

**REPORT  
HIGHLIGHTS**  
FINANCIAL STATEMENT AUDIT

**Subject**

Arizona State University issues financial statements annually. The University is responsible for preparing financial statements, maintaining strong internal controls, and demonstrating accountability for its use of public monies. As the auditors, our job is to determine whether the University has met its responsibilities.

**Our Conclusion**

The information in the University's financial statements is fairly stated in all material respects, and the financial statements can be relied on. This information will also be incorporated in the State of Arizona's *Comprehensive Annual Financial Report*.



2011

Year Ended June 30, 2011

**Condensed Financial Information**

**Statement of Net Assets**—This statement reports all assets, liabilities, and net assets. Net assets, the difference between assets and liabilities, are reported in three major categories:

- Invested in capital assets, net of related debt, shows the equity in property, plant, and equipment.
- Restricted net assets shows the net resources that must be used for restricted purposes as specified by donors and external entities.
- Unrestricted net assets shows the net resources available to fund general operations.

**Statement of Revenues, Expenses, and Changes in Net Assets**—This statement reports all revenues, expenses, and other changes to net assets. Revenues and expenses are reported as either operating or nonoperating. The change in net assets indicates whether financial health has improved or deteriorated as a result of current-year activities. Net assets increased by \$93 million, or 9 percent, in the current year as compared to an increase of \$85 million, or 9 percent, in fiscal year 2010 and an increase of \$58 million, or 6.5 percent, in fiscal year 2009.

Condensed Statement of Net Assets June 30, 2011 (In Millions)	
<b>Assets:</b>	
Cash and investments	\$ 649
Capital assets, net of depreciation	1,624
Receivables	151
Other assets	12
Total assets	2,436
<b>Liabilities:</b>	
Long-term debt	1,140
Other liabilities	166
Total liabilities	1,306
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	634
Restricted	137
Unrestricted	359
Total net assets	\$1,130

Condensed Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2011 (In Millions)	
<b>Operating revenues:</b>	
Tuition and fees	\$ 639
Grants and contracts	217
Auxiliary enterprises	137
Other operating revenues	52
Total operating revenues	1,045
<b>Operating expenses:</b>	
Educational and general	1,318
Auxiliary enterprises	142
Depreciation	97
Total operating expenses	1,557
Operating loss	(512)
<b>Nonoperating revenues and expenses:</b>	
State appropriations	381
Grants	156
Other nonoperating, net	44
Net nonoperating revenues	581
<b>Capital and other additions</b>	24
Increase in net assets	93
Net assets—beginning of year	1,037
Net assets—end of year	\$1,130

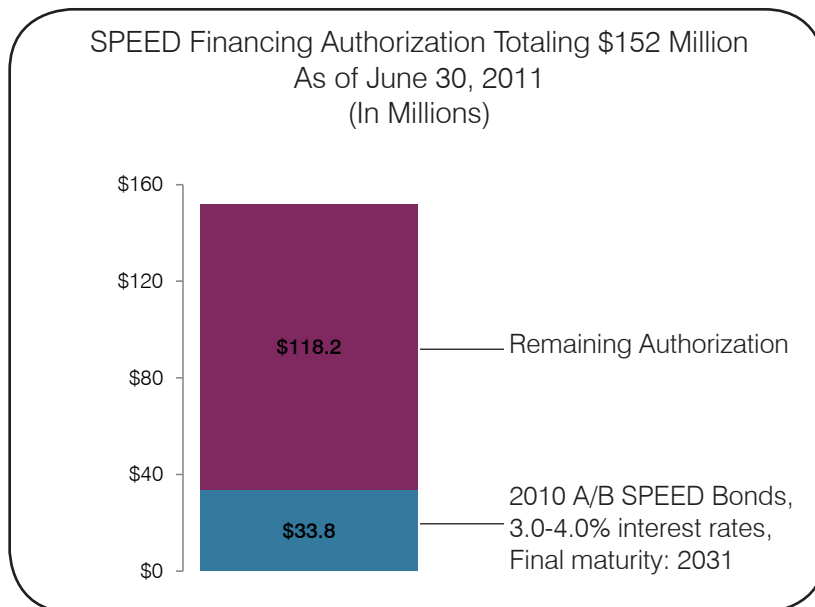
# University Participates in State and Federal Bond Programs

In fiscal year 2011, the University's revenue bond debt interest costs were over \$37.2 million. The University participates in the State's Stimulus Plan for Economic and Educational Development (SPEED) fund and the Federal Build America Bonds program that help pay these costs.

In July 2008, the Arizona State Legislature and Governor approved the SPEED fund. When Arizona universities issue debt under the SPEED provisions, Arizona State Lottery monies, if available, will help pay up to 80 percent of the debt principal and interest payments. Arizona State University was authorized to issue up to \$152 million. Through June 30, 2011, the University issued a total of \$33.8 million in SPEED bonds to fund building renewal projects, and in August 2011, received \$1 million in lottery monies to help pay debt interest payments. This amount was the full 80 percent allocation as stipulated in the SPEED provisions. A portion of the SPEED

bonds was also designated as Build America Bonds under the provisions of the Federal American Recovery and Reinvestment Act, which means the bonds are taxable but provide for federal subsidies to help offset higher borrowing costs. Accordingly, the University is eligible to receive a federal subsidy equal to 35 percent of the interest paid on the bonds. In August 2011, the University received \$0.5 million in federal interest subsidies related to the SPEED bonds. In addition, during fiscal year 2010, the University issued a total of \$178.4 million in 2010 A/B System Revenue Bonds. A portion of the System Revenue Bonds was also designated as Build America Bonds and the University has received a total of \$4.2 million in federal interest subsidies as of August 2011.

The chart below shows the University's total SPEED debt authorized and the debt issued under these provisions.



TO OBTAIN  
MORE INFORMATION

Copies of Arizona State University's Financial Report and Report on Internal Control and Compliance are available at:  
[www.azauditor.gov](http://www.azauditor.gov)

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Year Ended June 30, 2011