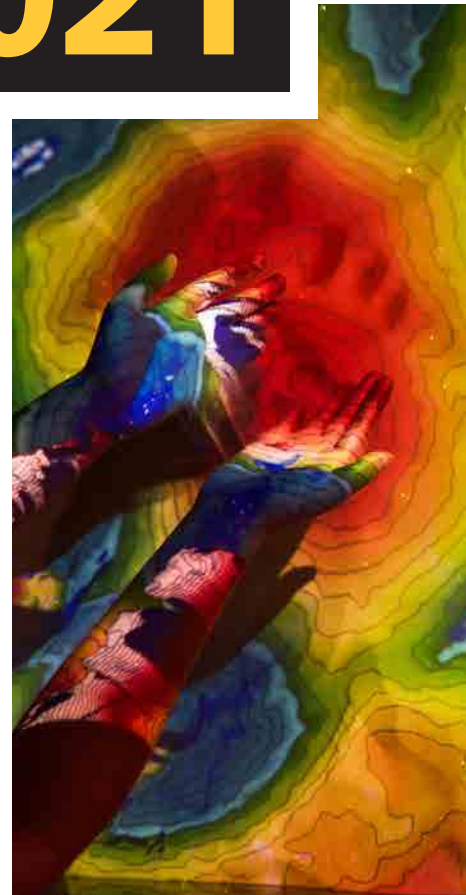




# Annual Comprehensive Financial Report

# 2021





# Annual Comprehensive Financial Report

## Year Ended June 30, 2021

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



Class of  
2021





# Arizona State University

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# Introductory Section

# Message from President Michael Crow



With each passing year, I am increasingly inspired by the creativity and progress happening throughout Arizona State University. No matter the size or scope of the challenge at hand, our ASU community is defined by its dedication, resilience, adaptability and willingness to innovate and serve. Regardless of the circumstance, Sun Devils rise to the occasion and demonstrate higher education leadership at all levels.

At the start of 2021, the value of the ASU-ASU Foundation endowment exceeded \$1 billion, almost doubling in value since Campaign 2020 publicly launched in 2017. At this level, ASU joins a small group of public universities with over \$1 billion endowments — crucial to attracting and retaining distinguished faculty and supporting our students financially.

*U.S. News & World Report* also named ASU the No. 1 most innovative university in the nation for the seventh consecutive year. College presidents, provosts and admissions deans from across the United States nominated ASU for making the most innovative improvements in areas including curriculum, campus life, technology and facilities.

Committed to the advancement of the ASU charter, our promise to grow in excellence, access and impact, ASU adopted a new, three-pillar enterprise structure — Academic Enterprise, Knowledge Enterprise and Learning Enterprise — to advance our comprehensive teaching, learning and discovery objectives. The university also named three new leaders to move each enterprise forward.

Nancy Gonzales, executive vice president and university provost, leads the Academic Enterprise of ASU, a large and complex organization with multi-faceted responsibilities related to the institution's growth and success. Gonzales is at the forefront of the university's daily operations and leads the development of long-term strategic plans to promote student and faculty success. In addition, she is advancing academic excellence through faculty recruitment and retention and increasing the size, scope and quality of ASU's full-immersion and online educational programs. Gonzales is the first ASU alum to serve as executive vice president and university provost.

Sally Morton, executive vice president of the Knowledge Enterprise of ASU, manages the university's extensive and rapidly growing research portfolio, ranging from space exploration and health to sustainability and food systems and beyond. The Knowledge Enterprise advances research, innovation, strategic partnerships, entrepreneurship and economic and international development across the university, focusing on discovery for the public good and service to learners of all ages. A pioneering and internationally recognized statistician, Morton is the first woman to lead ASU's research enterprise.

Maria Anguiano is the first executive vice president of the Learning Enterprise at ASU, which she conceptualized and developed. The Learning Enterprise focuses on ASU's commitment to "assume fundamental responsibility for the economic, social, cultural and overall health of the communities it serves" and is advancing a collection of scalable, technology-enabled programs and tools to support the educational success of individuals from K-12 to mid-career and beyond retirement. The objective is to grow educational options that allow ASU to serve the greatest number of learners possible. Anguiano most recently led planning for ASU's new home in downtown Los Angeles and established the first ASU Local site there.

At the height of the pandemic in 2020, a student interdisciplinary research and development team from ASU's Luminosity Lab was the grand prize winner of the \$1 million XPRIZE Next-Gen Mask Challenge. The ASU team designed a new mask that keeps exhaled nasal air separated from the wearer's face and mouth. Advanced within ASU's student-centric culture of innovation, the groundbreaking design formulated by ASU undergraduate and graduate students beat out nearly 1,000 entries from 70 countries and took home a \$500,000 prize. Collaborative, technology-driven spaces like the Luminosity Lab as well as many others throughout ASU's campuses exemplify the university's commitment to innovation and student success. By making every asset of the institution available to the ASU community, students are empowered to develop their ideas, bring them to fruition and serve society.

Sun Devils' community spirit also stemmed the COVID-19 spread. Within one year of the first U.S.-based COVID-19 case, ASU helped launch and operate hundreds of COVID-19 testing sites across Arizona. To support logistics and staffing of 24/7 vaccination sites, Sun Devils partnered with state agencies to help deliver more than one million COVID-19 vaccines.

These are only a few examples of the numerous achievements ASU celebrated over the last year. Despite an unprecedented and rapidly changing landscape, ASU continued to advance its mission, be of service and find new solutions without interruption. We welcomed more students, marveled at the resilience and creativity of our students, faculty and staff, and never lost our momentum or optimism for the future. As ASU launches into 2022, it is stronger, wiser and more confident than ever before of our collective abilities and the greatness that lies ahead.



October 28, 2021

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

Enclosed is the *Arizona State University Annual Comprehensive Financial Report* (ACFR) for the year ended June 30, 2021. The report includes the annual financial statements, Management's Discussion and Analysis (MD&A) and supplemental information to assist the reader in clearly understanding the University's financial activities and outcomes.

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

misstatements.

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

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. The University's annual audit is performed by the State of Arizona Office of the Auditor General. The reports resulting from the audit are shared with University management and the Arizona Board of Regents. The audit of the University's federal assistance programs is performed by the Office of the Auditor General in conjunction with the Statewide Single Audit. For the year ended June 30, 2021, the State of Arizona Office of the Auditor General has issued an unmodified opinion on Arizona State University's financial statements, the most favorable outcome possible. The independent auditors' report is displayed in the front of the financial section of the Report.

ASU remains committed to effective budgetary planning and sound financial management as it pursues excellence in teaching, research and public service. We have prepared Management's Discussion and Analysis (MD&A) to provide a narrative introduction, overview and analysis of the basic financial statements, as well as information regarding the University's financial position and the results of operations for the year ended June 30, 2021. The MD&A immediately follows the independent auditors' report, complements this letter of transmittal and should be read in conjunction with it.

## Profile of the University

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

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

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

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

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



Governmental Accounting Standards Board (GASB) reporting requirements. Separate financial statements for the University's six discretely presented component units are compiled in accordance with GASB Statement Nos. 39 and 61, and include ASU Enterprise Partners; Arizona Capital Facilities Finance Corporation; ASU Alumni Association; Arizona State University Research Park, Inc.; ASU Preparatory Academy, Inc. and Sun Angel Foundation. These component units are non-profit, tax-exempt organizations and are discretely presented based on the nature and significance of their relationships to the University.

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

### **Arizona Economy**

*The following economic summary is based on the Arizona Office of Economic Opportunity Employment Projections, released on February 18, 2021 and data compiled by the JPMorgan Chase Economic Outlook Center at the ASU W.P. Carey School of Business.*

In its February 2021 forecast, the Arizona Office of Economic Opportunity is forecasting significant gains in Arizona nonfarm employment for the 2020-2022 projection time period, with 325,000 new nonfarm jobs (5.5% annualized growth) expected from 2020 through 2022. Over the previous two years (2018-2020), Arizona nonfarm employment declined by over 150,000 jobs (-2.6% annual change) due to the economic impacts of the COVID-19 pandemic compared to an annual decline of -5.4% for the U.S. as a whole. The trade, transportation and utilities sector is expected to add the largest number of jobs (approximately 86,000) at an annualized growth rate of 7.8%, while leisure and hospitality employment is expected to rise by the largest percentage growth among all sectors at 12.8% annually as the industry continues to rebound from the devastating impacts of the pandemic.

The onset of the COVID-19 pandemic ended the longest U.S. jobs expansion on record, coming after an increase in employment of 112 consecutive months with nearly all jobs created during that period being lost in April of 2020. At a national level, the significant disruptions to capital and debt markets, manufacturing capacities, and supply chain deliveries largely subsided during the third quarter of 2020 and the economy continues to show evidence of growth through the third quarter of 2021. The Federal Reserve has maintained an effective federal funds rate at near zero through August 2021, which has a positive impact on financial lending institutions and residential builders, while negatively impacting consumer purchasing power as monthly inflation rates have risen to 5.4% as of July 2021. Total savings deposits at all depository institutions have shown an increase with the personal savings rate reaching its highest level since 1975, peaking at 26.6% in March 2021. According to the U.S. Bureau of Labor Statistics, job losses due to the pandemic peaked with an unemployment rate of 14.8% in April 2020, the highest rate in the post-World War II era, and as of August 2021, improved to an unemployment rate of 5.2%. Locally, the Arizona unemployment rate in July 2020 was 10.3% and continued to improve through June 2021 to 6.6%. As of August 2021, Arizona is slightly lagging the national average but expects to see continued improvement boosted by increased construction activity and significant new job creation in most major employment sectors, particularly in the hospitality industry. Arizona enjoys strong population growth and was ranked second in the nation in 2020 and third in 2019; it is anticipated that Arizona's population growth will continue to be among the fastest in the nation through 2022. Demand for residential housing and near-record low rental vacancy rates continue to drive increases in residential single-family home prices.

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

### **Planning and Initiatives**

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

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

In the midst of recent world-wide disruptions, which have significantly impacted the higher education sector, ASU remains committed to redesigning the public research university, leaving an indelible mark on the communities we serve. Fiscal Year 2021 was another successful year for ASU, with research playing an increasing role in ASU's global engagement.

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

- ASU researchers and staff continue to work on the front lines of COVID-19 response efforts by designing and standing-up testing and vaccination distribution centers throughout the State of Arizona, developing new testing methods, and utilizing the University's COVID management framework to provide weekly situational updates and comprehensive outbreak monitoring services. The University was the recipient of multiple federal funding sources for the purpose of mitigating the impacts of the pandemic on critical University operations and deployed significant assets to track, monitor, and utilize those resources during the fiscal year.
- ASU provides students access to a world-renowned faculty that includes 40 Guggenheim fellows, 23 National Academy of Sciences members, 26 American Academy of Arts and Sciences members, nine National Academy of Engineering members, nine Pulitzer Prize winners, six MacArthur fellows and five Nobel laureates. ASU's 18-to-1 student to faculty ratio ensures that students receive individualized access to this remarkable faculty and highlights only one aspect of the University's commitment to ensure that students have access to all the support they need to achieve success and master the art of learning.
- ASU Knowledge Enterprise continues to advance bold initiatives to explore our world and the universe in which it resides. Mastcam-Z, the ASU-led stereo zoom camera system on the NASA Mars 2020 rover Perseverance, is in full operation on the red planet. Since landing in February 2021, the cameras have captured more than 15,000 images of the surrounding terrain in Jezero Crater and more than 30,000 video frames of the historic first flights of the Mars helicopter "Ingenuity." Mastcam-Z images play an integral role in selecting sites to collect samples that will hopefully return to Earth within the next decade.
- Despite disruptions to logistics and the construction industry, capital infrastructure improvements continue to move forward undeterred and remain critical components toward achieving the University's core mission of instruction, research and public engagement. Recently completed and ongoing projects include:
  - Interdisciplinary Science and Technology Building 7 (ISTB 7) serves as a gateway to the Tempe campus and is a high performance research facility focusing on sustainability initiatives regarding food, water and energy.
  - The new global headquarters of the Thunderbird School of Global Management in Downtown Phoenix is a multi-level classroom and office facility that will offer enhanced access to technological resources that will enable the success of Thunderbird students, faculty and staff.
  - The Herald Examiner Building renovation in downtown Los Angeles is a complete refurbishment of the historic newspaper building and houses ASU journalism, film and other programs in Southern California.
  - The Phoenix Biomedical Complex tenant improvements project provides additional research space for the College of Health Solutions, the Edson College of Nursing and the Biodesign Institute and is the cornerstone project for the 30-acre Downtown Phoenix biomedical campus.
  - Fusion on First features both specialized space to support Herberger Institute for Design and the Arts music, fashion and design programming, and living and learning space for over 500 students located in the heart of the emerging arts district in Downtown Phoenix.


### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its ACFR for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To receive a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized ACFR, and must satisfy both generally accepted accounting principles and applicable legal requirements. The University will submit its ACFR for the fiscal year ended June 30, 2021 to the GFOA and anticipates this year's report will continue to meet the requirements to receive the Certificate of Achievement.

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

Sincerely,



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

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Arizona State University**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

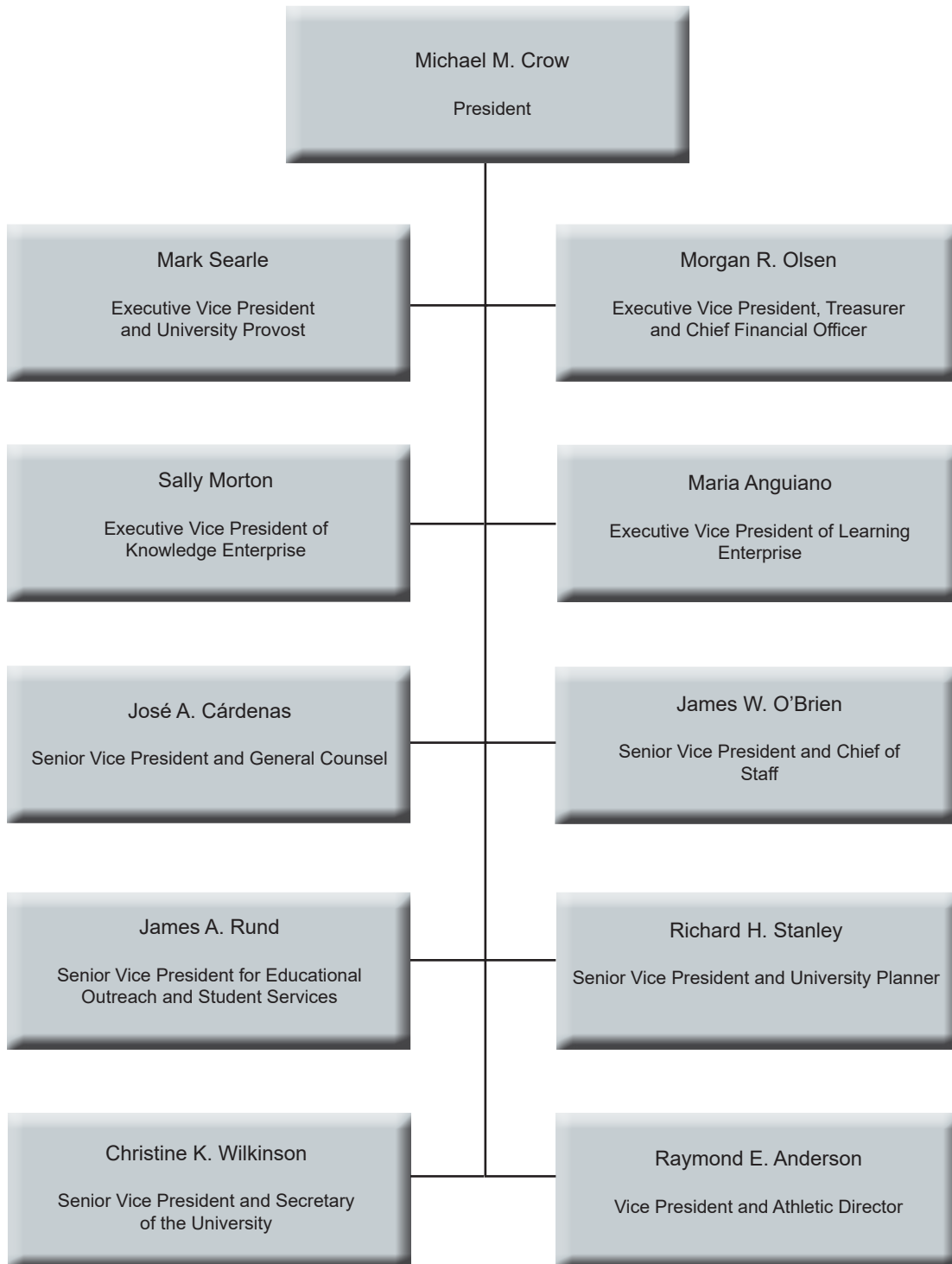
June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# ASU Organizational Chart

As of June 30, 2021



## **Ex-Officio**

Doug Ducey, *Governor of Arizona*

Kathy Hoffman, *Arizona Superintendent of Public Instruction*

## **Appointed**

Larry Penley, *Chair*  
Phoenix

Karrin Taylor Robson, *Secretary*  
Phoenix

Ron Shoopman, *Treasurer*  
Tucson

Lyndel Manson, *Chair Elect*  
Flagstaff

Bill Ridenour  
Paradise Valley

Cecilia Mata  
Sierra Vista

Fred DuVal  
Phoenix

Kathryn Hackett King  
Phoenix

Anthony Rusk, *Student Regent*  
University of Arizona

Nikhil Dave, *Student Regent*  
Arizona State University





# Financial Section





**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

## Independent auditors' report

Members of the Arizona State Legislature

The Arizona Board of Regents

### Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Arizona State University as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

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

#### *Auditors' responsibility*

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

Opinion unit	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses
Business-type activities—TSGM	0.14%	0.07%	0.82%	1.34%
Discretely presented component units	100%	100%	100%	100%

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

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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

As discussed in Note A to the financial statements, the University's financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only those portions of the business-type activities, major fund, and aggregate discretely presented component units of the State of Arizona that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Arizona as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### ***Other matters***

#### *Required supplementary information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 20 through 27, schedule of the University's proportionate share of the net pension liability and total OPEB liability on page 64, and schedule of University pension contributions on page 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and other information*

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

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

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

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

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

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

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

October 28, 2021

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# Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) provides readers of Arizona State University's financial statements an understanding of the financial position and revenue and expense activities for the year ended June 30, 2021. This discussion has been prepared by University management and should be read in conjunction with the financial statements and notes to the financial statements.

## Arizona State University Reporting Entity

Arizona State University (ASU, University) is a knowledge enterprise committed to knowledge creation, innovation, meaningful impact to our community and global engagement. The University is comprised of an educational network of more than 800 accredited undergraduate majors, highly ranked graduate degrees, and concentrations. ASU's fall 2020 enrollment was over 128,000 students comprised of 103,000 undergraduate students and 25,000 graduate students, including over 53,000 students participating in ASU's renowned online degree programs. The University is classified as a state instrumentality and since fiscal responsibility for the University remains with the State of Arizona, the University is considered a part of the reporting entity for the State's financial reporting purposes.

The University's financial report includes three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Financial information for FY 2020 is included in MD&A in order to illustrate increases and decreases with FY 2021 data. The financial statements and notes along with MD&A have been prepared in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB) for public colleges and universities.

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

Effective for FY 2021, the university implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, as amended by GASB Statement No. 97, *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. GASB Statement No. 84 establishes criteria for identifying and reporting fiduciary activities and provides an exception for business-type activities that normally expect to hold custodial assets for three months or less. The university has included activity that met the exception in the statement of net position and has separately reported receipts and disbursements as cash inflows and outflows, respectively, in the operating activities category of the statement of cash

flows. Additionally, the University elected to early implement the provisions of GASB Statement No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym, ACFR.

## Financial Highlights for FY 2021

The University strengthened its financial foundation in FY 2021 with a \$248 million increase in net position, compared to a \$7 million increase in FY 2020. This represents the 16th straight year in which ASU reported an increase in net position. At June 30, 2021 the University had total assets of \$5.3 billion and net position over \$1.6 billion. Overall, FY 2021 funding sources and uses increased 13 percent and five percent, respectively, from FY 2020.

Tuition and fees are ASU's primary revenue source (48 percent), with grants and contracts, state appropriations, financial aid grants and auxiliary enterprise activities also providing significant resources. Over \$1.4 billion was spent on instruction related expenses in FY 2021, representing one-half of the University's total expenses. Research and public service was the second largest expense category with \$485 million in FY 2021 expenses, while scholarships and fellowships combined with student services expenses were \$459 million, with the categories reflecting a 22 percent increase and no change over FY 2020, respectively.

## Statement of Net Position

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

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



A summary comparison of the University's financial position as of June 30, 2021 and June 30, 2020 follows.

<b>Condensed Summary of Net Position (Dollars in millions)</b>		
	<b>FY 2021</b>	<b>FY 2020</b>
<b>Assets</b>		
Current assets	\$ 773.1	\$ 615.9
Noncurrent assets	1,292.2	1,131.8
Noncurrent capital assets, net	3,227.9	2,949.1
<b>Total assets</b>	<b>\$ 5,293.2</b>	<b>\$ 4,696.8</b>
<b>Deferred outflows of resources</b>		
	<b>\$ 287.0</b>	<b>\$ 233.0</b>
<b>Liabilities</b>		
Current liabilities	\$ 697.1	\$ 592.0
Noncurrent liabilities	1,108.7	939.6
Noncurrent long-term obligations	2,133.3	1,967.0
<b>Total liabilities</b>	<b>\$ 3,939.1</b>	<b>\$ 3,498.6</b>
<b>Deferred inflows of resources</b>		
	<b>\$ 31.1</b>	<b>\$ 69.1</b>
<b>Net position</b>		
Net investment in capital assets	\$ 1,107.1	\$ 1,042.7
Restricted:		
Nonexpendable	91.7	87.5
Expendable	175.9	127.6
Unrestricted	235.3	104.3
<b>Total net position</b>	<b>\$ 1,610.0</b>	<b>\$ 1,362.1</b>

Total assets at June 30, 2021 of \$5.3 billion reflect a 13 percent increase from June 30, 2020. Current assets are used to support operations and include cash and cash equivalents, short-term investments and accounts receivables. Current assets increased \$157 million between years primarily due to increased cash and cash equivalents and receivables at June 30, 2021. The University strategically held increased liquid asset balances to respond to potential COVID-19 economic disruptions and to take advantage of the lack of spread between short-term and long-term rates; the resulting investment strategy allowed for expanded shorter term investments available to fund current obligations, as needed. Accounts receivable primarily increased due to Higher Education Emergency Relief Fund (HEERF) receivables at year-end.

Noncurrent assets increased \$439 million between years primarily due to a \$279 million increase in net capital assets, a \$114 million increase in endowment investments, a \$77 million increase in operating investments partially offset by a \$31 million decrease in restricted cash and cash equivalents. The increase in net capital assets was largely due to ongoing construction of the Interdisciplinary Science and Technology Building 7 (ISTB 7) project, Wexford tenant improvements, the new Thunderbird School of Global Management building in Downtown Phoenix, the Multipurpose Arena, and the completion of the Fusion on First Academic and Entrepreneurial Center. Restricted cash and cash equivalents decreased \$31 million due to expenditures on capital projects exceeding the offset of new

restricted cash resources created by the issuance of system revenue bonds in fiscal 2021 to fund the Phase III of ISTB 7, the Multipurpose Arena, the Thunderbird School of Global Management building, the University Pedestrian Bridge, IT infrastructure and other deferred maintenance projects. The bond proceeds will be spent as construction costs are incurred. ASU's endowment investments increased \$114 million as a result of an additional \$50 million investment in ASU's quasi-endowment as well as significant unrealized gains in endowment investments which are managed by the ASU Foundation. Other investments increased \$77 million due to rebalancing efforts to move some mid-term investments to long-term in conformity with ASU's overall investment strategy.

Deferred outflows of resources increased \$54 million between years primarily due to an increase in pension plan and other postemployment benefits activity due to actuarial differences between expected and actual experience as well as changes in actuarial assumptions.

Total liabilities increased \$440 million for the year ended June 30, 2021 to \$3.9 billion, with current liabilities increasing \$105 million between years primarily due to increased unearned revenues and accounts payable. Unearned revenues increased due to an increase in fixed grant awards with corresponding grant revenues being received prior to all grant obligations being fulfilled resulting in the recognition of the revenue in future periods. Accounts payable increased primarily related to accrued payroll liabilities, the remittance of funds held for others that were deposited in June 2021, and ASU Online related vendor payables.

Noncurrent liabilities increased \$335 million between years with long-term debt increasing by \$166 million and ASU's allocated portion of pension and OPEB liabilities increasing \$109 million and \$60 million, respectively. Long-term debt increased due to the 2021 system revenue bonds issue discussed above. The increase in pension liability resulted from an increase in the University's proportionate share of the Arizona State Retirement System (ASRS) plan and differences between projected and actual earnings on pension plan investments. The increase in OPEB liability resulted from the increased subsidization of retiree health care costs by active employees and greater participation of ASU retirees in the ADOA OPEB plan.

Deferred inflows of resources decreased \$38 million between years due to decreased pension and OPEB plan deferrals due to actuarial changes in assumptions in the measurement of the plan liabilities to be recognized in future periods.

Net position increased \$248 million between years to over \$1.6 billion. ASU's increase in net position over the last ten years has averaged \$101 million annually reflecting the University's steady growth in net position allowing the University to accumulate unrestricted net position

# Management's Discussion and Analysis

sufficient to absorb the reduction in net position related to GASB pension plan and OPEB liability standards and still retain positive unrestricted net position to support strategic initiatives. Net position is reported as follows:

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

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

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



A summary comparison of the University's activities for FY 2021 and FY 2020 follows.

Condensed Summary of Revenues, Expenses, and Changes in Net Position (Dollars in millions)		
	FY 2021	FY 2020
<b>Operating revenues</b>		
Tuition and fees, net	\$ 1,598.2	\$ 1,550.6
Research grants and contracts	364.4	365.5
Auxiliary enterprises, net	124.1	170.2
Other operating revenues	134.1	94.3
Total operating revenues	\$ 2,220.8	\$ 2,180.6
<b>Operating expenses</b>	3,036.0	2,883.5
<b>Operating loss</b>	<b>\$ (815.2)</b>	<b>\$ (702.9)</b>
<b>Net nonoperating revenues (expenses)</b>		
State appropriations	\$ 306.3	\$ 323.3
Other nonoperating revenues	767.2	414.1
Nonoperating expenses	(84.4)	(81.3)
Income before other revenues, expenses, gains, or losses	\$ 173.9	\$ (46.8)
Capital appropriations and other revenues	74.0	53.5
<b>Increase in net position</b>	<b>\$ 247.9</b>	<b>\$ 6.7</b>
Net position at beginning of year	1,362.1	1,355.4
<b>Net position at end of year</b>	<b>\$ 1,610.0</b>	<b>\$ 1,362.1</b>

## Operating Revenues

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

Operating revenues increased \$40 million, or two percent, to over \$2.2 billion in FY 2021 with the most significant increases occurring in net tuition and fees and other operating revenues. The \$48 million increase in tuition and fee revenues is primarily the result of a six percent increase in FTE enrollment, including online enrollment growth of 25 percent. The University did not increase tuition rates for the second straight year in response to the challenges facing students and their families as a result of the pandemic.

Other operating revenues, primarily revenues derived from educational department sales and services, and other non-tuition revenues, increased \$40 million, or 42 percent. Educational department sales and services comprise commissions, conference revenues, facility rentals and external sales activities. Educational department sales and services increased \$21 million due to ongoing ASU efforts to meet the challenges of the COVID-19 pandemic, particularly through its stand-up operations to provide testing and vaccination services for ASU-affiliated individuals and the general public. Other operating revenues also increased due to growth in non-tuition receipts from corporate educational sponsorship programs.

There was a \$46 million, or 27 percent, decrease in auxiliary revenues due to the impact of the COVID-19 pandemic on auxiliary sales and services, particularly due to cancellation of athletic and Gammage Broadway Series events, lower student participation in housing and dining services, and decreased activity for parking and student health services.

### Operating Expenses

Expenses are categorized as operating or nonoperating per GASB. The University reports operating expenses by functional category (instruction, research, etc.) in the statement of revenues, expenses, and changes in net position and displays expenses by their natural classification (personal services and benefits, supplies and services, scholarships and fellowships and depreciation) in *Note 1 – Operating Expenses by Natural Classification*.

Operating expenses increased \$152 million, or five percent, in FY 2021 with the increase largely reflecting growth in instructional, public service and research activities. Research and public service represents the largest category of expense growth and increased \$87 million due to the University's contract with the State of Arizona Department of Health Services to provide COVID-19 testing and vaccination services. Instruction and academic support expenses increased \$58 million, spread across most academic areas of the University, along with continued growth in online programs and instructional support activities.

Pensions and OPEB expenses totaled \$65 million in FY 2021 impacting all functional classifications. Pensions and OPEB expenses increased due to recognition of actuarial differences between expected and actual experience as well as changes in actuarial assumptions.

<b>Combined Sources and Uses (Dollars in millions)</b>					
	<b>FY 2021</b>	<b>Percent Total</b>	<b>FY 2020 (as restated)</b>	<b>Percent Total</b>	<b>Percentage Change</b>
<b>Sources</b>					
Tuition and fees, net	\$ 1,598.2	48%	\$ 1,550.6	52%	3%
Grants and contracts	757.4	22%	438.3	15%	73%
State appropriations (includes capital appropriations)	332.2	10%	348.9	12%	(5)%
Financial aid grants	198.4	6%	186.8	6%	6%
Auxiliary enterprises, net	124.1	4%	170.2	6%	(27)%
Private and capital gifts	79.9	2%	93.8	3%	(15)%
Sales and services	93.3	3%	72.5	2%	29%
Share of state sales tax (TRIF)	36.8	1%	34.1	1%	8%
Other sources	148.0	4%	76.4	3%	94%
<b>Total sources</b>	<b>\$ 3,368.3</b>	<b>100%</b>	<b>\$ 2,971.6</b>	<b>100%</b>	<b>13%</b>
<b>Uses</b>					
Instruction and academic support	\$ 1,446.5	46%	\$ 1,388.1	47%	4%
Research and public service	485.3	16%	398.4	13%	22%
Scholarships and fellowships and student services	459.6	15%	459.0	16%	0%
Institutional support and operation of plant	307.3	10%	302.6	10%	2%
Auxiliary enterprises	184.8	6%	191.9	6%	(4)%
Depreciation	152.5	5%	143.6	5%	6%
Interest on debt and other expenses	84.4	2%	81.3	3%	4%
<b>Total uses</b>	<b>\$ 3,120.4</b>	<b>100%</b>	<b>\$ 2,964.9</b>	<b>100%</b>	<b>5%</b>



# Management's Discussion and Analysis

## Nonoperating Revenues and Expenses

Due to the required classification of key revenue sources such as state appropriations, financial aid grants, and private gifts as nonoperating revenues, operating expenses will typically exceed operating revenues for public universities, resulting in an operating loss. Total nonoperating and capital revenues increased \$357 million between years, primarily due to a \$308 million increase in nonoperating grants and contracts, \$31 million increase in net investment return, \$21 million increase in proceeds from the sale of land, \$12 million increase in financial aid grants, offset by decreases of \$17 million in state appropriations and \$14 million in capital and private gifts. The University recognized nonoperating grants and contracts revenues related to HEERF of \$175 million and a supplemental grant from the State of Arizona Governor's Emergency Education Relief Fund (GEERF) of \$46 million, both due to federal and state responses to the COVID-19 pandemic. Additionally, the University recognized \$110 million in grants and contracts revenue associated with the Arizona Department of Health Services COVID-19 testing and vaccination services which was partially offset by decreases in nonoperating grants and contracts activity across multiple grants. The increase in financial aid grants is primarily related to Pell grant activity. Unrealized gains on investments increased between fiscal years and was partially offset by a decrease in interest earnings on operating fund investments due to falling interest rates.

## Statement of Cash Flows

A summary comparison of cash flows for the University's FY 2021 and FY 2020 activities follows.

<b>Condensed Summary of Cash Flows (Dollars in millions)</b>		
	<b>FY 2021</b>	<b>FY 2020</b>
<b>Cash provided by/(used for):</b>		
Operating activities	\$ (536.2)	\$ (465.9)
Noncapital financing activities	934.3	683.6
Capital and related financing activities	(255.5)	(224.8)
Investing activities	(75.1)	34.1
<b>Net increase in cash and cash equivalents</b>	<b>\$ 67.5</b>	<b>\$ 27.0</b>
Cash and cash equivalents at beginning of year	546.4	519.4
<b>Cash and cash equivalents at end of year</b>	<b>\$ 613.9</b>	<b>\$ 546.4</b>

The statement of cash flows provides additional information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. Cash flows from operating activities present the net cash generated or used by the operating activities of the University. Due to the categorization of operating and nonoperating revenues and expenses by GASB, cash flows from operating expenses are typically a

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

## Capital Assets and Debt Administration

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

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

ASU's capital assets continue to grow in order to provide facilities to support the University's instruction, research and public service missions. Overall the University's capital assets, net of accumulated depreciation and deletions, increased by \$279 million in FY 2021, a nine percent increase over FY 2020. Growth in FY 2021 primarily resulted from completion of the Health Futures Center project and new and ongoing significant capital projects to support the University's instruction, research and public service programs.

Significant FY 2021 new capital projects included the following:

- Bateman Physical Sciences Center Improvements.** This project will update and increase the number of chemistry instructional laboratories and update the research laboratories and office spaces in the D and E wings of this aging multifunctional complex. Extensive upgrades to the building system, exterior envelope improvements, and updates to meet current Americans with Disabilities Act (ADA) and life safety requirements will be modernized to enable the University to improve its utilization of space to meet ongoing research needs.
- Multipurpose Arena.** This project will construct an approximately 166,750 gross-square-foot multipurpose arena to accommodate a wide range of community

and intercollegiate athletic uses, including addressing the needs of the Sun Devil men's ice hockey program. A second ice surface will be included to provide a practice and competition space for community and team use. The arena design will be flexible and include portable hardwood sports courts to enable the facility to accommodate other arena sports, as well as family shows, concerts, and corporate and university events.

- **ASU at Mesa City Center Tenant Improvements.** ASU has entered into a collaboration with the City of Mesa in which the city will build a facility to the University's specifications to provide space for its Digital and Sensory Technology, Film and Media Arts, User Experience Design and Entrepreneurial Support programs. This project consists of the furniture, fixtures and equipment for the facility, as well as the infrastructure required to support the University's programs and initiatives.

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

A summary of the University's outstanding debt including average interest rates, final maturity and outstanding balances for its bonds, certificates of participation and capital leases, is presented in *Note E – Long-Term Debt and Lease Obligations*. In April 2021 the University issued \$283 million in system revenue bonds to fund the Interdisciplinary Science and Technology Building VII (ISTB 7), the Multipurpose Arena, the Thunderbird School of Global Management building in Downtown Phoenix, the University Drive Pedestrian Bridge, and IT and other infrastructure and deferred maintenance projects.

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

### ASU's Component Units

ASU has blended financial activity for two of its component units, The Thunderbird School of Global Management (TSGM) and the ASU Athletic Facilities District. There was no financial activity for the ASU Athletic Facilities District during FY 2021.

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

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

<b>Condensed Summary of Financial Position for ASU Discretely Presented Component Units (Dollars in millions)</b>		
	<b>FY 2021</b>	<b>FY 2020</b>
<b>Assets</b>		
Cash and investments	\$ 1,703.9	\$ 1,331.8
Capital assets, net	146.0	155.0
Receivables, net	246.7	252.0
Other assets	96.8	75.8
<b>Total assets</b>	<b>\$ 2,193.4</b>	<b>\$ 1,814.6</b>
<b>Liabilities</b>		
Long-term debt	\$ 298.2	\$ 316.6
Other liabilities	490.8	343.2
<b>Total liabilities</b>	<b>\$ 789.0</b>	<b>\$ 659.8</b>
<b>Net assets</b>		
Without Donor Restrictions - Unrestricted	\$ 187.4	\$ 123.3
With Donor Restrictions - Temporarily restricted	592.7	427.9
With Donor Restrictions - Permanently restricted	624.3	603.6
<b>Total net assets</b>	<b>\$ 1,404.4</b>	<b>\$ 1,154.8</b>

<b>Condensed Summary of Activities for ASU Discretely Presented Component Units (Dollars in millions)</b>		
	<b>FY 2021</b>	<b>FY 2020</b>
<b>Revenues</b>		
Contributions	\$ 166.1	\$ 227.2
Other revenues	412.6	122.4
<b>Total revenues</b>	<b>\$ 578.7</b>	<b>\$ 349.6</b>
<b>Expenses</b>		
Payments to the benefit of ASU	\$ 124.1	\$ 162.7
Other expenses	199.6	141.3
<b>Total expenses</b>	<b>\$ 323.7</b>	<b>\$ 304.0</b>
Gains and losses	(5.4)	(0.2)
Increase in net assets	\$ 249.6	\$ 45.4
Net assets at beginning of year	1,154.8	1,109.4
<b>Net assets at end of year</b>	<b>\$ 1,404.4</b>	<b>\$ 1,154.8</b>

# Management's Discussion and Analysis

## Combined ASU and ASU Component Units

ASU and its component units combined for an increase in net position/net assets of \$498 million in FY 2021, including a \$248 million increase for the University and its blended component units and a \$250 million increase for the discretely presented component units. The net position increase for ASU occurred in unrestricted net position, \$131 million, net investment in capital assets, \$64 million, and restricted net position, \$53 million. Component unit unrestricted net assets increased by \$64 million while temporarily restricted and permanently restricted component unit net assets increased by \$165 million and \$21 million, respectively. Restricted net position/net assets for the University/component units

must be spent in compliance with donor directions, and are typically restricted for use by a specific academic department or program. Revenues for the components units increased \$229 million, or 66 percent, between years primarily due to a \$202 million increase in net investment return, and a \$69 million increase in other revenues, partially offset by a decrease in contributions. Expenses for the component units increased by \$20 million, or six percent, between years with increases in management and general expenses and other expenses, partially offset with decreases in payments to benefit ASU. Other revenues and expenses increased primarily due to ASURE COVID-19 testing and vaccination services provided to community partners.

**End of the Year Net Position of ASU and Net Assets of ASU Component Units on a Combined Basis (Dollars in millions)**

	FY 2021			FY 2020		
	ASU	ASU Component Units	Combined	ASU	ASU Component Units	Combined
Net investment in capital assets	\$ 1,107.1		\$ 1,107.1	\$ 1,042.7		\$ 1,042.7
Unrestricted net position/net assets without donor restrictions	235.3	\$ 187.4	422.7	104.3	\$ 123.3	227.6
Restricted net position/net assets with donor restrictions:						
Expendable/Temporarily	175.9	592.7	768.6	127.6	427.9	555.5
Nonexpendable/Permanently	91.7	624.3	716.0	87.5	603.6	691.1
<b>Net position/net assets at end of year</b>	<b>\$ 1,610.0</b>	<b>\$ 1,404.4</b>	<b>\$ 3,014.4</b>	<b>\$ 1,362.1</b>	<b>\$ 1,154.8</b>	<b>\$ 2,516.9</b>

## Economic Outlook

ASU exists to provide world-class instruction to learners of all ages and all stages of life, advance research and discovery of public value, and assume fundamental responsibility for the economic, social, cultural and overall health of the community it serves. Despite the challenges of the COVID-19 pandemic, ASU continues to respond to the ongoing realities of new public health information and guidance, make necessary adjustments to learning modalities to accommodate student and staff concerns, and prudentially deploy federal and state assistance packages to ensure that essential services to enhance student success are maintained. Implementing all public health protocols, ASU began its fall semester in August 2021 by continuing to offer courses in various immersion modalities including: ASU immersion (on-campus, in-person, technology-enhanced learning); ASU Sync (synchronous, technology-enhanced and fully-interactive remote learning); and iCourses (courses delivered entirely online with lectures and materials available on demand), with a significant increase in the immersion modality over fall 2020 as students returned to campus. The University continues to partner with public health authorities through its direct efforts to operationalize easily-accessible saliva testing services for students and staff and administering

vaccine distribution sites throughout the State of Arizona in partnership with the Arizona Department of Health Services. Since the start of the pandemic, the University has collected more than 300,000 Biodesign Institute COVID-19 test results from students and employees and 600,000 from non-ASU affiliated individuals. In January 2021, the University opened an on-campus COVID-19 vaccination site focusing on health and lab workers, older employees and those in high-public-contact positions on campus. In March, the services were expanded to all employees and, in April 2021, to all on-campus ASU students.

The University aggressively pursues new relationships and alliances with public and not-for-profit corporations to advance its core mission. The University secured a \$1 million investment from Bank of America for student workforce education to bolster existing efforts to ready students of color for the education needed to join and thrive in the local employment market. Historically underrepresented populations now comprise more than 40% of all students enrolled at ASU and 35% are first-generation college students. By working together with community partners, the University continues to expand learning and career pathways for students from diverse backgrounds which gives them the tools to be part of a healthy and rewarding workforce.

The University utilized the remaining \$48.5 million of its HEERF I allocation and, in December 2020, the University received an additional \$46 million in GEERF allocations from the State of Arizona. HEERF II funding of \$112.9 million and HEERF III funding of \$191.4 were awarded to the University during FY 2021, however recognition of significant portions of these awards are deferred until FY 2022. Notable portions of these assets were applied towards direct student aid and are reflected in scholarship allowances and scholarship and fellowship expenses.

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

- #1 university in the U.S. for innovation, for the seventh year in a row; (*U.S. News and World Report*)
- #1 in the U.S. and top ten in the world for global impact in research, outreach and stewardship; (*Times Higher Education*)
- #1 "Coolest schools" of 328 institutions for more environmentally friendly colleges and universities in North America; (*Sierra magazine*)
- Top 10 in U.S. patents across universities worldwide; (*U.S. National Academy of Investors and the Intellectual Property Owners Association*)
- Top 10 in the U.S. for first-year student experience; (*U.S. News and World Report*)
- Top 10 "Best Buy" of public universities; (*Fiske Guide to Colleges*)
- Top 10 university in the U.S. chosen by international students; (*Institute of International Education*)
- A top producer of Fulbright scholars; (*Chronicle of Higher Education*)
- A top university for undergraduate education; (*U.S. News and World Report*)

Recognizing that Arizona's universities play a major part in diversifying and fortifying our regional economy, the Arizona Board of Regents is continuing to advance its New Economy Initiative in order to ensure that the University is ready to meet the needs of Arizona's future workforce. The New Economy Initiative calls for a \$46 million investment in Arizona's economic growth that directs \$10 million to the expansion of the Ira A. Fulton Schools of Engineering world-class faculty; \$10 million to the establishment of five Science and Technology Centers in industries related to energy, human performance, extreme environments, advanced manufacturing, and future communications technologies; and \$26 million for faculty, classroom space, learning programs, and student support services.

As we continue to navigate the short-term management challenges of COVID-19, the University remains committed to serving the interests of our state by providing practical and measurable outcomes that advance the interests of our growing local economy and population. Health care, energy, manufacturing, information technology, and business services are all fast-growing sectors of vast potential for Arizona which rely on skilled and adaptable engineering and technology graduates who are prepared for the fast-moving, 21st century workforce. Operating in a full enterprise modality which takes advantage of public and private partnerships, alliances, and seeks new revenue streams through non-traditional funding sources for public higher education, the University continues to serve our state towards our shared goals of leveraging all valuable opportunities that exist to build a long-term economic future that is robust, fair, and open to all Arizonans.

# Statement of Net Position

June 30, 2021 (Dollars in thousands)

## Assets

### Current Assets:

Cash and cash equivalents (Note C)	\$ 370,630
Short-term investments (Note C)	48,819
Accounts receivables, net	341,511
Other assets	12,149

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Total Current Assets	\$ 773,109
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### Noncurrent Assets:

Restricted cash and cash equivalents (Note C)	\$ 243,260
Endowment investments (Note C)	371,178
Other investments (Note C)	672,140
Student loans receivable, net	5,452
Other assets	185
Capital assets, net (Note D)	3,227,901

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Total Noncurrent Assets	\$ 4,520,116
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<b>Total Assets</b>	<b>\$ 5,293,225</b>
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## Deferred Outflows of Resources

Interest rate swap (Note F)	\$ 15,058
Unamortized loss on refunding debt	21,650
Pensions related (Note J) and other postemployment benefits (Note K)	250,317

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<b>Total Deferred Outflows of Resources</b>	<b>\$ 287,025</b>
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## Liabilities

### Current Liabilities:

Accounts payable and accrued liabilities	\$ 259,009
Compensated absences (Note H)	5,528
Unearned revenues	244,487
Funds held for others	15,871
Current portion of long-term debt (Note E) - Funded by:	
University operating revenues	129,986
State appropriations and other State monies	42,211

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Total Current Liabilities	\$ 697,092
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### Noncurrent Liabilities:

Compensated absences (Note H)	\$ 44,388
Other liabilities	19,557
Derivative instrument - Interest rate swap (Note F)	15,058
Net Pension (Note J) and other postemployment benefits liability (Note K)	1,029,747
Long-term debt (Note E) - Funded by:	
University operating revenues	1,686,212
State appropriations and other State monies	447,041

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Total Noncurrent Liabilities	\$ 3,242,003
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<b>Total Liabilities</b>	<b>\$ 3,939,095</b>
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## Deferred Inflows of Resources

Unamortized gain on refunding debt	\$ 2,218
Pensions related (Note J) and other postemployment benefits (Note K)	28,922

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<b>Total Deferred Inflows of Resources</b>	<b>\$ 31,140</b>
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## Net Position

Net investment in capital assets	\$ 1,107,148
Restricted (Total of \$267,560):	
Nonexpendable:	
Student aid	84,722
Academic department uses	6,901
Expendable:	
Student aid	71,208
Academic department uses	95,788
Capital projects and debt service	8,941
Unrestricted (Note G)	235,307

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<b>Total Net Position</b>	<b>\$ 1,610,015</b>
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See Notes to Financial Statements.

# Component Units Statement of Financial Position

June 30, 2021 (Dollars in thousands)

## Assets

Cash and cash equivalents	\$ 68,614
Pledges receivables, net	171,770
Other receivables, net	74,892
Investments in securities	1,555,915
Other investments	79,370
Net direct financing leases	51,536
Property and equipment, net	145,965
Operating lease - right-of-use asset	11,544
Other assets	33,856

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<b>Total Assets</b>	<b>\$ 2,193,462</b>
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## Liabilities

Accounts payable and accrued liabilities	\$ 52,248
Deferred revenue	17,887
ASU endowment trust liability	371,178
Operating lease liabilities	11,585
Other liabilities	37,860
Long-term debt	298,250

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<b>Total Liabilities</b>	<b>\$ 789,008</b>
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## Net Assets

Without Donor Restrictions - Unrestricted	\$ 187,364
With Donor Restrictions - Temporarily restricted	592,746
With Donor Restrictions - Permanently restricted	624,344

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<b>Total Net Assets</b>	<b>\$ 1,404,454</b>
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See Notes to Financial Statements.

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

Year ended June 30, 2021 (Dollars in thousands)

## Operating Revenues

Student tuition and fees, net of scholarship allowances of \$536,128	\$ 1,598,180
Research grants and contracts, including \$254,141 in federal funding and \$96,664 in nongovernmental funding	364,375
Sales and services -	
Auxiliary enterprises, net of scholarship allowances of \$14,831	124,080
Educational departments	93,279
Other revenues	40,872
<b>Total Operating Revenues</b>	<b>\$ 2,220,786</b>

## Operating Expenses (Note I)

Educational and general -	
Instruction	\$ 1,053,721
Research	384,431
Public service	100,908
Academic support	392,787
Student services	159,384
Institutional support	201,507
Operation and maintenance of plant	105,823
Scholarships and fellowships	300,202
Auxiliary enterprises	184,771
Depreciation	152,440
<b>Total Operating Expenses</b>	<b>\$ 3,035,974</b>
<b>Operating Loss</b>	<b>\$ (815,188)</b>

## Nonoperating Revenues (Expenses)

State appropriations	\$ 306,346
Share of state sales tax - technology and research initiatives fund	36,833
Financial aid grants, including \$198,120 in federal funding	198,432
Grants and contracts, including \$234,929 in federal funding, \$118,663 in state funding and \$24,654 in nongovernmental funding	379,817
Private gifts	76,335
Net investment return	75,808
Interest on debt	(67,838)
Other expenses	(16,573)
<b>Net Nonoperating Revenues</b>	<b>\$ 989,160</b>
<b>Income Before Other Revenues and Gains</b>	<b>\$ 173,972</b>
Capital appropriations - Research Infrastructure and University Capital Infrastructure	\$ 25,840
Capital commitment - Arizona Lottery revenue	9,054
Capital private gifts	3,561
Capital grants	13,223
Additions to permanent endowments	1,348
Gain on the sale of real property	20,954
<b>Increase in Net Position</b>	<b>\$ 247,952</b>
<b>Net Position at Beginning of Year</b>	<b>1,362,063</b>
<b>Net Position at End of Year</b>	<b>\$ 1,610,015</b>

See Notes to Financial Statements.

# Component Units Statement of Activities

Year ended June 30, 2021 (Dollars in thousands)

	<u>With Donor Restrictions</u>			<u>Totals</u>
	<u>Without Donor Restrictions</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<b><u>Revenues</u></b>				
Contributions	\$ 17,722	\$ 133,062	\$ 15,362	\$ 166,146
Rental revenues	24,842			24,842
Sales and services	42,940			42,940
Net investment return	30,527	166,059	4,097	200,683
Net assets released from restrictions	129,786	(131,036)	1,250	
Grants and aid	62,100	1,522		63,622
Other revenues	80,375	91		80,466
Total Revenues	\$ 388,292	\$ 169,698	\$ 20,709	\$ 578,699
<b><u>Expenses</u></b>				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	\$ 100,721			\$ 100,721
Vendor payments	7,266			7,266
Scholarship fund transfers to ASU	12,294			12,294
Rent payments to ASU	3,792			3,792
Management and general	128,909			128,909
Interest expense	9,236			9,236
Depreciation/amortization	12,095			12,095
Other expenses	49,363			49,363
Total Expenses	\$ 323,676			\$ 323,676
Increase in Net Assets,				
before Loss	\$ 64,616	\$ 169,698	\$ 20,709	\$ 255,023
Loss on Uncollectible Pledges		(4,840)		(4,840)
Loss on Disposal of Assets	(587)			(587)
Increase in Net Assets,				
after Loss	\$ 64,029	\$ 164,858	\$ 20,709	\$ 249,596
Net Assets at Beginning of Year	123,335	427,888	603,635	1,154,858
<b>Net Assets at End of Year</b>	<b>\$ 187,364</b>	<b>\$ 592,746</b>	<b>\$ 624,344</b>	<b>\$ 1,404,454</b>

See Notes to Financial Statements.



# Statement of Cash Flows

Year ended June 30, 2021 (Dollars in thousands)

## Cash Flows from Operating Activities

Student tuition and fees	\$ 1,555,472
Research grants and contracts	376,738
Sales and services of auxiliary enterprises	124,354
Sales and services of educational activities	92,376
Payments for employees' salaries and benefits	(1,513,921)
Payments to vendors for supplies and services	(938,794)
Payments for scholarships and fellowships	(290,708)
Funds held for others received	247,394
Funds held for others disbursed	(217,087)
Other receipts	27,967
<b>Net cash used for operating activities</b>	<b>\$ (536,209)</b>

## Cash Flows from Noncapital Financing Activities

State appropriations	\$ 306,346
Share of state sales tax - technology and research initiatives fund	36,833
Grants and contracts	512,545
Private gifts for other than capital purposes	80,861
Direct lending program receipts	685,629
Direct lending program disbursements	(687,915)
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 934,299</b>

## Cash Flows from Capital and Related Financing Activities

Capital appropriations - Research Infrastructure and University Capital Infrastructure	\$ 25,840
Capital commitments and Build America Bonds - federal subsidy	17,290
Capital gifts and grants	13,405
Proceeds from issuance of capital debt	265,571
Proceeds from sale of capital assets	21,781
Purchases of capital assets	(444,663)
Principal paid on capital debt and leases	(74,817)
Interest paid on capital debt and leases	(79,942)
<b>Net cash used for capital and related financing activities</b>	<b>\$ (255,535)</b>

## Cash Flows from Investing Activities

Proceeds from the sales and maturities of investments	\$ 1,282
Purchases of investments	(90,317)
Interest received on investments	13,961
<b>Net cash used for investing activities</b>	<b>\$ (75,074)</b>

Net increase in cash and cash equivalents	67,481
Cash and cash equivalents at beginning of year	546,409
<b>Cash and cash equivalents at end of year</b>	<b>\$ 613,890</b>

Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (815,188)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	152,440
Miscellaneous nonoperating expenses	(16,808)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Net pension and other postemployment benefits liability	168,969
Deferred outflows of resources related to pensions and other postemployment benefits	(64,995)
Deferred inflows of resources related to pensions and other postemployment benefits	(38,564)
Receivables, net	(33,133)
Accounts payable and accrued liabilities	58,048
Unearned revenues	46,145
Compensated absences	3,979
Funds held for others	2,534
Other assets	364
<b>Net cash used for operating activities</b>	<b>\$ (536,209)</b>

## Significant Noncash Transactions

Refinancing of long-term debt	\$ 94,670
Higher Education Emergency Relief Fund receivable	64,096
Unrealized gain on investments	43,469
Amortization of bond premiums and discounts	20,807

See Notes to Financial Statements.

June 30, 2021

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

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

### **Reporting Entity**

Arizona State University is one of the largest public research universities in the United States under a single administration. Located on four campuses across metropolitan Phoenix, ASU had fall 2020 enrollment of 128,815 students. The accompanying statements of the University include the activity of the Tempe campus, West campus (located in northwest Phoenix adjacent to Glendale), Polytechnic campus (located in Mesa) and the Downtown Phoenix campus, and the University's online degree programs, as well as its component units. Information on component units can be found in *Note B - ASU Component Units* and *Note O - Summary Financial Information for ASU Component Units*.

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

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

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

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

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

GASB Statement No. 84, *Fiduciary Activities*, as amended by GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*. GASB Statement No. 84 establishes criteria for identifying and reporting fiduciary activities, and provides an exception for business-type activities that normally expect to hold custodial assets for three months or less. The university has included activity that met the exception in the statement of net position and has separately reported receipts and disbursements as cash inflows and outflows, respectively, in the operating activities category of the statement of cash flows. Additionally, the University elected to early implement the provisions of GASB Statement No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym, ACFR.

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

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

**Endowment Spending Rate Policy.** Arizona State law permits the University to expend the entire net appreciation of endowment fund investments. When determining the spending rate for endowment funds, the University administration considers long and short-term needs, total

# Notes to Financial Statements

investment return and price level trends, and general economic conditions. For FY 2021, the spending rate utilized the constant growth formula which increases spending distributions by the trailing one-year inflation rate (as measured by CPI-U, Consumer Price Index for all Urban Consumers) mid-fiscal year, as long as distributions do not exceed 4.25 percent or fall below 3.25 percent of the trailing 12-quarter average market value of each endowment fund. The inflation rate used was 1.4 percent for FY 2021.

Investments. Short-term, endowment, and other investments are stated at fair value at June 30, 2021. Fair value typically is the quoted market price for investments. Investment returns include realized and unrealized gains and losses on investments.

Receivables. Total receivables at June 30, 2021 were \$341.5 million. Included in the receivables balance are \$111.9 million related to tuition and fee payments due from students and others making payments on behalf of students. Additionally, there are \$145.8 million in receivables from grant and contract sponsors primarily for the reimbursement of allowable expenses made pursuant to the University's grants and contracts and \$64.1 million in receivables related to FY 2021 Higher Education Emergency Relief Fund reimbursements.

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

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

Depreciation is computed using the straight-line method

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Not included in scholarship allowances is \$26.8 million in faculty and staff tuition waivers that are recorded as program expenses on the statement of revenues, expenses, and changes in net position and as personal services and benefits expenses, in *Note 1 - Operating Expenses by Natural Classification*.

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

#### Other Disclosures

The University earned FY 2021 credit card rebates of \$0.8 million from JP Morgan and \$0.5 million from Commerce Bank.

# Notes to Financial Statements

## Note B - ASU Component Units

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

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

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

units have a fiscal year end of June 30, 2021. Because the University's discretely presented component units use a nongovernmental generally accepted accounting principles (GAAP) reporting model, the University has chosen to present the discretely presented component units' aggregated financial information on pages separate from the financial statements of the University. To obtain individual audited financial statements for any of the University's component units, please contact ASU Financial Services at (480) 965-3601.

### **Blended Component Units**

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

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

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

The ASU Athletic Facilities District (AFD), a component unit of the University, is reported as a blended component unit and included in the University's financial statements. The AFD is a university athletic facilities district formed pursuant to the provisions of Arizona Revised Statutes (A.R.S.) Title 48, Chapter 26. The AFD supports the University's efforts to construct, reconstruct, finance, furnish, maintain and improve intercollegiate athletic facilities located on ASU's property, including utilities, roads, parking areas or buildings necessary for full use of the athletic facilities. The AFD resides within the Novus Innovation Corridor. Separate financial statements for the AFD are not available as of June 30, 2021, as there was no financial activity.

### **Discretely Presented Component Units**

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

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

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

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

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

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

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

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

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

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

For financial reporting purposes at the University level, only the discretely presented component units' statement of financial position and statement of activities are included in the University's financial statements as required by generally accepted accounting principles for public colleges and universities. In FY 2021, the ASU Enterprise Partners distributed \$95.5 million in cash donation transfers to the University for both restricted and unrestricted purposes.

### **Subsequent Event**

Bermuda Institute of Ocean Sciences, Inc. (BIOS), a New York nonprofit corporation, joined the University's Global Futures Laboratory in October 2021 and will be included in the University's financial statements in FY 2022.

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## **Note C - Cash and Investments**

### **General**

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

Included in the University's deposits and investments are \$243.3 million in capital projects and bond debt service funds, which are held in trust and invested with the bond trustee, \$370.6 million in cash and cash equivalents, and \$721.0 million in short-term and other investments. In addition, \$371.2 million in endowment funds is managed

by the ASU Foundation, an Arizona nonprofit corporation, whose sole member is ASU Enterprise Partners. These funds are held in pooled endowment funds managed under a service contract with the ASU Foundation and invested in the ASU Foundation Long Term Investment Pool and the Socially Responsible Investment Pool (Pool).

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

# Notes to Financial Statements

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

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

## Statutory and Board of Regents' Policies

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

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

Credit Quality Rating for Debt Securities at June 30, 2021 (Dollars in thousands)							
Investment Description	Fair Value	Not Rated	Standard and Poor's				
			AAA /AAA <sub>m</sub> / AA <sub>Af</sub>	A-1+/SP-1+ AA	A-1/SP-1 A	BBB	<BB
Money market mutual funds	\$ 600,522		\$ 600,522				
Corporate bonds	397,995	\$ 2,854		\$ 26,956	\$ 126,305	\$ 240,186	\$ 1,694
Asset backed securities	54,689	15,427	34,728	4,534			
Federal agency securities	35,191			35,191			
Municipal bonds	21,761	1,906	606	14,695	2,439	2,115	
Mortgage backed securities	12,231	10,559	1,672				
State of Arizona LGIP (Pool 5)	1,584		1,584				
Commercial paper	1,500	1,500					
Certificate of Deposit	1,086				1,086		
<b>Total</b>	<b>\$ 1,126,559</b>	<b>\$ 32,246</b>	<b>\$ 639,112</b>	<b>\$ 81,376</b>	<b>\$ 129,830</b>	<b>\$ 242,301</b>	<b>\$ 1,694</b>

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

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

## Deposit and Investment Risk

Custodial Credit Risk. University policy for its operating funds requires collateralization for all certificates of deposit and repurchase agreements. Beyond this requirement and those established by Statute or ABOR, the University does not have a policy that specifically addresses custodial credit risk.

Credit Risk. With regard to credit risk, ABOR policy requires that negotiable certificates of deposit, corporate bonds, debentures and notes, bankers acceptances and State of Arizona bonds carry a minimum BBB or better rating from Standard and Poor's Rating Service or Baa or better rating from Moody's Investors Service at the time of purchase and that the investment will be sold in an orderly manner or held until maturity without further investments being made if it falls below this credit rating; and that commercial paper

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

**Concentration of Credit Risk.** Other than United States Treasury securities and other federal agency securities, which can represent greater than five percent of total investments, University policy limits investment in a single issuer to five percent or less of the fair value of the total portfolio. Except for those issuers allowed by policy, the University does not have an investment in any single issuer that exceeds five percent of the overall portfolio. At June 30, 2021, the University had investments in the United States Treasuries, \$163.9 million or 9.5 percent of total investments, respectively.

**Interest Rate Risk.** ABOR and University policies do not limit the overall maturity of the investments held by the operating and endowment funds, however, the operating fund investment policy includes guidelines addressing diversification and liquidity. The capital projects funds

portfolio is not limited as to the overall maturity of its investments, with the funds invested per the financing indentures to coincide with capital spending needs and debt service requirements, which are typically less than three years, with the additional limitation that certificates of deposit and commercial paper have maximum maturities of 360 days and 270 days.

Interest Rate Risk for the University's Debt Investments at June 30, 2021 - utilizing the weighted average maturity method (Dollars in thousands)		
Investment Description	Fair Value	Weighted Average Maturity (Years)
Money market mutual funds	\$ 600,522	0.1
Corporate bonds	397,995	2.8
Asset backed securities	54,689	3.6
Federal agency securities	35,191	3.7
Municipal bonds	21,761	9.1
Mortgage backed securities	12,231	27.0
State of Arizona LGIP (Pool 5)	1,584	0.2
Commercial paper	1,500	0.0
Certificate of Deposit	1,086	0.3
Subtotal, before U.S. Treasury securities	\$ 1,126,559	
U.S. Treasury securities	163,942	2.6
<b>Total</b>	<b>\$ 1,290,501</b>	

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





# Notes to Financial Statements

## Fair Value of Investment Assets

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

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

Investments Classified in Fair Value Hierarchy. Investments categorized as Level 1 of the fair value hierarchy are valued using unadjusted prices quoted for identical assets in active, exchange and brokered markets for those securities. Investments categorized as Level 2 of

the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments categorized as Level 3 of the fair value hierarchy are valued using various methods. Real estate is valued by using the income approach to measuring fair value which discounts future amounts to a single current amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

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

University Investments Measured at Fair Value (Dollars in thousands)				
Investments Classified in Fair Value Hierarchy	As of 06/30/2021	Hierarchy Fair Value		
		Level 1	Level 2	Level 3
Money market mutual funds	\$ 600,522	\$ 2,467	\$ 598,055	
Corporate bonds	397,995		397,995	
U.S. Treasury securities	163,942	163,942		
Real estate	68,068			\$ 68,068
Asset backed securities	54,689		54,689	
Federal agency securities	35,191	10,000	25,191	
Municipal bonds	21,761		21,761	
Mortgage backed securities	12,231		12,231	
Commercial paper	1,500		1,500	
Certificate of Deposit	1,086		1,086	
<b>Total Investments Classified in Fair Value Hierarchy</b>	<b>\$ 1,356,985</b>	<b>\$ 176,409</b>	<b>\$ 1,112,508</b>	<b>\$ 68,068</b>
<b>Other Investments at Fair Value</b>				
State of Arizona LGIP (Pool 5)	\$ 1,584			
ASU Foundation Endowment Pool (ASU Portion)	371,178			
<b>Total Other Investments at Fair Value</b>	<b>\$ 372,762</b>			
<b>Total University Investments at Fair Value</b>	<b>\$ 1,729,747</b>			

## Note D - Capital Assets

Capital asset activity for the year ended June 30, 2021 follows:

Capital asset activity for the year ended June 30, 2021 (Dollars in thousands)				
	Balance 07/1/2020	Additions/ Increases	Retirements/ Decreases	Balance 06/30/2021
Non-depreciated capital assets				
Land and Land improvements	\$ 136,475	\$ 913	\$ (815)	\$ 136,573
Construction in progress -				
Buildings	239,457	281,097	(149,221)	371,333
Infrastructure		4,861		4,861
Works of art and historical treasures	28,006	149		28,155
Total non-depreciated capital assets	\$ 403,938	\$ 287,020	\$ (150,036)	\$ 540,922
Depreciable capital assets				
Infrastructure	\$ 227,750	\$ 35,264		\$ 263,014
Buildings	3,450,047	207,626	\$ (2,675)	3,654,998
Equipment	496,027	41,219	(833)	536,413
Software	48,984			48,984
Library books	134,706	12,156	(9,956)	136,906
Total depreciable capital assets	4,357,514	296,265	(13,464)	4,640,315
Less accumulated depreciation				
Infrastructure	(72,567)	(6,293)		(78,860)
Buildings	(1,267,084)	(99,992)	700	(1,366,376)
Equipment	(367,698)	(30,854)	785	(397,767)
Software	(32,955)	(3,407)		(36,362)
Library books	(72,033)	(11,894)	9,956	(73,971)
Total accumulated depreciation	(1,812,337)	(152,440)	11,441	(1,953,336)
Depreciated capital assets, net	\$ 2,545,177	\$ 143,825	\$ (2,023)	\$ 2,686,979
<b>Capital assets, net</b>	<b>\$ 2,949,115</b>	<b>\$ 430,845</b>	<b>\$ (152,059)</b>	<b>\$ 3,227,901</b>

Construction in progress additions reflected above represent expenses for approved projects net of capital assets placed in service. It is estimated \$182.5 million in additional expenses will be required to complete the

approved projects under construction at June 30, 2021. Construction in progress encumbrances committed through purchase orders at June 30, 2021, totaled \$120.3 million.

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

As of June 30, 2021 the University had issued a combination of fixed and variable rate bonds, fixed rate certificates of participation (COPs), direct placements and other lease obligations, of which \$2.3 billion is outstanding. The University's long-term obligations generally are structured with level debt service, semi-annual interest, and call options at a prescribed date.

Certain revenue bonds of the University have been defeased through advance refundings by depositing sufficient cash and/or U.S. Government securities in an irrevocable trust to pay all future debt service. Accordingly, the liabilities for these defeased bonds are not included in the University's financial statements. The principal amount of defeased bonds outstanding at June 30, 2021 totaled \$209.5 million.

# Notes to Financial Statements

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2021 (Dollars in thousands)							
	Average Interest Rate	Final Maturity	Balance 07/01/2020	Additions	Reductions	Balance 06/30/2021	Current Portion
<b>Bonds:</b>							
2008A/B Variable Rate Demand System Refunding Bonds	0.03%	07/01/34	\$ 76,275		\$ (3,540)	\$ 72,735	\$ 72,735
2010A/B System Revenue Bonds	5.99% <sup>1</sup>	07/01/39	147,265		(5,045)	142,220	5,215
2010A/B SPEED Revenue Bonds	5.48% <sup>2</sup>	08/01/21	26,425		(24,355)	2,070	2,070
2010C System Revenue Bonds	4.51%	07/01/20	3,385		(3,385)		
2011 SPEED Revenue Bonds	3.93%	08/01/21	25,085		(23,405)	1,680	1,680
2012 A/B System Revenue and Refunding Bonds	3.64%	07/01/28	53,600		(37,695)	15,905	4,160
2013 A/B System Revenue and Refunding Bonds	3.47%	07/01/25	26,320		(16,150)	10,170	2,750
2014 SPEED Revenue Bonds	3.72%	08/01/44	67,570		(2,790)	64,780	2,925
2015A/B/C System Revenue and Refunding Bonds	3.34%	07/01/46	339,640		(20,165)	319,475	21,135
2015D System Revenue Bonds	3.67%	07/01/46	99,390		(1,200)	98,190	1,255
2016A System Revenue Refunding Bonds	2.29%	07/01/31	33,355		(15)	33,340	15
2016B/C System Revenue Bonds	3.25%	07/01/47	219,440		(3,400)	216,040	3,530
2017A/B/C System Revenue and Refunding Bonds	3.38%	07/01/43	194,550		(3,235)	191,315	6,860
2019AB System Revenue Bonds	3.32%	07/01/49	194,450		(1,400)	193,050	1,965
2020ABC Bonds	2.84%	07/01/50	184,455			184,455	880
2021A/B/C Revenue and Refunding Bonds	2.43%	07/01/53		\$ 283,255		283,255	
2021 SPEED Refunding Bonds	0.96%	08/01/31		36,870		36,870	
<b>Subtotal: Par Amount of Bonds</b>			<b>\$ 1,691,205</b>	<b>\$ 320,125</b>	<b>\$ (145,780)</b>	<b>\$ 1,865,550</b>	<b>\$ 127,175</b>
<b>Certificates of Participation:</b>							
2006 Certificates of Participation	4.53%	06/01/31	8,980		(650)	8,330	680
2011A Mercado Refunding Certificates of Participation	4.27%	07/01/24	3,725		(680)	3,045	715
2013A/B Refunding Certificates of Participation	3.09%	09/01/26	53,210		(7,980)	45,230	8,385
<b>Subtotal: Par Amount of COPs</b>			<b>\$ 65,915</b>		<b>\$ (9,310)</b>	<b>\$ 56,605</b>	<b>\$ 9,780</b>
<b>Direct Placements:</b>							
2014A/B Refunding Certificates of Participation	3.04%	09/01/30	59,735		(170)	59,565	175
2017 Refunding Certificates of Participation	1.87%	07/01/26	31,615		(6,880)	24,735	6,995
<b>Subtotal: Par Amount of Direct Placements</b>			<b>\$ 91,350</b>		<b>\$ (7,050)</b>	<b>\$ 84,300</b>	<b>\$ 7,170</b>
<b>Capital Leases/Lease Purchases:</b>							
Fulton Center	4.01%	06/15/34	19,030		(1,040)	17,990	1,085
Flexible Display Center	6.29%, 3.25%	03/01/34	25,285		(1,453)	23,832	1,535
Hassayampa Academic Village	3.24%, 5.36%	06/10/39	9,927		(213)	9,714	237
Nursing and Health Innovation	4.84%	01/01/36	8,225		(110)	8,115	
Washington DC Facility	3.60%	06/15/35	29,430		(1,520)	27,910	1,575
Other Lease Purchases	3.60%	02/07/22	42		(21)	21	21
<b>Subtotal: Capital Leases/Other Lease Purchases</b>			<b>\$ 91,939</b>		<b>\$ (4,357)</b>	<b>\$ 87,582</b>	<b>\$ 4,453</b>
<b>Total Par Amount of Bonds, COPs, Capital Leases and Other Lease Purchases</b>			<b>\$ 1,940,409</b>	<b>\$ 320,125</b>	<b>\$ (166,497)</b>	<b>\$ 2,094,037</b>	<b>\$ 148,578</b>
Premium/(Discount) on Sale of Bonds and COPs			195,041	40,117	(23,745)	211,413	23,619
<b>Total Bonds Payable/COPs/ Capital Leases/ Other Lease Purchases</b>			<b>\$ 2,135,450</b>	<b>\$ 360,242</b>	<b>\$ (190,242)</b>	<b>\$ 2,305,450</b>	<b>\$ 172,197</b>

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

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

## **System Revenue Bonds**

The University has pledged gross revenues as defined in the bond indentures towards the payment of debt related to various senior lien system revenue bonds outstanding at June 30, 2021. These related system revenue bonds are primarily for new academic and research facilities, academic and laboratory renovations, and infrastructure improvements. The pledged revenues include student tuition and fees, certain auxiliary enterprise revenue, net investment income, and indirect cost recovery revenue. Pledged revenues do not include state appropriations, gifts, endowment income, or other restricted revenues. For the year ended June 30, 2021, pledged revenues totaled \$1.93 billion of which 6.4 percent (\$123.9 million, net of federal direct payments) was required to cover current year debt service.

In April 2021, the University issued \$283.3 million of system revenue and refunding bonds, Series 2021A, B and C, with an average maturity of 12.8 years and an average interest rate of 2.43 percent. The bonds were issued to fund the construction and equipping of Interdisciplinary Science and Technology building 7, the Multipurpose Arena (including capitalized interest on the Series 2021B Bonds), Thunderbird School of Global Management, University Pedestrian Bridge, classroom and academic renovations, research lab and faculty startup, IT Infrastructure Improvements, to restructure the University's July 1, 2021 debt service obligation for a portion of the outstanding system revenue bonds, and to refund in advance of maturity portions of the Series 2012A and 2013A system revenue bonds totaling \$33.7 million and \$13.7 million, respectively. Cash flow savings from the restructuring of the July 1, 2021 debt service totaled (\$3.9) million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of (\$0.7) million. This difference is reported on the statement of net position as a deferred inflow of resources and is amortized on a straight-line basis annually as a component of interest expense. The refunded debt is considered defeased and related liabilities are not included in the University's financial statements. The issuance of the refunding bonds, with an average maturity of 6.0 years and an average interest rate of 1.71 percent, resulted in a \$6.7 million reduction in future debt service payments with an economic gain of \$6.0 million based upon the present value savings.

## **SPEED Revenue Bonds**

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

the balance being the responsibility of the University as evidenced by the subordinated pledge of University revenues.

In April 2021, the University issued \$36.9 million in SPEED Revenue Refunding Bonds, Series 2021, with an average maturity of 5.8 years and an average interest rate of 0.96 percent. The bonds were issued to refund in advance of maturity the remaining Series 2010A and Series 2011 SPEED bonds totaling \$44.2 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$0.8 million. This difference is reported on the statement of net position as a deferred outflow of resources and is amortized on a straight-line basis annually as a component of interest expense. The refunded debt is considered defeased and related liabilities are not included in the University's financial statements. The issuance of the refunding bonds resulted in a \$7.7 million reduction in future debt service payments with an economic gain of \$7.4 million based upon the present value savings.

## **Direct Placements**

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

## **Variable Rate Bonds**

The University has two series of variable rate demand system revenue refunding bonds outstanding, Series 2008A and Series 2008B, totaling \$72.7 million with final maturities of July 1, 2034. The interest rate in effect on June 30, 2021 was 0.03 percent for the Series 2008A bonds and 0.02 percent for the Series 2008B bonds.

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

# Notes to Financial Statements

outstanding principal balance of the 2008 bonds as a current liability.

## Capital Leases

In October 2003, the University entered into a 30 year lease agreement with ASUF, LLC, an Arizona limited liability company, of which the sole member is the University Realty LLC, an Arizona limited liability company, whose sole member is ASU Enterprise Partners, an Arizona nonprofit corporation and component unit of the University, to lease four floors of office space in the Fulton Center and the related parking structure. In April 2004, the University entered into a 30 year sublease agreement with Nanotechnology Research, LLC, an Arizona limited liability company, whose sole member is Arizona Capital Facilities Finance Corporation (ACFFC), to lease the Flexible Display Center located at the ASU Research Park. In July 2005, the University entered into a 34 year lease with McAllister Academic Village, LLC, an Arizona limited liability company, whose sole member is ACFFC, to lease the nonresidential portion of the McAllister Academic Village (MAV), which operates under the name of Hassayampa Academic Village. ACFFC has overall responsibility for the residential portion, comprising approximately 92 percent of the facility, with the University leasing the nonresidential portion of the facility. In November 2008, the University committed to a capital lease with the City of Phoenix related to construction of the fourth and fifth floors of the Nursing and Health Innovation building at ASU's Downtown Phoenix campus. In August 2020, the City of Phoenix refunded the 2011 bonds for savings at a true interest rate of 1.545 percent. The issuance of the refunding bonds resulted in a \$2.8 million reduction in the University's future lease payments. In December 2014, the University entered into a 20 year lease with ASUF DC, LLC, an Arizona limited liability company, whose sole member is the University Realty LLC, an Arizona limited liability company, whose sole member is ASU Enterprise Partners, to lease a multi-use office building in Washington, D.C. Buildings under capital lease are as follows:

<b>Capital lease book value as of June 30, 2021</b> (Dollars in thousands)			
	<b>Book Value</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Fulton Center	\$ 29,551	\$ (12,852)	\$ 16,699
Flexible Display Center	37,314	(15,791)	21,523
Hassayampa Academic Village	12,451	(4,539)	7,912
Nursing and Health Innovation	11,788	(3,285)	8,503
Washington DC Facility	35,000	(5,971)	29,029

## Future Payments

Future pledged revenues required to pay all remaining debt service for the University's senior and subordinate revenue bonds through final maturity of July 1, 2053 total \$2.9 billion. In addition to a senior pledge of revenues for ASU system revenue bonds, the University has pledged the same revenues on a subordinated basis to secure the ASU SPEED revenue bonds and the Series 2006 Arizona State University Research Park, Inc. Development Refunding Bonds. Research Park bonds were paid in full at June 30, 2021.

The Taxable Series 2010A System Revenue Bonds and the Taxable Series 2010A SPEED Revenue Bonds were issued as Build America Bonds under the provisions of the American Recovery and Reinvestment Act (ARRA). As such, the University is eligible to receive Federal Direct Payments from the United States Treasury equal to 35 percent of the interest owed on each interest payment date. The amount paid to the University by the Federal government may be reduced or limited due to such issues as failure by the University to submit the required information, offsets to reflect any amounts owed by the University to the Federal government, or changes in the law that would reduce or eliminate such payments. During FY 2021, ASU received Federal Direct Payments totaling \$3.2 million, net of a \$0.2 million or 5.7 percent reduction due to the federal budget sequestration. For accounting purposes, any direct payments received from the U.S. Treasury are recorded as nonoperating revenue. FY 2021 is the last year the federal subsidy will be received for the 2010A SPEED revenue bonds that were refunded by the 2021 SPEED refunding bonds.

Securities and cash restricted for bonds and COPs debt service held by the trustee at June 30, 2021 totaled \$97.7 million and \$8.0 million, respectively. Payment commitments to investors, including interest, for bonds, COPs and other lease obligations, using the interest rate in effect at June 30, 2021 for variable rate issues, are shown on the following page.

<b>Funding responsibility for the June 30, 2021 outstanding debt and lease obligations</b> (Dollars in thousands)			
	<b>Current Portion</b>	<b>Noncurrent Portion</b>	<b>Total</b>
From Arizona State University operating revenues	\$ 129,986	\$ 1,686,212	\$ 1,816,198
From State of Arizona appropriations and other State monies	42,211	447,041	489,252
<b>Total</b>	<b>\$ 172,197</b>	<b>\$ 2,133,253</b>	<b>\$ 2,305,450</b>

**Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2021 (Dollars in thousands)**

FY	System and SPEED Revenue Bonds				Certificates of Participation		Direct Placements		Capital Leases / Lease Purchases	
	Principal	Interest	Net Payments on Swap Agreement	Federal Direct Payments	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 58,155	\$ 81,684	\$ 2,664	\$ (2,957)	\$ 9,780	\$ 2,388	\$ 7,170	\$ 2,120	\$ 4,453	\$ 3,104
2023	65,930	78,744	2,513	(2,851)	10,270	1,888	3,600	2,051	5,072	2,927
2024	69,745	75,901	2,355	(2,743)	10,795	1,360	3,670	1,980	5,390	2,756
2025	78,545	72,651	2,190	(2,629)	11,335	806	3,740	1,908	5,613	2,577
2026	81,285	69,236	2,016	(2,509)	5,200	507	9,610	1,689	5,821	2,389
2027-2031	415,715	289,829	7,146	(10,406)	9,225	662	56,510	3,828	32,200	8,825
2032-2036	394,660	199,780	1,570	(6,235)					26,484	2,967
2037-2041	354,820	110,809		(1,347)					2,549	253
2042-2046	266,855	35,528								
2047-2051	72,110	4,417								
2052-2054	7,730	192								
<b>Total</b>	<b>\$ 1,865,550</b>	<b>\$1,018,771</b>	<b>\$ 20,454</b>	<b>\$ (31,677)</b>	<b>\$ 56,605</b>	<b>\$ 7,611</b>	<b>\$ 84,300</b>	<b>\$ 13,576</b>	<b>\$ 87,582</b>	<b>\$ 25,798</b>

**Subsequent Events**

The University presently plans to issue up to \$185.0 million in system revenue bonds prior to fiscal year end 2022.

**Operating Leases**

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

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

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

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

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

**Ascentris-224 (Novus).** In March 2019, the University entered into a 10 year lease with Ryan University Realty, LLC for 169,223 square feet of office and ground floor retail space located within the Novus Innovation Corridor. The University intends to use the Ryan property for general office, administrative and educational purposes including classrooms and collaborative spaces.

# Notes to Financial Statements

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

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

FY	Operating Lease Payments							
	Brickyard	SkySong	ACC	HEB	Wexford	Novus	Other	Total
2022	\$ 2,807	\$ 6,744	\$ 28,179	\$ 4,651	\$ 3,988	\$ 3,106	\$ 6,427	\$ 55,902
2023	2,810	6,829	124	4,753	4,060	3,288	5,772	27,636
2024	2,822	6,839	127	4,859	4,134	3,361	5,305	27,447
2025	2,830	6,725	129	4,969	4,209	3,436	5,365	27,663
2026	2,838	6,473	22	5,081	4,287	3,513	4,880	27,094
2027-2031	14,367	20,387		27,213	22,665	17,657	4,096	106,385
2032-2036	8,783	1,254		5,830	22,300	9,226		47,393
<b>Total</b>	<b>\$ 37,257</b>	<b>\$ 55,251</b>	<b>\$ 28,581</b>	<b>\$ 57,356</b>	<b>\$ 65,643</b>	<b>\$ 43,587</b>	<b>\$ 31,845</b>	<b>\$ 319,520</b>

## Note F - Interest Rate Swap Agreement

Effective January 1, 2007, the University entered into a \$103 million notional amount swap agreement (hedging derivative instrument) expiring on July 1, 2034, in conjunction with the 2008 variable rate demand system revenue refunding bonds (2008 Bonds). The outstanding \$72.3 million notional amount at June 30, 2021 is not exchanged; it is only the basis on which the interest payments are calculated and it decreases as principal payments are made on the 2008 Bonds. The intention of the swap is to effectively convert the variable rate interest on the 2008 Bonds to a synthetic fixed rate. Under the terms of the swap agreement, the University pays the counterparty interest calculated at a fixed rate of 3.91 percent and receives payments from the counterparty based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index set weekly. The SIFMA rate at June 30, 2021 was 0.03 percent. At June 30, 2021, the synthetic fixed interest rate on the bonds was:

Interest Rate Swap:	Terms	Rates (%)
Fixed payment to counterparty	Fixed	3.91
Variable payment from the counterparty	SIFMA	(0.03)
Net interest rate swap payments		3.88
Variable rate bond coupon payments	Spread to SIFMA	0.03
Synthetic fixed interest rate on bonds		3.91

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

received from the counterparty versus the variable rate paid to bondholders. The swap exposes the University to basis risk should the weekly SIFMA rate paid by the counterparty fall below the weekly interest rate due on the bonds. As of June 30, 2021, the University was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA- by Fitch, A+ by Standard & Poor's and Aa2 by Moody's Investor Services as of June 30, 2021.

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

Collateral may be held by the University or a third party custodian. As of June 30, 2021, the swap had a fair value of \$(15.0) million, which represents the cost to the University to terminate the swap. The June 30, 2020 fair value was \$(20.1) million. The fair value was developed by an independent third party, with no vested interest in the transaction, using the zero coupon discounting method. This method calculates the future payments required by the swap, assuming the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. In accordance with GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, the fair value of the University's hedging derivative instrument is reported on the statement of net position as a deferred outflow of resources and a liability (derivative instrument).

### Note G - Unrestricted Net Position

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

For example, unrestricted net position may be designated for specific purposes by actions of management or may otherwise be limited by contractual purchase obligation agreements with outside parties. As of June 30, 2021, substantially all of the University's unrestricted net position was from University-generated revenues and was internally designated for academic and research programs and initiatives, and capital projects.

### Note H - Compensated Absences

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

Changes in accrued compensated absences for the year ended June 30, 2021 consisted of the following (Dollars in thousands):

Beginning Balance	\$ 45,937
Additions	55,542
Reductions	(51,563)
Ending Balance	\$ 49,916
Current Portion	\$ 5,528

### Note I - Operating Expenses by Natural Classification

Operating expenses by functional and natural classification for the year ended June 30, 2021, are summarized as follows (Dollars in thousands):

	Year ended June 30, 2021				
	Personal Services and Benefits	Supplies and Services	Student Aid	Depreciation	Total
Instruction	\$ 802,612	\$ 251,109			\$ 1,053,721
Research	228,006	156,425			384,431
Public service	24,503	76,405			100,908
Academic support	267,937	124,850			392,787
Student services	117,018	42,366			159,384
Institutional support	86,220	115,287			201,507
Operation and maintenance of plant	30,093	75,730			105,823
Scholarships and fellowships			\$ 300,202		300,202
Auxiliary enterprises	87,830	96,941			184,771
Depreciation				\$ 152,440	152,440
<b>Total Operating Expenses</b>	<b>\$ 1,644,219</b>	<b>\$ 939,113</b>	<b>\$ 300,202</b>	<b>\$ 152,440</b>	<b>\$ 3,035,974</b>

### Note J - Retirement Plans

The University participates in the Arizona State Retirement System (ASRS), a cost-sharing, multiple-employer defined benefit pension plan, and two defined contribution plans which are described on page 50. The University also contributes to the Public Safety Personnel Retirement System (PSPRS), which is comprised of a state administered agent multiple-employer defined benefit pension plan and a defined contribution plan. Although a PSPRS net pension liability has been recorded at June 30, 2021, PSPRS has

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

The University's net pension liability at June 30, 2021, was comprised of the following (Dollars in thousands):

ASRS	\$ 662,381
PSPRS	25,737
Defined contribution pension plans	27,843
Total net pension liability	\$ 715,961



# Notes to Financial Statements

Changes in the University's net pension liability during the fiscal year ended June 30, 2021, were as follows (Dollars in thousands):

Beginning balance	\$ 606,825
Increases	206,277
Decreases	(97,141)
Ending balance	\$ 715,961

## Defined Benefit Plan

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

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

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.04 percent of the members' annual covered payroll, and the University was required by statute to contribute at the actuarially determined rate of 11.65 percent of the active members' annual covered payroll. In addition, the University was required by statute to contribute at the actuarially determined rate of 10.14 percent of annual covered payroll of retired members who worked for the University in positions that would typically be filled by an employee who contributes to the ASRS. The University's contributions to the pension plan for the year ended June 30, 2021, were \$51.0 million.

**Pension Liability.** At June 30, 2021, the University reported a liability of \$662.4 million for its proportionate share of the ASRS' net pension liability. The net pension liability (NPL) was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020.

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, 2020. The University's proportion measured as of June 30, 2020 was 3.823 percent which was an increase of 0.007 from its proportion measured as of June 30, 2019.

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

\*With actuarially reduced benefits

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2021, the University recognized pension expense for ASRS of \$80.4 million. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (Dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,992	
Net difference between projected and actual earnings on pension plan investments	63,888	
Changes in proportion and differences between University contributions and proportionate share of contributions	7,474	
University contributions subsequent to the measurement date	51,041	
<b>Total</b>	<b>\$ 128,395</b>	

The \$51.0 million reported as deferred outflows of resources related to ASRS pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows. (Dollars in thousands, positive amount indicates an increase in pension expense):

<b>Year ending June 30,</b>	
2022	\$ 14,598
2023	19,887
2024	23,109
2025	19,760

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

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7% - 7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
<b>Total</b>	<b>100%</b>	

Discount Rate. At June 30, 2020, the discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	University's proportionate share of the NPL
1% decrease (6.5%)	\$ 905,797
Current discount rate (7.5%)	662,381
1% increase (8.5%)	458,898

# Notes to Financial Statements

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

Pension Contributions Payable. The University reported accrued payroll and employee benefits of \$2.0 million for outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2021.

## **Defined Contribution Plans**

Plan Description. In accordance with A.R.S. section 15-1628, University faculty and most University staff have the option to participate in defined contribution pension plans. For the year ended June 30, 2021, plans offered by TIAA and Fidelity Investments Tax-Exempt Services Company (Fidelity) were approved by the Arizona Board of Regents. Benefits under these plans depend solely on the contributed amounts and the returns earned on investments of those contributions. Contributions made by members vest immediately; University contributions vest after five years of full-time employment. Non-vested contributions held by the University earn interest. Member and University contributions and associated returns earned on investments may be withdrawn upon termination of employment, death, or retirement. The distribution of member contributions and associated investment earnings

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

Funding Policy. The Arizona State Legislature establishes the contribution rates for active plan members and the University. The Arizona Revised Statutes define the authority under which benefit terms are established or may be amended. For the year ended June 30, 2021, plan members and the University were each required by statute to contribute an amount equal to 7 percent of a member's compensation.

Pension Liability. At June 30, 2021, the University reported a liability of \$27.8 million, of which \$26.9 million is non-vested defined contributions. If individuals terminate employment prior to vesting, any non-vested University contributions are retained by the University.

Pension Expense. For the year ended June 30, 2021, the University recognized pension expense for Defined Contribution Plans of \$34.0 million, which excludes \$2.5 million in forfeitures.

Pension Contributions Payable. The University's accrued payroll and employee benefits included \$1.0 million of outstanding pension contribution amounts payable to TIAA and Fidelity for the year ended June 30, 2021.

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

Other postemployment benefits provided as part of University employment include the Arizona Department of Administration sponsored single-employer defined benefit postemployment plan as well as the ASRS sponsored cost-sharing, multi-employer defined benefit plan for the Long-Term Disability and the Health Benefit Supplement Fund. University public safety personnel participate in the Public Safety Personnel Retirement System (PSPRS). PSPRS administers an agent multi-employer defined benefit health insurance premium benefit plan. Although an ASRS net OPEB liability and PSPRS net OPEB asset has been recorded at June 30, 2021, these plans have not been further disclosed due to the relative insignificance to the University's financial statements.

The University's net OPEB liability at June 30, 2021, was \$313.8 million. Changes in the University's net OPEB liability during the fiscal year ended June 30, 2021, were as follows (Dollars in thousands):

Beginning balance	\$ 254,050
Increases	68,694
Decreases	(8,958)
Ending balance	\$ 313,786

## **Single-Employer Plan**

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

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

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

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

**OPEB Liability.** At June 30, 2021, the University reported a liability of \$313.8 million for its proportionate share of the ADOA total OPEB liability. The total OPEB liability was measured as of June 30, 2020 and was determined using update procedures to roll forward the liability from an actuarial valuation as of June 30, 2019. The University's proportion of the total OPEB liability was based on the University's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020.

The total OPEB liability as of June 30, 2020 reflects the following changes in benefit terms and actuarial assumptions:

- The discount rate decreased due to changes in the tax-exempt municipal bond index rate.
- Decrease in the assumed rate of inflation from 2.70 percent to 2.30 percent.
- Per capita costs and contributions and related trend rates were adjusted to reflect updated experience.

The University's proportion measured as of June 30, 2019 was 19.87 percent and as of June 30, 2020 was 19.87 percent.

**OPEB Expense and Deferred Outflow/Inflows of Resources.** For the year ended June 30, 2021, the University recognized ADOA OPEB expense of \$41.5 million. At June 30, 2021, the University reported deferred outflows of resources and inflows of resources related to OPEB from the following sources (Dollars in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
University benefit payments subsequent to the measurement date	\$ 6,220	
Changes of assumptions or other inputs	70,487	\$ 19,731
Difference between expected and actual experience in the Total OPEB Liability	29,717	3,088
<b>Total</b>	<b>\$ 106,424</b>	<b>\$ 22,819</b>

The \$6.2 million reported as deferred outflows of resources related to ADOA OPEB resulting from University benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ADOA OPEB will be recognized in pension expense as follows (Dollars in thousands):

<b>Year ending June 30,</b>	
2022	\$ 11,049
2023	11,049
2024	11,049
2025	14,283
2026	17,117
Thereafter	12,838

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

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

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Projected salary increases	2.70% - 7.20% varying by years of service
Healthcare cost trend rates:	
Medical (pre-65)	7.20% graded to 4.25%
Medical (post-65)	6.50% graded to 4.25%
Administrative costs	3.0%
Discount rate	2.45%
Mortality rates:	Level dollar, open
Employees	RP-2014 Employee Mortality Tables projected generationally from 2014 utilizing Ultimate MP scales (through 2019)
Healthy retirees and spouses	2017 State Retirees of Arizona Mortality Tables projected generationally from 2017
Disabled retirees	RP-2014 Disabled Retiree Mortality Tables projected generationally from 2014 utilizing Ultimate MP scales (through 2019)

# Notes to Financial Statements

**Discount Rate.** The discount rate used to measure the total OPEB liability was 2.45 percent which was set based on the Fidelity “20-Year Municipal GO (General Obligation) AA Index” as of the measurement date.

**Sensitivity of the University’s Proportionate Share of the ADOA total OPEB liability to Changes in the Discount Rate.**

The following table presents the University’s proportionate share of the total OPEB liability calculated when using the discount rate of 2.45 percent, as well as what the University’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.45 percent) or 1 percentage point higher (3.45 percent) than the current rate (Dollars in thousands):

	University’s proportionate share of the total OPEB liability
1% decrease (1.45%)	\$ 380,547
Current discount rate (2.45%)	313,792
1% increase (3.45%)	262,581

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

	University’s proportionate share of the total OPEB liability
1% decrease in trend rates	\$ 253,870
Current rate trends	313,792
1% increase in trend rates	394,337

**Note L - ASU at the Downtown Phoenix Campus**

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

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

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

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

**Note M - Insurance Programs and Other Claims**

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

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

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

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

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

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### Note N - Privatized Student Housing

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

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

University House Mesa, LLC. The University entered into a ground lease with University House Mesa, LLC (UHM) for development of student housing on the Polytechnic campus. During the term of the ground lease, 65 years with two ten-year options to renew, UHM is responsible for all costs and expenses of operating and maintaining

the housing project. The University has no obligation to support the facility financially or to guarantee occupancy.

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

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

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

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

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

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

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

# Notes to Financial Statements

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

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

### Summary of Significant Accounting Policies

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

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

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

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

### Pledges Receivable

ASUEP pledges receivable (unconditional promises to give) are recorded at their net realizable value, which is net of a discount and loss allowance. Pledges are discounted using the applicable risk free rate at the date the pledge was recognized. The discount rates range from 0.6 percent to 6.0 percent. An allowance for uncollectible pledges is estimated based on the ASUEP's collection history and is recorded as a reduction to contribution support revenue and an increase in the allowance for uncollectible pledges.

The Sun Angel Foundation's pledges receivable are recorded at their net realizable value using a discount rate determined by management ranging from 0.6 percent to 5.1 percent for the year ended June 30, 2021.

Members of the ASUEP's Board of Directors and Board of Trustees have made contributions and pledges to ASUEP in the current and prior years. At June 30, 2021, net unconditional pledges receivable from these members included approximately \$773 thousand. The ASUEP had conditional pledges receivable totaling \$112.2 million at June 30, 2021; none are included in pledges receivable. Conditional pledges receivable are recorded when the conditions are substantially met.

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

	ASU Enterprise Partners	Sun Angel Foundation	Total
Gross pledges receivable	\$ 211,100	\$ 35,858	\$ 246,958
Present value discount	(19,776)	(1,179)	(20,955)
Allowance for uncollectible pledges	(47,283)	(6,950)	(54,233)
<b>Net pledges receivable</b>	<b>\$ 144,041</b>	<b>\$ 27,729</b>	<b>\$ 171,770</b>

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

	<b>ASU Enterprise Partners</b>	<b>Sun Angel Foundation</b>	<b>Total</b>
Receivable in one year	\$ 73,556	\$ 11,226	\$ 84,782
Receivable in two to five years	79,478	19,384	98,862
Receivable after five years	58,066	5,248	63,314
<b>Total gross pledges to be received</b>	<b>\$ 211,100</b>	<b>\$ 35,858</b>	<b>\$ 246,958</b>

**Investments**

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

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

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

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

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

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

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

- The current spending policy is based on a constant growth formula, in which the amount available for spending is based on the prior year spending amount plus an inflation factor (1.4 percent), collared by a cap and floor of 4.25 percent and 3.25 percent, respectively, of a 12-quarter moving average calculated mid-fiscal year.
- In the event the current market value of the endowment is less than the historical gift value, spending will continue, unless the gift agreement does not permit spending in this circumstance.

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

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



# Notes to Financial Statements

## Investment Summary

Investments consist of (Dollars in thousands)						
	ASU Enterprise Partners		ACFFC	Other Component Units	Total	
Money market funds and cash equivalents	\$	35,081	\$	16,804	\$	51,885
Global equities		587,702				587,702
Global fixed income		357,052				357,052
Diversifying strategies		152,847				152,847
Real assets		171,982				171,982
Private capital		211,802				211,802
Other securities				\$	22,645	22,645
Other investments		79,370				79,370
<b>Total investments</b>	<b>\$</b>	<b>1,595,836</b>	<b>\$</b>	<b>16,804</b>	<b>\$</b>	<b>22,645</b>
					<b>\$</b>	<b>1,635,285</b>

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

(Dollars in thousands)								
	NAV	Level 1	Level 2	Level 3				
<b>Assets at fair value (recurring basis)</b>								
Global equities	\$	10,036	\$	463,736	\$	113,930		
Global fixed income		102,089		215,512	\$	6,122	33,329	
Diversifying strategies		129,809		187		2,000	20,851	
Real assets		88		46,336			125,558	
Private capital				520			211,282	
Cash and cash equivalents				35,051			30	
<b>Total investments at fair value</b>	<b>\$</b>	<b>242,022</b>	<b>\$</b>	<b>761,342</b>	<b>\$</b>	<b>8,122</b>	<b>\$</b>	<b>504,980</b>
Charitable trust receivable								1,720
Land and buildings held for investment								79,370
Assets with limited use				9,191				
Assets held under split-interest agreements				10,393				
<b>Total assets at fair value</b>	<b>\$</b>	<b>242,022</b>	<b>\$</b>	<b>780,926</b>	<b>\$</b>	<b>8,122</b>	<b>\$</b>	<b>586,070</b>
<b>Liabilities at fair value (recurring basis)</b>								
Assets held for other entities							\$	394,577
Unrealized swap liability					\$	6,689		
<b>Total liabilities at fair value</b>					\$	6,689	\$	394,577

## Direct Financing Lease Agreements

**ASU Enterprise Partners.** ASUEP leases a portion of the Fulton Center building (ASUEP headquarters) to the University under a direct financing lease. At the end of the lease, ASUEP will gift their portion of the building to the University and the University will receive title to the building. ASUEP net investment in this direct financing lease at June 30, 2021 is \$18.0 million.

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

The University will make lease payments at times in amounts sufficient to pay all principal and interest on the Series 2009B and 2017 Bonds. The Sublease has successive annual renewals without action from either party through March 31, 2034. The Sublease is subject to early termination by Nano or the University upon the payment in full of the Series 2009B and 2017 Bonds. Upon termination or expiration of the Sublease, the ACFFC's interest in the premises, including all buildings and improvements on the leased premises, transfers to the University without further consideration. ACFFC's net investment in the Nanotechnology facility direct financing lease is \$23.8 million at June 30, 2021.

Pursuant to a University lease agreement, dated July 1, 2005, McAllister Academic Village, LLC, a wholly-owned subsidiary of ACFFC, leases its interest in the non-residential portion of Hassayampa Academic Village (Hassayampa, HAV) to the University which consists of the academic, tutorial, retail and food service facilities. The lease was amended effective July 1, 2016 to change the annual renewal period through June 30, 2039 to correspond with the maturity of the Hassayampa 2016 Bonds. Any right, title or interest of Hassayampa in and to the academic portions of the Hassayampa Project will pass to the University without further cost upon the payment in full of the Hassayampa 2016 Bonds. Lease payments are based on the fixed interest rates determined by the Hassayampa 2016 Bonds maturity schedules. ACFFC's net investment in the McAllister (HAV) direct financing lease is \$9.7 million at June 30, 2021.

### **Contingent Agreements**

The University entered into a contingent agreement which allows the University to contribute funding to the extent a funding shortfall occurs during the fiscal year. The agreement for Hassayampa Academic Village (ACFFC) allows the University to fund deficiencies for debt service and operating expense shortfalls.

### **Power Plant Agreements**

**Sun Devil Energy Center.** In November 2004, the University entered into a privatized/third party agreement with ACFFC for the construction and operation by a third party energy management firm of a co-generation power plant on the University's Tempe campus with the power plant providing to the University a portion of its energy (electrical, chilled water and steam) needs. In June 2018, \$23.6 million in additional Tax-Exempt Revenue Bonds were issued by Sun Devil Energy Center LLC to add a second turbine to the existing facility in order to meet the university's heating, cooling and electric generating needs for the new Biodesign C facility and future research facilities. The contract with ACFFC is effective through 2038, along with the related ground lease, and calls for minimum annual energy purchase obligations on the part of the University of approximately \$10.9 million to cover ACFFC's fixed management services and capital costs. Additional billing amounts will be based on a pass through to the University of the service provider's variable costs, primarily natural gas.

**Polytechnic Central Plant.** In December 2008, the University entered into a privatized/third party agreement with ACFFC for the construction and operation by a third party energy management firm of a central plant on the University's Polytechnic campus to provide chilled water and emergency power for certain buildings on that campus. In October 2017, Energy Center LLC issued \$11.3 million in Tax-Exempt Revenue Refunding Bonds (Energy Center 2017 Bonds). The proceeds of the Energy Center 2017

Bonds were used to refund and redeem \$10.5 million of the Energy Center 2008 Bonds for savings. The contract with ACFFC is effective through 2028, along with the related ground lease, and calls for minimum annual purchase obligations by the University of approximately \$1.9 million to cover ACFFC's fixed management services and capital costs. Additional billing amounts will be based on a pass through to the University of the service provider's variable costs, primarily electricity.

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

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

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

# Notes to Financial Statements

## ASU Enterprise Partners Endowment and Net Asset Classifications

ASU Enterprise Partners endowments by net asset category (Dollars in thousands)				
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Donor-restricted endowments		\$ 175,177	\$ 560,251	\$ 735,428
Quasi-endowments		110,649		110,649
<b>Total funds</b>		<b>\$ 285,826</b>	<b>\$ 560,251</b>	<b>\$ 846,077</b>

Changes in endowment net assets (Dollars in thousands)				
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Endowment net assets, June 30, 2020, as restated		\$ 144,464	\$ 526,437	\$ 670,901
Contributions and other additions		9,600	28,561	38,161
Investment return:				
Interest and dividends		13,760	444	14,204
Net realized and unrealized gains		212,356	4,597	216,953
Changes in assets due to other entities		(71,168)		(71,168)
Total investment return		154,948	5,041	159,989
Appropriation for expenditure		(26,429)	(944)	(27,373)
Reclassification of donor intent		3,243	1,156	4,399
<b>Endowment net assets, June 30, 2021</b>		<b>\$ 285,826</b>	<b>\$ 560,251</b>	<b>\$ 846,077</b>

## Property and Equipment

Property and equipment consist of (Dollars in thousands)				
	ASU Enterprise Partners	ACFFC	Other Component Units	Total
	Cost or donated value:			
Buildings and improvements	\$ 17,397	\$ 196,723	\$ 4,731	\$ 218,851
Furniture, fixtures, and equipment	8,756	79,027	1,537	89,320
Leasehold improvements			16,876	16,876
Land			962	962
Software			10,904	10,904
Total cost or donated value	26,153	275,750	35,010	336,913
Accumulated depreciation	(11,608)	(160,874)	(18,466)	(190,948)
<b>Net property and equipment</b>	<b>\$ 14,545</b>	<b>\$ 114,876</b>	<b>\$ 16,544</b>	<b>\$ 145,965</b>

## Bonds and Obligations under Capital lease

Bonds payable consist of (Dollars in thousands)					
	Final Maturity	ASU Enterprise Partners	ACFFC	Other Component Units	Total
Series 2018 Tax-Exempt Revenue Bonds (Sun Devil Energy Center)	2038		\$ 21,860		\$ 21,860
Series 2017 Tax-Exempt Lease Revenue Refunding Bonds (Nanotechnology Research)	2034		23,585		23,585
Series 2017 Tax-Exempt Lease Revenue Refunding Bonds (ASU Energy Center)	2028		9,045		9,045
Series 2016 Tax-Exempt Revenue Refunding Bonds (Hassayampa Academic Village)	2039		115,840		115,840
Series 2014A Tax-Exempt Lease Revenue Bonds (DC Project)	2035	\$ 29,430			29,430
Series 2014A Revenue Refunding Bonds (Fulton)	2034	32,185			32,185
Series 2012 Revenue Bonds (Phoenix Collegiate Academy Project)	2042			\$ 4,835	4,835
Series 2009 Revenue Bonds (Energy Management Services)	2024		14,620		14,620
Series 2009B Lease Revenue Refunding Bonds (Nanotechnology Research)	2022		750		750
Series 2008 Variable Rate Demand Revenue Refunding Bonds (Sun Devil Energy Center)	2030		25,270		25,270
Series 2004A Variable Rate Revenue Bonds (Brickyard)	2034	22,420			22,420
Series 2004B Variable Rate Revenue Bonds (Brickyard)	2022	1,410			1,410
Unamortized loan costs			(2,024)		(2,024)
Deferred Cost of Refunding			(13,784)		(13,784)
Unamortized bond premium (discount)		(1,039)	14,108	(261)	12,808
		\$ 84,406	\$ 209,270	\$ 4,574	\$ 298,250

The following schedule reflects future principal payment commitments to investors:

Future principal commitments consist of (Dollars in thousands)					
Year Ending June 30,	ASU Enterprise Partners	ACFFC	Other Component Units	Total	
2022	\$ 4,395	\$ 11,375	\$ 115	\$ 15,885	
2023	4,600	12,035	120	16,755	
2024	4,800	12,720	130	17,650	
2025	5,010	13,420	135	18,565	
2026	5,225	10,110	145	15,480	
Thereafter	60,376	149,610	3,929	213,915	
	\$ 84,406	\$ 209,270	\$ 4,574	\$ 298,250	

# Notes to Financial Statements

## Financial Statement Information

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

Component Units Statement of Financial Position June 30, 2021 (Dollars in thousands)				
	ASU Enterprise Partners	ACFFC	Nonmajor Component Units	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 31,300	\$ 2,756	\$ 34,558	\$ 68,614
Pledges receivables, net	144,041		27,729	171,770
Other receivables, net	17,488	233	57,171	74,892
Investments in securities	1,516,466	16,804	22,645	1,555,915
Other investments	79,370			79,370
Net direct financing leases	17,990	33,546		51,536
Property and equipment, net	14,545	114,876	16,544	145,965
Operating lease - right-of-use asset			11,544	11,544
Other assets	31,281	8	2,567	33,856
Total Assets	\$ 1,852,481	\$ 168,223	\$ 172,758	\$ 2,193,462
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 37,068	\$ 7,326	\$ 7,854	\$ 52,248
Deferred revenue			17,887	17,887
ASU endowment trust liability	371,178			371,178
Operating lease liabilities			11,585	11,585
Other liabilities	35,043		2,817	37,860
Long-term debt	84,406	209,270	4,574	298,250
Total Liabilities	\$ 527,695	\$ 216,596	\$ 44,717	\$ 789,008
<b>Net Assets</b>				
Without Donor Restrictions - Unrestricted	\$ 141,348	\$ (48,373)	\$ 94,389	\$ 187,364
With Donor Restrictions - Temporarily restricted	559,094		33,652	592,746
With Donor Restrictions - Permanently restricted	624,344			624,344
<b>Total Net Assets (Deficit)</b>	<b>\$ 1,324,786</b>	<b>\$ (48,373)</b>	<b>\$ 128,041</b>	<b>\$ 1,404,454</b>

**Component Units**  
**Statement of Activities**  
**Year ended June 30, 2021**  
*(Dollars in thousands)*

	ASU Enterprise Partners	ACFFC	Nonmajor Component Units	Total
<b>Revenues</b>				
Contributions	\$ 150,235		\$ 15,911	\$ 166,146
Rental revenues	2,455	\$ 11,063	11,324	24,842
Sales and services	27,824	12,811	2,305	42,940
Net investment return	196,290	4	4,389	200,683
Grants and aid			63,622	63,622
Other revenues	64,699	5,650	10,117	80,466
Total Revenues	\$ 441,503	\$ 29,528	\$ 107,668	\$ 578,699
<b>Expenses</b>				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	\$ 95,481		\$ 5,240	\$ 100,721
Vendor payments	7,266			7,266
Scholarship fund transfers to ASU	12,294			12,294
Rent payments to ASU			3,792	3,792
Management and general	48,338	\$ 10,395	70,176	128,909
Interest expense	1,518	7,645	73	9,236
Depreciation/amortization	1,295	10,397	403	12,095
Other expenses	48,420	(14)	957	49,363
Total Expenses	\$ 214,612	\$ 28,423	\$ 80,641	\$ 323,676
Increase in Net Assets before Loss	226,891	1,105	27,027	255,023
Loss of uncollectible pledges			(4,840)	(4,840)
Loss on disposal of assets			(587)	(587)
Increase in Net Assets after Loss	226,891	1,105	21,600	249,596
Net Assets (Deficit), Beginning of Year	1,097,895	(49,478)	106,441	1,154,858
<b>Net Assets (Deficit), End of Year</b>	<b>\$ 1,324,786</b>	<b>\$ (48,373)</b>	<b>\$ 128,041</b>	<b>\$ 1,404,454</b>





**Required Supplementary Information**



# Pension and Other Postemployment Benefits Liability

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

	Reporting Fiscal Year (Measurement Date)							2012 through 2014
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
University's proportion of the net pension liability	3.82%	3.82%	3.67%	3.48%	3.39%	3.19%	3.05%	Information not available
University's proportionate share of the net pension liability	\$ 662,381	\$ 555,246	\$ 511,370	\$ 542,354	\$ 546,672	\$ 497,351	\$ 451,741	
University's covered payroll (trailing)	\$ 418,542	\$ 402,882	\$ 365,389	\$ 340,502	\$ 318,111	\$ 295,068	\$ 276,395	
University's proportionate share of the net pension liability as a percentage of its covered payroll	158.26%	137.82%	139.95%	159.28%	171.85%	168.55%	163.44%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

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

	Reporting Fiscal Year (Measurement Date)					2012 through 2016
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	
University's proportion of the total OPEB liability	19.87%	19.87%	16.16%	15.95%	15.95%	Information not available
University's proportionate share of the total OPEB liability	\$ 313,792	\$ 252,852	\$ 140,836	\$ 134,500	\$ 173,187	
Actuarially-determined University's covered payroll	\$ 874,270	\$ 851,285	\$ 731,068	\$ 711,848	\$ 781,648	
University's proportionate share of the total OPEB liability as a percentage of its covered payroll	35.9%	29.7%	19.3%	18.9%	22.2%	

**Schedule of University Pension Contributions**

**Arizona State Retirement System**

*(Dollars in thousands)*

	<b>2021</b>	<b>2020 <sup>(1)</sup></b> <i>(as restated)</i>	<b>2019 <sup>(1)</sup></b> <i>(as restated)</i>	<b>2018 <sup>(1)</sup></b> <i>(as restated)</i>	<b>2017 <sup>(1)</sup></b> <i>(as restated)</i>	<b>2016 <sup>(1)</sup></b> <i>(as restated)</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Statutorily required contribution	\$ 51,041	\$ 47,844	\$ 44,992	\$ 39,726	\$ 36,607	\$ 34,408	\$ 32,026	\$ 29,447	\$ 26,714	\$ 24,826
University's contributions in relation to the statutorily required contribution	\$ 51,041	47,844	44,992	39,726	36,607	34,408	32,026	29,447	26,714	24,826
University's contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
University's covered payroll	\$ 438,964	\$ 418,542	\$ 402,882	\$ 365,389	\$ 340,502	\$ 318,111	\$ 295,068	\$ 276,395	\$ 261,965	\$ 251,539
University's contributions as a percentage of covered payroll	11.63%	11.43%	11.17%	10.87%	10.75%	10.82%	10.85%	10.65%	10.20%	9.87%

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





# Supplementary Information

# Nonmajor Discretely Presented Component Units

<b>Nonmajor Component Units</b> <b>Combining Statement of Financial Position</b> <b>June 30, 2021</b> <i>(Dollars in thousands)</i>					
	ASU Alumni Association	ASU Preparatory Academy, Inc.	Arizona State University Research Park, Inc.	Sun Angel Foundation	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 695	\$ 22,287	\$ 4,557	\$ 7,019	\$ 34,558
Pledges receivables, net				27,729	27,729
Other receivables, net	222	6,401	48,219	2,329	57,171
Investments in securities	22,645				22,645
Property and equipment, net		11,530	5,014		16,544
Other assets	78	11,859	1,996	178	14,111
<b>Total Assets</b>	<b>\$ 23,640</b>	<b>\$ 52,077</b>	<b>\$ 59,786</b>	<b>\$ 37,255</b>	<b>\$ 172,758</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 195	\$ 7,395	\$ 60	\$ 204	\$ 7,854
Deferred revenue	151	5,548	12,188		17,887
Other liabilities	25	11,585	2,792		14,402
Long-term debt		4,574			4,574
<b>Total Liabilities</b>	<b>\$ 371</b>	<b>\$ 29,102</b>	<b>\$ 15,040</b>	<b>\$ 204</b>	<b>\$ 44,717</b>
<b>Net Assets</b>					
Without Donor Restrictions - Unrestricted	\$ 23,185	\$ 22,951	\$ 44,746	\$ 3,507	\$ 94,389
With Donor Restrictions - Temporarily restricted	84	24		33,544	33,652
With Donor Restrictions - Permanently restricted					
<b>Total Net Assets</b>	<b>\$ 23,269</b>	<b>\$ 22,975</b>	<b>\$ 44,746</b>	<b>\$ 37,051</b>	<b>\$ 128,041</b>

**Nonmajor Component Units**  
**Combining Statement of Activities**  
**Year ended June 30, 2021**  
*(Dollars in thousands)*

	ASU Alumni Association	ASU Preparatory Academy, Inc.	Arizona State University Research Park, Inc.	Sun Angel Foundation	Total
<b>Revenues</b>					
Contributions	\$ 1,151	\$ 4,610		\$ 10,150	\$ 15,911
Rental revenues			\$ 11,324		11,324
Sales and services	603	1,604		98	2,305
Net investment return	4,374			15	4,389
Grants and aid		63,622			63,622
Other revenues		9,959	67	91	10,117
Total Revenues	\$ 6,128	\$ 79,795	\$ 11,391	\$ 10,354	\$ 107,668
<b>Expenses</b>					
Payments to the benefit of ASU - Cash donation transfers to ASU				\$ 5,240	\$ 5,240
Rent payments to ASU			\$ 3,792		3,792
Management and general	\$ 2,281	\$ 65,980	1,161	754	70,176
Interest expense			73		73
Depreciation/amortization			403		403
Other expenses	58		149	750	957
Total Expenses	\$ 2,339	\$ 65,980	\$ 5,578	\$ 6,744	\$ 80,641
Increase in Net Assets, before Loss	3,789	13,815	5,813	3,610	27,027
Loss of uncollectible pledges				(4,840)	(4,840)
Loss on disposal of assets		(587)			(587)
Increase/(Decrease) in Net Assets after Loss	3,789	13,228	5,813	(1,230)	21,600
Net Assets, Beginning of Year	19,480	9,747	38,933	38,281	106,441
<b>Net Assets, End of Year</b>	<b>\$ 23,269</b>	<b>\$ 22,975</b>	<b>\$ 44,746</b>	<b>\$ 37,051</b>	<b>\$ 128,041</b>





# Statistical Section



## Financial Trends

73

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

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

## Revenue Capacity

81

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

- Principal Revenue Sources
- Academic Year Tuition and Required Fees

## Composite Financial Index

83

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

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

## Debt Capacity

86

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

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

## Demographic and Economic Information

90

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

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

## Operating Information

94

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

- Faculty and Staff
- Capital Assets

# Net Position by Component

Net Position by Component										
Fiscal year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<i>(Dollars in thousands)</i>										
Net investment in capital assets <sup>(1)</sup>	\$ 1,107,148	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591	\$ 664,867	\$ 643,008
Restricted, Nonexpendable	91,623	87,497	84,714	78,813	74,102	70,544	64,833	59,476	55,572	52,941
Restricted, Expendable	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661
Unrestricted <sup>(2)</sup>	235,307	104,279	166,899	115,542	282,765	253,728	161,623	563,307	511,298	462,958
<b>Total Net Position</b>	<b>\$ 1,610,015</b>	<b>\$ 1,362,063</b>	<b>\$1,355,388</b>	<b>\$ 1,269,985</b>	<b>\$ 1,333,832</b>	<b>\$ 1,221,116</b>	<b>\$ 1,054,762</b>	<b>\$ 1,432,322</b>	<b>\$ 1,336,617</b>	<b>\$ 1,251,568</b>
<i>Expressed as a percent of the total</i>										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	68.8	76.6	72.7	75.3	63.9	63.8	68.1	48.5	49.7	51.4
Restricted, Nonexpendable	5.7	6.4	6.3	6.2	5.6	5.8	6.2	4.2	4.2	4.2
Restricted, Expendable	10.9	9.4	8.8	9.4	9.3	9.6	10.4	8.0	7.8	7.4
Unrestricted	14.6	7.6	12.2	9.1	21.2	20.8	15.3	39.3	38.3	37.0
<b>Total Net Position</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Percentage increase/(decrease) from prior year</i>										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	6.2	5.8	3.0	12.2	9.4	8.4	3.3	4.6	3.4	1.4
Restricted, Nonexpendable	4.7	3.3	7.5	6.4	5.0	8.8	9.0	7.0	5.0	6.9
Restricted, Expendable	37.9	7.6	(0.7)	(4.2)	5.7	7.6	(3.8)	8.6	13.2	6.2
Unrestricted	125.7	(37.5)	44.4	(59.1)	11.4	57.0	(71.3)	10.2	10.4	28.8
<b>Total Net Position</b>	<b>18.2</b>	<b>0.5</b>	<b>6.7</b>	<b>(4.8)</b>	<b>9.2</b>	<b>15.8</b>	<b>(26.4)</b>	<b>7.2</b>	<b>6.8</b>	<b>10.7</b>

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

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

# Net Position

Statement of Net Position <sup>(1)</sup> (Dollars in thousands)										
June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Assets</b>										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 370,630	\$ 272,636	\$ 239,203	\$ 78,147	\$ 167,188	\$ 72,543	\$ 47,316	\$ 33,551	\$ 49,964	\$ 125,473
Short-term investments	48,819	89,712	70,908	43,789	45,739	68,527	30,775	71,760	118,330	103,282
Accounts receivables, net	341,511	240,862	238,119	134,045	143,601	120,235	110,561	92,554	72,510	62,826
Receivables from State of Arizona							90,575	90,575	90,575	90,575
Other assets	12,149	12,664	5,714	2,623	4,282	3,344	3,377	8,863	2,188	2,020
<b>Total Current Assets</b>	<b>\$ 773,109</b>	<b>\$ 615,874</b>	<b>\$ 553,944</b>	<b>\$ 258,604</b>	<b>\$ 360,810</b>	<b>\$ 264,649</b>	<b>\$ 282,604</b>	<b>\$ 297,303</b>	<b>\$ 333,567</b>	<b>\$ 384,176</b>
<i>Noncurrent Assets</i>										
Restricted cash and cash equivalents	\$ 243,260	\$ 273,773	\$ 280,166	\$ 215,942	\$ 298,730	\$ 236,711	\$ 247,270	\$ 137,343	\$ 140,110	\$ 234,108
Endowment investments	371,178	256,932	250,356	137,372	130,118	113,659	116,252	114,146	99,822	90,133
Other investments	672,140	594,531	595,537	814,098	732,745	729,729	572,558	501,779	360,591	212,058
Student loans receivable, net	5,452	6,397	7,820	8,185	10,365	10,923	10,668	11,262	10,872	10,916
Other assets/equity interest for Thunderbird	185	195	361	595	526	17,200	17,401	1,473	7,018	7,018
Capital assets, net	3,227,901	2,949,115	2,749,258	2,634,819	2,433,826	2,226,823	2,076,892	1,945,532	1,876,261	1,729,475
<b>Total Noncurrent Assets</b>	<b>\$ 4,520,116</b>	<b>\$ 4,080,943</b>	<b>\$ 3,883,498</b>	<b>\$ 3,811,011</b>	<b>\$ 3,606,310</b>	<b>\$ 3,335,045</b>	<b>\$ 3,041,041</b>	<b>\$ 2,711,535</b>	<b>\$ 2,494,674</b>	<b>\$ 2,283,708</b>
<b>Total Assets</b>	<b>\$ 5,293,225</b>	<b>\$ 4,696,817</b>	<b>\$ 4,437,442</b>	<b>\$ 4,069,615</b>	<b>\$ 3,967,120</b>	<b>\$ 3,599,694</b>	<b>\$ 3,323,645</b>	<b>\$ 3,008,838</b>	<b>\$ 2,828,241</b>	<b>\$ 2,667,884</b>
<b>Deferred Outflows of Resources</b>										
Interest rate swap	\$ 15,058	\$ 20,107	\$ 15,298	\$ 11,043	\$ 15,379	\$ 23,206	\$ 16,772	\$ 14,135	\$ 14,078	\$ 22,880
Unamortized loss on refunding debt	21,650	27,536	29,594	31,968	30,449	40,912	42,475	17,763		
Pensions related and other postemployment benefits	250,317	185,322	115,338	103,546	138,215	77,199	72,481			
<b>Total Deferred Outflows of Resources</b>	<b>\$ 287,025</b>	<b>\$ 232,965</b>	<b>\$ 160,230</b>	<b>\$ 146,557</b>	<b>\$ 184,043</b>	<b>\$ 141,317</b>	<b>\$ 131,728</b>	<b>\$ 31,898</b>	<b>\$ 14,078</b>	<b>\$ 22,880</b>
<b>Liabilities</b>										
<i>Current Liabilities</i>										
Accounts payable and accrued liabilities	\$ 259,009	\$ 208,749	\$ 187,417	\$ 149,666	\$ 127,029	\$ 131,156	\$ 94,998	\$ 80,259	\$ 76,697	\$ 64,703
Compensated absences	5,528	4,844	3,919	3,723	3,286	3,235	3,167	3,297	3,057	2,778
Unearned revenues	244,487	196,674	167,545	78,192	65,619	51,385	55,176	61,964	42,645	30,455
Funds held for others	15,871	13,338	19,961	17,898	23,350	29,054	18,270	12,476	11,409	10,940
Current portion of long-term debt - Funded by:										
University operating revenues	129,986	127,878	132,433	124,356	118,910	127,881	54,904	53,246	37,669	35,414
State appropriations and other State monies	42,211	40,554	32,807	34,360	34,222	31,903	15,876	13,598	12,537	10,593
<b>Total Current Liabilities</b>	<b>\$ 697,092</b>	<b>\$ 592,037</b>	<b>\$ 544,082</b>	<b>\$ 408,195</b>	<b>\$ 372,416</b>	<b>\$ 374,614</b>	<b>\$ 242,391</b>	<b>\$ 224,840</b>	<b>\$ 184,014</b>	<b>\$ 154,883</b>
<i>Noncurrent Liabilities</i>										
Compensated absences	\$ 44,388	\$ 41,093	\$ 33,352	\$ 31,570	\$ 28,772	\$ 27,441	\$ 26,847	\$ 24,476	\$ 23,825	\$ 21,434
Other liabilities	19,557	17,496	10,819	11,614	2,577	3,558	25,815	39,158	12,574	10,603
Derivative instrument - Interest rate swap	15,058	20,107	15,298	11,043	15,379	23,206	16,772	14,135	14,078	22,880
Net Pension and other postemployment benefits liability	1,029,747	860,875	700,057	719,592	631,938	559,071	484,133			
Long-term debt - Funded by:										
University operating revenues	1,686,212	1,523,219	1,441,660	1,350,987	1,335,986	1,104,411	1,111,056	891,081	917,810	863,255
State appropriations and other State monies	447,041	443,799	394,132	339,683	361,636	385,122	413,981	414,724	353,401	366,141
<b>Total Noncurrent Liabilities</b>	<b>\$ 3,242,003</b>	<b>\$ 2,906,589</b>	<b>\$ 2,595,318</b>	<b>\$ 2,464,489</b>	<b>\$ 2,376,288</b>	<b>\$ 2,102,809</b>	<b>\$ 2,078,604</b>	<b>\$ 1,383,574</b>	<b>\$ 1,321,688</b>	<b>\$ 1,284,313</b>
<b>Total Liabilities</b>	<b>\$ 3,939,095</b>	<b>\$ 3,498,626</b>	<b>\$ 3,139,400</b>	<b>\$ 2,872,684</b>	<b>\$ 2,748,704</b>	<b>\$ 2,477,423</b>	<b>\$ 2,320,995</b>	<b>\$ 1,608,414</b>	<b>\$ 1,505,702</b>	<b>\$ 1,439,196</b>
<b>Deferred Inflows of Resources</b>										
Unamortized gain on refunding debt	\$ 2,218	\$ 1,607	\$ 1,761	\$ 1,894	\$ 1,116					
Pensions related and other postemployment benefits	28,922	67,486	101,123	71,609	67,511	42,472	79,616			
<b>Total Deferred Inflows of Resources</b>	<b>\$ 31,140</b>	<b>\$ 69,093</b>	<b>\$ 102,884</b>	<b>\$ 73,503</b>	<b>\$ 68,627</b>	<b>\$ 42,472</b>	<b>\$ 79,616</b>			
<b>Net Position</b>										
Net investment in capital assets	\$ 1,107,148	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591	\$ 664,867	\$ 643,008
Restricted										
Nonexpendable:										
Student aid	84,722	80,741	77,959	72,059	67,365	63,807	59,185	54,858	51,572	48,693
Academic department uses	6,901	6,756	6,755	6,754	6,737	6,737	5,648	4,618	4,000	4,248
Expendable:										
Student aid	71,208	36,071	33,821	33,024	40,962	38,907	44,109	46,498	37,777	35,705
Academic department uses	95,788	84,548	78,112	79,868	77,450	72,534	63,919	66,852	66,771	56,540
Capital projects and debt service	8,941	6,995	6,693	6,518	6,291	6,536	1,636	598	332	416
Unrestricted	235,307	104,279	166,899	115,542	282,765	253,728	161,623	563,307	511,298	462,958
<b>Total Net Position</b>	<b>\$ 1,610,015</b>	<b>\$ 1,362,063</b>	<b>\$ 1,355,388</b>	<b>\$ 1,269,985</b>	<b>\$ 1,333,832</b>	<b>\$ 1,221,116</b>	<b>\$ 1,054,762</b>	<b>\$ 1,432,322</b>	<b>\$ 1,336,617</b>	<b>\$ 1,251,568</b>

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

# Net Position (continued)

Statement of Net Position – Adjusted for Pensions and Other Postemployment Benefits <sup>(1)</sup> (Dollars in thousands)										
June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Assets</b>										
<i>Current Assets</i>										
Cash and cash equivalents	\$ 370,630	\$ 272,636	\$ 239,203	\$ 78,147	\$ 167,188	\$ 72,543	\$ 47,316	\$ 33,551	\$ 49,964	\$ 125,473
Short-term investments	48,819	89,712	70,908	43,789	45,739	68,527	30,775	71,760	118,330	103,282
Accounts receivables, net	341,511	240,862	238,119	134,045	143,601	120,235	110,561	92,554	72,510	62,826
Receivables from State of Arizona							90,575	90,575	90,575	90,575
Other assets	12,149	12,664	5,714	2,623	4,282	3,344	3,377	8,863	2,188	2,020
<b>Total Current Assets</b>	<b>\$ 773,109</b>	<b>\$ 615,874</b>	<b>\$ 553,944</b>	<b>\$ 258,604</b>	<b>\$ 360,810</b>	<b>\$ 264,649</b>	<b>\$ 282,604</b>	<b>\$ 297,303</b>	<b>\$ 333,567</b>	<b>\$ 384,176</b>
<i>Noncurrent Assets</i>										
Restricted cash and cash equivalents	\$ 243,260	\$ 273,773	\$ 280,166	\$ 215,942	\$ 298,730	\$ 236,711	\$ 247,270	\$ 137,343	\$ 140,110	\$ 234,108
Endowment investments	371,178	256,932	250,356	137,372	130,118	113,659	116,252	114,146	99,822	90,133
Other investments	672,140	594,531	595,537	814,098	732,745	729,729	572,558	501,779	360,591	212,058
Student loans receivable, net	5,452	6,397	7,820	8,185	10,365	10,923	10,668	11,262	10,872	10,916
Other assets/equity interest for Thunderbird	185	195	361	595	526	17,200	17,401	1,473	7,018	7,018
Capital assets, net	3,227,901	2,949,115	2,749,258	2,634,819	2,433,826	2,226,823	2,076,892	1,945,532	1,876,261	1,729,475
<b>Total Noncurrent Assets</b>	<b>\$ 4,520,116</b>	<b>\$ 4,080,943</b>	<b>\$ 3,883,498</b>	<b>\$ 3,811,011</b>	<b>\$ 3,606,310</b>	<b>\$ 3,335,045</b>	<b>\$ 3,041,041</b>	<b>\$ 2,711,535</b>	<b>\$ 2,494,674</b>	<b>\$ 2,283,708</b>
<b>Total Assets</b>	<b>\$ 5,293,225</b>	<b>\$ 4,696,817</b>	<b>\$ 4,437,442</b>	<b>\$ 4,069,615</b>	<b>\$ 3,967,120</b>	<b>\$ 3,599,694</b>	<b>\$ 3,323,645</b>	<b>\$ 3,008,838</b>	<b>\$ 2,828,241</b>	<b>\$ 2,667,884</b>
<b>Deferred Outflows of Resources</b>										
Interest rate swap	\$ 15,058	\$ 20,107	\$ 15,298	\$ 11,043	\$ 15,379	\$ 23,206	\$ 16,772	\$ 14,135	\$ 14,078	\$ 22,880
Unamortized loss on refunding debt	21,650	27,536	29,594	31,968	30,449	40,912	42,475	17,763		
<b>Total Deferred Outflows of Resources</b>	<b>\$ 36,708</b>	<b>\$ 47,643</b>	<b>\$ 44,892</b>	<b>\$ 43,011</b>	<b>\$ 45,828</b>	<b>\$ 64,118</b>	<b>\$ 59,247</b>	<b>\$ 31,898</b>	<b>\$ 14,078</b>	<b>\$ 22,880</b>
<b>Liabilities</b>										
<i>Current Liabilities</i>										
Accounts payable and accrued liabilities	\$ 270,284	\$ 219,696	\$ 196,100	\$ 157,300	\$ 136,679	\$ 137,378	\$ 99,910	\$ 80,259	\$ 76,697	\$ 64,703
Compensated absences	5,528	4,844	3,919	3,723	3,286	3,235	3,167	3,297	3,057	2,778
Unearned revenues	244,487	196,674	167,545	78,192	65,619	51,385	55,176	61,964	42,645	30,455
Funds held for others	15,871	13,338	19,961	17,898	23,350	29,054	18,270	12,476	11,409	10,940
Current portion of long-term debt - Funded by:										
University operating revenues	129,986	127,878	132,433	124,356	118,910	127,881	54,904	53,246	37,669	35,414
State appropriations and other State monies	42,211	40,554	32,807	34,360	34,222	31,903	15,876	13,598	12,537	10,593
<b>Total Current Liabilities</b>	<b>\$ 708,367</b>	<b>\$ 602,984</b>	<b>\$ 552,765</b>	<b>\$ 415,829</b>	<b>\$ 382,066</b>	<b>\$ 380,836</b>	<b>\$ 247,303</b>	<b>\$ 224,840</b>	<b>\$ 184,014</b>	<b>\$ 154,883</b>
<i>Noncurrent Liabilities</i>										
Compensated absences	\$ 44,388	\$ 41,093	\$ 33,352	\$ 31,570	\$ 28,772	\$ 27,441	\$ 26,847	\$ 24,476	\$ 23,825	\$ 21,434
Other liabilities	36,126	34,490	28,786	27,427	17,229	18,206	38,302	39,158	12,574	10,603
Derivative instrument - Interest rate swap	15,058	20,107	15,298	11,043	15,379	23,206	16,772	14,135	14,078	22,880
Long-term debt - Funded by:										
University operating revenues	1,686,212	1,523,219	1,441,660	1,350,987	1,335,986	1,104,411	1,111,056	891,081	917,810	863,255
State appropriations and other State monies	447,041	443,799	394,132	339,683	361,636	385,122	413,981	414,724	353,401	366,141
<b>Total Noncurrent Liabilities</b>	<b>\$ 2,228,825</b>	<b>\$ 2,062,708</b>	<b>\$ 1,913,228</b>	<b>\$ 1,760,710</b>	<b>\$ 1,759,002</b>	<b>\$ 1,558,386</b>	<b>\$ 1,606,958</b>	<b>\$ 1,383,574</b>	<b>\$ 1,321,688</b>	<b>\$ 1,284,313</b>
<b>Total Liabilities</b>	<b>\$ 2,937,192</b>	<b>\$ 2,665,692</b>	<b>\$ 2,465,993</b>	<b>\$ 2,176,539</b>	<b>\$ 2,141,068</b>	<b>\$ 1,939,222</b>	<b>\$ 1,854,261</b>	<b>\$ 1,608,414</b>	<b>\$ 1,505,702</b>	<b>\$ 1,439,196</b>
<b>Deferred Inflows of Resources</b>										
Unamortized gain on refunding debt	\$ 2,218	\$ 1,607	\$ 1,761	\$ 1,894	\$ 1,116					
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,218</b>	<b>\$ 1,607</b>	<b>\$ 1,761</b>	<b>\$ 1,894</b>	<b>\$ 1,116</b>					
<b>Net Position</b>										
Net investment in capital assets	\$ 1,107,148	\$ 1,042,673	\$ 985,149	\$ 956,220	\$ 852,262	\$ 778,867	\$ 718,642	\$ 695,591	\$ 664,867	\$ 643,008
Restricted										
Nonexpendable:										
Student aid	84,722	80,741	77,959	72,059	67,365	63,807	59,185	54,858	51,572	48,693
Academic department uses	6,901	6,756	6,755	6,754	6,737	6,737	5,648	4,618	4,000	4,248
Expendable:										
Student aid	71,208	36,071	33,821	33,024	40,962	38,907	44,109	46,498	37,777	35,705
Academic department uses	95,788	84,548	78,112	79,868	77,450	72,534	63,919	66,852	66,771	56,540
Capital projects and debt service	8,941	6,995	6,693	6,518	6,291	6,536	1,636	598	332	416
Unrestricted	1,015,815	819,377	826,091	779,750	819,697	757,202	635,492	563,307	511,298	462,958
<b>Total Net Position</b>	<b>\$ 2,390,523</b>	<b>\$ 2,077,161</b>	<b>\$ 2,014,580</b>	<b>\$ 1,934,193</b>	<b>\$ 1,870,764</b>	<b>\$ 1,724,590</b>	<b>\$ 1,528,631</b>	<b>\$ 1,432,322</b>	<b>\$ 1,336,617</b>	<b>\$ 1,251,568</b>

<sup>(1)</sup> All balances for FY 2015 and thereafter have been adjusted to remove the impact of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. All balances for FY 2016 and thereafter have been adjusted to remove the impact of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, as amended by GASB Statement No. 85, Omnibus 2017.

# Changes in Net Position

Changes in Net Position (Dollars in thousands)										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	\$ 1,598,180	\$ 1,550,581	\$ 1,423,052	\$ 1,323,268	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921	\$ 802,965	\$ 757,217
Research grants and contracts	364,375	365,498	344,128	313,558	271,730	253,158	237,489	244,293	238,031	229,801
Sales and services										
Auxiliary enterprises	124,080	170,182	183,534	166,057	161,797	149,734	145,008	140,535	122,453	105,510
Educational departments	93,279	72,451	78,508	94,158	81,543	69,523	67,230	58,449	56,006	53,866
Other revenues	40,872	21,884	19,347	18,745	16,326	14,387	12,001	8,447	8,018	8,947
<b>Total Operating Revenues</b>	<b>\$ 2,220,786</b>	<b>\$ 2,180,596</b>	<b>\$ 2,048,569</b>	<b>\$ 1,915,786</b>	<b>\$ 1,782,224</b>	<b>\$ 1,644,337</b>	<b>\$ 1,482,742</b>	<b>\$ 1,348,645</b>	<b>\$ 1,227,473</b>	<b>\$ 1,155,341</b>
<b>Expenses</b>										
<i>Operating Expenses</i>										
Educational and general										
Instruction	\$ 1,053,721	\$ 1,016,720	\$ 961,580	\$ 881,696	\$ 810,656	\$ 749,722	\$ 686,397	\$ 617,091	\$ 548,998	\$ 519,117
Research	384,431	359,936	323,623	297,448	267,303	261,055	244,763	235,720	225,453	211,569
Public service	100,908	38,415	36,140	37,524	35,378	36,807	36,201	40,209	44,860	46,938
Academic support	392,787	371,378	304,645	299,208	294,706	265,540	247,700	225,853	204,831	185,890
Student services	159,384	166,131	151,295	136,125	123,377	111,018	98,491	72,409	65,908	60,737
Institutional support	201,507	188,937	171,016	159,109	152,226	155,172	151,613	136,334	124,546	120,491
Operation and maintenance of plant	105,823	113,640	122,567	119,349	116,456	108,454	102,167	98,901	91,077	86,750
Scholarships and fellowships	300,202	292,914	247,194	211,811	187,124	152,802	136,675	127,468	112,363	113,171
Auxiliary enterprises	184,771	191,862	179,578	175,130	154,794	147,562	143,184	130,550	119,509	115,799
Depreciation	152,440	143,587	137,064	132,814	123,705	116,381	114,617	112,270	106,992	98,005
<b>Total Operating Expenses</b>	<b>\$ 3,035,974</b>	<b>\$ 2,883,520</b>	<b>\$ 2,634,702</b>	<b>\$ 2,450,214</b>	<b>\$ 2,265,725</b>	<b>\$ 2,104,513</b>	<b>\$ 1,961,808</b>	<b>\$ 1,796,805</b>	<b>\$ 1,644,537</b>	<b>\$ 1,558,467</b>
<b>Operating Loss</b>	<b>\$ (815,188)</b>	<b>\$ (702,924)</b>	<b>\$ (586,133)</b>	<b>\$ (534,428)</b>	<b>\$ (483,501)</b>	<b>\$ (460,176)</b>	<b>\$ (479,066)</b>	<b>\$ (448,160)</b>	<b>\$ (417,064)</b>	<b>\$ (403,126)</b>
<b>Nonoperating Revenues (Expenses)</b>										
State appropriations	\$ 306,346	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493	\$ 297,402	\$ 307,765
Share of state tax - TRIF	36,833	34,075	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799
Financial aid grants	198,432	186,818	168,230	152,500	128,474	124,188	115,070	106,855	104,415	110,222
Grants and contracts	379,817	71,623	57,365	58,624	56,233	56,743	49,037	35,863	42,195	49,237
Private gifts	76,335	76,803	82,731	75,791	74,282	99,612	57,651	64,928	59,807	55,329
Financial aid trust funds <sup>(1)</sup>					16,019	14,833	13,615	12,393	11,114	11,027
Net investment return (loss)	75,808	44,756	60,603	12,778	23,038	9,382	5,133	20,263	9,494	(1,629)
Interest on debt	(67,838)	(65,342)	(63,413)	(61,903)	(69,135)	(59,972)	(53,428)	(52,674)	(53,331)	(48,101)
Other expenses	(16,573)	(15,982)	(22,341)	(8,590)	(7,610)	(16,039)	(9,814)	(9,642)	(10,995)	(8,358)
<b>Net Nonoperating Revenues</b>	<b>\$ 989,160</b>	<b>\$ 656,083</b>	<b>\$ 621,149</b>	<b>\$ 568,518</b>	<b>\$ 549,540</b>	<b>\$ 541,207</b>	<b>\$ 541,832</b>	<b>\$ 520,264</b>	<b>\$ 485,326</b>	<b>\$ 499,291</b>
<b>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>\$ 173,972</b>	<b>\$ (46,841)</b>	<b>\$ 35,016</b>	<b>\$ 34,090</b>	<b>\$ 66,039</b>	<b>\$ 81,031</b>	<b>\$ 62,766</b>	<b>\$ 72,104</b>	<b>\$ 68,262</b>	<b>\$ 96,165</b>
Capital appropriations	\$ 25,840	\$ 25,622	\$ 25,406	\$ 13,479	\$ 11,190	\$ 11,422	\$ 15,000	\$ 14,471	\$ 14,472	\$ 14,472
Capital commitments	9,054	9,537	9,532	9,540	15,421	9,537	5,121	2,733	4,268	1,646
Capital grants	13,223	1,165	62	109	320	1	158	893	761	1,636
Capital private gifts	3,561	17,022	14,961	5,822	6,390	4,936	7,106	8,308	2,503	7,206
Additions to permanent endowments	1,348	170	426	34	13	1,577	2,089	904	77	3
Gain on the sale of real property	20,954									
Special Items									(5,294)	
Extraordinary Item - insurance recovery								3,900		
<b>Increase in Net Position</b>	<b>\$ 247,952</b>	<b>\$ 6,675</b>	<b>\$ 85,403</b>	<b>\$ 63,074</b>	<b>\$ 99,373</b>	<b>\$ 108,504</b>	<b>\$ 92,240</b>	<b>\$ 103,313</b>	<b>\$ 85,049</b>	<b>\$ 121,128</b>
<b>Total Revenues</b>										
	\$ 3,368,337	\$ 2,971,519	\$ 2,805,859	\$ 2,583,781	\$ 2,441,843	\$ 2,289,028	\$ 2,117,290	\$ 1,962,434	\$ 1,799,206	\$ 1,736,054
<b>Total Expenses</b>										
	\$ 3,120,385	\$ 2,964,844	\$ 2,720,456	\$ 2,520,707	\$ 2,342,470	\$ 2,180,524	\$ 2,025,050	\$ 1,859,121	\$ 1,714,157	\$ 1,614,926
<b>Increase in Net Position</b>	<b>\$ 247,952</b>	<b>\$ 6,675</b>	<b>\$ 85,403</b>	<b>\$ 63,074</b>	<b>\$ 99,373</b>	<b>\$ 108,504</b>	<b>\$ 92,240</b>	<b>\$ 103,313</b>	<b>\$ 85,049</b>	<b>\$ 121,128</b>

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

# Changes in Net Position *(continued)*

<b>Changes in Net Position (Expressed as a percent of Total Revenues / Total Expenses)</b>										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	%	%	%	%	%	%	%	%	%	%
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	47.4	52.2	50.7	51.2	51.2	50.6	48.2	45.7	44.6	43.6
Research grants and contracts	10.8	12.3	12.3	12.1	11.1	11.1	11.2	12.4	13.2	13.2
Sales and services										
Auxiliary enterprises	3.7	5.7	6.5	6.4	6.6	6.5	6.9	7.2	6.8	6.1
Educational departments	2.8	2.5	2.8	3.7	3.4	3.0	3.2	3.0	3.1	3.1
Other revenues	1.2	0.7	0.7	0.7	0.7	0.6	0.6	0.4	0.4	0.5
<b>Total Operating Revenues</b>	<b>65.9</b>	<b>73.4</b>	<b>73.0</b>	<b>74.1</b>	<b>73.0</b>	<b>71.8</b>	<b>70.1</b>	<b>68.7</b>	<b>68.1</b>	<b>66.5</b>
<b>Expenses</b>										
<i>Operating Expenses</i>										
Educational and general										
Instruction	33.8	34.3	35.3	35.0	34.6	34.4	33.9	33.2	32.0	32.1
Research	12.3	12.1	11.9	11.8	11.4	12.0	12.1	12.7	13.2	13.1
Public service	3.2	1.3	1.3	1.5	1.5	1.7	1.8	2.2	2.6	2.9
Academic support	12.6	12.5	11.2	11.9	12.6	12.2	12.2	12.1	11.9	11.5
Student services	5.1	5.6	5.6	5.4	5.3	5.1	4.9	3.9	3.8	3.8
Institutional support	6.5	6.4	6.3	6.3	6.5	7.1	7.5	7.3	7.3	7.5
Operation and maintenance of plant	3.4	3.8	4.5	4.7	5.0	5.0	5.0	5.3	5.3	5.4
Scholarships and fellowships	9.6	9.9	9.1	8.4	8.0	7.0	6.7	6.9	6.6	7.0
Auxiliary enterprises	5.9	6.6	6.6	6.9	6.6	6.7	7.1	7.0	7.0	7.2
Depreciation	4.9	4.8	5.0	5.3	5.3	5.3	5.7	6.0	6.2	6.1
<b>Total Operating Expenses</b>	<b>90.1</b>	<b>97.3</b>	<b>93.9</b>	<b>94.8</b>	<b>92.8</b>	<b>91.9</b>	<b>92.7</b>	<b>91.5</b>	<b>91.4</b>	<b>89.8</b>
<b>Operating Loss</b>	<b>(24.2)</b>	<b>(23.6)</b>	<b>(20.9)</b>	<b>(20.7)</b>	<b>(19.8)</b>	<b>(20.1)</b>	<b>(22.6)</b>	<b>(22.8)</b>	<b>(23.3)</b>	<b>(23.3)</b>
<b>Nonoperating Revenues (Expenses)</b>										
State appropriations	9.1	10.9	11.0	11.9	12.2	12.3	16.0	16.0	16.5	17.7
Share of state tax - TRIF	1.1	1.1	1.2	1.3	1.3	1.4	1.3	1.4	1.4	1.4
Financial aid grants	5.9	6.3	6.0	5.9	5.3	5.4	5.4	5.4	5.8	6.3
Grants and contracts	11.3	2.4	2.0	2.3	2.3	2.5	2.3	1.8	2.3	2.8
Private gifts	2.3	2.6	2.9	2.9	3.0	4.4	2.7	3.3	3.3	3.2
Financial aid trust funds <sup>(1)</sup>	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6	0.6	0.6
Net investment return (loss)	2.3	1.5	2.2	0.5	0.9	0.4	0.2	1.0	0.5	(0.1)
Interest on debt	(2.2)	(2.2)	(2.4)	(2.5)	(2.9)	(2.8)	(2.6)	(2.8)	(3.1)	(3.0)
Other expenses	(0.5)	(0.5)	(0.8)	(0.3)	(0.3)	(0.7)	(0.5)	(0.5)	(0.6)	(0.5)
<b>Net Nonoperating Revenues</b>	<b>29.3</b>	<b>22.1</b>	<b>22.1</b>	<b>22.0</b>	<b>22.5</b>	<b>23.6</b>	<b>25.6</b>	<b>26.5</b>	<b>27.0</b>	<b>28.8</b>
<b>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>5.1</b>	<b>(1.5)</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>2.7</b>	<b>3.5</b>	<b>3.0</b>	<b>3.7</b>	<b>3.7</b>
Capital appropriations	0.8	0.9	0.9	0.5	0.5	0.5	0.7	0.7	0.8	0.8
Capital commitment	0.3	0.3	0.3	0.4	0.6	0.4	0.2	0.1	0.2	0.1
Capital grants	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Capital private gifts	0.1	0.6	0.5	0.2	0.3	0.2	0.4	0.4	0.1	0.4
Additions to permanent endowments	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Gain on the sale of real property	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0
Extraordinary Item - insurance recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0
<b>Increase in Net Position</b>	<b>7.2</b>	<b>0.3</b>	<b>2.9</b>	<b>2.4</b>	<b>4.1</b>	<b>4.7</b>	<b>4.4</b>	<b>5.3</b>	<b>4.7</b>	<b>7.0</b>

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

*Percent of Total Expense is italicized.*

# Changes in Net Position *(continued)*

Changes in Net Position (Percentage increase (decrease) from prior year)										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	%	%	%	%	%	%	%	%	%	%
<b>Revenues</b>										
<i>Operating Revenues</i>										
Student tuition and fees, net	3.1	9.0	7.5	5.8	8.1	13.4	13.8	11.7	6.0	18.4
Research grants and contracts	(0.3)	6.2	9.7	15.4	7.3	6.6	(2.8)	2.6	3.6	5.9
Sales and services										
Auxiliary enterprises	(27.1)	(7.3)	10.5	2.6	8.1	3.3	3.2	14.8	16.1	(22.7)
Educational departments	28.7	(7.7)	(16.6)	15.5	17.3	3.4	15.0	4.4	4.0	23.8
Other revenues	86.8	13.1	3.2	14.8	13.5	19.9	42.1	5.4	(10.4)	(1.6)
<b>Total Operating Revenues</b>	<b>1.8</b>	<b>6.4</b>	<b>6.9</b>	<b>7.4</b>	<b>8.4</b>	<b>10.9</b>	<b>9.9</b>	<b>9.9</b>	<b>6.2</b>	<b>10.5</b>
<b>Expenses</b>										
<i>Operating Expenses</i>										
Educational and general										
Instruction	3.6	5.7	9.1	8.8	8.1	9.2	11.2	12.4	5.8	4.7
Research	6.8	11.2	8.8	11.3	2.4	6.7	3.8	4.6	6.6	5.1
Public service	162.7	6.3	(3.7)	6.1	(3.9)	1.7	(10.0)	(10.4)	(4.4)	(2.6)
Academic support	5.8	21.9	1.8	1.5	11.0	7.2	9.7	10.3	10.2	(0.8)
Student services	(4.1)	9.8	11.1	10.3	11.1	12.7	36.0	9.9	8.5	9.9
Institutional support	6.7	10.5	7.5	4.5	(1.9)	2.3	11.2	9.5	3.4	(3.5)
Operation and maintenance of plant	(6.9)	(7.3)	2.7	2.5	7.4	6.2	3.3	8.6	5.0	3.3
Scholarships and fellowships	2.5	18.5	16.7	13.2	22.5	11.8	7.2	13.4	(0.7)	(6.0)
Auxiliary enterprises	(3.7)	6.8	2.5	13.1	4.9	3.1	9.7	9.2	3.2	(18.7)
Depreciation	6.2	4.8	3.2	7.4	6.3	1.5	2.1	4.9	9.2	0.8
<b>Total Operating Expenses</b>	<b>5.3</b>	<b>9.4</b>	<b>7.5</b>	<b>8.1</b>	<b>7.7</b>	<b>7.3</b>	<b>9.2</b>	<b>9.3</b>	<b>5.5</b>	<b>0.1</b>
<b>Operating Loss</b>	<b>16.0</b>	<b>19.9</b>	<b>9.7</b>	<b>10.5</b>	<b>5.1</b>	<b>(3.9)</b>	<b>6.9</b>	<b>7.5</b>	<b>3.5</b>	<b>(21.2)</b>
<b>Nonoperating Revenues (Expenses)</b>										
State appropriations	(5.3)	6.6	(1.1)	3.3	5.5	(16.8)	7.5	5.7	(3.4)	(19.2)
Share of state tax - TRIF	8.1	(1.5)	6.3	3.9	0.8	17.1	(4.5)	10.1	6.0	9.3
Financial aid grants	6.2	11.0	10.3	18.7	3.5	7.9	7.7	2.3	(5.3)	5.5
Grants and contracts	430.3	24.9	(2.1)	4.3	(0.9)	15.7	36.7	(15.0)	(14.3)	(1.8)
Private gifts	(0.6)	(7.2)	9.2	2.0	(25.4)	72.8	(11.2)	8.6	8.1	9.4
Financial aid trust funds <sup>(1)</sup>	n/a	n/a	n/a	(100.0)	8.0	8.9	9.9	11.5	0.8	18.8
Net investment return (loss)	69.4	(26.1)	374.3	(44.5)	145.6	82.8	(74.7)	113.4	(682.8)	(109.5)
Interest on debt	3.8	3.0	2.4	(10.5)	15.3	12.2	1.4	(1.2)	10.9	1.3
Other expenses	3.7	(28.5)	160.1	12.9	(52.6)	63.4	1.8	(12.3)	31.6	19.7
<b>Net Nonoperating Revenues</b>	<b>50.8</b>	<b>5.6</b>	<b>9.3</b>	<b>3.5</b>	<b>1.5</b>	<b>(0.1)</b>	<b>4.1</b>	<b>7.2</b>	<b>(2.8)</b>	<b>(14.0)</b>
<b>Income (loss) before other revenues, expenses, gains, or losses</b>	<b>(471.4)</b>	<b>(233.8)</b>	<b>2.7</b>	<b>(48.4)</b>	<b>(18.5)</b>	<b>29.1</b>	<b>(13.0)</b>	<b>5.6</b>	<b>(29.0)</b>	<b>38.8</b>
Capital appropriations	0.9	0.9	88.5	20.5	(2.0)	(23.9)	3.7	0.0	0.0	0.0
Capital commitment	(5.1)	0.1	(0.1)	(38.1)	61.7	86.2	87.4	(36.0)	159.3	66.3
Capital grants	1,035.0	1,779.0	(43.1)	(65.9)	n/a	(99.4)	(82.3)	17.3	(53.5)	19.3
Capital private gifts	(79.1)	13.8	157.0	(8.9)	29.5	(30.5)	(14.5)	231.9	(65.3)	102.0
Additions to permanent endowments	692.9	(60.1)	1,152.9	161.5	(99.2)	(24.5)	131.1	1,074.0	2,466.7	(97.0)
Gain on the sale of real property	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Items	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Extraordinary Item - insurance recovery	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Increase (Decrease) in Net Position</b>	<b>3,614.6</b>	<b>(92.2)</b>	<b>35.4</b>	<b>(36.5)</b>	<b>(8.4)</b>	<b>17.6</b>	<b>(10.7)</b>	<b>21.5</b>	<b>(29.8)</b>	<b>29.3</b>

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

# Operating Expenses by Natural Classification

Operating Expenses by Natural Classification										
Fiscal year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<i>(Dollars in thousands)</i>										
Personal services	\$ 1,192,165	\$ 1,166,804	\$ 1,090,068	\$1,019,332	\$ 949,189	\$ 888,936	\$ 830,440	\$ 761,778	\$ 711,641	\$ 679,715
Benefits	386,644	380,162	357,601	343,363	309,033	298,199	285,991	268,025	236,380	231,295
Pensions and OPEB <sup>(1)</sup>	65,410	55,906	(5,016)	355	33,458	29,605	4,069			
Personal services and benefits	1,644,219	1,602,872	1,442,653	1,363,050	1,291,680	1,216,740	1,120,500	1,029,803	948,021	911,010
Supplies and services	939,113	844,147	807,791	742,539	663,216	601,218	576,345	514,355	464,452	423,693
Student aid, net scholarship allowance	300,202	292,914	247,194	211,811	187,124	170,174	150,346	140,377	125,072	125,759
Depreciation	152,440	143,587	137,064	132,814	123,705	116,381	114,617	112,270	106,992	98,005
<b>Total Operating Expenses by Natural Classification</b>	<b>\$ 3,035,974</b>	<b>\$ 2,883,520</b>	<b>\$ 2,634,702</b>	<b>\$2,450,214</b>	<b>\$2,265,725</b>	<b>\$2,104,513</b>	<b>\$1,961,808</b>	<b>\$1,796,805</b>	<b>\$ 1,644,537</b>	<b>\$1,558,467</b>
<i>Expressed as a percent of the total</i>										
	%	%	%	%	%	%	%	%	%	%
Personal services	39.3	40.5	41.4	41.7	41.9	42.2	42.3	42.4	43.3	43.6
Benefits	12.7	13.2	13.6	14.0	13.6	14.2	14.6	14.9	14.4	14.8
Pensions and OPEB <sup>(1)</sup>	2.2	1.9	(0.2)	0.0	1.5	1.4	0.2			
Personal services and benefits	54.2	55.6	54.8	55.6	57.0	57.8	57.1	57.3	57.7	58.4
Supplies and services	30.9	29.2	30.6	30.3	29.2	28.6	29.4	28.6	28.2	27.2
Student aid, net scholarship allowance	9.9	10.2	9.4	8.7	8.3	8.1	7.7	7.8	7.6	8.1
Depreciation	5.0	5.0	5.2	5.4	5.5	5.5	5.8	6.3	6.5	6.3
<b>Total Operating Expenses by Natural Classification</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Percentage increase/(decrease) from prior year</i>										
	%	%	%	%	%	%	%	%	%	%
Personal services	2.2	7.0	6.9	7.4	6.8	7.0	9.0	7.0	4.7	(1.8)
Benefits	1.7	6.3	4.1	11.1	3.6	4.3	6.7	13.4	2.2	2.2
Pensions and OPEB <sup>(1)</sup>	17.0	1,214.6	(1,513.0)	(98.9)	13.0	627.6				
Personal services and benefits	2.6	11.1	5.8	5.5	6.2	8.6	8.8	8.6	4.1	(0.8)
Supplies and services	11.2	4.5	8.8	12.0	10.3	4.3	12.1	10.7	9.6	3.9
Student aid, net scholarship allowance	2.5	18.5	16.7	11.8	10.0	13.2	7.1	12.2	(0.5)	(5.6)
Depreciation	6.2	4.8	3.2	7.4	6.3	1.5	2.1	4.9	9.2	0.8
<b>Total Operating Expenses by Natural Classification</b>	<b>5.3</b>	<b>9.4</b>	<b>7.5</b>	<b>8.0</b>	<b>7.7</b>	<b>7.3</b>	<b>9.2</b>	<b>9.3</b>	<b>5.5</b>	<b>0.1</b>
Scholarship allowance	\$ 550,959	\$ 485,621	\$ 422,858	\$ 389,890	\$ 349,989	\$ 313,064	\$ 269,503	\$ 231,124	\$ 211,919	\$ 203,501

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



# Combined Sources and Uses

Combined Sources and Uses (Dollars in millions)										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Sources</b>										
Student Tuition and Fees, net	\$ 1,598.2	\$ 1,550.6	\$ 1,423.1	\$ 1,323.3	\$ 1,250.8	\$ 1,157.5	\$ 1,021.0	\$ 896.9	\$ 803.0	\$ 757.2
<i>Gross Tuition and Fees</i>	2,134.3	2,013.3	1,825.6	1,697.4	1,585.4	1,453.8	1,278.0	1,117.8	1,005.8	952.5
<i>Scholarship Allowance</i>	536.1	462.7	402.5	374.1	334.6	296.3	257.0	220.9	202.8	195.3
State Appropriation	332.2	348.9	328.8	320.3	308.1	292.8	353.0	329.0	311.9	322.2
<i>Capital Appropriation</i>	25.8	25.6	25.4	13.5	11.2	11.4	15.0	14.5	14.5	14.5
Federal Fiscal Stabilization Funds										
Grants and Contracts	757.4	423.2	401.5	372.3	328.3	309.9	286.7	281.1	281.0	280.7
<i>Federally Funded</i>	489.1	301.1	304.5	262.0	238.3	242.3	229.9	247.9	225.4	232.3
Financial Aid Grants	198.4	186.8	168.2	152.5	128.5	124.2	115.1	106.9	104.4	110.2
<i>Federally Funded</i>	198.1	186.5	167.9	152.2	128.2	123.9	114.8	106.4	104.0	109.8
Auxiliary Enterprises, net	124.1	170.2	183.5	166.1	161.8	149.7	145.0	140.5	122.5	105.5
Private and Capital Gifts	79.9	93.8	97.7	81.6	80.7	106.2	66.8	74.1	62.3	62.6
<i>Capital Gifts</i>	3.6	17.0	15.0	5.8	6.4	4.9	7.1	8.3	2.5	7.2
Sales and Services	93.3	72.5	78.5	94.1	81.5	69.5	67.2	58.4	56.0	53.9
Technology and Research Initiatives Funds (TRIF)	36.8	34.1	34.6	32.5	31.3	31.1	26.5	27.8	25.2	23.8
Other Sources	148.0	91.5	89.9	41.1	70.8	48.1	35.9	47.7	32.9	20.0
<b>Total Sources</b>	<b>\$ 3,368.3</b>	<b>\$ 2,971.6</b>	<b>\$ 2,805.8</b>	<b>\$ 2,583.8</b>	<b>\$ 2,441.8</b>	<b>\$ 2,289.0</b>	<b>\$ 2,117.2</b>	<b>\$ 1,962.4</b>	<b>\$ 1,799.2</b>	<b>\$ 1,736.1</b>
<b>Uses</b>										
Instruction	\$ 1,053.7	\$ 1,016.7	\$ 961.6	\$ 881.7	\$ 810.6	\$ 749.7	\$ 686.4	\$ 617.1	\$ 549.0	\$ 519.1
Organized Research	384.4	360.0	323.6	297.5	267.3	261.1	244.8	235.7	225.5	211.6
Public Service	100.9	38.4	36.1	37.5	35.4	36.8	36.2	40.2	44.9	46.9
Academic Support	392.8	371.4	304.6	299.2	294.7	265.5	247.7	225.8	204.8	185.9
Student Services	159.4	166.1	151.2	136.1	123.4	111.0	98.4	72.4	65.9	60.7
Institutional Support	201.5	189.0	171.0	159.1	152.2	155.2	151.6	136.3	124.5	120.5
Operation and Maintenance of Plant	105.8	113.6	122.6	119.4	116.5	108.4	102.2	98.9	91.1	86.7
Scholarships and Fellowships	300.2	292.9	247.2	211.8	187.1	152.8	136.7	127.5	112.4	113.2
Auxiliary Enterprises	184.8	191.9	179.6	175.1	154.8	147.6	143.2	130.6	119.5	115.8
Depreciation	152.5	143.6	137.1	132.8	123.7	116.4	114.6	112.3	107.0	98.0
<i>Academic and Research Buildings</i>	100.0	93.8	84.9	80.6	73.8	69.4	67.6	63.9	60.0	52.1
Other Expenses	84.4	81.3	85.8	70.5	76.7	76.0	63.2	62.3	69.6	56.5
<b>Total Uses</b>	<b>\$ 3,120.4</b>	<b>\$ 2,964.9</b>	<b>\$ 2,720.4</b>	<b>\$ 2,520.7</b>	<b>\$ 2,342.4</b>	<b>\$ 2,180.5</b>	<b>\$ 2,025.0</b>	<b>\$ 1,859.1</b>	<b>\$ 1,714.2</b>	<b>\$ 1,614.9</b>

# Principal Revenue Sources

<b>Principal Revenue Sources (Dollars in thousands)</b>										
<b>Fiscal year ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Tuition and Fees, net of scholarship allowance</b>	<b>\$ 1,598,180</b>	<b>\$ 1,550,581</b>	<b>\$ 1,423,052</b>	<b>\$ 1,323,268</b>	<b>\$ 1,250,828</b>	<b>\$ 1,157,535</b>	<b>\$ 1,021,014</b>	<b>\$ 896,921</b>	<b>\$ 802,965</b>	<b>\$ 757,217</b>
percent of total revenue	47%	52%	51%	51%	51%	51%	48%	46%	45%	44%
percent increase from prior year	3%	9%	8%	6%	8%	13%	14%	12%	6%	18%
<b>State of Arizona Government</b>										
State appropriations	\$ 306,346	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493	\$ 297,402	\$ 307,765
Technology and research initiative fund	36,833	34,075	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799
Capital appropriations and capital commitments	34,894	35,159	34,938	24,434	20,731	20,959	20,121	17,204	16,642	16,118
State grants and contracts	132,062	9,675	14,529	11,640	12,328	8,536	6,848	3,055	1,514	9,136
Financial aid trust fund	5,986	5,986	5,986	5,989	5,899	5,724	5,483	5,350	4,920	5,242
Capital grants	195									
<b>State of Arizona Government</b>	<b>\$ 516,316</b>	<b>\$ 408,227</b>	<b>\$ 393,427</b>	<b>\$ 381,381</b>	<b>\$ 367,197</b>	<b>\$ 347,679</b>	<b>\$ 397,020</b>	<b>\$ 367,887</b>	<b>\$ 345,703</b>	<b>\$ 362,060</b>
percent of total revenue	15%	14%	14%	15%	15%	15%	19%	19%	19%	21%
percent increase (decrease) from prior year	26%	4%	3%	4%	6%	(12%)	8%	6%	(5%)	(16%)
<b>Federal Government</b>										
Federal grants and contracts	\$ 489,070	\$ 316,277	\$ 304,503	\$ 262,007	\$ 238,293	\$ 242,299	\$ 229,925	\$ 247,015	\$ 224,603	\$ 230,747
Financial aid grants	198,120	186,504	167,931	152,238	128,207	123,945	114,816	106,360	103,965	109,779
Capital grants	12,630							859	761	1,517
Federal fiscal stabilization funds										
<b>Federal Government</b>	<b>\$ 699,820</b>	<b>\$ 502,781</b>	<b>\$ 472,434</b>	<b>\$ 414,245</b>	<b>\$ 366,500</b>	<b>\$ 366,244</b>	<b>\$ 344,741</b>	<b>\$ 354,234</b>	<b>\$ 329,329</b>	<b>\$ 342,043</b>
percent of total revenue	21%	17%	17%	16%	15%	16%	16%	18%	18%	20%
percent increase (decrease) from prior year	39%	6%	14%	13%	0%	6%	(3%)	8%	(4%)	5%
<b>Total from principal revenue sources</b>	<b>\$ 2,814,316</b>	<b>\$ 2,461,589</b>	<b>\$ 2,288,913</b>	<b>\$ 2,118,894</b>	<b>\$ 1,984,525</b>	<b>\$ 1,871,458</b>	<b>\$ 1,762,775</b>	<b>\$ 1,619,042</b>	<b>\$ 1,477,997</b>	<b>\$ 1,461,320</b>
percent of total revenue	84%	83%	82%	82%	81%	82%	83%	83%	82%	85%
percent increase from prior year	14%	8%	8%	7%	6%	6%	9%	10%	1%	5%

# Academic Year Tuition and Required Fees

Academic Year Tuition and Required Fees										
Fiscal year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>RESIDENT UNDERGRADUATE</b>										
Arizona State University <sup>(1)</sup>	\$11,338	\$11,338	\$10,822	\$10,792	\$10,640	\$10,478	\$10,127	\$ 9,861	\$ 9,724	\$ 9,720
percent increase from prior year	0.0%	4.8%	0.3%	1.4%	1.5%	3.5%	2.7%	1.4%	0.0%	19.5%
PAC-12 Public Average	\$12,237	\$12,081	\$11,821	\$11,680	\$11,175	\$11,173	\$10,972	\$10,729	\$10,484	\$ 9,831
percent increase from prior year	1.3%	2.2%	1.2%	4.5%	0.0%	1.8%	2.3%	2.3%	6.6%	9.4%
ABOR Peers Average	\$12,865	\$12,942	\$12,671	\$12,481	\$12,166	\$12,005	\$11,871	\$11,675	\$11,440	\$10,846
percent increase from prior year	(0.6)%	2.1%	1.5%	2.6%	1.3%	1.1%	1.7%	2.1%	5.5%	6.9%
<b>NON-RESIDENT UNDERGRADUATE</b>										
Arizona State University <sup>(1)</sup>	\$29,428	\$29,428	\$28,336	\$27,372	\$26,470	\$25,458	\$24,503	\$23,654	\$22,977	\$22,319
percent increase from prior year	0.0%	3.9%	3.5%	3.4%	4.0%	3.9%	3.6%	2.9%	2.9%	8.4%
PAC-12 Public Average	\$35,729	\$35,344	\$34,599	\$33,962	\$32,937	\$31,810	\$30,469	\$29,436	\$28,653	\$27,510
percent increase from prior year	1.1%	2.2%	1.9%	3.1%	3.5%	4.4%	3.5%	2.7%	4.2%	2.8%
ABOR Peers Average	\$35,309	\$35,567	\$34,527	\$33,421	\$32,159	\$31,061	\$30,003	\$29,146	\$28,297	\$27,066
percent increase from prior year	(0.7)%	3.0%	3.3%	3.9%	3.5%	3.5%	2.9%	3.0%	4.5%	5.5%
<b>RESIDENT GRADUATE</b>										
Arizona State University	\$12,608	\$12,608	\$12,134	\$11,938	\$11,776	\$11,624	\$11,303	\$10,818	\$10,517	\$10,220
percent increase from prior year	0.0%	3.9%	1.6%	1.4%	1.3%	2.8%	4.5%	2.9%	2.9%	15.5%
PAC-12 Public Average	\$13,978	\$14,088	\$13,544	\$13,383	\$13,086	\$12,937	\$12,676	\$12,374	\$12,039	\$11,494
percent increase from prior year	(0.8)%	4.0%	1.2%	2.3%	1.2%	2.1%	2.4%	2.8%	4.7%	11.4%
ABOR Peers Average	\$15,643	\$15,729	\$15,212	\$14,886	\$14,540	\$14,225	\$13,955	\$13,598	\$13,207	\$12,603
percent increase from prior year	(0.5)%	3.4%	2.2%	2.4%	2.2%	1.9%	2.6%	3.0%	4.8%	6.4%
<b>NON-RESIDENT GRADUATE</b>										
Arizona State University	\$32,288	\$32,288	\$30,926	\$29,874	\$28,882	\$27,780	\$26,736	\$25,804	\$25,066	\$24,345
percent increase from prior year	0.0%	4.4%	3.5%	3.4%	4.0%	3.9%	3.6%	2.9%	3.0%	8.7%
PAC-12 Public Average	\$29,391	\$29,635	\$28,610	\$28,097	\$27,491	\$26,912	\$26,281	\$25,597	\$24,952	\$24,051
percent increase from prior year	(0.8)%	3.6%	1.8%	2.2%	2.2%	2.4%	2.7%	2.6%	3.7%	5.8%
ABOR Peers Average	\$31,396	\$31,804	\$30,874	\$30,184	\$29,367	\$28,693	\$27,958	\$27,206	\$26,485	\$25,552
percent increase from prior year	(1.3)%	3.0%	2.3%	2.8%	2.4%	2.6%	2.8%	2.7%	3.7%	4.6%

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

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

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

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

Note: Data is not finalized per IPEDS.

# Composite Financial Index

Summary of Composite Financial Index Ratios <sup>(1)</sup>										
Fiscal year ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>COMPOSITE FINANCIAL INDEX</b>										
<b>+ Primary Reserve Ratio</b>	<b>0.35</b>	<b>0.24</b>	<b>0.28</b>	<b>0.25</b>	<b>0.32</b>	<b>0.29</b>	<b>0.27</b>	<b>0.45</b>	<b>0.43</b>	<b>0.40</b>
/ Strength Factor	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133	0.133
= Ratio / Strength Factor	2.63	1.80	2.08	1.89	2.41	2.18	2.03	3.38	3.23	3.01
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.92	0.63	0.73	0.66	0.84	0.76	0.71	1.18	1.13	1.05
<b>+ Return on Net Position/Net Assets</b>	<b>19.8%</b>	<b>2.1%</b>	<b>11.6%</b>	<b>6.3%</b>	<b>9.2%</b>	<b>5.8%</b>	<b>10.3%</b>	<b>8.5%</b>	<b>8.3%</b>	<b>7.1%</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	9.90	1.06	5.81	3.15	4.60	2.90	5.15	4.25	4.15	3.55
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	1.98	0.21	1.16	0.63	0.92	0.58	1.03	0.85	0.83	0.71
<b>+ Net Operating Revenues Ratio</b>	<b>6.5%</b>	<b>(1.3)%</b>	<b>3.3%</b>	<b>0.9%</b>	<b>4.1%</b>	<b>2.0%</b>	<b>3.4%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>3.5%</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	5.00	(1.00)	2.51	0.69	3.15	1.54	2.62	3.38	3.00	2.69
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.50	(0.10)	0.25	0.07	0.32	0.15	0.26	0.34	0.30	0.27
<b>+ Viability Ratio</b>	<b>0.47</b>	<b>0.33</b>	<b>0.37</b>	<b>0.33</b>	<b>0.39</b>	<b>0.34</b>	<b>0.31</b>	<b>0.51</b>	<b>0.46</b>	<b>0.41</b>
/ Strength Factor	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417
= Ratio / Strength Factor	1.13	0.79	0.88	0.73	0.94	0.82	0.74	1.22	1.10	0.98
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.39	0.28	0.31	0.26	0.33	0.29	0.26	0.43	0.39	0.35
<b>Composite Financial Index</b>	<b>3.79</b>	<b>1.02</b>	<b>2.45</b>	<b>1.62</b>	<b>2.41</b>	<b>1.78</b>	<b>2.26</b>	<b>2.80</b>	<b>2.65</b>	<b>2.38</b>

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

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

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

# Composite Financial Index (continued)

Detail of Composite Financial Index Ratios <sup>(1)</sup> (Dollars in thousands)										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017 <sup>(2)</sup>	2016	2015	2014	2013	2012
<b>PRIMARY RESERVE RATIO</b>										
Unrestricted Net Position	\$ 235,307	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307	\$ 511,298	\$ 462,958
Without Donor Restrictions - Unrestricted Net Assets - Component Units	187,364	123,335	119,675	44,688	54,955	(2,912)	29,112	(28,470)	(51,915)	(62,932)
Expendable Restricted Net Position	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661
With Donor Restrictions - Temporarily Restricted Net Assets - Component Units	592,746	427,888	421,912	408,384	363,620	341,524	323,456	286,599	260,101	232,312
<b>Expendable Net Position/ Net Assets</b>	<b>\$ 1,191,354</b>	<b>\$ 783,116</b>	<b>\$ 827,112</b>	<b>\$ 688,024</b>	<b>\$ 826,043</b>	<b>\$ 710,317</b>	<b>\$ 623,855</b>	<b>\$ 935,384</b>	<b>\$ 824,364</b>	<b>\$ 724,999</b>
Operating Expenses	\$ 3,035,974	\$ 2,883,520	\$ 2,634,702	\$ 2,450,214	\$ 2,265,725	\$ 2,104,513	\$ 1,961,808	\$ 1,796,805	\$ 1,644,537	\$ 1,558,467
Nonoperating Expenses	84,411	81,324	85,754	70,493	76,745	76,011	63,242	62,316	64,326	56,459
Component Unit Total Expenses	323,676	303,974	283,224	252,963	228,083	280,389	266,791	201,738	186,523	202,475
<b>Total Expenses</b>	<b>\$ 3,444,061</b>	<b>\$ 3,268,818</b>	<b>\$ 3,003,680</b>	<b>\$ 2,773,670</b>	<b>\$ 2,570,553</b>	<b>\$ 2,460,913</b>	<b>\$ 2,291,841</b>	<b>\$ 2,060,859</b>	<b>\$ 1,895,386</b>	<b>\$ 1,817,401</b>
Expendable Net Position/ Net Assets	\$ 1,191,354	\$ 783,116	\$ 827,112	\$ 688,024	\$ 826,043	\$ 710,317	\$ 623,855	\$ 935,384	\$ 824,364	\$ 724,999
Total Expenses	\$ 3,444,061	\$ 3,268,818	\$ 3,003,680	\$ 2,773,670	\$ 2,570,553	\$ 2,460,913	\$ 2,291,841	\$ 2,060,859	\$ 1,895,386	\$ 1,817,401
<b>Ratio</b>	<b>0.35</b>	<b>0.24</b>	<b>0.28</b>	<b>0.25</b>	<b>0.32</b>	<b>0.29</b>	<b>0.27</b>	<b>0.45</b>	<b>0.43</b>	<b>0.40</b>
<i>Measures the financial strength of the institution by indicating how long the institution could function using its expendable reserves to cover operations should additional net position not be available. A positive ratio and an increase in the ratio over time denotes strength.</i>										
<b>RETURN ON NET POSITION/NET ASSETS RATIO</b>										
Change in Total Net Position/ Net Assets	\$ 497,548	\$ 52,103	\$ 256,838	\$ 131,399	\$ 185,017	\$ 109,055	\$ 170,423	\$ 163,969	\$ 148,312	\$ 118,202
Total Net Position/Net Assets (Beginning of Year)	\$ 2,516,921	\$ 2,464,818	\$ 2,207,980	\$ 2,076,581	\$ 2,018,485	\$ 1,884,777	\$ 1,656,504	\$ 1,927,200	\$ 1,786,613	\$ 1,668,411
<b>Ratio</b>	<b>19.8%</b>	<b>2.1%</b>	<b>11.6%</b>	<b>6.3%</b>	<b>9.2%</b>	<b>5.8%</b>	<b>10.3%</b>	<b>8.5%</b>	<b>8.3%</b>	<b>7.1%</b>
Return on Net Position/Net Assets Ratio calculation includes component unit information.										
<i>Measures total economic return. While an increasing trend reflects strength, a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.</i>										

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

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

# Composite Financial Index (continued)

Detail of Composite Financial Index Ratios <sup>(1)</sup> (Dollars in thousands)										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>NET OPERATING REVENUES RATIO</b>										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	\$ 173,972	\$ (46,841)	\$ 35,016	\$ 34,090	\$ 66,039	\$ 81,031	\$ 62,766	\$ 72,104	\$ 68,262	\$ 96,165
Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	64,616	3,837	65,965	(9,501)	44,861	(32,024)	17,131	23,577	8,169	(30,703)
<b>Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items</b>	<b>\$ 238,588</b>	<b>\$ (43,004)</b>	<b>\$ 100,981</b>	<b>\$ 24,589</b>	<b>\$ 110,900</b>	<b>\$ 49,007</b>	<b>\$ 79,897</b>	<b>\$ 95,681</b>	<b>\$ 76,431</b>	<b>\$ 65,462</b>
Total Operating Revenues	\$ 2,220,786	\$ 2,180,596	\$ 2,048,569	\$ 1,915,786	\$ 1,782,224	\$ 1,644,337	\$ 1,482,742	\$ 1,348,645	\$ 1,227,473	\$ 1,155,341
State Appropriations and State Related Revenues	343,179	357,407	337,974	339,318	328,239	312,460	364,568	342,278	322,627	331,564
Non-capital Gifts and Grants, net	654,584	335,244	308,326	286,915	258,989	280,543	221,758	207,646	206,417	214,788
Financial aid trust					16,019	14,833	13,615	12,393	11,114	11,027
Investment Income (Loss), net	75,808	44,756	60,603	12,778	23,038	9,382	5,133	20,263	9,494	(1,629)
Component Units Total Unrestricted Revenue	388,292	307,811	349,189	243,462	272,944	248,365	283,922	225,315	194,692	171,772
<b>Adjusted Net Operating Revenue</b>	<b>\$ 3,682,649</b>	<b>\$ 3,225,814</b>	<b>\$ 3,104,661</b>	<b>\$ 2,798,259</b>	<b>\$ 2,681,453</b>	<b>\$ 2,509,920</b>	<b>\$ 2,371,738</b>	<b>\$ 2,156,540</b>	<b>\$ 1,971,817</b>	<b>\$ 1,882,863</b>
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	\$ 238,588	\$ (43,004)	\$ 100,981	\$ 24,589	\$ 110,900	\$ 49,007	\$ 79,897	\$ 95,681	\$ 76,431	\$ 65,462
Adjusted Net Operating Revenue	\$ 3,682,649	\$ 3,225,814	\$ 3,104,661	\$ 2,798,259	\$ 2,681,453	\$ 2,509,920	\$ 2,371,738	\$ 2,156,540	\$ 1,971,817	\$ 1,882,863
<b>Ratio</b>	<b>6.5%</b>	<b>(1.3)%</b>	<b>3.3%</b>	<b>0.9%</b>	<b>4.1%</b>	<b>2.0%</b>	<b>3.4%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>3.5%</b>
<i>Measures whether the institution is living within available resources. A positive ratio and an increase in the ratio over time, generally reflects strength; a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.</i>										
<b>VIABILITY RATIO</b>										
Unrestricted Net Position	\$ 235,307	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307	\$ 511,298	\$ 462,958
Without Donor Restrictions - Unrestricted Net Assets - Component Units	187,364	123,335	119,675	44,688	54,955	(2,912)	29,112	(28,470)	(51,915)	(62,932)
Expendable Restricted Net Position	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661
With Donor Restrictions - Temporarily Restricted Net Assets - Component Units	592,746	427,888	421,912	408,384	363,620	341,524	323,456	286,599	260,101	232,312
<b>Expendable Net Position/Net Assets</b>	<b>\$ 1,191,354</b>	<b>\$ 783,116</b>	<b>\$ 827,112</b>	<b>\$ 688,024</b>	<b>\$ 826,043</b>	<b>\$ 710,317</b>	<b>\$ 623,855</b>	<b>\$ 935,384</b>	<b>\$ 824,364</b>	<b>\$ 724,999</b>
University Long-Term Debt, net capital leases with Component Units	\$ 2,241,062	\$ 2,071,885	\$ 1,928,622	\$ 1,768,827	\$ 1,771,961	\$ 1,573,804	\$ 1,511,891	\$ 1,319,199	\$ 1,266,524	\$ 1,227,702
Component Unit Long-Term Debt	298,250	316,614	333,784	347,987	340,602	499,844	514,409	509,339	521,101	546,488
<b>Total Adjusted University Debt</b>	<b>\$ 2,539,312</b>	<b>\$ 2,388,499</b>	<b>\$ 2,262,406</b>	<b>\$ 2,116,814</b>	<b>\$ 2,112,563</b>	<b>\$ 2,073,648</b>	<b>\$ 2,026,300</b>	<b>\$ 1,828,538</b>	<b>\$ 1,787,625</b>	<b>\$ 1,774,190</b>
Expendable Net Position/Net Assets	\$ 1,191,354	\$ 783,116	\$ 827,112	\$ 688,024	\$ 826,043	\$ 710,317	\$ 623,855	\$ 935,384	\$ 824,364	\$ 724,999
Total Adjusted University Debt	\$ 2,539,312	\$ 2,388,499	\$ 2,262,406	\$ 2,116,814	\$ 2,112,563	\$ 2,073,648	\$ 2,026,300	\$ 1,828,538	\$ 1,787,625	\$ 1,774,190
<b>Ratio</b>	<b>0.47</b>	<b>0.28</b>	<b>0.31</b>	<b>0.26</b>	<b>0.33</b>	<b>0.29</b>	<b>0.26</b>	<b>0.43</b>	<b>0.39</b>	<b>0.35</b>
<i>Measures the ability of the institution to cover its debt as of the statement of net position date, should the institution need to do so.</i>										

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

# Summary of Ratios

Summary of Ratios <sup>(1)</sup> (Dollars in thousands)										
Fiscal Year Ended June 30,	2021	2020 (as restated)	2019	2018	2017	2016	2015	2014	2013	2012
<b>EXPENDABLE RESOURCES TO DEBT</b>										
Unrestricted Net Position	\$ 235,307	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307	\$ 511,298	\$ 462,958
Expendable Restricted Net Position	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661
<b>Expendable Net Position</b>	<b>\$ 411,244</b>	<b>\$ 231,893</b>	<b>\$ 285,525</b>	<b>\$ 234,952</b>	<b>\$ 407,468</b>	<b>\$ 371,705</b>	<b>\$ 271,287</b>	<b>\$ 677,255</b>	<b>\$ 616,178</b>	<b>\$ 555,619</b>
Expendable Net Position	\$ 411,244	\$ 231,893	\$ 285,525	\$ 234,952	\$ 407,468	\$ 371,705	\$ 271,287	\$ 677,255	\$ 616,178	\$ 555,619
Total Bonds, COPS, and Capital Leases	\$2,305,450	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649	\$1,341,332	\$1,287,784
<b>Ratio</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
<i>Measures the ability of the institution to cover its debt using expendable resources as of the balance sheet date, should the institution need to do so.</i>										
<b>TOTAL FINANCIAL RESOURCES TO DIRECT DEBT</b>										
Unrestricted Net Position	\$ 235,307	\$ 104,279	\$ 166,899	\$ 115,542	\$ 282,765	\$ 253,728	\$ 161,623	\$ 563,307	\$ 511,298	\$ 462,958
Expendable Restricted Net Position	175,937	127,614	118,626	119,410	124,703	117,977	109,664	113,948	104,880	92,661
Nonexpendable Restricted Net Position	91,623	87,497	84,714	78,813	74,102	70,544	64,833	59,476	55,572	52,941
<b>Total Financial Resources</b>	<b>\$ 502,867</b>	<b>\$ 319,390</b>	<b>\$ 370,239</b>	<b>\$ 313,765</b>	<b>\$ 481,570</b>	<b>\$ 442,249</b>	<b>\$ 336,120</b>	<b>\$ 736,731</b>	<b>\$ 671,750</b>	<b>\$ 608,560</b>
Total Financial Resources	\$ 502,867	\$ 319,390	\$ 370,239	\$ 313,765	\$ 481,570	\$ 442,249	\$ 336,120	\$ 736,731	\$ 671,750	\$ 608,850
Total Bonds, COPS, and Capital Leases	\$2,305,450	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649	\$1,341,332	\$1,287,784
<b>Ratio</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<i>A broader measure of the ability of the institution to cover its debt as of the balance sheet date, should the institution need to do so.</i>										
<b>DIRECT DEBT TO ADJUSTED CASH FLOW</b>										
Net Cash Used for Operating Activities	\$(536,209)	\$(465,853)	\$(439,627)	\$(384,847)	\$(320,901)	\$(315,803)	\$(367,867)	\$(319,052)	\$(322,858)	\$(346,453)
State Appropriations, Federal Stabilization Funds, and CARES Act Reimbursements	306,346	323,332	303,370	306,778	296,913	281,385	338,042	314,493	297,402	307,765
Share of State Sales Tax - TRIF	36,833	34,075	34,604	32,540	31,326	31,075	26,526	27,785	25,225	23,799
Non-capital Grants and Contracts, Gifts, Other <sup>(1)</sup>	654,584	335,244	308,326	286,915	275,008	295,376	235,373	220,039	217,531	225,815
<b>Adjusted Cash Flow from Operations</b>	<b>\$ 461,554</b>	<b>\$ 226,798</b>	<b>\$ 206,673</b>	<b>\$ 241,386</b>	<b>\$ 282,346</b>	<b>\$ 292,033</b>	<b>\$ 232,074</b>	<b>\$ 243,265</b>	<b>\$ 217,300</b>	<b>\$ 210,926</b>
Total Bonds, COPS, and Capital Leases	\$2,305,450	\$2,135,450	\$2,001,032	\$1,849,386	\$1,850,754	\$1,649,317	\$1,595,817	\$1,372,649	\$1,341,332	\$1,287,784
Adjusted Cash Flow from Operations	\$ 461,554	\$ 226,798	\$ 206,673	\$ 241,386	\$ 282,346	\$ 292,033	\$ 232,074	\$ 243,265	\$ 217,300	\$ 210,926
<b>Ratio</b>	<b>5.0</b>	<b>9.4</b>	<b>9.7</b>	<b>7.7</b>	<b>6.6</b>	<b>5.6</b>	<b>6.9</b>	<b>5.6</b>	<b>6.2</b>	<b>6.1</b>
<sup>(1)</sup> Includes financial aid grants, grants and contracts, private gifts, and financial aid trust funds.										
<i>Measures the financial strength of the institution by indicating how long (in years) the institution would take to repay the debt using the cash provided by its operations. A decreasing ratio over time denotes strength.</i>										
<b>DEBT SERVICE TO OPERATIONS</b>										
Interest Paid on Debt and Leases	\$ 67,838	\$ 65,342	\$ 63,413	\$ 61,903	\$ 69,135	\$ 59,972	\$ 53,428	\$ 52,674	\$ 53,331	\$ 48,101
Principal Paid on Debt and Leases <sup>(1)</sup>	166,497	70,261	62,161	252,076	62,596	99,285	305,910	50,596	137,349	124,871
Principal Paid from Refinancing Activities <sup>(2)</sup>	(91,570)			(196,830)	(1,153)	(39,415)	(243,340)		(90,955)	(82,130)
<b>Debt Service</b>	<b>\$ 142,765</b>	<b>\$ 135,603</b>	<b>\$ 125,574</b>	<b>\$ 117,149</b>	<b>\$ 130,578</b>	<b>\$ 119,842</b>	<b>\$ 115,998</b>	<b>\$ 103,270</b>	<b>\$ 99,725</b>	<b>\$ 90,842</b>
Debt Service	\$ 142,765	\$ 135,603	\$ 125,574	\$ 117,149	\$ 130,578	\$ 119,842	\$ 115,998	\$ 103,270	\$ 99,725	\$ 90,842
Operating Expenses	\$3,035,974	\$2,883,520	\$2,634,702	\$2,450,214	\$2,265,725	\$2,104,513	\$1,961,808	\$1,796,805	\$1,644,537	\$1,558,467
<b>Ratio</b>	<b>4.7%</b>	<b>4.7%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>5.7%</b>	<b>6.1%</b>	<b>5.8%</b>
<sup>(1)</sup> Obtained from "Bonds Payable, Certificates of Participation, Capital Leases, and Other Lease Obligations" disclosures included in the applicable fiscal year's audited Notes to Financial Statements.										
<sup>(2)</sup> Obtained amount from refunding bonds official statements.										
<i>Measures the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures. The ratio measures the relative cost of debt to overall expenses and a declining trend is generally desirable, however the ratio can increase during times of specific funding activity to support the institution's strategic mission.</i>										

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

# Summary of Ratios (continued)

Summary of Ratios (Dollars in thousands)										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES</b>										
Operating Expenses	\$ 3,035,974	\$ 2,883,520	\$ 2,634,702	\$ 2,450,214	\$ 2,265,725	\$ 2,104,513	\$ 1,961,808	\$ 1,796,805	\$ 1,644,537	\$ 1,558,467
Scholarships and Fellowships	(300,202)	(292,914)	(247,194)	(211,811)	(187,124)	(152,802)	(136,675)	(127,468)	(112,363)	(113,171)
Interest on Debt	67,838	65,342	63,413	61,903	69,135	59,972	53,428	52,674	53,331	48,101
<b>Total Adjusted Operating Expenses</b>	<b>\$ 2,803,610</b>	<b>\$ 2,655,948</b>	<b>\$ 2,450,921</b>	<b>\$ 2,300,306</b>	<b>\$ 2,147,736</b>	<b>\$ 2,011,683</b>	<b>\$ 1,878,561</b>	<b>\$ 1,722,011</b>	<b>\$ 1,585,505</b>	<b>\$ 1,493,397</b>
Research Expenses	\$ 384,431	\$ 359,936	\$ 323,623	\$ 297,448	\$ 267,303	\$ 261,055	\$ 244,763	\$ 235,720	\$ 225,453	\$ 211,569
Total Adjusted Operating Expenses	\$ 2,803,610	\$ 2,655,948	\$ 2,450,921	\$ 2,300,306	\$ 2,147,736	\$ 2,011,683	\$ 1,878,561	\$ 1,722,011	\$ 1,585,505	\$ 1,493,397
<b>Ratio</b>	<b>13.7%</b>	<b>13.6%</b>	<b>13.2%</b>	<b>12.9%</b>	<b>12.4%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>13.7%</b>	<b>14.2%</b>	<b>14.2%</b>
<i>Measures the institution's research expense to the total operating expenses.</i>										
<b>NET TUITION PER STUDENT</b>										
Student Tuition and Fees, net	\$ 1,598,180	\$ 1,550,581	\$ 1,423,052	\$ 1,323,268	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921	\$ 802,965	\$ 757,217
Financial Aid Grants	198,432	186,818	168,230	152,500	128,474	124,188	115,070	106,855	104,415	110,222
Scholarships and Fellowships	(300,202)	(292,914)	(247,194)	(211,811)	(187,124)	(152,802)	(136,675)	(127,468)	(112,363)	(113,171)
<b>Net Tuition and Fees</b>	<b>\$ 1,496,410</b>	<b>\$ 1,444,485</b>	<b>\$ 1,344,088</b>	<b>\$ 1,263,957</b>	<b>\$ 1,192,178</b>	<b>\$ 1,128,921</b>	<b>\$ 999,409</b>	<b>\$ 876,308</b>	<b>\$ 795,017</b>	<b>\$ 754,268</b>
Net Tuition and Fees	\$ 1,496,410	\$ 1,444,485	\$ 1,344,088	\$ 1,263,957	\$ 1,192,178	\$ 1,128,921	\$ 999,409	\$ 876,308	\$ 795,017	\$ 754,268
Student FTE	117,005	110,548	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558
<b>Net Tuition per Student (whole dollars)</b>	<b>\$ 12,789</b>	<b>\$ 13,067</b>	<b>\$ 12,967</b>	<b>\$ 12,904</b>	<b>\$ 12,672</b>	<b>\$ 12,721</b>	<b>\$ 12,300</b>	<b>\$ 11,474</b>	<b>\$ 10,881</b>	<b>\$ 10,395</b>
<i>Measures the institution's net student tuition and fees received per student.</i>										
<b>STATE APPROPRIATIONS PER STUDENT</b>										
State Appropriations	\$ 306,346	\$ 323,332	\$ 303,370	\$ 306,778	\$ 296,913	\$ 281,385	\$ 338,042	\$ 314,493	\$ 297,402	\$ 307,765
Capital State Appropriations	25,840	25,622	25,406	13,479	11,190	11,422	15,000	14,471	14,472	14,472
<b>Adjusted State Appropriations</b>	<b>\$ 332,186</b>	<b>\$ 348,954</b>	<b>\$ 328,776</b>	<b>\$ 320,257</b>	<b>\$ 308,103</b>	<b>\$ 292,807</b>	<b>\$ 353,042</b>	<b>\$ 328,964</b>	<b>\$ 311,874</b>	<b>\$ 322,237</b>
Adjusted State Appropriations	\$ 332,186	\$ 348,954	\$ 328,776	\$ 320,257	\$ 308,103	\$ 292,807	\$ 353,042	\$ 328,964	\$ 311,874	\$ 322,237
Student FTE	117,005	110,548	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558
<b>Adjusted State Appropriations per Student (whole dollars)</b>	<b>\$ 2,839</b>	<b>\$ 3,157</b>	<b>\$ 3,172</b>	<b>\$ 3,270</b>	<b>\$ 3,275</b>	<b>\$ 3,300</b>	<b>\$ 4,345</b>	<b>\$ 4,307</b>	<b>\$ 4,269</b>	<b>\$ 4,441</b>
<i>Measures the institution's dependency on state appropriations.</i>										



# Debt Coverage for Senior and Subordinate Lien Bonds

Summary of Ratios (Dollars in thousands)										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<p><b>Bond Resolution Covenant.</b> The Board has covenanted in the Bond Resolution to fix, revise and collect tuition, registration, matriculation, health services, laboratory, and admission fees from students matriculated, registered or enrolled at or attending the University, and to fix, revise and collect all other fees, admissions, rentals and other charges received from students, faculty, staff members and others using or being served by the System of Building Facilities, in an aggregate amount so the Gross Revenues of the University for each fiscal year will be at least 150% of the Maximum Annual Debt Service due in any fiscal year on all outstanding senior lien bonds and sufficient at all times to continually operate and maintain the System of Building Facilities and to make necessary deposits at the times and in the amounts specified in the Bond Resolution.</p> <p><b>Bond Resolution Requirement.</b> Pursuant to the Bond Resolution, the Board may issue additional Parity Bonds if the Gross Revenues of the University for the fiscal year preceding the issuance of such Parity Bonds are at least equal to 300% of the Maximum Annual Debt Service on all Outstanding Parity Bonds and the Parity Bonds proposed to be issued.</p>										
<b>REVENUES AVAILABLE FOR DEBT SERVICE</b>										
Tuition and Fees, net of scholarship allowance	\$ 1,598,180	\$ 1,550,581	\$ 1,423,051	\$ 1,312,313	\$ 1,250,828	\$ 1,157,535	\$ 1,021,014	\$ 896,921	\$ 802,965	\$ 757,217
Receipts from Other Major Revenue Sources (Facilities Revenue)	330,044	349,050	358,231	335,309	304,859	293,117	279,610	264,385	244,696	220,610
<b>Net Revenues Available for Debt Service</b>	<b>\$ 1,928,224</b>	<b>\$ 1,899,631</b>	<b>\$ 1,781,282</b>	<b>\$ 1,647,622</b>	<b>\$ 1,555,687</b>	<b>\$ 1,450,652</b>	<b>\$ 1,300,624</b>	<b>\$ 1,161,306</b>	<b>\$ 1,047,661</b>	<b>\$ 977,827</b>
<b>SENIOR LIEN MAXIMUM BONDS DEBT SERVICE</b>										
Interest on Debt	\$ 67,685	\$ 60,598	\$ 58,683	\$ 54,954	\$ 53,077	\$ 42,451	\$ 46,842	\$ 40,342	\$ 42,079	\$ 38,702
Principal Paid on Debt	80,625	70,990	61,425	53,455	51,555	46,525	40,155	42,635	44,770	43,020
<b>Senior Lien Bonds Debt Service Requirement <sup>(1)</sup></b>	<b>\$ 148,310</b>	<b>\$ 131,588</b>	<b>\$ 120,108</b>	<b>\$ 108,409</b>	<b>\$ 104,632</b>	<b>\$ 88,976</b>	<b>\$ 86,997</b>	<b>\$ 82,977</b>	<b>\$ 86,849</b>	<b>\$ 81,722</b>
<b>Coverage</b>	<b>13.00</b>	<b>14.44</b>	<b>14.83</b>	<b>15.20</b>	<b>14.87</b>	<b>16.30</b>	<b>14.95</b>	<b>14.00</b>	<b>12.06</b>	<b>11.97</b>
<p><b>Debt Service Assurance Agreement and SPEED Bond Resolution Covenant.</b> The Board has further covenanted in the Debt Service Assurance Agreement entered into in connection with the 2006 ASU Research Park Bonds and in the bond resolution for the Board's SPEED Revenue Bonds to fix, revise and collect Student Tuition and Fees Revenues and Facilities Revenues in an aggregate amount so that Gross Revenues of the University in any fiscal year will be at least equal to 100% of (i) the annual debt service due on all Outstanding Parity Bonds and the Subordinate Obligations in such fiscal year and (ii) the expense of operating and maintaining the System of Building Facilities.</p>										
<b>SENIOR LIEN BONDS DEBT SERVICE</b>										
Interest on Debt	\$ 67,685	\$ 60,598	\$ 58,683	\$ 54,954	\$ 53,077	\$ 44,482	\$ 46,842	\$ 38,584	\$ 42,079	\$ 38,702
Principal Paid on Debt	80,625	70,990	61,425	53,455	51,555	43,435	40,155	42,640	44,770	43,020
<b>Senior Lien Bonds Debt Service Requirement</b>	<b>\$ 148,310</b>	<b>\$ 131,588</b>	<b>\$ 120,108</b>	<b>\$ 108,409</b>	<b>\$ 104,632</b>	<b>\$ 87,917</b>	<b>\$ 86,997</b>	<b>\$ 81,224</b>	<b>\$ 86,849</b>	<b>\$ 81,722</b>
<b>SUBORDINATE LIEN BONDS DEBT SERVICE</b>										
Interest on Debt	\$ 3,595	\$ 3,836	\$ 4,640	\$ 5,374	\$ 5,374	\$ 5,757	\$ 7,154	\$ 7,154	\$ 3,441	\$ 3,441
Principal Paid on Debt	7,550	8,335	7,630	6,970	6,970	7,805	6,440	6,440	845	845
<b>Subordinate Lien Bonds Debt Service Requirements</b>	<b>\$ 11,145</b>	<b>\$ 12,171</b>	<b>\$ 12,270</b>	<b>\$ 12,344</b>	<b>\$ 12,344</b>	<b>\$ 13,562</b>	<b>\$ 13,594</b>	<b>\$ 13,594</b>	<b>\$ 4,286</b>	<b>\$ 4,286</b>
<b>Combined Senior/Subordinate Lien Debt Service <sup>(1)</sup></b>	<b>\$ 159,455</b>	<b>\$ 143,759</b>	<b>\$ 132,378</b>	<b>\$ 120,753</b>	<b>\$ 116,976</b>	<b>\$ 101,479</b>	<b>\$ 100,591</b>	<b>\$ 94,818</b>	<b>\$ 91,135</b>	<b>\$ 86,008</b>
<b>Coverage</b>	<b>12.09</b>	<b>13.21</b>	<b>13.46</b>	<b>13.64</b>	<b>13.30</b>	<b>14.30</b>	<b>12.93</b>	<b>12.25</b>	<b>11.50</b>	<b>11.37</b>
<sup>(1)</sup> Presents actual annual debt service through final bond maturity for the year with the highest debt service.										

<b>Long-Term Debt (Dollars in thousands)</b>										
<b>Fiscal year ended June 30,</b>	<b>2021</b>	<b>2020 (as restated)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
System Revenue Bonds	\$ 1,865,550	\$ 1,691,205	\$ 1,556,810	\$ 1,404,350	\$ 1,392,795	\$ 1,212,240	\$ 1,157,535	\$ 1,002,655	\$ 959,000	\$ 902,845
Unamortized Premium	209,133	191,967	170,948	150,794	144,377	105,470	91,298	42,844	37,946	29,399
<b>Net System Revenue Bonds</b>	<b>\$ 2,074,683</b>	<b>\$ 1,883,172</b>	<b>\$ 1,727,758</b>	<b>\$ 1,555,144</b>	<b>\$ 1,537,172</b>	<b>\$ 1,317,710</b>	<b>\$ 1,248,833</b>	<b>\$ 1,045,499</b>	<b>\$ 996,946</b>	<b>\$ 932,244</b>
Certificates of Participation	\$ 140,905	\$ 157,265	\$ 173,075	\$ 188,325	\$ 202,290	\$ 213,710	\$ 224,965	\$ 235,505	\$ 248,385	\$ 261,910
Unamortized Premium	2,280	3,074	3,869	4,666	6,470	7,574	8,731	9,892	11,202	4,582
<b>Net Certificates of Participation</b>	<b>\$ 143,185</b>	<b>\$ 160,339</b>	<b>\$ 176,944</b>	<b>\$ 192,991</b>	<b>\$ 208,760</b>	<b>\$ 221,284</b>	<b>\$ 233,696</b>	<b>\$ 245,397</b>	<b>\$ 259,587</b>	<b>\$ 266,492</b>
Total Bonds Payable	\$ 2,074,683	\$ 1,883,172	\$ 1,727,758	\$ 1,555,144	\$ 1,537,172	\$ 1,317,710	\$ 1,248,833	\$ 1,045,499	\$ 996,946	\$ 932,244
COPS Payable	143,185	160,339	176,944	192,991	208,760	221,284	233,696	245,397	259,587	266,492
Capital and Other Leases Payable	87,582	91,939	96,330	101,251	104,822	110,323	113,288	81,753	84,799	89,048
<b>Total</b>	<b>\$ 2,305,450</b>	<b>\$ 2,135,450</b>	<b>\$ 2,001,032</b>	<b>\$ 1,849,386</b>	<b>\$ 1,850,754</b>	<b>\$ 1,649,317</b>	<b>\$ 1,595,817</b>	<b>\$ 1,372,649</b>	<b>\$ 1,341,332</b>	<b>\$ 1,287,784</b>
<b>Long-Term Debt</b>										
per Student FTE ( <i>whole dollars</i> )	\$ 19,704	\$ 19,317	\$ 19,305	\$ 18,881	\$ 19,673	\$ 18,586	\$ 19,640	\$ 17,972	\$ 18,359	\$ 17,748
per Dollar of State Appropriations and State Capital Appropriations	\$ 6.94	\$ 6.12	\$ 6.09	\$ 5.77	\$ 6.01	\$ 5.63	\$ 4.52	\$ 4.17	\$ 4.30	\$ 4.00
per Dollar of Total Grants and Contracts	\$ 3.04	\$ 5.05	\$ 4.98	\$ 4.97	\$ 5.64	\$ 5.32	\$ 5.57	\$ 4.88	\$ 4.77	\$ 4.59
<b>Data Used in Above Calculations</b>										
Total Student FTE	117,005	110,548	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558
State Appropriations and State Capital Appropriations	\$ 332,186	\$ 348,954	\$ 328,776	\$ 320,257	\$ 308,103	\$ 292,807	\$ 353,042	\$ 328,964	\$ 311,874	\$ 322,237
Grants and Contracts	\$ 757,415	\$ 438,286	\$ 401,555	\$ 372,291	\$ 328,283	\$ 309,902	\$ 286,684	\$ 281,049	\$ 280,987	\$ 280,674

Student FTE based on fall enrollment of the fiscal year.

# Admissions, Enrollment, and Degrees Earned

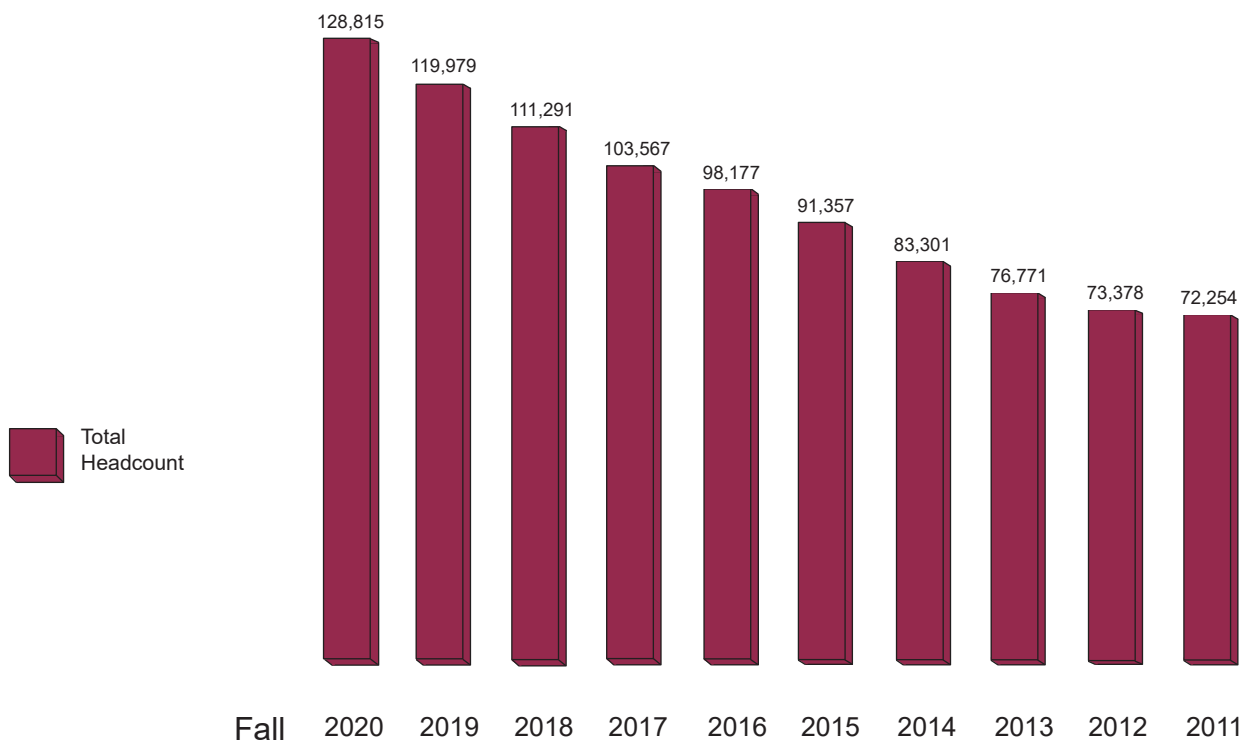
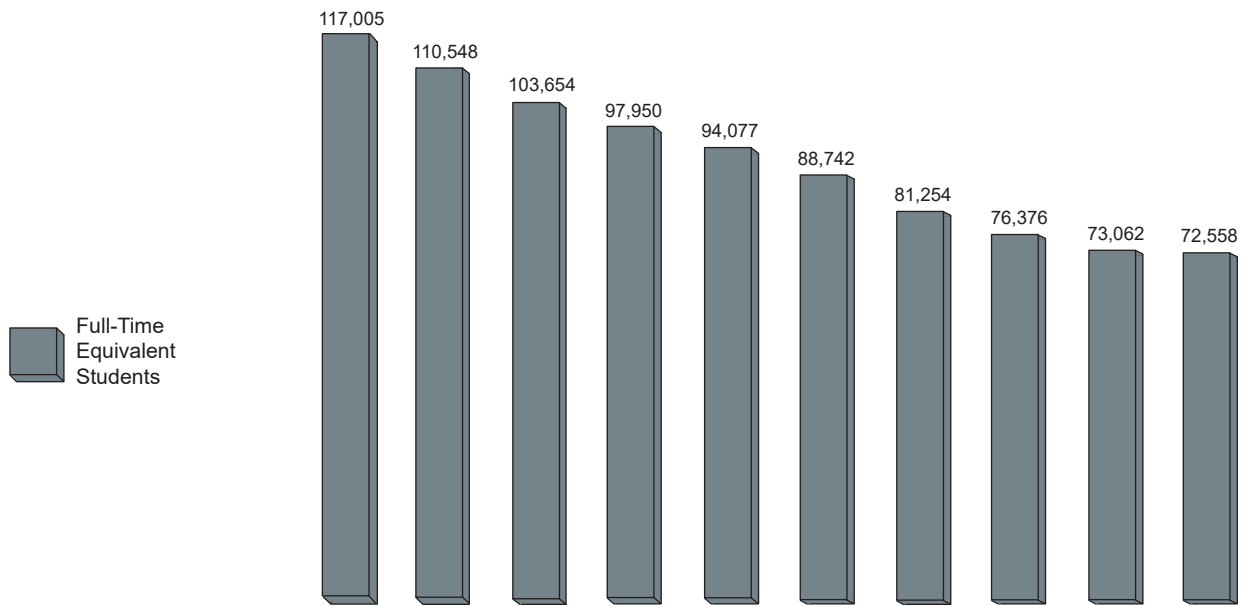
Admissions, Enrollment, and Degrees Earned (Fall Enrollment)										
Fall enrollment of fiscal year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>ADMISSIONS - FRESHMEN</b>										
Applications <sup>(1)(2)</sup>	59,075	57,576	45,327	44,613	42,396	42,363	38,280	35,294	37,982	37,225
Accepted	51,325	47,151	36,856	34,712	32,653	32,400	30,028	26,915	26,986	26,425
Enrolled	15,161	15,606	13,974	12,337	12,119	12,004	11,079	10,232	9,265	9,254
Accepted as Percentage of Application	87%	82%	81%	78%	77%	76%	78%	76%	71%	71%
Enrolled as Percentage of Accepted	30%	33%	38%	36%	37%	37%	37%	38%	34%	35%
Average SAT scores - Total <sup>(3)</sup>	1199	1210	1210	1194	1184	1182	1182	1178	1182	1177
Verbal	598	603	603	598	594	594	594	592	593	592
Math	602	608	608	599	591	589	590	589	591	588
<b>ENROLLMENT</b>										
Student FTE	117,005	110,548	103,654	97,950	94,077	88,742	81,254	76,376	73,062	72,558
Student Headcount	128,815	119,979	111,291	103,567	98,177	91,357	83,301	76,771	73,378	72,254
African American (Headcount)	7,342	6,404	5,695	5,152	4,785	4,439	4,002	3,663	3,491	3,521
Percentage of Total	5.7%	5.3%	5.1%	5.0%	4.9%	4.9%	4.8%	4.8%	4.8%	4.9%
White (Headcount)	64,958	61,656	58,749	55,000	52,531	49,083	45,407	43,713	43,494	43,774
Percentage of Total	50.4%	51.4%	52.8%	53.1%	53.5%	53.7%	54.5%	56.9%	59.3%	60.6%
Other (Headcount)	56,515	51,919	46,847	43,415	40,861	37,835	33,892	29,395	26,393	24,959
Percentage of Total	43.9%	43.3%	42.1%	41.9%	41.6%	41.4%	40.7%	38.3%	35.9%	34.5%
<b>DEGREES EARNED</b>										
Bachelor's	22,067	20,308	19,340	18,178	16,450	15,264	14,842	14,381	13,913	13,210
Master's	8,829	8,074	7,149	6,828	6,008	5,817	5,268	4,584	4,163	4,007
Doctoral	701	755	714	692	677	674	687	596	636	611
Professional	283	252	282	276	199	198	223	200	204	217
<b>Total Degrees Earned</b>	<b>31,880</b>	<b>29,389</b>	<b>27,485</b>	<b>25,974</b>	<b>23,334</b>	<b>21,953</b>	<b>21,020</b>	<b>19,761</b>	<b>18,916</b>	<b>18,045</b>

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

<sup>(2)</sup> Beginning fall 2019, the University began accepting the Common App for first time freshman applications.

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

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



Enrollment (Fall Enrollment)											
Fall enrollment of fiscal year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
<b>ENROLLMENT (Headcount)</b>											
Undergraduate	103,617	96,727	89,898	83,551	79,447	74,146	67,507	62,089	59,382	58,404	
Graduate	25,198	23,252	21,393	20,016	18,730	17,211	15,794	14,682	13,996	13,850	
Resident (Arizona)	59,472	57,552	54,861	53,158	51,438	50,350	49,940	49,537	50,400	51,235	
Non-Resident	69,343	62,427	56,430	50,409	46,739	41,007	33,361	27,234	22,978	21,019	

# Demographic Data

Demographic Data										
Fiscal Year Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Arizona Population	7,421,401	7,278,717	7,171,646	7,016,270	6,931,071	6,829,397	6,731,484	6,626,624	6,553,255	6,482,505
Arizona Personal Income ( <i>in millions</i> )	363,274	335,243	313,040	292,108	278,925	266,756	255,089	244,011	235,781	227,287
Arizona Per Capita Personal Income	48,950	46,058	43,650	41,633	40,243	39,060	37,895	36,823	35,979	35,062
Arizona Unemployment Rate	7.90%	4.70%	4.80%	4.90%	5.30%	6.10%	6.90%	8.00%	8.30%	9.50%

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

# Principal Employers

Principal Employers						
Employer	Calendar Year Ended December 31, 2020			Calendar Year Ended December 31, 2011		
	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment
Banner Health	42,065	1	1.18%	24,825	3	0.82%
State of Arizona	40,113	2	1.12%	49,800	1	1.64%
Wal-Mart Stores, Inc.	33,460	3	0.94%	30,634	2	1.01%
Wells Fargo & Co.	17,217	4	0.48%	13,308	5	0.44%
City of Phoenix	14,170	5	0.40%	15,100	4	0.50%
Maricopa County	13,302	6	0.37%	12,792	7	0.42%
Arizona State University	12,866	7	0.36%	11,185	9	0.37%
University of Arizona	12,263	8	0.34%			
Intel Corp.	12,190	9	0.34%			
HonorHealth	9,869	10	0.28%			
Bank of America				13,300	6	0.44%
Raytheon Missile Systems				11,500	8	0.38%
Apollo Group Inc.				11,000	10	0.36%
	207,515		5.81%	193,444		6.38%

Sources: Phoenix Business Journal, Book of Lists 2020 and Arizona Department of Transportation ACFR 2012 for employers: Arizona Commerce Authority website, <https://www.azcommerce.com/oeo/labor-market/unemployment/>.

# Faculty and Staff

Faculty and Staff										
Fall employment of fiscal year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>FACULTY</b>										
Full-time	3,632	3,595	3,483	3,367	3,225	3,108	2,963	2,777	2,635	2,612
Part-time	304	320	291	310	330	394	515	375	276	253
<b>Total Faculty</b>	<b>3,936</b>	<b>3,915</b>	<b>3,774</b>	<b>3,677</b>	<b>3,555</b>	<b>3,502</b>	<b>3,478</b>	<b>3,152</b>	<b>2,911</b>	<b>2,865</b>
Percentage Tenured	52.7%	52.9%	54.5%	55.0%	55.4%	55.9%	54.2%	58.0%	61.1%	61.2%
<b>STAFF</b>										
Full-time	7,988	7,889	7,551	7,189	6,734	6,443	5,966	5,693	5,487	5,485
Part-time	4,797	4,925	4,819	4,519	4,414	4,168	4,183	3,565	3,684	3,699
<b>Total Staff</b>	<b>12,785</b>	<b>12,814</b>	<b>12,370</b>	<b>11,708</b>	<b>11,148</b>	<b>10,611</b>	<b>10,149</b>	<b>9,258</b>	<b>9,171</b>	<b>9,184</b>
<b>Total Faculty and Staff</b>	<b>16,721</b>	<b>16,729</b>	<b>16,144</b>	<b>15,385</b>	<b>14,703</b>	<b>14,113</b>	<b>13,627</b>	<b>12,410</b>	<b>12,082</b>	<b>12,049</b>

Sources: Arizona State University Fact Book and Institutional Analysis.

Percentage Tenured includes tenured and tenure track faculty.

<b>Capital Assets</b>										
<b>Fiscal Year Ended June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>CAPITAL ASSETS</b> <i>(Number of Facilities)</i>										
Academic/Support Facilities	227	226	227	249	251	252	248	224	223	221
Auxiliary Facilities	151	148	149	159	164	166	172	153	153	149
<b>Total</b>	<b>378</b>	<b>374</b>	<b>376</b>	<b>408</b>	<b>415</b>	<b>418</b>	<b>420</b>	<b>377</b>	<b>376</b>	<b>370</b>

Source: Arizona State University Capital Improvement Plans

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



**Right.** Student on A-Mountain on Tempe Campus.



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UNITE



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Compiled and edited by the ASU Financial Services Office.  
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Arizona State University vigorously pursues affirmative action and equal opportunity in its employment, activities, and programs.

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