required to participate in this plan. Full benefit eligible University faculty, academic professionals, and administrative officers 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.

### Benefits Provided

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

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

\*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. 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, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.14 percent for retirement of the members' annual covered payroll, and statute required the University to contribute at the actuarially determined rate of 12.03 percent for retirement of the active members' annual covered payroll. In addition, the University was required by statute to contribute at the actuarially determined rate of 9.94 percent for retirement of annual covered payroll of retired members who worked for the University in positions that an employee who contributes to the ASRS would typically fill. The University's contributions to the pension plan for the year ended June 30, 2024, were \$19,465,337.

## Pension Liability

At June 30, 2024, the University reported a liability of \$172,350,188 for its proportionate share of the ASRS's net pension liability. The net pension liability was measured as of June 30, 2023. 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, 2022, to the measurement date of June 30, 2023.

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, 2023. The University's proportion measured as of June 30, 2023, was 1.07 percent and was an increase of .01 from its proportion measured as of June 30, 2022.

## Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the University recognized pension expense for ASRS of \$20,052,810. At June 30, 2024, the University reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,894,427	
Net difference between projected and actual earnings on pension plan investments		\$ 6,097,899
Changes in proportion and differences between University contributions and proportionate share of contributions	153,815	
University contributions subsequent to the measurement date	19,465,337	
<b>Total</b>	<b>\$ 23,513,579</b>	<b>\$ 6,097,899</b>

The \$19,465,337 reported as deferred outflows of resources related to ASRS pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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:

Year Ended June 30	Pension Expense
2025	\$ (739,213)
2026	(7,124,417)
2027	6,571,733
2028	(757,760)

### Actuarial Assumptions

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

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9 - 8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5 year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Geometric Real Rate of Return
Public Equity	44%	3.50%
Credit	23%	5.90%
Interest Rate Sensitive	6%	1.50%
Real estate	17%	5.90%
Private Equity	10%	6.70%
<b>Total</b>	<b>100%</b>	

### Discount Rate

At June 30, 2023, the discount rate used to measure the ASRS total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the University's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

University's proportionate share of the net pension liability		
1% decrease (6.0%)	\$	258,155,269
Current discount rate (7.0%)		172,350,188
1% increase (8.0%)		100,803,930

### 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's accrued payroll and employee benefits included \$758,718 for outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2024.

## Note 11 – Subsequent Events

The University has evaluated subsequent events and determined there have been no events that have occurred that would require adjustments to the University's financial statements. However, Northern Arizona Capital Facilities Financing Corporation (NACFFC) was authorized to issue \$28.155M in Lease Revenue Bonds at fiscal year-end, and subsequently in July 2024, NACFFC issued \$25.97M Lease Revenue Bonds to advance-refund older, higher cost issues. Details of the refunding transaction is as follows:

### 2014 Lease Revenue Bonds - Student & Academic Services

Amount of refunding debt issued	\$	25,970,000
Amount of debt refunded		28,155,000
Reduction in debt service savings		2,624,665
Economic Gain (NPV savings)		2,494,810



## Note 12 – Discretely Presented Component Unit Disclosures

### A. Principal Activity and Significant Accounting Policies

#### Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to permanent endowment, or other long-term purposes of the Foundation are excluded from this definition.

#### Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2024, the allowance was \$381,219.

#### Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

For management efficiency, investments of the net assets with donor restrictions and net assets without donor restrictions are pooled, except for certain assets that the board of directors or the donors have designated to be segregated and maintained separately.

#### Receivables and Credit Policy

Allowance for uncollectable accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivables are written off when deemed uncollectable. There was no allowance at June 30, 2024.

#### Cash Surrender Value of Life Insurance

The Foundation is the owner and beneficiary of six life insurance policies covering the lives of certain donors to the Foundation. The policies are recorded at their cash surrender value at the policy's anniversary date. Policy earnings and expenses are included in the accompanying consolidated statement of activities.

#### Educational Broadband Services License and Deferred Revenue

The Foundation has been granted several educational broadband services (EBS) licenses from the Federal Communications Commission (FCC), which have been fully amortized since the date of donation. Additionally, the Foundation has entered into an agreement to purchase EBS licenses with initial funding of \$15,000,000 from an outside corporation. Under the agreement, the Foundation purchases EBS licenses and then subsequently leases the licenses to the outside corporation. The Foundation recognizes revenue at the time of purchase of an EBS license and recognizes rent revenue for the duration of the lease agreement. Any unspent proceeds from the initial funding are reflected as deferred revenue in the accompanying consolidated statement of financial position. The balance of deferred revenue related to EBS licenses was \$830,795 at July 1, 2023.

The cost of the purchased licenses is amortized using the straight-line method over estimated useful lives of ten years or the remaining life of the license, whichever is shorter at time of acquisition.

#### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, board-designated endowments.

*Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction

is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **Revenue and Revenue Recognition**

Revenue from EBS leases, investment activities, management fees, other fees and charges, and non-contribution related revenue is recognized when earned. Revenue received in advance is recorded as deferred revenue in the accompanying consolidated statement of financial position. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2024, contributions of approximately \$7,009,000 for which no amounts have been received in advance have not been recognized in the accompanying consolidated statement of activities.

### **Financial Instruments and Credit Risk**

The Foundation manages deposit concentration risk by placing cash and investments with financial institutions and investment brokerage firms believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds held at financial institutions. There were no amounts in excess of insured limits at June 30, 2024. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates.

Investments are made by an investment manager whose performance is monitored by management and the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the board of directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

## **B. Endowments**

The Foundation's endowment (the Endowment) consists of approximately 979 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions designated for quasi-endowment by the board of directors, and quasi-endowments set up by donors that are working to the level of required investment to qualify as an Endowment under the Foundation's donor guidelines. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's board of directors has interpreted the Arizona Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment) and (b) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Foundation had the following endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment	\$ 16,099,090		\$ 16,099,090
Donor-restricted quasi-endowment		\$ 7,311,308	7,311,308
Donor-restricted for permanent endowment			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor		113,966,016	113,966,016
Accumulated investment gains		57,032,714	57,032,714
Total	\$ 16,099,090	\$ 178,310,038	\$ 194,409,128

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024, funds with original gift values of approximately \$1,664,425, fair values of approximately \$1,552,439, and deficiencies of approximately \$111,986 are reported in net assets with donor restrictions.

### C. Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Foundation's investment assets are classified within Level 1 because they are comprised of common stock, money market funds, and open-end mutual funds with readily determinable fair values based on daily market prices or redemption values. Corporate bonds and certificates of deposit are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions. These are classified within Level 2.

The fair values of obligations under split-interest agreements are determined using present value techniques, actuarial tables, the fair values of trust investments as reported by the trustees or held by the Foundation, and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and liabilities. The fair values of beneficial interests in charitable and perpetual trusts are determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements. The fair value of the cash surrender value of life insurance is based on the amount to be paid if the policy is surrendered prior to the death of the insured as predetermined by the insurance companies.

The Foundation measures the fair value of assets held in custody for others based on a pooling of investments based on a net asset value per share of the pool. Since the fair value of the majority of the liability balance is based primarily upon the observable inputs used during the valuation of the assets but not based upon identical inputs for identical agency liabilities, a Level 2 classification has been assigned for the inputs used to determine the fair value of the majority of assets held in custody for others liability.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2024:

	Amount	Fair Value Measurements at Report Date Using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Operating investments				
Mutual Fund				
Municipal Bond Mutual Fund	\$ 41,420,795	\$ 41,420,795		
Exchange Traded Funds	1,088,524	1,088,524		
Equity Mutual Funds	126,653,521	126,653,521		
International Bond Mutual Funds	12,398,992	12,398,992		
International Equity Mutual Funds	91,809,151	91,809,151		
Common Stock	6,252,102	6,252,102		
Certificates of Deposit	248,405		\$ 248,405	
Corporate Bonds	202,556		202,556	
Cash and Cash Equivalents	886,420	886,420		
Total	\$ 280,960,466	\$ 280,509,505	\$ 450,961	
Cash surrender value of life insurance	\$ 7,923,642		\$ 7,923,642	
Assets held under split-interest agreements				
Mutual Fund				
Corporate Bond Mutual Fund	\$ 1,506,930	\$ 1,506,930		
Equity Mutual Funds	1,387,695	1,387,695		
Alternative Investment Mutual Funds	58,905	58,905		
Money Market Funds	46,813	46,813		
Total	\$ 3,000,343	\$ 3,000,343		
Beneficial interests in				
Perpetual trusts	\$ 3,658,676		\$ 3,658,676	

	Fair Value Measurements at Report Date Using			
	Amount	Level 1	Level 2	Level 3
<b>Liabilities</b>				
Assets held in custody for others	\$ 47,575,554		\$ 47,575,554	
Liabilities under split-interest agreements	\$ 2,031,587		\$ 2,031,587	

## D. Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2024:

Within one year	\$ 3,520,783
In one to five years	5,662,639
Over five years	2,848,439
	<u>\$ 12,031,861</u>
Less discount to present value at rates ranging from 0.07% to 4.36%	(542,440)
Less allowance for uncollectible promises to give	(381,219)
	<u>\$ 11,108,202</u>

At June 30, 2024, two donors accounted for approximately 44% of gross promises to give.

## E. Assets Held in Custody for Others

The Foundation maintains certain assets on behalf of others. The balances of assets held in custody for others consist of the following at June 30, 2024:

Cash	\$ 3,766,180
Pledges receivable	500
Investments	43,036,390
Beneficial interest in perpetual trust	772,484
	<u>\$ 47,575,554</u>
Assets held on behalf of:	
Northern Arizona University	\$ 47,223,225
NAU Parents' Association	352,329
	<u>\$ 47,575,554</u>

## F. Related Party Transactions

Members of the Foundation's board of directors have made contributions and pledges to the Foundation in the current and prior years. At June 30, 2024, gross unconditional pledges receivable from these members totaled \$421,551. During the year ended June 30, 2024, the Foundation recognized contribution revenue from these donors of \$170,828.

During the year ended June 30, 2024, the Foundation recognized expenses for scholarships to Northern Arizona University of \$4,104,838 and grants and assistance to Northern Arizona University of \$16,734,148.

# Required Supplementary Information

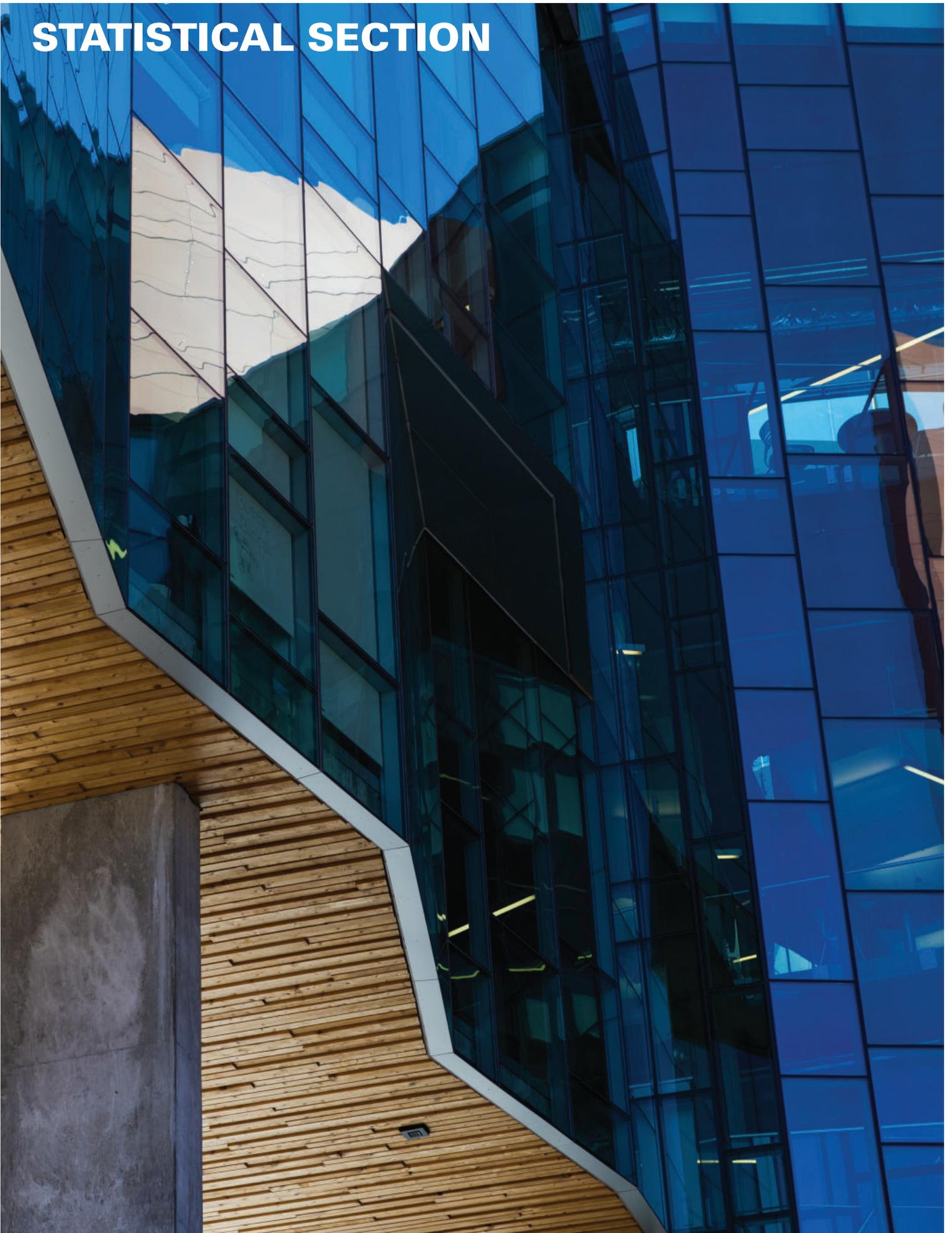
## Schedule of University's Proportionate Share of Net Pension Liability - Arizona State Retirement System - June 30, 2024

Year Ended June 30, Reporting Fiscal Year (Measurement Date)	University's proportion of the net pension liability	University's proportionate share of the net pension liability	University's covered payroll (Measurement Date)	University's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024 / (2023)	1.07%	\$ 172,350,188	\$ 141,916,618	121%	75.47%
2023 / (2022)	1.06%	173,789,215	127,672,079	136%	74.26%
2022 / (2021)	1.06%	139,551,282	120,281,108	116%	78.58%
2021 / (2020)	1.12%	194,502,316	123,967,911	157%	69.33%
2020 / (2019)	1.17%	170,081,275	123,597,111	138%	73.24%
2019 / (2018)	1.17%	163,184,982	116,750,466	140%	73.40%
2018 / (2017)	1.14%	177,603,799	111,651,187	159%	69.92%
2017 / (2016)	1.14%	183,823,445	106,912,713	172%	67.06%
2016 / (2015)	1.13%	175,686,559	104,361,657	168%	68.35%
2015 / (2014)	1.06%	156,806,397	96,736,181	162%	69.49%

## Schedule of University's Pension Contributions - Arizona State Retirement System - June 30, 2024

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2024	\$ 19,465,337	\$ 19,465,337		\$ 163,914,066	11.88%
2023	16,836,281	16,836,281		141,916,618	11.86%
2022	15,276,308	15,276,308		127,672,080	11.97%
2021	13,972,217	13,972,217		120,281,108	11.62%
2020	14,158,925	14,158,925		123,967,911	11.42%
2019	13,793,782	13,793,782		123,597,111	11.16%
2018	12,679,186	12,679,186		116,750,466	10.86%
2017	11,988,535	11,988,535		111,651,187	10.74%
2016	11,554,333	11,554,333		106,912,713	10.81%
2015	11,318,482	11,318,482		104,361,657	10.85%

# STATISTICAL SECTION



# Narrative to the Statistical Section

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

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- Academic Year Tuition and Required Fees
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place.

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

- Faculty and Staff
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## Net Position by Component

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net Investment in Capital Assets	\$277,524	\$269,975	\$234,713	\$262,474	\$248,641	\$245,903	\$232,568	\$269,240	\$265,882	\$268,007
Restricted, Non-expendable	24,611	23,480	17,039	17,969	19,142	26,258	25,107	24,625	23,593	22,540
Restricted, Expendable	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184	32,598
Unrestricted	35,455	38,806	26,352	(40,935)	(70,943)	(60,756)	(59,530)	(45,408)	(39,221)	(32,051)
<b>Total Net Position</b>	<b>\$442,631</b>	<b>\$404,608</b>	<b>\$350,009</b>	<b>\$307,413</b>	<b>\$250,898</b>	<b>\$259,551</b>	<b>\$242,739</b>	<b>\$287,650</b>	<b>\$282,438</b>	<b>\$291,094</b>
Expressed as a percent of the total	%	%	%	%	%	%	%	%	%	%
Net Investment in Capital Assets	62.7	66.7	67.1	85.4	99.2	94.8	95.8	93.6	94.1	92.1
Restricted, Non-expendable	5.6	5.8	4.9	5.8	7.6	10.1	10.3	8.6	8.4	7.7
Restricted, Expendable	23.7	17.9	20.5	22.1	21.5	18.5	18.4	13.6	11.4	11.2
Unrestricted	8.0	9.6	7.5	(13.3)	(28.3)	(23.4)	(24.5)	(15.8)	(13.9)	(11.0)
<b>Total Net Position</b>	<b>100.0</b>									
% increase/(decrease) from prior year	%	%	%	%	%	%	%	%	%	%
Net Investment in Capital Assets	2.8	15.0	(10.6)	5.6	1.1	5.7	(13.6)	1.3	(0.8)	14.4
Restricted, Non-expendable	4.8	37.8	(5.2)	(6.1)	(27.1)	4.6	2.0	4.4	4.7	3.5
Restricted, Expendable	45.2	0.6	5.9	25.6	12.3	8.0	13.8	21.8	(1.3)	10.6
Unrestricted	(8.6)	47.3	164.4	42.3	(16.8)	(2.1)	(31.1)	(15.8)	(22.4)	(120.8)
<b>Total Net Position</b>	<b>9.4</b>	<b>15.6</b>	<b>13.9</b>	<b>22.5</b>	<b>(3.3)</b>	<b>6.9</b>	<b>(15.6)</b>	<b>1.8</b>	<b>(3.0)</b>	<b>(33.8)</b>

Note: The University implemented GASB 68 and GASB 71 in FY 2015, historical data has not been restated in the statistical section.

The University implemented GASB 75 in FY 2018, historical data has not been restated in the statistical section.

The University implemented GASB 87 in FY 2022, historical data has not been restated in the statistical section.

The University implemented GASB 96 in FY 2023, historical data has not been restated in the statistical section.

# Operating Expenses by Natural Classification

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Personal Services	\$321,829	\$293,953	\$267,141	\$251,970	\$267,900	\$260,390	\$254,688	\$243,537	\$233,543	\$233,110
Benefits	103,954	94,556	89,006	87,732	92,137	89,195	86,550	82,172	78,687	77,386
Pensions and OPEB (1)	(9,364)	(11,201)	(16,860)	(3,923)	(2,487)	(15,094)	(2,521)	11,741	10,926	3,149
Personal Services and Benefits	416,419	377,308	339,287	335,779	357,550	334,491	338,717	337,450	323,156	313,645
Operations	169,949	164,186	145,159	117,181	142,004	140,987	136,563	130,446	119,182	113,048
Scholarships	34,974	30,648	74,028	53,646	46,946	39,857	38,658	35,290	31,485	29,068
Depreciation	56,828	53,568	51,353	42,055	45,239	42,822	42,830	41,538	37,964	35,123
<b>Total Operating Expenses by Natural Classification</b>	<b>\$678,170</b>	<b>\$625,710</b>	<b>\$609,827</b>	<b>\$548,661</b>	<b>\$591,739</b>	<b>\$558,157</b>	<b>\$556,768</b>	<b>\$544,724</b>	<b>\$511,787</b>	<b>\$490,884</b>

Expressed as a percent of the total	%	%	%	%	%	%	%	%	%	%
Personal Services	47.5	47.0	43.8	45.9	45.3	46.6	45.7	44.7	45.6	47.5
Benefits	15.3	15.1	14.6	16.0	15.6	16.0	15.6	15.1	15.4	15.8
Pensions and OPEB (1)	(1.4)	(1.8)	(2.8)	(0.7)	(0.4)	(2.7)	(0.4)	2.2	2.1	0.6
Personal Services and Benefits	61.4	60.3	55.6	61.2	60.5	59.9	60.9	62.0	63.1	63.9
Supplies and Services	25.1	26.2	23.8	21.4	24.0	25.3	24.5	23.9	23.3	23.0
Student Aid	5.1	4.9	12.1	9.8	7.9	7.1	6.9	6.5	6.2	5.9
Depreciation	8.4	8.6	8.5	7.6	7.6	7.7	7.7	7.6	7.4	7.2

<b>Total Operating Expenses by Natural Classification</b>	<b>100.0</b>									
% increase (decrease) from prior year	%	%	%	%	%	%	%	%	%	%
Personal Services	9.5	10.0	6.0	(5.9)	2.9	2.2	4.6	4.3	0.2	4.8
Benefits	9.9	6.2	1.5	(4.8)	3.3	3.1	5.3	4.4	1.7	8.7
Pensions and OPEB (1)	(16.4)	(33.6)	329.8	57.7	(83.5)	498.7	(121.5)	7.5	247.0	
Personal Services and Benefits	10.4	11.2	1.0	(6.1)	6.9	(1.2)	0.4	4.4	3.0	6.8
Supplies and Services	3.5	13.1	23.9	(17.5)	0.7	3.2	4.7	9.5	5.4	3.5
Student Aid	14.1	(58.6)	38.0	14.3	17.8	3.1	9.5	12.1	8.3	14.4
Depreciation	6.1	4.3	22.1	(7.0)	5.6	(0.0)	3.1	9.4	8.1	5.6
<b>Total Operating Expenses by Natural Classification</b>	<b>8.4</b>	<b>2.6</b>	<b>11.1</b>	<b>(7.3)</b>	<b>6.0</b>	<b>0.2</b>	<b>2.2</b>	<b>6.4</b>	<b>4.3</b>	<b>6.4</b>

(1) Implementation of GASB 45/75 (OPEB) and GASB 68 (Pensions) resulted in recognition of benefit-related operating expenses/revenue each year. The impact of the implementation has been presented separately for comparability purposes.

# Change in Net Position

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Revenues</b>										
Operating Revenues										
Student tuition and fees, net	\$201,626	\$195,450	\$200,933	\$218,452	\$233,911	\$237,605	\$236,790	\$237,930	\$217,047	\$205,550
Governmental grants and contracts	59,571	49,313	42,237	40,695	38,514	35,287	29,818	25,802	22,772	22,288
Private grants and contracts	9,768	6,321	4,541	5,573	4,866	4,618	4,127	4,372	3,438	2,793
Residence Life	48,075	43,797	38,533	28,753	33,189	35,729	32,437	32,791	32,141	31,602
Other auxiliaries	37,666	34,076	30,554	24,605	24,917	29,850	34,042	27,656	24,745	23,443
Other revenues	27,945	23,220	18,516	14,913	19,438	24,931	22,362	23,110	21,577	23,215
<b>Total Operating Revenues</b>	<b>\$384,651</b>	<b>\$352,177</b>	<b>\$335,314</b>	<b>\$332,991</b>	<b>\$354,835</b>	<b>\$368,020</b>	<b>\$359,576</b>	<b>\$351,661</b>	<b>\$321,720</b>	<b>\$308,891</b>
<b>Expenses</b>										
Operating Expenses										
Instruction	\$187,785	\$174,993	\$155,023	\$148,212	\$171,180	\$168,338	\$174,245	\$176,334	\$169,385	\$167,080
Research	70,167	58,678	51,895	51,635	55,608	46,113	40,655	36,068	30,142	25,461
Public service	44,392	37,034	30,853	24,735	28,945	30,924	31,665	28,866	28,163	27,009
Academic support	48,536	46,400	40,281	38,880	36,939	38,445	39,482	41,074	40,506	36,182
Student services	57,697	54,320	56,525	56,192	69,409	57,210	55,138	54,246	53,834	50,335
Institutional support	93,802	84,430	79,975	71,831	70,740	62,202	64,158	59,238	52,447	57,141
Operation and maintenance of plant	24,746	35,322	27,162	22,648	23,368	27,456	29,031	31,003	29,790	25,779
Scholarship and fellowship	34,974	30,648	74,028	53,646	46,946	39,857	38,659	35,290	31,485	29,068
Auxiliary enterprises	59,242	50,317	42,733	38,827	43,365	44,790	40,905	41,067	38,071	37,706
Depreciation	56,829	53,568	51,353	42,055	45,239	42,822	42,830	41,538	37,964	35,123
<b>Total Operating Expenses</b>	<b>\$678,170</b>	<b>\$625,710</b>	<b>\$609,828</b>	<b>\$548,661</b>	<b>\$591,739</b>	<b>\$558,157</b>	<b>\$556,768</b>	<b>\$544,724</b>	<b>\$511,787</b>	<b>\$490,884</b>
<b>Operating loss</b>	<b>\$(293,519)</b>	<b>\$(273,533)</b>	<b>\$(274,514)</b>	<b>\$(215,670)</b>	<b>\$(236,904)</b>	<b>\$(190,137)</b>	<b>\$(197,192)</b>	<b>\$(193,063)</b>	<b>\$(190,067)</b>	<b>\$(181,993)</b>
<b>Nonoperating Revenues (Expenses)</b>										
State operating appropriations	\$144,555	\$165,322	\$138,737	\$107,396	\$113,523	\$103,200	\$99,716	\$100,106	\$94,633	\$112,026
Share of state tax-TRIF	46,666	19,560	39,777	17,079	16,943	15,844	14,339	13,752	13,827	13,267
Government grants	104,216	96,224	146,393	119,622	86,950	73,183	71,612	68,533	66,142	59,658
Private gifts and grants	24,880	15,343	14,294	13,259	14,550	14,175	14,460	14,050	13,093	13,032
Investment income/ (loss)	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863	959	1,771
Interest on debt	(21,607)	(24,006)	(24,705)	(22,441)	(23,990)	(28,084)	(28,061)	(28,144)	(27,187)	(22,723)
Other nonoperating revenues, net	5,711	7,352	8,695	8,361	5,957	14,330	16,126	15,488	10,578	8,271
<b>Net Nonoperating Revenues</b>	<b>\$325,078</b>	<b>\$292,839</b>	<b>\$313,775</b>	<b>\$258,388</b>	<b>\$218,529</b>	<b>\$198,903</b>	<b>\$192,490</b>	<b>\$187,648</b>	<b>\$172,045</b>	<b>\$185,302</b>
<b>Income/(loss) before other revenues, expenses, gains, or losses</b>	<b>\$31,559</b>	<b>\$19,306</b>	<b>\$39,261</b>	<b>\$42,718</b>	<b>\$(18,375)</b>	<b>\$8,766</b>	<b>\$(4,702)</b>	<b>\$(5,415)</b>	<b>\$(18,022)</b>	<b>\$3,309</b>
Capital appropriations	\$5,303	\$5,301	\$5,040	\$4,879	\$5,900	\$5,896	\$5,897	\$4,247	\$5,493	\$5,827
Capital grants and gifts	20	29,075	1,420	7,974	2,870	1,164	3,321	5,474	3,010	60
Additions to permanent endowments	1,141	917	906	943	952	986	922	906	863	858
<b>Increase/(Decrease) in Net Position</b>	<b>\$38,023</b>	<b>\$54,599</b>	<b>\$46,627</b>	<b>\$56,514</b>	<b>\$(8,653)</b>	<b>\$16,812</b>	<b>\$5,438</b>	<b>\$5,212</b>	<b>\$(8,656)</b>	<b>\$10,054</b>
Total Revenues	\$737,799	\$704,570	\$681,879	\$627,616	\$607,076	\$603,053	\$590,267	\$578,080	\$530,318	\$523,661
Total Expenses	699,776	649,971	635,252	571,102	615,729	586,241	584,829	572,868	538,974	513,607
<b>Increase/(Decrease) in Net Position</b>	<b>\$38,023</b>	<b>\$54,599</b>	<b>\$46,627</b>	<b>\$56,514</b>	<b>\$(8,653)</b>	<b>\$16,812</b>	<b>\$5,438</b>	<b>\$5,212</b>	<b>\$(8,656)</b>	<b>\$10,054</b>

## Change in Net Position (Continued)

(Expressed as a percent of Total Revenues / Total Expenses)

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Revenues</b>	%	%	%	%	%	%	%	%	%	%
Operating Revenues										
Student tuition and fees, net	27.3	27.8	29.5	34.8	38.5	39.4	40.1	41.2	40.9	39.3
Governmental grants and contracts	8.1	7.0	6.2	6.5	6.3	5.9	5.1	4.5	4.3	4.3
Private grants and contracts	1.3	0.9	0.7	0.9	0.8	0.8	0.7	0.8	0.6	0.5
Residence life	6.5	6.2	5.6	4.6	5.5	5.9	5.5	5.7	6.1	6.0
Other auxiliaries	5.1	4.8	4.5	3.9	4.1	4.9	5.8	4.8	4.7	4.5
Other revenues (1)	3.8	3.3	2.7	2.4	3.2	4.1	3.8	4.0	4.1	4.4
<b>Total Operating Revenues</b>	<b>52.1</b>	<b>50.0</b>	<b>49.2</b>	<b>53.1</b>	<b>58.4</b>	<b>61.0</b>	<b>61.0</b>	<b>61.0</b>	<b>60.7</b>	<b>59.0</b>
<b>Expenses</b>										
Operating Expenses										
Instruction	26.8	26.9	24.4	25.9	27.8	28.7	29.8	30.8	31.4	32.5
Research	10.0	9.0	8.2	9.0	9.0	7.9	7.0	6.3	5.6	5.0
Public service	6.3	5.7	4.9	4.3	4.7	5.3	5.4	5.0	5.2	5.3
Academic support	6.9	7.1	6.3	6.8	6.0	6.6	6.8	7.2	7.5	7.0
Student services	8.2	8.4	8.9	9.8	11.3	9.8	9.4	9.5	10.0	9.8
Institutional support	13.4	13.0	12.6	12.6	11.5	10.6	11.0	10.3	9.7	11.1
Operation and maintenance of plant	3.5	5.4	4.3	4.0	3.8	4.7	5.0	5.4	5.5	5.0
Scholarships and fellowships	5.0	4.7	11.7	9.4	7.6	6.8	6.6	6.2	5.8	5.7
Auxiliary enterprises	8.5	7.7	6.7	6.8	7.0	7.6	7.0	7.2	7.1	7.3
Depreciation	8.1	8.2	8.1	7.4	7.3	7.3	7.3	7.3	7.0	6.8
<b>Total Operating Expenses</b>	<b>96.7</b>	<b>96.1</b>	<b>96.1</b>	<b>96.0</b>	<b>96.0</b>	<b>95.3</b>	<b>95.3</b>	<b>95.2</b>	<b>94.8</b>	<b>95.5</b>
<b>Operating loss</b>	<b>(39.8)</b>	<b>(38.8)</b>	<b>(40.3)</b>	<b>(34.3)</b>	<b>(39.0)</b>	<b>(31.5)</b>	<b>(33.4)</b>	<b>(33.4)</b>	<b>(35.8)</b>	<b>(34.8)</b>
<b>Nonoperating Revenues (Expenses)</b>										
State operating appropriations	19.6	23.5	20.3	17.1	18.7	17.1	16.9	17.3	17.8	21.4
Share of state tax-TRIF	6.3	2.8	5.8	2.7	2.8	2.6	2.4	2.4	2.6	2.5
Government grants	14.1	13.7	21.5	19.0	14.3	12.1	12.1	11.9	12.5	11.4
Private gifts	3.4	2.2	2.1	2.1	2.4	2.4	2.4	2.4	2.5	2.5
Investment income	2.8	1.9	(1.4)	2.4	0.8	1.0	0.7	0.7	0.2	0.3
Interest on debt	(3.1)	(3.7)	(3.9)	(3.9)	(3.9)	(4.8)	(4.8)	(4.9)	(5.0)	(4.4)
Other nonoperating revenues, net	0.8	1.0	1.3	1.3	1.0	2.4	2.7	2.7	2.0	1.6
<b>Net Nonoperating Revenues</b>	<b>43.9</b>	<b>41.4</b>	<b>45.7</b>	<b>40.7</b>	<b>36.1</b>	<b>32.8</b>	<b>32.4</b>	<b>32.5</b>	<b>32.6</b>	<b>35.3</b>
<b>Income/(loss) before other revenues, expenses, gains, or losses</b>	<b>4.1</b>	<b>2.6</b>	<b>5.4</b>	<b>6.4</b>	<b>(2.9)</b>	<b>1.3</b>	<b>(1.0)</b>	<b>(0.9)</b>	<b>(3.3)</b>	<b>0.5</b>
Capital appropriations	0.8	0.8	0.7	0.8	1.0	1.0	1.0	0.7	1.0	1.1
Capital grants	0.0	4.1	0.2	1.3	0.5	0.2	0.6	0.9	0.6	0.0
Additions to permanent endowments	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Increase/(Decrease) in Net Position</b>	<b>5.2</b>	<b>7.6</b>	<b>6.8</b>	<b>9.0</b>	<b>(1.4)</b>	<b>2.8</b>	<b>0.9</b>	<b>0.9</b>	<b>(1.5)</b>	<b>1.8</b>

## Change in Net Position (Continued)

(Percentage increase (decrease) from prior year)

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Revenues</b>	%	%	%	%	%	%	%	%	%	%
Operating Revenues										
Student tuition and fees, net	3.2	(2.7)	(8.0)	(6.6)	(1.6)	0.3	(0.5)	9.6	5.6	8.9
Governmental grants and contracts	20.8	16.8	3.8	5.7	9.1	18.3	15.6	13.3	2.2	13.7
Private grants and contracts	54.5	39.2	(18.5)	14.5	5.4	11.9	(5.6)	27.2	23.1	(2.5)
Residence life	9.8	13.7	34.0	(13.4)	(7.1)	10.1	(1.1)	2.0	1.7	5.8
Other auxiliaries	10.5	11.5	24.2	(1.3)	(16.5)	(12.3)	23.1	11.8	5.6	9.4
Other revenues	20.3	25.4	24.2	(23.3)	(22.0)	11.5	(3.2)	7.1	(7.1)	14.7
<b>Total Operating Revenues</b>	<b>9.2</b>	<b>5.0</b>	<b>0.7</b>	<b>(6.2)</b>	<b>(3.6)</b>	<b>2.3</b>	<b>2.3</b>	<b>9.3</b>	<b>4.2</b>	<b>9.2</b>
<b>Expenses</b>										
Operating Expenses										
Instruction	7.3	12.9	4.6	(13.4)	1.7	(3.4)	(1.2)	4.1	1.4	7.1
Research	19.6	13.1	0.5	(7.1)	20.6	13.4	12.7	19.7	18.4	8.0
Public service	19.9	20.0	24.7	(14.5)	(6.4)	(2.3)	9.7	2.5	4.3	5.1
Academic support	4.6	15.2	3.6	5.3	(3.9)	(2.6)	(3.9)	1.4	12.0	6.8
Student services	6.2	(3.9)	0.6	(19.0)	21.3	3.8	1.6	0.8	7.0	(0.3)
Institutional support	11.1	5.6	11.3	1.5	13.7	(3.0)	8.3	12.9	(8.2)	6.4
Operation and maintenance of plant	(29.9)	30.0	19.9	(3.1)	(14.9)	(5.4)	(6.4)	4.1	15.6	(3.4)
Scholarships and fellowships	14.1	(58.6)	38.0	14.3	17.8	3.1	9.5	12.1	8.3	14.4
Auxiliary enterprises	17.7	17.7	10.1	(10.5)	(3.2)	9.5	(0.4)	7.9	1.0	15.1
Depreciation	6.1	4.3	22.1	(7.0)	5.6	(0.0)	3.1	9.4	8.1	5.6
<b>Total Operating Expenses</b>	<b>8.4</b>	<b>2.6</b>	<b>11.1</b>	<b>(7.3)</b>	<b>6.0</b>	<b>0.2</b>	<b>2.2</b>	<b>6.4</b>	<b>4.3</b>	<b>6.4</b>
<b>Operating loss</b>	<b>7.3</b>	<b>(0.4)</b>	<b>27.3</b>	<b>(9.0)</b>	<b>24.6</b>	<b>(3.6)</b>	<b>2.1</b>	<b>1.6</b>	<b>4.4</b>	<b>1.8</b>
<b>Nonoperating Revenues (Expenses)</b>										
State operating appropriations	(12.6)	19.2	29.2	(5.4)	10.0	3.5	(0.4)	5.8	(15.5)	6.1
Share of state tax-TRIF	138.6	(50.8)	132.9	0.8	6.9	10.5	4.3	(0.5)	4.2	7.8
Government grants & contracts	8.3	(34.3)	22.4	37.6	18.8	2.2	4.5	3.6	10.9	5.8
Private gifts	62.2	7.3	7.8	(8.9)	2.6	(2.0)	2.9	7.3	0.5	19.3
Investment income	58.4	(238.5)	(162.3)	228.8	(26.5)	45.5	11.3	302.8	(45.8)	(68.9)
Interest on debt	(10.0)	(2.8)	10.1	(6.5)	(14.6)	0.1	(0.3)	3.5	19.6	(4.1)
Other nonoperating revenues, net	(22.3)	(15.4)	4.0	40.4	(58.4)	(11.1)	4.1	46.4	27.9	(8.0)
<b>Net Nonoperating Revenues</b>	<b>11.0</b>	<b>(6.7)</b>	<b>21.4</b>	<b>18.2</b>	<b>9.9</b>	<b>3.3</b>	<b>2.6</b>	<b>9.1</b>	<b>(7.2)</b>	<b>5.2</b>
<b>Income/(loss) before other revenues, expenses, gains, or losses</b>	<b>(63.5)</b>	<b>50.8</b>	<b>8.1</b>	<b>332.5</b>	<b>309.6</b>	<b>286.4</b>	<b>13.2</b>	<b>70.0</b>	<b>(644.6)</b>	<b>234.0</b>
Capital appropriations	0.0	5.2	3.3	(17.3)	0.1	(0.0)	38.9	(22.7)	(5.7)	(1.2)
Capital grants	(99.9)	1,947.5	(82.2)	177.8	146.6	(65.0)	(39.3)	81.9	4,916.7	(4.8)
Additions to permanent endowments	24.4	1.2	(3.9)	(0.9)	(3.4)	6.9	1.8	5.0	0.6	3.9
<b>Increase/(Decrease) in Net Position</b>	<b>(30.0)</b>	<b>16.5</b>	<b>(17.5)</b>	<b>753.1</b>	<b>(151.5)</b>	<b>209.2</b>	<b>4.3</b>	<b>160.2</b>	<b>(186.1)</b>	<b>132.7</b>



# Academic Year Tuition and Required Fees

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>PLEDGE* Resident Undergraduate</b>										
Northern Arizona University	\$12,652	\$12,273	\$11,896	\$11,896	\$11,896	\$11,564	\$11,059	\$10,764	\$10,358	\$9,989
Percent increase from prior year	3.1%	3.2%	0.0%	0.0%	2.9%	4.6%	2.7%	3.9%	3.7%	2.5%
ABOR Peers	\$11,989	\$11,260	\$11,663	\$11,515	\$13,057	\$12,994	\$13,103	\$12,228	\$12,670	\$12,122
Percent increase (decrease) from prior year	6.5%	(3.5%)	1.3%	(11.8%)	0.5%	(0.8%)	7.2%	(3.5%)	4.5%	(0.6%)

<b>PLEDGE* Non-Resident Undergraduate</b>										
Northern Arizona University	\$28,900	\$27,535	\$26,642	\$26,642	\$26,516	\$25,828	\$24,841	\$24,144	\$23,348	\$22,509
Percent increase from prior year	5.0%	3.4%	0.0%	0.5%	2.7%	4.0%	2.9%	3.4%	3.7%	1.9%
ABOR Peers	\$26,348	\$24,619	\$24,231	\$23,275	\$22,918	\$22,269	\$22,682	\$23,785	\$23,816	\$23,060
Percent increase (decrease) from prior year	7.0%	1.6%	4.1%	1.6%	2.9%	(1.8%)	(4.6%)	(0.1%)	3.3%	0.1%

\* PLEDGE tuition rate means new freshman and transfer students will pay the same tuition rate for four years. The PLEDGE rate began in fall 2008-2009.

<b>Resident Graduate</b>										
Northern Arizona University	\$13,146	\$12,639	\$12,250	\$11,726	\$11,726	\$10,970	\$10,261	\$9,990	\$9,606	\$9,165
Percent increase from prior year	4.0%	3.2%	4.5%	0.0%	6.9%	6.9%	2.7%	4.0%	4.8%	4.1%

<b>Non-Resident Graduate</b>										
Northern Arizona University	\$30,638	\$29,189	\$28,240	\$26,954	\$25,730	\$24,056	\$22,609	\$21,976	\$21,244	\$20,249
Percent increase from prior year	5.0%	3.4%	4.8%	4.8%	7.0%	6.4%	2.9%	3.4%	4.9%	1.8%

Sources: ABOR History Tuition and Fees: ABOR Base Tuition and Fees

Source: Peers- ABOR Peer Comparisons Prepared Annually for Tuition Setting Board Meeting

NAU's tuition rates are approved by the Arizona Board of Regents



## Principal Revenue Sources

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Tuition and Fees, net of scholarship allowance</b>	<b>\$201,626</b>	<b>\$195,450</b>	<b>\$200,933</b>	<b>\$218,452</b>	<b>\$233,911</b>	<b>\$237,605</b>	<b>\$236,790</b>	<b>\$237,930</b>	<b>\$217,047</b>	<b>\$205,550</b>
Percent of total revenue	27%	28%	29%	35%	39%	39%	40%	41%	41%	39%
Percent increase/(decrease) from prior year	3%	(3%)	(8%)	(7%)	(2%)	0%	0%	10%	6%	9%
<b>State of Arizona Government</b>										
State appropriations	\$144,555	\$165,322	\$138,737	\$107,396	\$113,523	\$103,200	\$99,716	\$100,106	\$94,633	\$112,026
Technology and research initiatives funding	46,666	19,560	39,777	17,079	16,943	15,844	14,339	13,752	13,827	13,267
Capital appropriations	5,303	5,302	5,040	4,879	5,900	5,896	5,897	4,247	5,493	5,827
State grants and contracts	33,314	25,943	8,451	32,548	8,037	7,685	6,062	6,675	3,591	3,464
<b>Arizona State Government</b>	<b>\$229,838</b>	<b>\$216,127</b>	<b>\$192,005</b>	<b>\$161,902</b>	<b>\$144,403</b>	<b>\$132,625</b>	<b>\$126,014</b>	<b>\$124,780</b>	<b>\$117,544</b>	<b>\$134,584</b>
Percent of total revenue	31%	31%	28%	26%	24%	22%	21%	22%	22%	26%
Percent increase (decrease) from prior year	6%	13%	19%	12%	9%	5%	1%	6%	(13%)	6%
<b>Federal Government</b>										
Federal grants and contracts	\$76,017	\$73,255	\$133,500	\$64,515	\$66,836	\$49,050	\$45,199	\$41,508	\$39,773	\$35,669
Financial aid grants	44,703	39,241	40,929	42,625	45,530	46,908	46,062	42,881	41,587	39,533
<b>Federal Government</b>	<b>\$120,720</b>	<b>\$112,496</b>	<b>\$174,429</b>	<b>\$107,140</b>	<b>\$112,366</b>	<b>\$95,958</b>	<b>\$91,261</b>	<b>\$84,389</b>	<b>\$81,360</b>	<b>\$75,202</b>
Percent of total revenue	16%	16%	26%	17%	19%	16%	15%	15%	15%	14%
Percent increase/(decrease) from prior year	7%	(36%)	63%	(5%)	17%	5%	8%	4%	8%	(16%)
<b>Total from principal revenue payers</b>	<b>\$552,184</b>	<b>\$524,073</b>	<b>\$567,367</b>	<b>\$487,494</b>	<b>\$490,680</b>	<b>\$466,188</b>	<b>\$454,065</b>	<b>\$447,099</b>	<b>\$415,951</b>	<b>\$415,336</b>
Percent of total revenue	75%	74%	83%	78%	81%	77%	77%	77%	78%	79%
Percent increase/(decrease) from prior year	5%	(8%)	16%	(1%)	5%	3%	2%	7%	0%	2%



# Long-Term Debt

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue Bonds	\$466,580	\$494,550	\$516,295	\$534,735	\$531,805	\$520,925	\$537,980	\$526,925	\$536,420	\$533,630
Unamortized Premium	38,450	40,751	43,779	46,807	49,836	26,213	27,435	28,658	30,748	25,906
<b>Net Revenue Bonds</b>	<b>\$505,030</b>	<b>\$535,301</b>	<b>\$560,074</b>	<b>\$581,542</b>	<b>\$581,641</b>	<b>\$547,138</b>	<b>\$565,415</b>	<b>\$555,583</b>	<b>\$567,168</b>	<b>\$559,536</b>
Certificates of Participation (COPs)	\$28,010	\$32,640	\$36,220	\$39,370	\$42,210	\$45,940	\$49,550	\$53,040	\$54,985	\$58,285
Unamortized Premium	1,551	3,625	4,097	4,570	5,043	5,516	5,989	6,462	6,935	7,408
<b>Net Certificates of Participation</b>	<b>\$29,561</b>	<b>\$36,265</b>	<b>\$40,317</b>	<b>\$43,940</b>	<b>\$47,253</b>	<b>\$51,456</b>	<b>\$55,539</b>	<b>\$59,502</b>	<b>\$61,920</b>	<b>\$65,693</b>
Net System Revenue Bonds Payable	\$505,030	\$535,301	\$560,074	\$581,542	\$581,641	\$547,138	\$565,415	\$555,583	\$567,168	\$559,536
Net COPs Payable	29,561	36,265	40,317	43,940	47,253	51,456	55,539	59,502	61,920	65,693
Financed Purchases	-	-	5,455	6,827	25,720	27,767	15,138	14,729	15,773	16,778
Lease and Subscription Liabilities	216,138	215,262	205,452	-	-	-	-	-	-	-
<b>Total</b>	<b>\$750,729</b>	<b>\$786,828</b>	<b>\$811,298</b>	<b>\$632,309</b>	<b>\$654,614</b>	<b>\$626,361</b>	<b>\$636,092</b>	<b>\$629,814</b>	<b>\$644,861</b>	<b>\$642,007</b>
Long Term Debt (whole dollars)										
per Student FTE	\$27,384	\$29,231	\$29,912	\$22,520	\$22,437	\$21,316	\$21,545	\$21,937	\$23,557	\$24,755
per Dollar of State Appropriations and State Aid	\$5.01	\$4.61	\$5.64	\$5.63	\$5.48	\$5.74	\$6.02	\$6.04	\$6.44	\$5.45
per Dollar of Total Grants and Contracts	\$4.17	\$4.64	\$2.90	\$3.43	\$4.26	\$5.12	\$5.45	\$5.72	\$6.09	\$6.73

## Data Used in Above Calculations

Total Student FTE	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710	27,375	25,934
State Appropriations and State Capital Appropriations	\$149,858	\$170,623	\$143,777	\$112,276	\$119,423	\$109,096	\$105,613	\$104,353	\$100,126	\$117,853
Grants and Contracts	\$180,233	\$169,479	\$279,893	\$184,137	\$153,786	\$122,233	\$116,811	\$110,041	\$105,915	\$95,327

## Summary of Ratios

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Summary of Composite Financial Index Ratios</b>										
<b>+ Primary Reserve Ratio</b>	<b>0.30</b>	<b>0.28</b>	<b>0.26</b>	<b>0.17</b>	<b>0.10</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.09</b>	<b>0.12</b>
/ Strength Factor	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
= Ratio / Strength Factor	2.26	2.11	1.95	1.28	0.75	0.98	0.98	0.98	0.68	0.90
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.79	0.74	0.68	0.45	0.26	0.34	0.34	0.34	0.24	0.32
= Ratio 10.00 Cap Subtotal	0.79	0.74	0.68	0.45	0.26	0.34	0.34	0.34	0.24	0.32
<b>+ Return on Net Assets Ratio</b>	<b>8.8%</b>	<b>14.1%</b>	<b>4.1%</b>	<b>22.4%</b>	<b>1.3%</b>	<b>5.8%</b>	<b>5.4%</b>	<b>7.4%</b>	<b>(1.5%)</b>	<b>3.9%</b>
/ Strength Factor	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
= Ratio / Strength Factor	4.40	7.05	2.05	10.00	0.65	2.90	2.70	3.70	(0.75)	1.95
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.88	1.41	0.41	2.00	0.13	0.58	0.54	0.74	(0.15)	0.39
= Ratio 10.00 Cap Subtotal	0.88	1.41	0.41	2.00	0.13	0.58	0.54	0.74	(0.15)	0.39
<b>+ Net Operating Revenues Ratio</b>	<b>3.9%</b>	<b>2.9%</b>	<b>6.1%</b>	<b>7.3%</b>	<b>(3.1%)</b>	<b>1.3%</b>	<b>(1.1%)</b>	<b>(0.9%)</b>	<b>(3.6%)</b>	<b>0.4%</b>
/ Strength Factor	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
= Ratio / Strength Factor	3.00	2.23	4.69	5.62	(2.38)	1.00	(0.85)	(0.69)	(2.77)	0.31
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.30	0.22	0.47	0.56	(0.24)	0.10	(0.08)	(0.07)	(0.28)	0.03
= Ratio 10.00 Cap Subtotal	0.30	0.22	0.47	0.56	(0.24)	0.10	(0.08)	(0.07)	(0.28)	0.03
<b>+ Viability Ratio</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
/ Strength Factor	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
= Ratio / Strength Factor	0.98	0.79	0.67	0.39	0.24	0.24	0.24	0.24	0.24	0.24
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.34	0.28	0.24	0.13	0.08	0.08	0.08	0.08	0.08	0.08
= Ratio 10.00 Cap Subtotal	0.34	0.28	0.24	0.13	0.08	0.08	0.08	0.08	0.08	0.08
<b>Composite Financial Index</b>	<b>2.3</b>	<b>2.6</b>	<b>1.8</b>	<b>3.1</b>	<b>0.2</b>	<b>1.1</b>	<b>0.9</b>	<b>1.1</b>	<b>(0.1)</b>	<b>0.8</b>
<b>Composite Financial Index w/10.00 Cap</b>	<b>2.3</b>	<b>2.6</b>	<b>1.8</b>	<b>3.1</b>	<b>0.2</b>	<b>1.1</b>	<b>0.9</b>	<b>1.1</b>	<b>(0.1)</b>	<b>0.8</b>

The Composite Financial Index (CFI) provides a methodology for a single overall financial measurement of the institution's health based on the four core ratios. The CFI uses a reasonable weighting plan and allows a weakness or strength in a specific ratio to be offset by another ratio result, which provides a more balanced measure. The CFI provides a more holistic approach to understanding the financial health of the institution. The CFI scores are not intended to be precise measures; they are indicators of ranges of financial health that can be indicators of overall institutional well-being when combined with non-financial indicators. Ratio/Strength are capped at a maximum of 10 before the weighting factors are applied so that a higher CFI does not unduly mask a weakness in the ratio.

## Summary of Ratios - (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>PRIMARY RESERVE RATIO</b>										
Unrestricted Net Position	\$35,455	\$38,806	\$26,352	\$(40,935)	\$(70,943)	\$(60,756)	\$(59,530)	\$(45,408)	\$(39,221)	\$(32,051)
Unrestricted Net Assets- Component Units	11,577	13,983	13,738	10,961	7,251	7,760	8,814	10,403	10,055	10,842
Expendable Restricted Net Position	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184	32,598
Temp. Restricted Net Assets- Component Units	67,501	63,049	58,204	63,705	71,546	85,038	81,573	69,074	49,179	51,942
<b>Expendable Net Position/Assets</b>	<b>\$219,574</b>	<b>\$188,185</b>	<b>\$170,199</b>	<b>\$101,636</b>	<b>\$61,912</b>	<b>\$80,188</b>	<b>\$75,451</b>	<b>\$73,262</b>	<b>\$52,197</b>	<b>\$63,331</b>
Operating Expenses	\$678,170	\$625,710	\$609,827	\$548,661	\$591,739	\$558,157	\$556,768	\$544,724	\$511,787	\$490,884
Nonoperating Expenses	21,607	24,006	24,705	22,441	23,990	28,084	28,061	28,144	27,187	22,723
Component Unit Total Expenses	28,624	21,533	18,190	25,096	16,523	15,079	14,220	13,085	13,186	13,214
<b>Total Expenses</b>	<b>\$728,401</b>	<b>\$671,249</b>	<b>\$652,722</b>	<b>\$596,198</b>	<b>\$632,252</b>	<b>\$601,320</b>	<b>\$599,049</b>	<b>\$585,953</b>	<b>\$552,160</b>	<b>\$526,821</b>
Expendable Net Position	\$219,574	\$188,185	\$170,199	\$101,636	\$61,912	\$80,188	\$75,451	\$73,262	\$52,197	\$63,331
Total Expenses	\$728,401	\$671,249	\$652,722	\$596,198	\$632,252	\$601,320	\$599,049	\$585,953	\$552,160	\$526,821
<b>Ratio</b>	<b>0.30</b>	<b>0.28</b>	<b>0.26</b>	<b>0.17</b>	<b>0.10</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.09</b>	<b>0.12</b>
Measures the financial strength of the institution by indicating how long the institution could function using its expendable reserves to cover operations should additional net assets not be available. A positive ratio and an increase in amount over time denotes strength.										
<b>RETURN ON NET ASSETS RATIO</b>										
Change in Total Net Position	\$56,743	\$79,459	\$22,014	\$99,722	\$5,696	\$24,016	\$21,337	\$30,862	\$(6,331)	\$15,628
Total Net Position (Beginning of Year)	\$643,276	\$563,563	\$541,549	\$445,858	\$440,162	\$416,146	\$394,809	\$414,296	\$420,627	\$404,999
<b>Ratio</b>	<b>8.8%</b>	<b>14.1%</b>	<b>4.1%</b>	<b>22.4%</b>	<b>1.3%</b>	<b>5.8%</b>	<b>5.4%</b>	<b>7.4%</b>	<b>(1.5%)</b>	<b>3.9%</b>
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.										
<b>NET OPERATING REVENUES RATIO</b>										
Income/(Loss) Before Capital and Endowment Additions	\$31,559	\$19,306	\$39,262	\$42,718	\$(18,375)	\$8,766	\$(4,702)	\$(5,415)	\$(18,022)	\$3,309
Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special items	\$(2,406)	245	2,776	3,710	(509)	(1,054)	(1,589)	348	(787)	(1,443)
Adjusted Income/(Loss) before Capital and Endowment Additions and Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special items	\$29,153	\$19,551	\$42,038	\$46,428	\$(18,884)	\$7,712	\$(6,291)	\$(5,067)	\$(18,809)	\$1,866

## Summary of Ratios - (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Operating Revenues	\$384,651	\$352,178	\$335,315	\$332,991	\$354,835	\$368,020	\$359,576	\$351,661	\$321,720	\$308,891
State Appropriation and State related revenues	191,221	184,882	178,514	124,475	130,466	119,044	114,055	113,858	108,460	125,293
Non-capital Gifts and Grants, net	129,097	111,566	160,687	132,881	101,500	87,358	86,072	82,583	79,235	72,690
Investment Income (Loss), net	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863	959	1,771
Component Units Total Unrestricted Revenue	26,218	21,777	24,558	28,806	16,013	14,025	12,631	13,433	12,399	11,771
<b>Adjusted Net Operating Revenues</b>	<b>\$751,844</b>	<b>\$683,447</b>	<b>\$689,658</b>	<b>\$634,265</b>	<b>\$607,410</b>	<b>\$594,702</b>	<b>\$576,632</b>	<b>\$565,398</b>	<b>\$522,773</b>	<b>\$520,416</b>
Adjusted Income/(Loss) Before Other Revenues, Expenses, Gains or Losses and Component Unit Change in Unrestricted Net Assets Before Extraordinary or Special Items	\$29,153	\$19,551	\$42,038	\$46,428	\$(18,884)	\$7,712	\$(6,291)	\$(5,067)	\$(18,809)	\$1,866
<b>Adjusted Net Operating Revenues</b>	<b>\$751,844</b>	<b>\$683,447</b>	<b>\$689,658</b>	<b>\$634,265</b>	<b>\$607,410</b>	<b>\$594,702</b>	<b>\$576,632</b>	<b>\$565,398</b>	<b>\$522,773</b>	<b>\$520,416</b>
<b>Ratio</b>	<b>3.9%</b>	<b>2.9%</b>	<b>6.1%</b>	<b>7.3%</b>	<b>(3.1%)</b>	<b>1.3%</b>	<b>(1.1%)</b>	<b>(0.9%)</b>	<b>(3.6%)</b>	<b>0.36%</b>

Measures whether the institution is living within available resources. A positive ratio and an increasing amount over time generally reflects strength.

### VIABILITY RATIO

Unrestricted Net Position	\$35,455	\$38,806	\$26,352	\$(40,935)	\$(70,943)	\$(60,756)	\$(59,530)	\$(45,408)	\$(39,221)	\$(32,051)
Unrestricted Net Assets- Component Units	11,577	13,983	13,738	10,961	7,251	7,760	8,814	10,403	10,055	10,842
Expendable Restricted Net Position/ Assets	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184	32,598
Temporarily Restricted Net Assets- Component Units	67,501	63,049	58,204	63,705	71,546	85,038	81,573	69,074	49,179	51,942
<b>Expendable Net Position</b>	<b>\$219,574</b>	<b>\$188,185</b>	<b>\$170,199</b>	<b>\$101,636</b>	<b>\$61,912</b>	<b>\$80,188</b>	<b>\$75,451</b>	<b>\$73,262</b>	<b>\$52,197</b>	<b>\$63,331</b>
University LT Debt, net financed purchases with CUs	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,813	\$644,861	\$642,007
Component Units Long Term Debt	-	-	-	-	-	-	-	-	-	-
<b>Total Adjusted University Debt</b>	<b>\$534,591</b>	<b>\$571,565</b>	<b>\$605,846</b>	<b>\$632,311</b>	<b>\$654,614</b>	<b>\$626,361</b>	<b>\$636,092</b>	<b>\$629,813</b>	<b>\$644,861</b>	<b>\$642,007</b>
Expendable Net Position	\$219,574	\$188,185	\$170,199	\$101,636	\$61,912	\$80,188	\$75,451	\$73,262	\$52,197	\$63,331
Total Adjusted University Debt	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,813	\$644,861	\$642,007
<b>Ratio</b>	<b>0.41</b>	<b>0.33</b>	<b>0.28</b>	<b>0.16</b>	<b>0.09</b>	<b>0.13</b>	<b>0.12</b>	<b>0.12</b>	<b>0.08</b>	<b>0.10</b>

Measures the ability of the institution to cover its debt as of the balance sheet date, should the institution need to do so. A positive ratio of greater than 1:1 generally denotes strength.

## Summary of Ratios - Other Ratios

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>OPERATING MARGIN EXCLUDING GIFTS</b>										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$31,559	\$19,306	\$39,262	\$42,718	\$(18,375)	\$8,766	\$(4,702)	\$(5,415)	\$(18,022)	\$3,309
<b>Adjusted Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<b>\$31,559</b>	<b>\$19,306</b>	<b>\$39,262</b>	<b>\$42,718</b>	<b>\$(18,375)</b>	<b>\$8,766</b>	<b>\$(4,702)</b>	<b>\$(5,415)</b>	<b>\$(18,022)</b>	<b>\$3,309</b>
Total Operating Revenues	\$384,651	\$352,178	\$335,315	\$332,991	\$354,835	\$368,020	\$359,576	\$351,661	\$321,720	\$308,891
State appropriation and share of sales tax	191,221	184,882	178,514	124,475	130,466	119,044	114,055	113,858	108,460	125,293
Investment Income/(Loss), net	20,657	13,044	(9,416)	15,112	4,596	6,255	4,298	3,863	959	1,771
<b>Adjusted Net Operating Revenues less Non-capital Gifts and Grants</b>	<b>\$596,529</b>	<b>\$550,104</b>	<b>\$504,413</b>	<b>\$472,578</b>	<b>\$489,897</b>	<b>\$493,319</b>	<b>\$477,929</b>	<b>\$469,382</b>	<b>\$431,139</b>	<b>\$435,955</b>
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$31,559	\$19,306	\$39,262	\$42,718	\$(18,375)	\$8,766	\$(4,702)	\$(5,415)	\$(18,022)	\$3,309
Adjusted Net Operating Revenues less Non-capital Gifts and Grants	\$596,529	\$550,104	\$504,413	\$472,578	\$489,897	\$493,319	\$477,929	\$469,382	\$431,139	\$435,955
<b>Ratio</b>	<b>5.3%</b>	<b>3.5%</b>	<b>7.8%</b>	<b>9.0%</b>	<b>(3.8%)</b>	<b>1.8%</b>	<b>(1.0%)</b>	<b>(1.2%)</b>	<b>(4.2%)</b>	<b>0.8%</b>

A more restrictive measure of whether the institution is living within available resources. A positive ratio and an increasing amount over time generally reflects strength.

### RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES

Operating Expenses	\$678,170	\$625,710	\$609,827	\$548,660	\$591,739	\$558,157	\$556,768	\$544,724	\$511,787	\$490,884
Scholarships and Fellowships	(34,974)	(30,649)	(74,028)	(53,646)	(46,946)	(39,857)	(38,659)	(35,290)	(31,485)	(29,068)
Interest on Debt	21,607	24,006	24,705	22,441	23,990	28,084	28,061	28,144	27,187	22,723
<b>Total Adjusted Operating Expenses</b>	<b>\$664,803</b>	<b>\$619,067</b>	<b>\$560,504</b>	<b>\$517,455</b>	<b>\$568,783</b>	<b>\$546,384</b>	<b>\$546,170</b>	<b>\$537,578</b>	<b>\$507,489</b>	<b>\$484,539</b>
Research Expenses	\$70,167	\$58,678	\$51,895	\$51,635	\$55,608	\$46,113	\$40,655	\$36,068	\$30,142	\$25,461
Total Adjusted Operating Expenses	\$664,803	\$619,067	\$560,504	\$517,455	\$568,783	\$546,384	\$546,170	\$537,578	\$507,489	\$484,539
<b>Ratio</b>	<b>10.6%</b>	<b>9.5%</b>	<b>9.3%</b>	<b>10.0%</b>	<b>9.8%</b>	<b>8.4%</b>	<b>7.4%</b>	<b>6.7%</b>	<b>5.9%</b>	<b>5.3%</b>

Measures the institution's research expense to the total operating expenses.

## Summary of Ratios - Other Ratios (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>NET TUITION PER STUDENT</b>										
Student Tuition and Fees, net	\$201,626	\$195,450	\$200,933	\$218,452	\$233,911	\$237,605	\$236,790	\$237,930	\$217,047	\$205,550
Financial Aid Grants	44,703	39,241	40,929	42,625	45,530	46,908	46,062	42,881	41,587	39,533
Scholarships and Fellowships	(34,974)	(30,649)	(74,028)	(53,646)	(46,946)	(39,857)	(38,659)	(35,290)	(31,485)	(29,068)
Net Tuition and Fees	\$211,355	\$204,042	\$167,834	\$207,431	\$232,495	\$244,656	\$244,193	\$245,521	\$227,149	\$216,015
Student FTE	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710	27,375	25,934
<b>Net Tuition per Student (whole dollars)</b>	<b>\$7,709</b>	<b>\$7,580</b>	<b>\$6,188</b>	<b>\$7,388</b>	<b>\$7,969</b>	<b>\$8,326</b>	<b>\$8,271</b>	<b>\$8,552</b>	<b>\$8,298</b>	<b>\$8,329</b>

Measures the institution's net student tuition and fees received per student.

### STATE APPROPRIATIONS PER STUDENT

State Appropriations	\$144,555	\$165,322	\$138,737	\$107,396	\$113,523	\$103,200	\$99,716	\$100,106	\$94,633	\$112,026
Capital State Appropriations	5,303	5,302	5,040	4,880	5,900	5,896	5,897	4,247	5,493	5,827
Adjusted State Appropriations	\$149,858	\$170,624	\$143,777	\$112,276	\$119,423	\$109,096	\$105,613	\$104,353	\$100,126	\$117,853
Student FTE	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710	27,375	25,934
<b>Adjusted State Appropriation per Student (whole dollars)</b>	<b>\$5,466</b>	<b>\$6,339</b>	<b>\$5,301</b>	<b>\$3,999</b>	<b>\$4,093</b>	<b>\$3,713</b>	<b>\$3,577</b>	<b>\$3,635</b>	<b>\$3,658</b>	<b>\$4,544</b>

Measures the institution's dependency on state appropriations.



## Summary of Ratios - Debt Related Ratios

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
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### EXPENDABLE RESOURCES TO DEBT

Unrestricted Net Position	\$35,455	\$38,806	\$26,352	\$(40,935)	\$(70,943)	\$(60,756)	\$(59,530)	\$(45,408)	\$(39,221)	\$(32,051)
Expendable Restricted Net Position	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184	32,598
<b>Expendable Net Position</b>	<b>\$140,496</b>	<b>\$111,153</b>	<b>\$98,257</b>	<b>\$26,970</b>	<b>\$(16,885)</b>	<b>\$(12,610)</b>	<b>\$(14,936)</b>	<b>\$(6,215)</b>	<b>\$(7,037)</b>	<b>\$547</b>
Total Bonds, COPS, and Financed Purchases	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,814	\$644,861	\$642,007
<b>Ratio</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Measures the ability of the institution to cover its debt using expendable resources as of the statement of net position date.

### TOTAL FINANCIAL RESOURCES TO DIRECT DEBT

Unrestricted Net Position	\$35,455	\$38,806	\$26,352	\$(40,935)	\$(70,943)	\$(60,756)	\$(59,530)	\$(45,408)	\$(39,221)	\$(32,051)
Expendable Restricted Net Position	105,041	72,347	71,905	67,905	54,058	48,146	44,594	39,193	32,184	32,598
Non-expendable Restricted Net Position	24,610	23,481	17,039	17,969	19,142	26,258	25,107	24,625	23,593	22,540
<b>Total Financial Resources</b>	<b>\$165,106</b>	<b>\$134,634</b>	<b>\$115,296</b>	<b>\$44,939</b>	<b>\$2,257</b>	<b>\$13,648</b>	<b>\$10,171</b>	<b>\$18,410</b>	<b>\$16,556</b>	<b>\$23,087</b>
Total Bonds, COPS, and Financed Purchases	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,814	\$644,861	\$642,007
<b>Ratio</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

A broader measure of the ability of the institution to cover its debt as of the statement of net position date.

### DIRECT DEBT TO ADJUSTED CASH FLOW

Net Cash Used by Operating Activities	\$(238,372)	\$(241,002)	\$(244,386)	\$(174,717)	\$(184,852)	\$(163,438)	\$(147,009)	\$(135,026)	\$(150,773)	\$(133,504)
State Appropriations	144,555	165,322	138,737	107,396	113,523	103,200	99,716	100,106	94,633	112,026
Share of State Sales Tax- TRIF	46,666	18,138	38,255	17,079	16,943	15,844	14,339	13,752	13,827	13,267
Non-capital Grants and Contracts, Gifts, Other	129,097	109,006	161,597	119,011	101,500	87,358	86,072	82,583	79,235	72,690
<b>Adjusted Cash Flow from Operations</b>	<b>\$81,946</b>	<b>\$51,464</b>	<b>\$94,203</b>	<b>\$68,769</b>	<b>\$47,114</b>	<b>\$42,964</b>	<b>\$53,118</b>	<b>\$61,415</b>	<b>\$36,922</b>	<b>\$64,479</b>
Total Bonds, COPS, and Financed Purchases	\$534,591	\$571,565	\$605,846	\$632,311	\$654,614	\$626,361	\$636,092	\$629,814	\$644,861	\$642,007
Adjusted Cash Flow from Operations	81,946	51,464	94,203	68,769	47,114	42,964	53,118	61,415	36,922	64,479
<b>Ratio</b>	<b>6.5</b>	<b>11.1</b>	<b>6.4</b>	<b>9.2</b>	<b>13.9</b>	<b>14.6</b>	<b>12.0</b>	<b>10.3</b>	<b>17.5</b>	<b>10.0</b>

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.

## Summary of Ratios - Debt Related Ratios (Continued)

Fiscal Year Ended June 30, (Dollars in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>DEBT SERVICE TO OPERATIONS</b>										
Interest and Fees Paid on Debt	\$21,607	\$24,006	\$24,705	\$22,441	\$23,990	\$28,084	\$28,061	\$28,144	\$27,187	\$22,723
Principal Paid on Debt	\$116,970	\$30,780	22,963	40,158	24,212	24,051	18,193	88,795	46,400	81,103
Principal Paid from Refinancing Activities (1)	(89,660)	-	-	-	(206,340)	-	-	(73,005)	(33,680)	(68,095)
<b>Debt Service</b>	<b>\$48,917</b>	<b>\$54,786</b>	<b>\$47,668</b>	<b>\$62,599</b>	<b>\$(158,138)</b>	<b>\$52,135</b>	<b>\$46,254</b>	<b>\$43,934</b>	<b>\$39,907</b>	<b>\$35,731</b>
Operating Expenses	\$678,170	\$625,710	\$609,828	\$548,660	\$591,739	\$558,157	\$556,768	\$544,724	\$511,787	\$490,884
<b>Ratio</b>	<b>7.2%</b>	<b>8.8%</b>	<b>7.8%</b>	<b>11.4%</b>	<b>(26.7%)</b>	<b>9.3%</b>	<b>8.3%</b>	<b>8.1%</b>	<b>7.8%</b>	<b>7.3%</b>

Measures the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures.

(1) Obtained amount from refunding bonds official statements.



## Debt Service Coverage for Senior Lien System Revenue Bonds

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tuition and Fees, net of scholarship allowance	\$201,626	\$195,450	\$200,933	\$218,452	\$233,911	\$237,605	\$236,790	\$237,930	\$217,047	\$205,550
Receipts from Other Major Revenue Sources (Facilities Revenues)	127,868	109,616	91,538	75,343	86,040	92,508	85,874	75,144	68,525	67,452
<b>Net Revenues Available for Debt Service</b>	<b>\$329,494</b>	<b>\$305,066</b>	<b>\$292,471</b>	<b>\$293,795</b>	<b>\$319,951</b>	<b>\$330,113</b>	<b>\$322,664</b>	<b>\$313,074</b>	<b>\$285,572</b>	<b>\$273,002</b>
<b>Senior Lien Bonds Debt Service</b>										
Interest on Debt	\$12,063	\$12,487	\$11,436	\$11,403	\$12,573	\$15,569	\$15,599	\$15,738	\$15,926	\$15,824
Principal Paid on Debt	\$12,033	11,525	8,650	8,320	10,290	9,305	7,140	8,445	6,500	8,015
Direct Payment- Build America Bonds	-	-	-	-	(1,418)	(2,162)	(2,204)	(2,245)	(2,247)	(2,235)
<b>Senior Lien Bonds Debt Service Requirements</b>	<b>\$24,096</b>	<b>\$24,012</b>	<b>\$20,086</b>	<b>\$19,723</b>	<b>\$21,445</b>	<b>\$22,712</b>	<b>\$20,535</b>	<b>\$21,938</b>	<b>\$20,179</b>	<b>\$21,604</b>
<b>Coverage</b>	<b>13.67</b>	<b>12.70</b>	<b>14.56</b>	<b>14.90</b>	<b>14.92</b>	<b>14.53</b>	<b>15.71</b>	<b>14.27</b>	<b>14.15</b>	<b>12.64</b>
Bond Resolution Covenant: 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.										
<b>Subordinate Lien Bonds Debt Service</b>										
Interest on Debt	\$4,042	\$4,320	\$3,704	\$3,704	\$5,239	\$6,627	\$6,871	\$7,093	\$7,223	\$7,224
Principal Paid on Debt	5,870	5,600	5,345	5,840	5,395	5,205	5,035	3,345	-	-
Direct Payment- Build America Bonds	-	-	-	(123)	(1,077)	(1,137)	(1,186)	(1,235)	(1,255)	(1,253)
Direct Payment- State Lottery Revenue	(8,039)	(8,043)	(8,044)	(8,047)	(8,128)	(8,858)	(8,866)	(7,590)	(4,900)	(5,241)
<b>Subordinate Lien Bonds Debt Service Requirements</b>	<b>\$1,873</b>	<b>\$1,877</b>	<b>\$1,005</b>	<b>\$1,374</b>	<b>\$1,429</b>	<b>\$1,837</b>	<b>\$1,854</b>	<b>\$1,613</b>	<b>\$1,068</b>	<b>\$730</b>
<b>Combined Senior/Subordinate Lien Debt Service</b>	<b>\$25,969</b>	<b>\$25,889</b>	<b>\$21,091</b>	<b>\$21,097</b>	<b>\$22,874</b>	<b>\$24,549</b>	<b>\$22,389</b>	<b>\$23,551</b>	<b>\$21,247</b>	<b>\$22,334</b>
<b>Coverage</b>	<b>12.69</b>	<b>11.78</b>	<b>13.87</b>	<b>13.93</b>	<b>13.99</b>	<b>13.45</b>	<b>14.41</b>	<b>13.29</b>	<b>13.44</b>	<b>12.22</b>
Debt Service assurance and SPEED Bond Resolution Covenant: The Gross Revenues of the University for each fiscal year will be at least 100% of the annual debt service due on all outstanding parity bonds and subordinate obligations.										

# Admissions, Enrollment, and Degrees Earned

Fall Enrollment of Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>ADMISSIONS - FRESHMEN</b>										
Applications	37,805	44,855	42,872	37,386	36,855	36,831	36,875	36,511	29,583	27,780
Accepted	34,383	35,881	33,592	30,523	31,313	30,428	29,812	28,495	22,739	25,159
Enrolled	5,473	5,575	5,297	5,217	5,455	5,869	5,900	5,607	5,218	4,890
Accepted as Percentage of Application	91%	80%	78%	82%	85%	83%	81%	78%	77%	91%
Enrolled as Percentage of Accepted	16%	16%	16%	17%	17%	19%	20%	20%	23%	19%
Average SAT scores- Total	1155	1170	1165	1137	1136	1138	1124	1045	1050	1050
Verbal/Evidence-Based Reading & Writing	590	590	590	572	572	574	568	523	520	524
Math	570	570	574	566	563	563	557	522	520	520
<b>ENROLLMENT</b>										
Student FTE	27,415	26,918	27,123	28,078	29,175	29,384	29,524	28,710	27,375	25,934
Student Headcount	28,194	28,090	28,718	29,569	30,736	31,073	31,057	30,368	29,031	27,715
Men (Headcount)	10,287	10,276	10,414	10,717	11,537	11,814	12,064	12,016	11,622	11,393
Percentage of Total	36.5%	36.6%	36.3%	36.2%	37.5%	38.0%	38.8%	39.6%	40.0%	41.1%
Women (Headcount)	17,907	17,814	18,304	18,852	19,199	19,259	18,993	18,352	17,409	16,322
Percentage of Total	63.5%	63.4%	63.7%	63.8%	62.5%	62.0%	61.2%	60.4%	60.0%	58.9%
African American (Headcount)	836	841	900	985	1,019	1,070	1,067	1,007	946	888
Percentage of Total	3.0%	3.0%	3.1%	3.3%	3.3%	3.4%	3.4%	3.3%	3.3%	3.2%
Hispanic/Latino (Headcount)	6,964	6,960	7,047	7,378	7,395	7,236	7,118	6,635	6,036	5,369
Percentage of Total	24.7%	24.8%	24.5%	25.0%	24.1%	23.3%	22.9%	21.8%	20.8%	19.4%
White (Headcount)	14,899	15,351	15,955	16,262	16,942	17,452	17,957	17,982	17,645	17,289
Percentage of Total	52.8%	54.6%	55.6%	55.0%	55.1%	56.2%	57.8%	59.2%	60.8%	62.4%
Other (Headcount)	5,495	4,938	4,816	4,944	5,380	5,315	4,915	4,744	4,404	4,169
Percentage of Total	19.5%	17.6%	16.8%	16.7%	17.5%	17.1%	15.8%	15.6%	15.2%	15.0%
<b>DEGREES EARNED</b>										
Bachelor's	5,175	5,264	5,885	6,207	6,258	6,119	6,040	5,900	5,105	5,063
Master's	2,065	1,630	1,372	1,330	1,268	1,249	1,194	1,217	1,270	1,234
Doctoral	234	245	228	220	213	194	174	147	132	127
<b>Total Degrees Earned</b>	<b>7,474</b>	<b>7,139</b>	<b>7,485</b>	<b>7,757</b>	<b>7,739</b>	<b>7,562</b>	<b>7,408</b>	<b>7,264</b>	<b>6,507</b>	<b>6,424</b>

Source: Northern Arizona University- Institutional Research and Analysis

## Demographic Data

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Arizona Population	7,431,344	7,359,197	7,276,316	7,421,401	7,278,717	7,171,646	7,016,270	6,931,071	6,829,397	6,731,484
Arizona Personal Income (in millions)	\$458,154	\$417,021	\$403,739	\$363,274	\$336,514	\$313,042	\$292,108	\$278,925	\$266,756	\$255,089
Arizona Per Capita Personal Income	\$61,652	\$56,667	\$55,487	\$48,950	\$46,233	\$43,650	\$41,633	\$40,243	\$39,060	\$37,895
Arizona Unemployment Rate	3.8%	3.5%	3.5%	7.9%	4.5%	4.9%	4.9%	5.4%	6.0%	6.8%

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

## Principal Arizona Employers

Employer	Calendar Year Ended December 31, 2023			Calendar Year Ended December 31, 2018		
	Total Arizona Employment	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Banner Health	46,602	1	1.2%	36,213	2	1.1%
State of Arizona	41,531	2	1.1%	37,655	1	1.1%
Amazon.com, Inc.	40,000	3	1.1%			
Wal-Mart Stores, Inc.	37,648	4	1.0%	33,814	3	1.0%
Arizona State University	37,402	5	1.0%	13,480	6	0.4%
University of Arizona	23,439	6	0.6%	10,659	10	0.3%
Fry's Food Stores	21,000	7	0.6%			
City of Phoenix	15,018	8	0.4%	13,894	5	0.4%
Honor Health	14,801	9	0.4%	11,308	8	0.3%
Wells Fargo	13,000	10	0.3%	15,062	4	0.4%
<b>Total</b>	<b>290,441</b>		<b>7.7%</b>	<b>172,085</b>		<b>5.0%</b>

Sources: Phoenix Business Journal, Book of Lists 2023

Arizona Commerce Authority website, <https://www.azcommerce.com/oeo/labor-market/unemployment/>.

## Faculty and Staff

Fall employment of fiscal year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>FACULTY</b>										
Full-time	1,140	1,054	1,001	998	1,175	1,180	1,151	1,094	1,068	1,055
Part-time	492	554	541	481	607	625	593	569	553	589
<b>Total Faculty</b>	<b>1,632</b>	<b>1,608</b>	<b>1,542</b>	<b>1,479</b>	<b>1,782</b>	<b>1,805</b>	<b>1,744</b>	<b>1,663</b>	<b>1,621</b>	<b>1,644</b>
Percentage Tenured	45%	47%	49%	53%	46%	47%	47%	49%	49%	50%
<b>STAFF</b>										
Full-time	2,184	1,987	1,911	1,936	2,009	2,034	1,987	1,952	1,883	1,892
Part-time*	1,199	1,029	943	684	775	772	751	737	753	756
<b>Total Staff</b>	<b>3,383</b>	<b>3,016</b>	<b>2,854</b>	<b>2,620</b>	<b>2,784</b>	<b>2,806</b>	<b>2,738</b>	<b>2,689</b>	<b>2,636</b>	<b>2,648</b>
<b>Total Faculty and Staff</b>	<b>5,015</b>	<b>4,624</b>	<b>4,396</b>	<b>4,099</b>	<b>4,566</b>	<b>4,611</b>	<b>4,482</b>	<b>4,352</b>	<b>4,257</b>	<b>4,292</b>

\*Part-time staff counts do not include temporary employees

Source: Northern Arizona University Institutional Research and Analysis

Percentage Tenured includes tenured and tenure track faculty.

## Capital Assets

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academic/Support Facilities	96	98	97	97	97	96	87	88	87	85
Auxiliary Facilities	79	79	79	79	71	71	39	38	38	36
<b>Total</b>	<b>175</b>	<b>177</b>	<b>176</b>	<b>176</b>	<b>168</b>	<b>167</b>	<b>126</b>	<b>126</b>	<b>125</b>	<b>121</b>

Does not include leased facilities.

Source: NAU- Capital Improvement Plan- Building Inventory Report Section

## Credits

### Content

#### Brad Miner

Associate Vice President & University Comptroller

#### Anton Ciochetti

Assistant Comptroller

#### Suzzanna Rodriguez

Assistant Comptroller

#### Kristi Markey

Manager, Accounting

#### Michael Franchi

Accountant, Senior

#### Francine Dalgai

Accountant, Principal

### Additional Contributions by

Financial Accounting Services staff

Financial Compliance, Analysis and Reporting staff

Contracts, Purchasing and Risk Management staff

Student and Departmental Account Services staff

Institutional Research and Analysis staff

Budget Office staff

University Marketing staff

President's Office

Facility Services staff

This annual comprehensive financial report is compiled and issued by:

Brad Miner – Associate Vice President for Financial Services & University Comptroller.

Northern Arizona University

PO Box 4069

Flagstaff, AZ 86011

This report is also available online at <https://nau.edu/Comptroller/Annual-Financial-Reports/>



**NAU** NORTHERN ARIZONA  
UNIVERSITY

Associate Vice President and Comptroller's Office

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# NORTHERN ARIZONA UNIVERSITY

Associate Vice President  
and Comptroller's Office  
PO Box 4069 | Flagstaff, AZ 86011