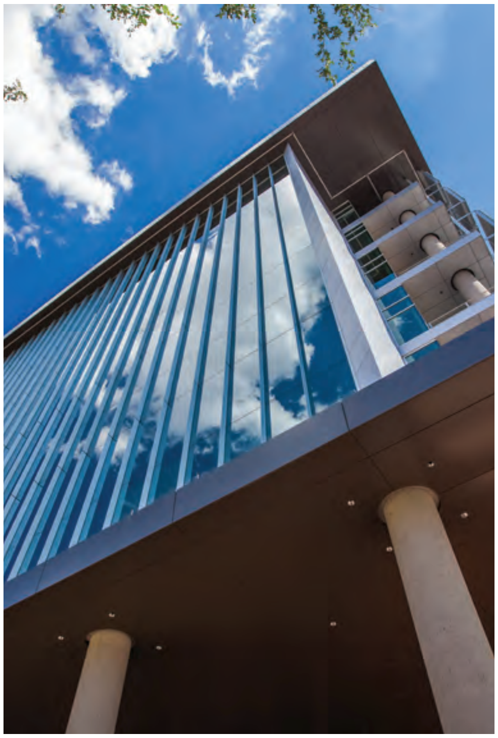
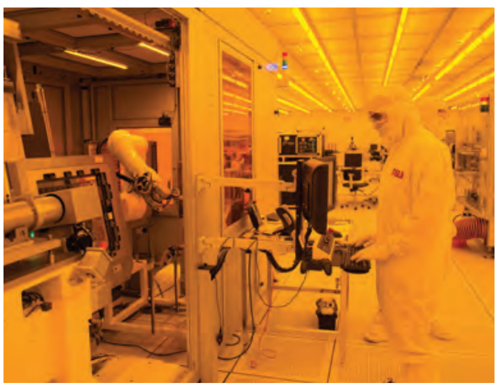


ARIZONA STATE UNIVERSITY

Comprehensive Annual Financial Report

Year Ended June 30, 2015



An Enterprise Fund of the State of Arizona

Back Cover. Ira A. Fulton Schools of Engineering offers multiple degrees in aviation, including a bachelors of science in Professional Flight. Students in this program can acquire their training hours at the Polytechnic campus that is located on the former Williams Air Force Base in Mesa, Arizona.

Right. Paley Gates. The artist, Albert Paley, views his design for the gates as a foil to the formality of the surrounding architecture at the West campus.

Comprehensive Annual Financial Report
Year Ended June 30, 2015

Arizona State University

Included as an Enterprise Fund of the State of Arizona
Prepared by the ASU Financial Services Office

"Forks Up" during the annual white washing on A Mountain.

ARIZONA STATE UNIVERSITY

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Palm Walk at the Tempe campus

Introductory Section

MESSAGE FROM PRESIDENT MICHAEL CROW

ASU
ARIZONA STATE UNIVERSITY

As a new prototype for the American public research university, Arizona State University is being recognized more and more for the outstanding innovative, transformative and unique ways we are impacting higher education. *U.S. News and World Report* recently named ASU the “most innovative” university, ahead of schools such as the Massachusetts Institute of Technology and Stanford University. In its inaugural year, the award is based on a survey of college presidents, provosts and admissions deans and recognizes the most innovative improvements in areas such as curriculum, faculty, students, campus life, technology, and facilities. ASU is proud of this recognition as it continues to demonstrate that academic excellence and inclusivity can exist within a single institution.

During the past academic year, ASU graduated over 20,000 students and was a leading producer of Truman and Fulbright scholars, Teach for America selectees, graduates going on to work for national security agencies and students admitted to medical and graduate schools. Fall 2015 enrollment across all locations and platforms exceeded 91,000 students, a new record and a 10 percent increase from last year. We also welcomed 12,000 freshman and more than 10,000 international students to a student body that is representative of the socioeconomic diversity of Arizona and the larger international landscape.

At ASU, we are committed to academic inclusion, student success and public service. Several new programs exemplify this commitment, including the Global Freshman Academy, the me3 program, and the Public Service Academy. ASU and edX, leaders in providing unprecedented access to education, joined forces to create the Global Freshman Academy. Learners anywhere in the world will have the opportunity to earn freshman-level university credit online for a modest fee paid only upon successful completion of each course. More than 12,000 students from 163 countries enrolled for the inaugural course offered fall 2015, *Introduction to Solar Systems Astronomy*. A total of eight courses will be offered in the series, taught by top ASU faculty such as Donald Johanson, famous for the discovery of the “Lucy” skeleton, who will teach *Human Origins*.

Recently launched, me3 aims to broaden the number of college-ready students by providing a clear pathway to college. In the online me3 game, students choose from a pair of images, which helps the program understand their interests. Based on those interests, me3 recommends several career paths and the most applicable college major. It then suggests a list of high school courses a student should take and tracks their academic progress ensuring students are prepared to complete all requirements for admission to college. The me3 app is a terrific tool for all students, but is especially important for students who are the first in their families to attend college.

I am particularly proud of the new Public Service Academy and recently appeared on the “Today” show with Tom Brokaw to discuss the Academy. This specialized program offers two tracks for developing tomorrow’s leaders and provides the tools needed to create solutions for society’s biggest challenges through effective collaboration. The Reserve Officer Training Corps is the existing university-based program to commission officers in the U.S. Armed Forces, and the Next Generation Service Corps is a new program for students from all majors to become civilian service leaders. Both tracks include a unique civilian-military collaboration, a series of seven leadership courses and a set of summer internships in nonprofit, government or private organizations. These graduates will be ready to meet the challenges we face with compassion, collaboration and character, the type of leaders our future requires.

ASU’s world class faculty continue to inspire us through academic excellence and real life solutions, with two notable members recently receiving recognition for innovativeness and real life impact. For his leadership role in developing the experimental drug ZMapp used to treat U.S. aid workers infected with the Ebola virus, Charles Arntzen, a Presidential Endowed Chair and Regent’s Professor, was named Fast Company’s top honoree of the “100 Most Creative People in Business” and received the Judge’s Award at the Governor’s Celebration of Innovation. Laura Tohe, a professor of English at ASU, was recently named the poet laureate of the Navajo Nation. In her duties as poet laureate, Tohe hopes to encourage generations of Navajo youth to continue the tradition of writing poetry in order to revitalize and save the Navajo language.

ASU faculty and staff encourage and guide our students to their greatest success and celebrate the impact our ASU community has on the world. There are many pathways to success in life and ASU continues to empower its students to achieve goals beyond their expectations.

ARIZONA STATE UNIVERSITY

November 3, 2015

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

We are pleased to present the Arizona State University *Comprehensive Annual Financial Report* (CAFR) for the year ended June 30, 2015. 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 to be derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The University's internal auditors also perform fiscal, compliance and performance 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 President and submitted to 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, 2015, the State of Arizona Office of the Auditor General has issued an unmodified opinion of Arizona State University's financial statements, the most favorable outcome possible of the audit process. The independent auditors' report is displayed in the front of the financial section of these statements.

ASU remains committed to effective budgetary planning and sound financial management as it pursues excellence in teaching, research and public service. We have prepared the Management's Discussion and Analysis (MD&A) in order to provide a narrative introduction, overview and analysis of the basic financial statements, as well as information regarding the University's financial position and results of operations for the year ended June 30, 2015. MD&A is located immediately following the independent auditors' report, complements this letter of transmittal and should be read in conjunction with it.

Profile of the University

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

ASU offers more than 600 undergraduate and graduate degree programs led by expert faculty from highly ranked colleges and schools. Each distinctive academic program exemplifies the hallmark of ASU-- an exceptional education inspired by vision, scholarship and creativity. All ASU graduate and undergraduate academic programs are fully accredited by the North Central Association's Higher Learning Commission. Many programs also maintain additional accreditation through specialized accrediting agencies.

ASU was founded as the Territorial Normal School in 1885 by an act of the Thirteenth Territorial Legislature, in response to the growing demand for teachers and leaders in the region. In 1915, agriculture was added to the curriculum in response to the completion of the Roosevelt Dam and subsequent expansion of irrigated farming in the area. 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 is comprised of five campuses in the metropolitan Phoenix area, ASU Online, and programs in Lake Havasu City, Arizona near the Arizona/California border.

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

The University is considered a part of the reporting entity for the State of Arizona's financial reporting purposes and is included in the State's *Comprehensive Annual Financial Report*. The financial reporting entity for ASU's financial statements is comprised of the University and nine component units. The University's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) reporting requirements. Separate financial statements for the nine component units are reported based upon GASB Statement Nos. 39 and 61, and include the ASU Foundation for A New American University; Arizona Capital Facilities Finance Corporation; ASU Alumni Association; Arizona State University Research Park, Inc.; Downtown Phoenix Student Housing, LLC; Sun Angel Endowment; Sun Angel Foundation; ASU Preparatory Academy, Inc. and Thunderbird School of Global Management. The component units are non-profit, tax-exempt organizations and are discretely presented component units based on the nature and significance of their relationship 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 and expenses within authorized allocations in accordance with University, Arizona Board of Regents, state, and federal policies and procedures. The University submits its annual operating budget, which includes revenue from state appropriations, 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 budget through legislation. The University monitors budgets with controls incorporated into its enterprise financial system. In addition, colleges and departments utilize financial reports to review financial transactions and monitor budgets. The University also provides periodic financial reporting to the Arizona Board of Regents. The report includes a comparison of budget to actual, 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 Department of Administration Employment Forecast, released on February 26, 2015.

The Office of Employment and Population Statistics within the Arizona Department of Administration is forecasting gradual gains in Arizona nonfarm employment for the 2015-2016 projection time period. A year-over-year gain of 56,600 nonfarm jobs is expected in 2015 and 63,100 for 2016. In the current forecast, the rate of growth projected for total nonfarm employment is 2.2 percent in 2015 and 2.4 percent in 2016, as the overall employment situation in Arizona continues to improve. Arizona's average nonfarm employment growth rate exceeded the national average in both 2013 and 2014.

Lower oil prices and the rising dollar are both economic factors that will impact the economy's growth rate. U.S. and Arizona households both are expected to have more disposable income as a result of lower oil prices. The rising dollar may hurt exports, but on the positive side, is expected to make imports cheaper and help control inflation.

Despite increases in disposable income from lower gas prices, constrained budgets persist for a large majority of households. Real median household income in the U.S. and Arizona remains below the peak level prior to the recession that began in 2007.

However, the following positive factors support Arizona's continued economic growth: Gross Domestic Product (GDP) and real personal income at the state and national levels continue to improve; the residential real estate markets in Arizona and the metropolitan area of Phoenix are showing improvement; construction of apartments, office buildings and single family homes is increasing; and commercial real estate is gradually strengthening with lower vacancy rates, higher rental rates and lower rates of default and delinquency in mortgage loans.

Planning and Initiatives

As part of the Arizona Board of Regents' strategic plan, the Arizona Higher Education Enterprise (AHEE) plan, key performance metrics are used to measure the success of ASU and the other state universities in achieving goals through the year 2020. AHEE goals measure progress in educational excellence and access, research achievements, workforce and community development, and productivity. 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. These overarching goals are supported by specific performance metrics that allow evaluation of the University's success in achieving the goals.

Eight design aspirations guide ASU's ongoing evolution as a *New American University*. ASU integrates these institutional aspirations in innovative ways to demonstrate excellence, access and impact. The design aspirations of ASU are:

1. Leverage our place by embracing our cultural, socioeconomic and physical setting
2. Transform society by catalyzing social change and being connected to social needs
3. Value entrepreneurship by encouraging innovation
4. Conduct use-inspired research through research which has purpose and impact
5. Enable student success by committing to the success of each student
6. Fuse intellectual disciplines, by creating knowledge that transcends academic disciplines
7. Be socially embedded by connecting with communities through mutually beneficial partnerships
8. Engage globally through interaction with people and issues within Arizona, nationally and internationally

Recent achievements and ongoing initiatives which demonstrate advancement of ASU's design aspirations include the following:

- ASU received an $18 million USAID grant to support the US-Pakistan Centers for Advanced Studies. ASU will partner with both the Pakistan National University of Sciences and Technology and the University of Engineering and Technology – Peshawar to create two centers for energy research. The five-year project will aim to boost energy production where as much as 80 percent of the population does not have a steady supply of electricity. This strategic alliance with two of Pakistan's leading universities is aligned with ASU's mission of helping solve global challenges, in this case promoting economic opportunity in Pakistan through education, training and research in energy.
- The *Starbucks College Achievement Plan*, announced in June 2014, offers Starbucks partners (employees) the opportunity to pursue top-rated degrees from world-class faculty, delivered by ASU Online through personalized instruction. In April 2015, Starbucks and ASU announced that eligible part-time or full-time partners can complete all four years of a bachelor's degree with full tuition cost coverage, expanding the original program that offered full tuition reimbursement for admitted juniors and seniors and partial reimbursement for freshmen and sophomores.

- The *Institute of International Education in conjunction with the U.S. Department of State's Bureau of Education and Cultural Affairs* ranked ASU eighth in the nation as a top university for international students. ASU attracts students from more than 120 countries across the globe with students from China, India and Saudi Arabia comprising the three largest countries of origin. International student enrollment has grown from 3,481 in 2007 to 10,039 as of Fall 2015.
- The *Thunderbird School of Global Management* became a part of the ASU knowledge enterprise, combining the strength of an acclaimed international business school with the resources of a world-class public research university. The Thunderbird School of Global Management will offer graduate degrees in global management and global affairs in immersion, online and executive formats, and began offering a new undergraduate degree in global management this fall. The new degree draws on Thunderbird's expertise in global management, intercultural communication and language development to provide undergraduates with an exciting new opportunity.

Earlier this year ASU announced the establishment of its first charter, "ASU is a comprehensive public research university measured not by whom it excludes, but by whom it includes and how they succeed; advancing research and discovery of public value; and assuming fundamental responsibility for the economic, social, cultural and overall health of the communities it serves." This charter serves as an enduring commitment to the citizens of Arizona that ASU will fulfill its responsibility to provide access to affordable public education and will continue to serve the State of Arizona through its research and economic development activities.

ASU has achieved steady increases in net assets over the past several years, while simultaneously pursuing new opportunities in furtherance of the *New American University*. For example, with the completion of the Thunderbird integration, we look forward to leveraging Thunderbird's extensive and well-respected executive education programs to expand executive education opportunities in fields of study offered across the University. ASU will continue to accelerate curriculum innovations through outreach opportunities made possible by ASU EdPlus, and will enhance our partnership with the State of Arizona to create a coalition of political support for investments in education, while pursuing investment partnerships to support economic development.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its CAFR for the fiscal year ended June 30, 2014. To receive a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, and must satisfy both generally accepted accounting principles and applicable legal requirements. The University will submit its CAFR for the fiscal year ended June 30, 2015 to the GFOA and anticipates this year's report will continue to meet the requirements to receive the Certificate of Achievement.

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

Sincerely,

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arizona State University

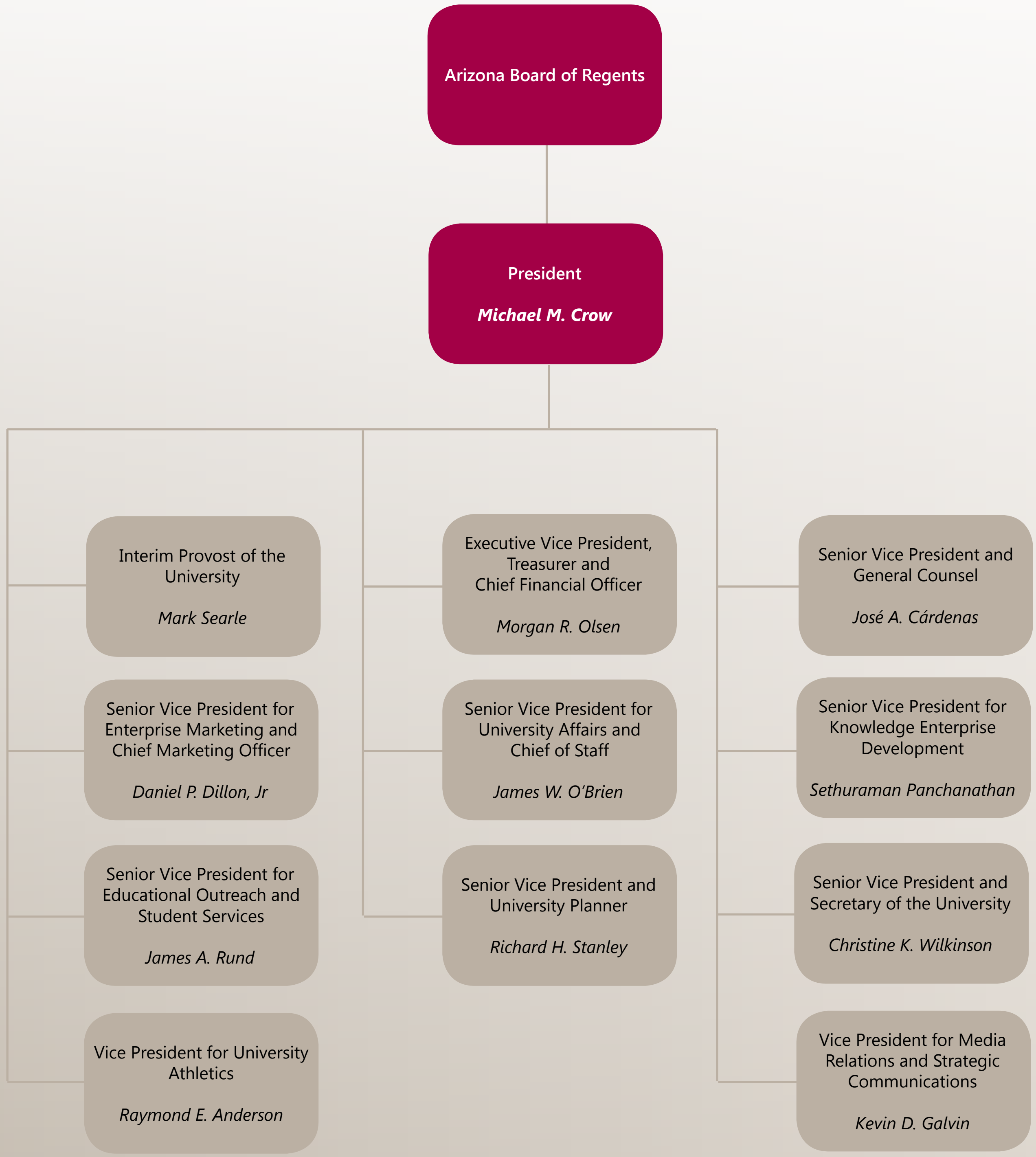
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

ASU ORGANIZATIONAL CHART

As of June 30, 2015



ARIZONA BOARD OF REGENTS

As of June 30, 2015

EX-OFFICIO

Doug Ducey, *Governor of Arizona*

Diane Douglas, *Arizona Superintendent of Public Instruction*

APPOINTED

Jay Heiler, *Chair*
Paradise Valley

Greg Patterson, *Vice Chair*
Scottsdale

Ram Krishna, *Secretary*
Yuma

Mark Killian, *Treasurer*
Mesa

LuAnn Leonard
Polacca

William Ridenour
Paradise Valley

Ron Shoopman
Tucson

Rick Myers
Tucson

Jared Gorshe, *Student Regent*
Northern Arizona University

Mark Naufel, *Student Regent and Assistant Treasurer*
Arizona State University

‘The Continents’ sculpture on the Thunderbird campus represents the communication between countries and cultures

Financial Section

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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 the Arizona State University as of and for the year ended June 30, 2015, 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 aggregate discretely presented component units. 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 the aggregate discretely presented component units, is based solely on the reports of the other auditors. 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 financial statements of the aggregate discretely presented component units, except for those of the ASU Preparatory Academy, Inc., were not audited by the other auditors in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of Arizona State University as of June 30, 2015, 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.

2910 NORTH 44th STREET • SUITE 410 • PHOENIX, ARIZONA 85018 • (602) 553-0333 • FAX (602) 553-0051

Emphasis of Matters

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, 2015, 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.

As discussed in Note A to the financial statements, for the year ended June 30, 2015, the University adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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, Schedule of the University's Proportionate Share of the Net Pension Liability, and Schedule of University Pension Contributions listed in the table of contents 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 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 the responsibility of management 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 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 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.

Debbie Davenport
Auditor General

November 3, 2015

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, 2015. 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 comprehensive research university built on the foundation of achieving excellence in its academic and research programs while providing access to all qualified students. The University is comprised of an educational network of more than 600 academic undergraduate and graduate programs and majors across its campuses and online program. ASU's fall 2014 enrollment was over 83,000 students including 13,000 students enrolled in ASU Online, one of the keystones to ASU's efforts to provide accessible education. ASU is an agency of the State of Arizona and is included in the State's *Comprehensive Annual Financial Report* (CAFR).

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 2014 is included in Management's Discussion and Analysis (MD&A) in order to illustrate increases and decreases with FY 2015 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 discretely presented component units. MD&A focuses only on the University, unless otherwise stated. Information on the discretely presented 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 2015 ASU reported nine discretely presented component units. New for FY 2015 is the Thunderbird School of Global Management component unit.

In January 2015 the Thunderbird School of Global Management (Thunderbird), an Arizona non-profit corporation was integrated into ASU's knowledge enterprise. Thunderbird, located on almost 150 acres in Glendale, Arizona, has been a leader in global management education since its founding in 1946 offering degree programs and executive education. In conjunction with the ASU integration, Thunderbird's degree programs transitioned to ASU and the Thunderbird School of Global Management (Thunderbird School of Global Management) was formed with the same stature as other ASU colleges and schools. Thunderbird students were able to transfer to ASU to complete their degrees and through calendar year 2015 have the option to earn degrees from both Thunderbird and ASU. As of January 1, 2015, all Thunderbird trustees are members of ASU's administration and continuing Thunderbird faculty and staff became ASU employees.

Thunderbird continues to exist as a separate legal entity and FY 2015 financial activity is presented as a discrete component unit of ASU and combined with ASU's other component units for presentation on separate pages in the University's financial statements. As of June 30, 2015, Thunderbird reported assets of $65 million, liabilities of $10 million, and $55 million in unrestricted net assets, including a $17 million equity interest from ASU made in consideration of the benefits to be realized from the integration. Thunderbird reported revenues of almost $46 million in FY 2015, largely from its global executive education programs.

Effective for FY 2015 the University implemented the provisions 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*, and GASB Statement No. 69, *Governmental Combinations and Disposals of Government Operations*. GASB Statement Nos. 68 and 71 revise standards for measuring and reporting pension liabilities for pension plans provided by the University to its employees. Recognition of a liability equal to ASU's proportionate share of the net pension liability is required, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is determined based on discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Related to implementing GASB Statement No. 68, ASU has restated its FY 2014 ending net position by $470 million as shown in *Note A – Basis of Presentation and Significant Accounting Policies*. *Note K – Retirement Plans* contains required disclosures related to GASB Statement No. 68 and GASB Statement No. 71.

FINANCIAL HIGHLIGHTS FOR FY 2015

The University strengthened its financial foundation in FY 2015 with an increase in net position of $92 million, compared to a $103 million increase in FY 2014. This was the tenth straight year in which ASU reported an increase in net position. At June 30, 2015 the University had total assets of over $3.3 billion and net position of over $1.0 billion. Overall, FY 2015 funding sources increased eight percent from FY 2014. Tuition and fees are ASU's primary revenue source (48 percent), with state appropriations, research grants and contracts and auxiliary enterprise activities also providing significant resources. Nearly one-half of the University's expenses were directly related to instruction and academic support, with research and public service comprising the second largest expense category. In order to compare FY 2015 and FY 2014 financial results, the University has presented FY 2014 information restated to the extent possible for GASB Statement No. 68.

STATEMENT OF NET POSITION

Condensed Summary of Net Position *(Dollars in millions)*	**FY 2015**	**FY 2014** (as restated)
Assets		
Current assets	$ 282.6	$ 297.3
Noncurrent assets	964.1	766.0
Noncurrent capital assets, net	2,076.9	1,945.5
Total assets	**$ 3,323.6**	**$ 3,008.8**
Deferred outflows of resources	**$ 131.7**	**$ 62.1**
Liabilities		
Current liabilities	$ 242.4	$ 224.8
Noncurrent liabilities	553.6	577.8
Noncurrent long-term debt	1,525.0	1,305.8
Total liabilities	**$ 2,321.0**	**$ 2,108.4**
Deferred inflows of resources	**$ 79.6**	
Net position		
Net investment in capital assets	$ 718.6	$ 695.6
Restricted:		
Nonexpendable	64.8	59.5
Expendable	109.7	113.9
Unrestricted	161.6	93.5
Total net position	**$ 1,054.7**	**$ 962.5**

A summary comparison of the University's financial position as of June 30, 2015 and June 30, 2014 is presented above. 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.

The primary impact of GASB Statement No. 68 is the recognition of ASU's proportionate share of certain pension liabilities and the related decrease in unrestricted net position. For FY 2015 ASU is reporting a net pension liability of $484 million and restated beginning net position by $470 million to reflect the prior year impact. Unrestricted net position is primarily under the control of the University's academic and research areas and is typically internally designated or committed for programs and initiatives. More information on GASB Statement No. 68 is included in *Note K – Retirement Plans*.

At June 30, 2015, ASU held total assets of $3.3 billion, reflecting a ten percent increase from June 30, 2014. Current assets are used to support operations and include cash and cash equivalents, short-term investments and accounts receivables. Current assets decreased slightly between years due to the reallocation of short-term investments to investment vehicles with a longer maturity in order to increase rate of return.

Noncurrent assets increased $330 million with restricted cash and other investments increasing by $180 million and net capital assets increasing by $131 million. There was a increase in restricted cash related to the April 2015 bonds issued to support construction of the Arizona Center for Law and Society to house the ASU law college and related programs, the first phase of renovations to Sun Devil Stadium, and other renovation and construction projects. There was a corresponding increase in net capital assets largely due to Arizona Center for Law and Society and Sun Devil Stadium construction costs, as well as a capital lease for an office building in Washington, D.C. to house ASU programs concentrated in the nation's capital.

Deferred outflows of resources increased $70 million between years including $42 million related to implementation of GASB Statement No. 68 and a $25 million increase in unamortized loss of refunding debt, see *Note F - Long-Tem Debt and Lease Obligations* for information regarding the economic gain from refundings which primarily represents the sale of the refunding bonds at a premium. Deferred inflows of resources increased $80 million between years related to implementation of GASB Statement No. 68.

Total liabilities increased $213 million for the year ended June 30, 2015 to $2.3 billion. Current liabilities increased $18 million primarily due to increased accounts payable related to several construction projects. There was a $219 million increase in noncurrent long-term debt primarily due to the issuance of the April 2015 system revenue bonds and the Washington, D.C. capital lease.

Net position increased $92 million between years to almost $1.1 billion. As noted above, over the past ten years the University has had modest but steady increases in net position allowing the University to accumulate unrestricted net position sufficient to absorb the reduction in net position related to implementation of GASB Statement No. 68 and still maintain positive unrestricted net position. 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 and investment income, 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 2015 and FY 2014 follows.

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

	FY 2015	FY 2014 (as restated)
Operating revenues		
Tuition and fees, net	$ 1,021.0	$ 896.9
Research grants and contracts	237.5	244.3
Auxiliary enterprises, net	145.0	140.5
Other operating revenues	79.2	66.9
Total operating revenues	$ 1,482.7	$ 1,348.6
Operating expenses	1,961.8	1,796.8
Operating loss	**$ (479.1)**	**$ (448.2)**
Net nonoperating revenues (expenses)		
State appropriations	$ 338.0	$ 314.5
Other nonoperating revenues	267.0	268.1
Nonoperating expenses	(63.2)	(62.3)
Income before other revenues, expenses, gains, or losses	$ 62.7	$ 72.1
Capital appropriations and other revenues	29.5	27.3
Extraordinary and Special items		3.9
Increase in net position	**$ 92.2**	**$ 103.3**
Net position at beginning of year	962.5	859.2
Net position at end of year	**$ 1,054.7**	**$ 962.5**

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 $134 million, or ten percent, to approximately $1.5 billion in FY 2015 with the most significant increase occurring in net tuition and fees. The growth in tuition and fee revenues is primarily the result of a nine percent, 6,500 students increase in enrollment, including a 22 percent rise in nonresident enrollment, and a modest increase in tuition and fee rates. Grants and contracts revenues which is primarily funded by federal agencies, reflected a slight decrease between years, largely offset by an increase in nongovernmental (private) research grants and contracts revenue. Grants and contracts revenue varies from year to year for many reasons, including availability of funding from specific sponsors, the close-out of particularly large projects and the start-up process for new projects.

Operating Expenses

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

Operating expenses increased $165 million or nine percent in FY 2015 with the increase largely reflecting the substantial growth in enrollment. Instruction and academic support expenses experienced the largest increase, $91 million, spread across most academic areas of the University, with ASU Online and the Thunderbird School of Global Management experiencing the most notable increases between years. The increase in ASU Online reflects the continued growth of the program, including the impact of the Starbucks College Achievement Plan which allows all eligible Starbucks employees to earn their bachelor's degree through ASU Online with full tuition coverage for four years. As of January 1, 2015 activity for the newly created Thunderbird School of Global Management academic unit is included in the instruction and academic support category.

Nonoperating Revenues and Expenses

Due to the required classification of key revenue sources such as state appropriations, financial aid grants, and private gifts as nonoperating revenues, operating expenses will typically exceed operating revenues for public universities, resulting in an operating loss. Total nonoperating revenues increased by $22 million between years with state appropriations increasing by $24 million, including $21 million in parity funding to address a base funding inequity among Arizona universities. Other activity included a $13 million increase in nonoperating grants and contracts spread across several areas and a $15 million decrease in net investment return due to lower investment returns.

Combined Sources and Uses *(Dollars in millions)*

	FY 2015		FY 2014 (as restated)		Percentage Change
SOURCES					
Tuition and fees, net	$ 1,021.0	48%	$ 896.9	46%	14%
State appropriations (includes capital appropriations)	353.0	17%	329.0	17%	7%
Grants and contracts	286.7	14%	281.1	14%	2%
Financial aid grants	115.1	5%	106.9	5%	8%
Auxiliary enterprises, net	145.0	7%	140.5	7%	3%
Private and capital gifts	66.8	3%	74.1	4%	(10%)
Sales and services	67.2	3%	58.4	3%	15%
Share of state sales tax (TRIF)	26.5	1%	27.8	1%	(5%)
Other sources	35.9	2%	47.7	3%	(25%)
Total sources	**$ 2,117.2**	**100%**	**$ 1,962.4**	**100%**	**8%**
USES					
Instruction and academic support	$ 934.1	46%	$ 842.9	45%	11%
Research and public service	281.0	14%	275.9	15%	2%
Scholarships and fellowships and student services	235.1	12%	202.5	11%	16%
Institutional support and operation of plant	253.8	12%	232.6	13%	9%
Auxiliary enterprises	143.2	7%	130.6	7%	10%
Depreciation	114.6	6%	112.3	6%	2%
Interest on debt and other expenses	63.2	3%	62.3	3%	1%
Total uses	**$ 2,025.0**	**100%**	**$ 1,859.1**	**100%**	**9%**

STATEMENT OF CASH FLOWS

A summary comparison of cash flows for the University's FY 2015 and FY 2014 activities follows.

Condensed Summary of Cash Flows *(Dollars in millions)*		
	FY 2015	**FY 2014**
Cash provided by/(used for):		
Operating activities	$ (367.8)	$ (319.1)
Noncapital financing activities	604.2	580.0
Capital and related financing activities	(69.0)	(191.5)
Investing activities	(43.7)	(88.6)
Net increase/(decrease) in cash and cash equivalents	**$ 123.7**	**$ (19.2)**
Cash and cash equivalents at beginning of year	170.9	190.1
Cash and cash equivalents at end of year	**$ 294.6**	**$ 170.9**

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 supplies. Net cash flows from noncapital financing activities is a major funding source for operating expenses and includes cash from state appropriations, financial aid grants, and private gifts. Cash flows from capital financing activities include all capital assets and related long-term debt activities, including proceeds from the issuance of debt, capital asset purchases, and principal and interest paid on long-term debt. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and income earned on those investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The University is required by state statute and Arizona Board of Regents policy to prepare an annual Capital Improvement Plan (CIP). The CIP details the University's three-year strategic plan of space use and capital investments to enable the success of current and future students and maintain the University's commitment to the people of Arizona regarding research discovery and economic development. The CIP also outlines any plans to issue debt to finance capital acquisitions or construction to address space deficiencies in academic, research and student programs.

ASU's capital assets continue to grow in order to provide facilities to support the University's instruction, research and public service missions. Overall the university's capital assets, net of accumulated depreciation and deletions, increased by $131 million in FY 2015, a seven percent increase over FY 2014. Activity in FY 2015 primarily related to construction and renovation of academic facilities, as well as the initial phase of a multi-year construction project to renovate and structurally reinforce ASU's landmark football stadium, Sun Devil Stadium. Key FY 2015 capital asset projects included the following.

- Upon completion in summer 2016 of the **Arizona Center for Law and Society facility,** the Sandra Day O'Connor College of Law will move from the Tempe campus to the Downtown Phoenix campus. The facility will include classrooms, an auditorium, faculty offices, conference spaces, student collaboration areas, a law library and will house public policy think tanks to collaborate on issues of justice, public discourse, social policy and personal freedom. The $129 million, 294,000 square-foot facility will primarily be funded by the 2015 system revenue bonds issued in April 2015, along with City of Phoenix support and private gifts.
- The **Psychology Building** renovation is a $23 million project undertaken to support future growth in ASU's nationally ranked Psychology Department. The 82,000 gross square foot building was built in 1972 and requires upgrades to all building infrastructure systems to meet program requirements and current building and life safety codes. The renovated facility will support continued academic excellence in psychology programs and future research growth. Areas housed in the building include behavioral neuroscience, clinical psychology, cognitive science, development psychology, quantitative psychology and social psychology.
- With its iconic location between two buttes, the 57 year old **Sun Devil Stadium** is a Phoenix area landmark and the largest public assembly building on campus. The Sun Devil Stadium renovation project is planned in three phases to allow ASU football games to be scheduled in the stadium throughout the construction period without a significant impact on the fan experience. Phase I of the project was completed in summer 2015 and included construction of a new student section in the South end zone, infrastructure upgrades, enhanced concessions and food services, renovated and new restrooms, and ADA enhancements and elevators.
- During FY 2015 ASU entered into a capital lease for a facility in Washington, D.C. to consolidate current leased space. ASU programs currently in

Washington, D.C., include the McCain Institute for International Leadership, the Consortium for Science, Policy and Outcomes, select academic programs in the Walter Cronkite School of Journalism and Mass Communication, the Sandra Day O'Connor College of Law, and the School of Politics and Global Studies Capital Scholars Program, as well as administrative offices to support federal relations, university affairs and research.

A summary of the University's outstanding debt including average interest rates, final maturity and outstanding balances for its bonds, certificates of participation and capital leases, is presented in *Note F – Long-Term Debt and Lease Obligations*. In April 2015 the University issued $362 million in system revenue bonds to fund the Arizona Center for Law and Society, renovation of the Psychology building, Sun Devil Stadium phase one renovation and university wide information technology infrastructure improvements, as well as to refund various outstanding bonds of the University and one of its component units. In August 2014 the University issued $85 million of refunding Certificates of Participation. The refunded debt is considered defeased and related liabilities are not included in the University's financial statements. Also in FY 2015 the University entered into a $35 million capital lease for a Washington, D.C. facility.

ASU continues to maintain its long-term bond ratings of Aa3 from Moody's Investor Services and AA from Standard & Poor's.

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

ASU's opening home game at Sun Devil Stadium.

ASU'S COMPONENT UNITS

Included in this financial report are the financial statements of the University's component units discretely presented on separate pages from the financial statements of the University. The 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 included in these statements are the ASU Foundation for A New American University (ASU Foundation), Arizona Capital Facilities Finance Corporation (ACFFC), ASU Alumni Association, Arizona State University Research Park, Inc., Downtown Phoenix Student Housing, LLC, Sun Angel Endowment, Sun Angel Foundation, ASU Preparatory Academy, Inc. and the Thunderbird School of Global Management (Thunderbird) corporate entity. 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*. For comparison purposes, FY 2014 information has been restated to include Thunderbird.

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

	FY 2015	FY 2014 (as restated)
Assets		
Cash and investments	$ 902.5	$ 876.6
Capital assets, net	296.3	324.7
Receivables, net	181.5	144.6
Other assets	117.9	107.9
Total assets	**$ 1,498.2**	**$ 1,453.8**
Liabilities		
Long-term debt	$ 514.4	$ 533.3
Other liabilities	211.6	226.5
Total liabilities	**$ 726.0**	**$ 759.8**
Net assets		
Unrestricted	$ 29.1	$ (19.9)
Temporarily restricted	323.5	295.5
Permanently restricted	419.6	418.4
Total net assets	**$ 772.2**	**$ 694.0**

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

	FY 2015	FY 2014 (as restated)
Revenues		
Contributions	$ 156.5	$ 81.9
Other revenues	156.6	250.1
Total revenues	**$ 313.1**	**$ 332.0**
Expenses		
Payments to the benefit of ASU	$ 93.6	$ 84.2
Other expenses	173.2	187.8
Total expenses	**$ 266.8**	**$ 272.0**
Transfers, interest, gains and losses	31.9	(0.3)
Increase in net assets	$ 78.2	$ 59.7
Net assets at beginning of year	694.0	634.3
Net assets at end of year	**$ 772.2**	**$ 694.0**

COMBINED ASU AND ASU COMPONENT UNITS

ASU and its component units combined for an increase in net position/net assets of $170 million in FY 2015. University net position increased $92 million in FY 2015 while component unit net assets increased $78 million. The most notable increase in net revenues for the component units was a $75 million increase in contributions between years. Overall, restricted net assets of the component units increased by $29 million between years, while component unit unrestricted net assets increased by $49 million. Restricted net position/net assets must be spent in compliance with donor directions, and are typically restricted for use by a specific academic department or program.

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

	FY 2015			FY 2014		
	ASU	**ASU Component Units**	**Combined**	**ASU** (as restated)	**ASU Component Units** (as restated)	**Combined** (as restated)
Net investment in capital assets	$ 718.6		$ 718.6	$ 695.6		$ 695.6
Unrestricted net position/net assets	161.6	$ 29.1	190.7	93.5	$ (19.9)	73.6
Restricted net position/net assets:						
Expendable/Temporarily	109.7	323.5	433.2	113.9	295.5	409.4
Nonexpendable/Permanently	64.8	419.6	484.4	59.5	418.4	477.9
Net position/net assets at end of year	**$ 1,054.7**	**$ 772.2**	**$ 1,826.9**	**$ 962.5**	**$ 694.0**	**$ 1,656.5**

ECONOMIC OUTLOOK

After two years of increased State of Arizona investment in ASU, the State reduced its investment for FY 2016 in response to concerns over potential State revenue shortfalls. ASU proactively managed the $53 million reduction in its FY 2016 operating budget through a combination of targeted tuition rate increases for non-resident and international students, a one-time tuition surcharge for resident students, and expense reductions, while continuing to make strategic investments in key academic and online programs. The State ended FY 2015 with a higher than projected balance and is currently forecasting a structural balance in FY 2016. The Arizona Board of Regents (ABOR) and three ABOR universities intend to build an investment relationship with the State based on the benefits that accrue from an educated workforce and the value of investing in the education of resident students.

ASU continues to experience strong enrollment growth, particularly in its online degree programs, and tuition revenues are expected to remain the University's largest funding source. Based on fall headcount, total enrollment increased 8.5 percent in fiscal year 2015 and almost 10 percent in fiscal year 2016 to over 91,000 students, driving strong tuition revenue growth in conjunction with modest rate increases. With competitive tuition rates, strong academic programs, and continued expansion of degrees offered completely online, enrollment is expected to grow in future years, albeit at a possibly slower rate.

Responding to continued enrollment expansion in a cost-effective manner is facilitated by acceleration of partnerships and development of new technology driven education modalities. Recent examples of successful ASU partnerships include continued development of the Downtown Phoenix campus with the City of Phoenix, expansion of nursing cohorts and biomedical informatics programs as well as joint research activities with the Mayo Clinic, pathway programs for community college students in conjunction with Arizona community colleges, the Starbucks College Achievement Plan in conjunction with Starbucks, as well as various partnerships to expand ASU's student residential facilities. ASU continues to invest in its physical infrastructure and currently has construction and renovation projects underway to enhance the academic experience and expand research facilities.

ASU has also partnered with other universities to submit large scale research proposals allowing multiple universities to combine resources and knowledge to address key national and international problems. One recently announced project is the National Science Foundation funding of the Nanosystems Engineering Research Center for Nanotechnology Enabled Water Treatment Systems (NEWT). NEWT is a partnership of ASU, Rice University, Yale University and the University of Texas – El Paso to develop compact, mobile, off-grid water treatment systems that can provide clean water to millions of people who currently lack access in a reliable and affordable manner. Through proposals and partnerships such as NEWT, the University will continue to focus efforts on expanded research grant and contract funding.

ASU's charter is a commitment to the citizens of Arizona that ASU recognizes its responsibility to fulfill the requirements of the Arizona Constitution to provide public education. ASU has developed an enterprise model based upon resources from a wide range of activities, development of highly efficient and effective program delivery, partnerships of mutual benefit with like-minded public and private entities, and respect for its public purpose and responsibilities to the citizens of Arizona.

STATEMENT OF NET POSITION

June 30, 2015 *(Dollars in thousands)*

ASSETS	
Current Assets:	
Cash and cash equivalents (Note C)	$ 47,316
Short-term investments (Note C)	30,775
Receivables:	
Accounts receivable, net	109,484
State appropriations	90,575
Student loans receivable, net	1,077
Other assets	3,377
Total Current Assets	$ 282,604
Noncurrent Assets:	
Restricted cash and cash equivalents (Note C)	$ 247,270
Endowment investments (Note C)	116,252
Other investments (Note C)	572,558
Student loans receivable, net	10,668
Other assets	401
Equity interest in Thunderbird	17,000
Capital assets, net (Note D)	2,076,892
Total Noncurrent Assets	$ 3,041,041
Total Assets	**$ 3,323,645**
DEFERRED OUTFLOWS OF RESOURCES	
Interest rate swap (Note G)	$ 16,772
Unamortized loss on refunding debt	42,475
Pensions related (Note K)	72,481
Total Deferred Outflows of Resources	**$ 131,728**
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 94,998
Compensated absences (Note I)	3,167
Unearned revenues	55,176
Funds held for others	18,270
Current portion of long-term debt (Note F) - Funded by:	
University operating revenues	54,904
State appropriations and other State monies	15,876
Total Current Liabilities	$ 242,391
Noncurrent Liabilities:	
Compensated absences (Note I)	$ 26,847
Other liabilities	25,815
Derivative instrument - Interest rate swap (Note G)	16,772
Pension plans payable (Note K)	484,133
Long-term debt (Note F) - Funded by:	
University operating revenues	1,111,056
State appropriations and other State monies	413,981
Total Noncurrent Liabilities	$ 2,078,604
Total Liabilities	**$ 2,320,995**
DEFERRED INFLOWS OF RESOURCES	
Pensions related (Note K)	$ 79,616
NET POSITION	
Net investment in capital assets	$ 718,642
Restricted (Total of $174,497):	
Nonexpendable:	
Student aid	59,185
Academic department uses	5,648
Expendable:	
Student aid	44,109
Academic department uses	63,919
Capital projects and debt service	1,636
Unrestricted (Note H)	161,623
Total Net Position	**$ 1,054,762**

See Notes to Financial Statements.

STATEMENT OF FINANCIAL POSITION

June 30, 2015 *(Dollars in thousands)*

ASSETS	
Cash and cash equivalents	$ 36,873
Pledges receivables, net	142,760
Other receivables, net	38,722
Investments in securities	814,723
Other investments	50,912
Net direct financing leases	65,697
Property and equipment, net	296,329
Other assets	52,156
Total Assets	**$ 1,498,172**
LIABILITIES	
Accounts payable and accrued liabilities	$ 40,641
Deferred revenue	14,968
ASU endowment trust liability	116,254
Other liabilities	39,735
Long-term debt	514,409
Total Liabilities	**$ 726,007**
NET ASSETS	
Unrestricted	$ 29,112
Temporarily restricted	323,456
Permanently restricted	419,597
Total Net Assets	**$ 772,165**

See Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2015 *(Dollars in thousands)*

OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances of $256,947	$ 1,021,014
Research grants and contracts, including $194,281 in federal funding and $40,995 in nongovernmental funding	237,489
Sales and services -	
Auxiliary enterprises, net of scholarship allowances of $12,556	145,008
Educational departments	67,230
Other revenues	12,001
Total Operating Revenues	$ 1,482,742
OPERATING EXPENSES (Note J)	
Educational and general -	
Instruction	$ 686,397
Research	244,763
Public service	36,201
Academic support	247,700
Student services	98,491
Institutional support	151,613
Operation and maintenance of plant	102,167
Scholarships and fellowships	136,675
Auxiliary enterprises	143,184
Depreciation	114,617
Total Operating Expenses	$ 1,961,808
Operating Loss	$ (479,066)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	$ 338,042
Share of state sales tax - technology and research initiatives fund	26,526
Financial aid grants, including $114,816 in federal funding	115,070
Grants and contracts, including $35,644 in federal funding	49,037
Private gifts	57,651
Financial aid trust funds, including $5,483 in state trust fund appropriations	13,615
Net investment return	5,133
Interest on debt	(53,428)
Other expenses	(9,814)
Net Nonoperating Revenues	$ 541,832
Income Before Other Revenues, Expenses, Gains, or Losses	$ 62,766
Capital appropriations - Research Infrastructure Capital Financing	$ 13,947
Capital appropriation	1,053
Capital commitment - Arizona Lottery revenues	5,121
Capital grants	158
Capital private gifts	7,106
Additions to permanent endowments	2,089
Increase in Net Position	$ 92,240
Net Position at Beginning of Year, restated (Note A)	962,522
Net Position at End of Year	**$ 1,054,762**

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES

Year ended June 30, 2015 *(Dollars in thousands)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES				
Contributions	$ 21,438	$ 114,700	$ 20,373	$ 156,511
Rental revenues	36,526			36,526
Sales and services	68,421	110		68,531
Net investment return	2,952	8,137	(264)	10,825
Net assets released from restrictions	113,896	(94,997)	(18,899)	
Grants and aid	15,616			15,616
Tuition and fees	11,849			11,849
Other revenues	13,224			13,224
Total Revenues	$ 283,922	$ 27,950	$ 1,210	$ 313,082
EXPENSES				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	$ 75,866			$ 75,866
Vendor payments	8,008			8,008
Scholarship fund transfers to ASU	6,480			6,480
Rent payments to ASU	3,223			3,223
Management and general	117,448			117,448
Interest expense	21,921			21,921
Depreciation/amortization	22,540			22,540
Other expenses	11,305			11,305
Total Expenses	$ 266,791			$ 266,791
Increase in Net Assets, before Transfers, Gains and Losses	17,131	27,950	1,210	46,291
Equity interest from ASU	17,000			17,000
Equity transfer	8,229			8,229
Gain on termination of postretirement benefit plan	3,777			3,777
Gain on extinguishment of debt	3,233			3,233
Loss on lease revaluation due to bond refunding	(347)			(347)
Increase in Net Assets, after Transfers, Gains and Losses	49,023	27,950	1,210	78,183
Net Assets at Beginning of Year	(19,911)	295,506	418,387	693,982
Net Assets at End of Year	**$ 29,112**	**$ 323,456**	**$ 419,597**	**$ 772,165**

See Notes to Financial Statements.

STATEMENT OF CASH FLOWS

Year ended June 30, 2015 *(Dollars in thousands)*

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 990,288
Research grants and contracts	240,584
Sales and services of auxiliary enterprises	146,786
Sales and services of educational activities	65,754
Payments for employees' salaries and benefits	(1,092,216)
Payments to vendors for supplies and services	(575,679)
Payments for scholarships and fellowships	(155,843)
Student loans issued	(1,884)
Student loans collected	2,496
Other receipts	11,847
Net cash used for operating activities	$ (367,867)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	$ 338,042
Share of state sales tax - technology and research initiatives fund	28,333
Grants and contracts	162,514
Private gifts for other than capital purposes	62,721
Financial aid trust funds	13,540
Direct lending program receipts	517,614
Direct lending program disbursements	(517,355)
Funds held for others received	192,171
Funds held for others disbursed	(193,377)
Net cash provided by noncapital financing activities	$ 604,203
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations - Research Infrastructure Capital Financing	$ 15,000
Build America Bonds - federal subsidy	3,687
Capital commitments, including Arizona Lottery revenue	2,733
Capital gifts and grants	2,121
Proceeds from issuance of capital debt	223,176
Purchases of capital assets	(194,535)
Principal paid on capital debt and leases	(66,282)
Interest paid on capital debt and leases	(54,873)
Net cash used for capital and related financing activities	$ (68,973)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments, net	$ (35,317)
Equity interest in Thunderbird	(17,000)
Interest received on investments	8,646
Net cash used for investing activities	$ (43,671)
Net increase in cash and cash equivalents	123,692
Cash and cash equivalents at beginning of year	170,894
Cash and cash equivalents at end of year	**$ 294,586**
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	$ (479,066)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	114,617
Pension expense	37,658
Employer pension contributions	(33,589)
Other payments	(8,401)
Increases/decreases in assets and liabilities:	
Receivables, net	(18,375)
Accounts payable and accrued liabilities	15,562
Compensated absences	2,241
Unearned revenues	1,266
Other assets	220
Net cash used for operating activities	$ (367,867)
SIGNIFICANT NONCASH TRANSACTIONS	
Refinancing of long-term debt	$ 280,159
Assets acquired through capital lease	35,000
Unrealized loss on endowment	(5,136)

See Notes to Financial Statements.

June 30, 2015

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 five campuses across metropolitan Phoenix, ASU had fall 2014 enrollment of 83,301 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), the Downtown Phoenix campus, Thunderbird campus (located in Glendale), and the University's extensive online programs, as well as its discretely presented 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*. Also included is activity for the ASU Colleges at Lake Havasu City, which focuses on instruction in high-demand undergraduate degrees.

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 per Internal Revenue Code Section 115. 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 the year ended June 30, 2015, the University implemented the provisions 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*, and GASB Statement No. 69, *Governmental Combinations and Disposals of Government Operations*.

GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit and defined contribution pension plans. In addition, GASB Statement No. 68 requires disclosure of information related to pension benefits. The recognition of prior period activity resulted in a restatement of net position as of July 1, 2014.

GASB Statement No. 69 provides accounting and financial reporting standards related to governmental combinations and disposals of government operations. The implementation of this standard has no effect on the financial statements.

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

Restatement of Net Position

The implementation of GASB Statement Nos. 68 and 71 requires the inclusion of pension liability and related transactions which resulted in the following restatement to the University's net position reported as of June 30, 2014 (*Dollars in thousands*):

Net position at June 30, 2014, as previously reported	$ 1,432,322
GASB 68 adjustments	(469,800)
Net position at July 1, 2014, as restated	$ 962,522

Summary of Significant Accounting Policies

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

Endowment Spending Rate Policy. Arizona State law permits the University to expend the entire net appreciation of endowment fund investments. When determining the spending rate for endowment funds, the University administration considers long and short-term needs, total investment return and price level trends, and general economic conditions. For FY 2015, the spending rate utilized the constant growth spending methodology which increases spending distributions by the trailing one-year inflation rate (as measured by CPI-U, Consumer Price Index for all Urban Consumers) annually, as long as distributions do not exceed 4.00 percent or fall below 3.00 percent of the trailing 12 quarter average market value of each endowment fund. Donor restricted endowments that are available for expenditure are reported as restricted expendable on the statement of net position.

Investments. Short-term, endowment, and other investments are stated at fair value at June 30, 2015. 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, 2015 were $211.8 million, including $90.6 million in FY 2015 State of Arizona general fund appropriations. Other significant amounts included in the receivable balance are $69.9 million related to tuition and fee payments due from students and others making payments on behalf of students. Additionally, there are $9.9 million in receivables from Federal grant sponsors, primarily for the reimbursement of allowable expenses made pursuant to the University's grants and contracts.

The State of Arizona deferred payment of $90.6 million in FY 2015 general fund rollover appropriations until FY 2016. The State was required to fund the FY 2015 rollover appropriations no later than October 1, 2015, and did so on September 23, 2015. The revenue associated with these deferred appropriations was recorded as FY 2015 state appropriations in accordance with the authorized FY 2015 ASU state expenditure authority.

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, or appraised value at the date of donation in the case of gifts. 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 books 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 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 books, 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.

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

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/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.

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 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 – grants, contracts, gifts, 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 $20.1 million in faculty and staff tuition waivers that are recorded as program expenses on the statement of revenues, expenses, and changes in net position and as personal services and benefits expenses, in *Note J - Operating Expenses by Natural Classification*.

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

Other Disclosures

The University earned FY 2015 credit card rebates of $1.1 million from JP Morgan and $0.5 million from Commerce Bank.

Note B - ASU Component Units

Arizona State University's discretely presented component units are comprised of two major component units, the ASU Foundation for A New American University (ASU Foundation) and the Arizona Capital Facilities Finance Corporation (ACFFC), and several smaller component units listed below. The University has determined that the ASU Foundation 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.

ASU's component units, with the exception of the Thunderbird School of Global Management (Thunderbird), are nonprofit corporations controlled and governed by separate 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, nor are they directly or 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.

Thunderbird is a nonprofit corporation that is controlled by a board of directors appointed by the University and is closely affiliated with the University. The University has management of Thunderbird's operations and a fiscal dependency exists between Thunderbird and the University; however, services provided by Thunderbird are not solely for the benefit of the University.

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.

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 Foundation for A New American University - disburses resources at the discretion of its independent board of directors, in accordance with donor directions and ASU Foundation policy. The majority of assets held by the ASU Foundation are endowments restricted for donor specified programs and purposes, the principal of which may not be spent. The directors of the ASU Foundation make all decisions regarding the ASU Foundation's business affairs, including distributions made to the University.
- ASU Alumni Association - receives funds primarily through donations, dues, and affinity partners, which are used to promote the welfare of the University and its alumni.
- Sun Angel Endowment - receives funds primarily through donations, with the annual earnings being used for programs in support of various athletic programs.
- Sun Angel Foundation - receives funds primarily through donations and contributes funds to the University in support of various athletic programs.

The four 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.
- Thunderbird School of Global Management (Thunderbird) - offers non-degree programs focused on global business across cultural, ethical and multi-lingual curriculum.

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 three component units. ACFFC, the Park and Thunderbird 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.

- Downtown Phoenix Student Housing, LLC - provides housing facilities for use by students of the University.
- 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 Downtown Phoenix Student Housing, LLC or ASU Prep; however, it would be misleading to exclude either as component units due to the nature and significance of the financial arrangement the University has with Downtown Phoenix Student Housing, LLC and the close affiliation between the University and ASU Prep. Downtown Phoenix Student Housing, LLC and ASU Prep do not meet the blending requirements in GASB Statement No. 14, as amended by GASB Statement No. 61, since both have a separate board of directors, services provided do not exclusively benefit the University and the total debt outstanding of Downtown Phoenix Student Housing, LLC and ASU Prep is not expected to be paid entirely or almost entirely with University resources.

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 2015, the ASU Foundation distributed $63.9 million in cash donation transfers to the University for both restricted and unrestricted purposes. On July 20, 2015, Thunderbird transferred $20.5 million to the University to support academic programs.

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, 2015. 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.

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*.

Included in the University's deposits and investments are $247.3 million in capital projects and bond debt service funds, which are held in trust and invested by various trustee banks, $47.3 million in cash and cash equivalents, and $603.3 million in short-term and other investments.

In addition, $116.3 million in endowment funds managed by the ASU Foundation make up a portion of the deposits and investments. These funds are primarily held in a pooled endowment fund managed under a service contract with the ASU Foundation and invested in the ASU Foundation's Endowment Pool (Pool). The University's endowment assets are maintained separately on the financial system of the ASU Foundation and receive a proportional share of the Pool activity.

As such, the ASU Foundation owns the assets of the Pool; the University has an interest in the Pool, which is considered an external investment pool to the University. The Pool invests in a variety of asset classes, including common stocks, fixed-income, foreign investments, private equity and hedge funds. The ASU Foundation's Endowment Pool is not registered with the Securities and Exchange Commission as an investment company. The ASU Foundation's Board of Directors appointed Investment Committee is responsible for oversight of the Pool in accordance with ASU Foundation 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.

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

ABOR policy addresses requirements for concentration of credit risk and interest rate risk, but neither ABOR policy nor the Statutes include any specific requirements on foreign currency risk for investments of the universities.

The State of Arizona Board of Investment provides oversight for the State of Arizona Treasurer's pools. The fair value of a participant's portion in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

Deposit and Investment Risk

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

Credit Risk. With regard to credit risk, ABOR policy requires that negotiable certificates of deposit, corporate bonds, debentures and notes, bankers acceptances and State of Arizona bonds carry a minimum BBB or better rating from Standard and Poor's Rating Service or Baa or better rating from Moody's Investors Service; and that commercial paper be rated by at least two nationally recognized statistical rating organizations (NRSROs) and be of the two highest rating categories for short-term obligations of at least two of the NRSROs. Capital projects and bond debt service funds are invested by the bond trustee in accordance with the applicable financing indenture, generally limited to United States Treasury securities and other Federal agency securities, certificates of deposit (minimum rating of P-1/A-1), commercial paper (minimum rating of P-1/A-1+), and money market funds rated AAAm or better invested in short-term debt securities.

The University does not have a formal policy that specifically addresses credit risk over endowment funds. The University's endowment funds are invested in an unrated external investment pool managed by the ASU Foundation, subject to the ASU Foundation's 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.

Credit Quality Rating for Debt Securities at June 30, 2015 *(Dollars in thousands)*

			Standard and Poor's			
Investment Description	**Fair Value**	**Not Rated**	**AAA / AAAm / AAAf**	**AA**	**A**	**BBB**
Corporate bonds	$ 317,298		$ 9,535	$ 55,174	$ 141,404	$ 111,185
Federal agency securities	298,296			298,296		
Money market mutual funds	94,626		94,626			
Municipal bonds	27,911		8,886	19,025		
Asset backed securities	27,474	$ 6,028	21,446			
State of Arizona LGIP (Pool 5)	1,466		1,466			
Total	**$ 767,071**	**$ 6,028**	**$135,959**	**$ 372,495**	**$ 141,404**	**$ 111,185**

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, 2015, the University had investments in the Federal Home Loan Bank and Federal National Mortgage Association with a fair value of $151.1 million and $74.0 million or 14.9 and 7.3 percent of total investments, respectively.

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

Interest Rate Risk for the University's Debt Investments at June 30, 2015 - utilizing the weighted average maturity method *(Dollars in thousands)*

Investment Description	**Fair Value**	**Weighted Average Maturity (Years)**
Corporate bonds	$ 317,298	2.7
Federal agency securities	298,296	1.4
Money market mutual funds	94,626	0.1
Municipal bonds	27,911	1.4
Asset backed securities	27,474	3.5
State of Arizona LGIP (Pool 5)	1,466	0.2
Subtotal, before U.S. Treasury securities	$ 767,071	
U.S. Treasury securities	130,436	1.7
Total	**$ 897,507**	

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.

Note D - Capital Assets

Capital asset activity for the year ended June 30, 2015 follows:

Capital asset activity for the year ended June 30, 2015 *(Dollars in thousands)*	Balance 07/01/2014	Additions/ Increases	Retirements/ Decreases	Balance 06/30/2015
Non-depreciated capital assets				
Land -				
University operations	$ 81,818	$ 15,817		$ 97,635
Investment property	37,980			37,980
Construction in progress -				
Buildings	6,562	71,488		78,050
Works of art and historical treasures	20,114	188	$ (74)	20,228
Total	$ 146,474	$ 87,493	$ (74)	$ 233,893
Depreciated capital assets				
Infrastructure	$ 127,393	$ 1,488		$ 128,881
Buildings	2,331,150	118,086		2,449,236
Equipment	400,326	26,182	$ (12,062)	414,446
Software	25,031	1,863		26,894
Library books	278,157	12,567	(518)	290,206
Less accumulated depreciation				
Infrastructure	(49,708)	(3,198)		(52,906)
Buildings	(813,107)	(67,600)		(880,707)
Equipment	(261,932)	(28,748)	10,434	(280,246)
Software	(18,381)	(3,396)		(21,777)
Library books	(219,871)	(11,675)	518	(231,028)
Total	$ 1,799,058	$ 45,569	$ (1,628)	$ 1,842,999
Capital assets, net	**$ 1,945,532**	**$ 133,062**	**$ (1,702)**	**$ 2,076,892**

Construction in progress additions reflected above represent expenses for new projects net of capital assets placed in service. It is estimated $308.8 million in additional expenses will be required to complete projects under construction at June 30, 2015. Construction in progress encumbrances committed through purchase orders at June 30, 2015, totaled $105.3 million.

Note E - Land Investment Property

As a part of the campus master planning process, certain land holdings of the University have been designated for investment purposes through commercial (non-university) development by private developers pursuant to either long term ground leases or sale, under overall coordination by the ASU Real Estate Development Office. The University expects to realize revenue from these properties that exceeds historical book value reflected in *Note D - Capital Assets*.

The University's investment property includes the following:

Rio Salado Land. The Rio Salado land consists of 35.3 acres, not needed for University facilities, which are on the Rio Salado River along Tempe Town Lake. The property is divided with 25.8 acres west of Rural Road and 9.5 acres east of Rural Road, directly accessible from major streets. The highest and best use of this land is mixed commercial office, apartments, condominiums, and retail, not University use. In August 2013, the University acquired 10.6 acres of undeveloped land west of Rural Road and entered into a 99 year land lease for commercial development purposes which included the acquired parcel and an additional 9.7 acres (total of 20.3 acres).

ASU has a remote contingent liability for three major capital project improvements (drainage, access and utility roadwork, and relocating power lines) to these sites. The cost of these projects would not be material to the University's overall financial position. If ASU became liable for any of these improvements, the intent of ASU would be to have a new developer reimburse ASU for these capital costs.

ASU at the West campus. The West campus investment property consists of approximately 64 acres on the northeast perimeter of the West campus at the corner of two major streets. The highest and best use of the investment land is mixed-use, including commercial office and retail, and non-university affiliated multi-family residential. This land is presently vacant and will not be needed for University facilities for the contemplated full build out of this campus. West campus, exclusive of the approximately 64 acres for investment purposes, consists of 236 acres.

ASU at the Polytechnic campus. Per the Consent to Transfer Agreement dated December 6, 2007 between the federal government and the University, 382.2 acres located at the Polytechnic campus are effectively available for investment purposes (commercial development). The land is on the perimeter of the campus directly accessible from major streets. Exclusive of the 382.2 acres intended for future investment purposes, the Polytechnic campus consists of approximately 210.2 acres.

ASU Research Park (Park). The Park consists of 237 leasable acres that are ground leased to the ASU Research Park, Inc., a component unit of the University. Other than one University facility occupying less than 10 percent of the leasable Park acres, the Park land is either occupied by or presently available for occupancy by commercial firms, with approximately 89 percent of the Park's leasable acres being presently leased. The primary present purpose of the Park is to generate revenue for the University with over $2.7 million, after all costs, annually being generated for ASU.

Other Investment Property. Consists of:

- 9.0 acres at the intersection of Loop 101/202 freeways and the Rio Salado Parkway, a few miles from the Tempe campus.
- 22.5 acres in Tempe, known as the Community Services Building site, located about two miles from the Tempe campus. Limited university operations are temporarily housed in the Community Services Building, with the best use of the site being commercial development.
- 6.6 acres in Tempe, known as Gateway, is primarily vacant commercial land located adjacent to the Tempe campus.
- 0.6 acres in Tempe, known as the Annex, which has been leased for commercial development.

Note F - Long-Term Debt and Lease Obligations

As of June 30, 2015 the University had issued a combination of fixed and variable rate bonds, fixed rate certificates of participation (COPs), and other lease obligations, of which $1.6 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 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, 2015 totaled $178.0 million.

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2015 *(Dollars in thousands)*

	Average Interest Rate	Final Maturity	Balance 07/01/2014	Additions	Reductions	Balance 06/30/2015	Current Portion
Bonds:							
2004 System Revenue and Refunding Bonds	4.45%	07/01/14	$ 3,270		$ (3,270)		
2005 System Revenue Refunding Bonds	4.38%	07/01/15	46,455		(43,235)	$ 3,220	$ 3,220
2007 A/B System Revenue Bonds	4.46%	07/01/36	60,825		(44,580)	16,245	3,345
2008 A/B Variable Rate Demand System Refunding Bonds	0.07%	07/01/34	94,280		(2,650)	91,630	2,775
2008C System Revenue Bonds	5.89%	07/01/19	96,400		(83,780)	12,620	2,270
2009A System Revenue Bonds	3.76%	07/01/29	25,135		(3,075)	22,060	3,165
2010 A/B System Revenue Bonds	5.99% [1]	07/01/39	174,360		(4,110)	170,250	4,270
2010 A/B SPEED Revenue Bonds	5.48% [2]	08/01/30	33,820			33,820	
2010C System Revenue Bonds	4.51%	07/01/31	48,250		(2,520)	45,730	2,645
2011 SPEED Revenue Bonds	3.93%	08/01/31	30,915			30,915	
2012 A/B System Revenue and Refunding Bonds	3.64%	07/01/42	200,375		(18,410)	181,965	19,170
2013 A/B System Revenue and Refunding Bonds	3.47%	07/01/43	110,950		(1,750)	109,200	1,775
2014 SPEED Revenue Bonds	3.72%	08/01/44	77,620			77,620	
2015 A/B/C System Revenue and Refunding Bonds	3.34%	07/01/46		$ 362,260		362,260	3,015
Subtotal: Par Amount of Bonds			$ 1,002,655	$ 362,260	$ (207,380)	$ 1,157,535	$ 45,650
Certificates of Participation:							
2002 Certificates of Participation	4.76%	07/01/18	$ 935		$ (505)	$ 430	$ 200
2004 Certificates of Participation	4.89%	09/01/14	23,330		(23,330)		
2005A Certificates of Participation	4.36%	09/01/14	63,430		(63,430)		
2006 Certificates of Participation	4.53%	06/01/31	12,525		(540)	11,985	560
2006 Refunding Certificates of Participation	4.15%	07/01/26	64,580		(4,330)	60,250	4,900
2011A Mercado Refunding Certificates of Participation	4.27%	07/01/24	7,365		(565)	6,800	575
2013 A/B Refunding Certificates of Participation	3.09%	09/01/26	63,340			63,340	
2014 A/B Refunding Certificates of Participation	3.04%	09/01/30		$ 84,525	(2,365)	82,160	5,020
Subtotal: Par Amount of COPs			$ 235,505	$ 84,525	$ (95,065)	$ 224,965	$ 11,255
Capital Leases/Lease Purchases:							
Fulton Center	4.01%	06/15/34	$ 24,545		$ (855)	$ 23,690	$ 870
Flexible Display Center	5.27%	02/15/34	30,967		(913)	30,054	970
Hassayampa Academic Village	5.36%	06/10/39	12,073		(119)	11,954	138
Nursing and Health Innovation	4.84%	01/01/36	10,070		(285)	9,785	295
Washington, D.C. Facility	3.60%	06/15/35		$ 35,000		35,000	
Other Lease Purchases	3.30% - 6%	02/07/22	4,098		(1,293)	2,805	691
Subtotal: Capital Leases/Other Lease Purchases			$ 81,753	$ 35,000	$ (3,465)	$ 113,288	$ 2,964
Total Par Amount of Bonds, COPs, Capital Leases and Other Lease Purchases			$ 1,319,913	$ 481,785	$ (305,910)	$ 1,495,788	$ 59,869
Premium/(Discount) on Sale of Bonds and COPs			52,736	56,245	(8,952)	100,029	10,911
Total Bonds Payable/COPs/ Capital Leases/ Other Lease Purchases			**$ 1,372,649**	**$ 538,030**	**$ (314,862)**	**$ 1,595,817**	**$ 70,780**

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

System Revenue Bonds

The University has pledged gross revenues as defined in the bond indentures towards the payment of debt related to various senior lien system revenue bonds outstanding at June 30, 2015. 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, 2015, pledged revenues totaled $1.3 billion of which 6.3 percent ($82.3 million, net of federal direct payments) was required to cover current year debt service.

In April 2015, the University issued $362.3 million of system revenue and refunding bonds, Series 2015A, B and C, with an average maturity of 14.8 years and an average interest rate of 3.34 percent. The bonds were issued to fund the new Downtown Phoenix campus Arizona Center for Law and Society facility, the Tempe campus Psychology Renovation project, Phase I of the Sun Devil Stadium Renovation project, IT Infrastructure Renewal, and to refund various outstanding bonds of the University and one of its component units, ACFFC (Las Casas Student Housing). 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 9.6 years and an average interest rate of 2.67 percent, resulted in a $23.1 million reduction in future debt service payments, with an economic gain of $21.2 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.

Variable Rate Bonds

The University has two series of variable rate demand system revenue refunding bonds outstanding, Series 2008A and Series 2008B, totaling $91.6 million with final maturities of July 1, 2034. The interest rate in effect on June 30, 2015 was 0.08 percent for the Series 2008A bonds and 0.06 percent for the Series 2008B bonds. To provide credit and liquidity support for the bonds, the University extended the Irrevocable Transferable Direct-Pay Letter of Credit (LOC) with JPMorgan Chase Bank, N.A. (JPMorgan) through March 18, 2016, under which the University has agreed to a commitment fee for the LOC of 0.49 percent per annum. Should the Series 2008A/B bond rating change, the commitment fee could increase according to the fee agreement. Assuming all of the $45.8 million Series 2008A and $45.8 million Series 2008B bonds are not resold within 365 days, the University would be responsible to make quarterly installment principal payments, with the last payment being on the fourth anniversary of JPMorgan acquiring the bonds, plus interest to be calculated as established in the LOC.

Certificates of Participation

In August 2014, the University issued $84.5 million of refunding COPs to refund the remaining Series 2004 and 2005A COPs. The refunded debt is considered defeased and related liabilities are not included in the University's financial statements. The issuance of refunding COPs with an average maturity of 10.6 years and an average interest rate of 3.04 percent resulted in a $14.3 million reduction in future debt service payments, with an economic gain of $10.9 million based on the present value savings.

Capital Leases

In October 2003, the University entered into a 30-year lease agreement with Arizona State University Foundation, LLC, an Arizona limited liability company, of which the sole member is the ASU Foundation for A New American University (ASU Foundation), 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 June 2011, the City of Phoenix (City) issued subordinated excise tax revenue bonds, a portion of which was used to fund the project.

The University's lease payments are based on the City's actual borrowing cost of the bonds. 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 ASU Foundation, to lease a multi-use office building in Washington, D.C. Buildings under capital lease are shown below.

Capital lease book value as of June 30, 2015
(Dollars in thousands)

	Book Value	Accumulated Depreciation	Net Book Value
Fulton Center	$ 29,551	$ (8,499)	$ 21,052
Flexible Display Center	37,314	(10,179)	27,135
Hassayampa Academic Village	12,451	(2,738)	9,713
Nursing and Health Innovation	11,788	(1,517)	10,271
Washington, D.C. Facility	35,000	(372)	34,628

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, 2046 total $1.9 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 outstanding at June 30, 2015 totaled $6.1 million with annual debt service payments of approximately $1.2 million through July 1, 2021.

The Taxable Series 2010A System Revenue Bonds and the Taxable Series 2010A SPEED Revenue Bonds were issued as Build America Bonds under the provisions of the American Recovery and Reinvestment Act (ARRA). As such, the University is eligible to receive Federal Direct Payments from the United States Treasury equal to 35 percent of the interest owed on each interest payment date. The amount paid to the University by the Federal government may be reduced or limited due to such issues as failure by the University to submit the required information, offsets to reflect any amounts owed by the University to the Federal government, or changes in the law that would reduce or eliminate such payments. During FY 2015, ASU received Federal Direct Payments totaling $3.7 million, net of a $0.3 million or 7.3 percent reduction due to the federal budget sequestration. For accounting purposes, any direct payments received from the U.S. Treasury are recorded as nonoperating revenue.

Securities and cash restricted for bonds and COPs debt service held by the trustee at June 30, 2015 totaled $69.8 million and $7.3 million, respectively. Payment commitments to investors, including interest, for bonds, COPs and other lease obligations, using the interest rate in effect at June 30, 2015 for variable rate issues, are shown below:

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2015 *(Dollars in thousands)*

	System Revenue Bonds				SPEED Revenue Bonds			Certificates of Participation		Capital Leases / Lease Purchases	
FY	Principal	Interest	Net Payments on Swap Agreement	Federal Direct Payments	Principal	Interest	Federal Direct Payments	Principal	Interest	Principal	Interest
2016	$ 45,650	$ 43,350	$ 3,393	$ (3,443)		$ 6,896	$ (530)	$ 11,255	$ 8,853	$ 2,964	$ 4,938
2017	40,155	41,924	3,281	(3,380)	$ 5,520	6,728	(534)	11,420	8,426	4,348	4,804
2018	31,255	40,834	3,164	(3,307)	5,710	6,516	(534)	14,170	7,928	4,567	4,603
2019	28,525	39,869	3,042	(3,226)	5,925	6,312	(533)	14,695	7,385	4,786	4,392
2020	37,875	38,418	2,913	(3,141)	6,120	6,050	(533)	15,265	6,734	4,292	4,170
2021-2025	219,615	164,396	12,401	(14,227)	34,960	25,135	(2,112)	76,680	22,282	24,541	17,891
2026-2030	216,190	111,870	8,072	(11,138)	43,625	14,924	(912)	68,280	6,726	30,446	12,331
2031-2035	167,470	72,820	2,548	(7,142)	33,100	4,729	(6)	13,200	103	32,926	5,142
2036-2040	131,910	36,108		(2,217)	3,250	1,391				4,418	514
2041-2045	76,930	9,725			4,145	452					
2046-2047	19,605	400									
Total	**$ 1,015,180**	**$ 599,714**	**$ 38,814**	**$ (51,221)**	**$ 142,355**	**$ 79,133**	**$ (5,694)**	**$ 224,965**	**$ 68,437**	**$ 113,288**	**$ 58,785**

Funding responsibility for the June 30, 2015 outstanding debt *(Dollars in thousands)*	Current Portion	Noncurrent Portion	Total
From Arizona State University operating revenues	$ 54,904	$ 1,111,056	$ 1,165,960
From State of Arizona appropriations and other State monies	15,876	413,981	429,857
	$ 70,780	**$ 1,525,037**	**$ 1,595,817**

Subsequent Events

The University presently plans to issue up to $144.0 million in system revenue bonds during the next year.

Operating Leases

Brickyard. In July 2004, the ASUF Brickyard, LLC, an Arizona limited liability company of the ASU Foundation, a component unit of Arizona State University, purchased the Brickyard office building and parking facility in downtown Tempe for $34.5 million, and is master leasing the entire facility to the University pursuant to a 25 year lease. This lease has no purchase options for the University. 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.

SkySong. In June 2006, the University entered in a 15 year lease, for approximately 80,000 square feet of office space within a development known as SkySong. SkySong is being developed by the ASU Foundation and its partners as a home for activities and organizations that co-mingle and stimulate new forms of global commerce, research, technology, art, education, and economic development. 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.

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

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

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

	Operating Lease Payments				
FY	**Brickyard**	**SkySong**	**ACC**	**Other**	**Total**
2016	$ 2,773	$ 3,440	$ 20,192	$ 7,060	$ 33,465
2017	2,769	3,519	31	4,865	11,184
2018	2,779	3,599	6	2,687	9,071
2019	2,783	3,681		1,130	7,594
2020	2,783	3,766		646	7,195
2021-2025	13,915	12,154		795	26,864
2026-2030	11,132	2,014		1,263	14,409
Total	**$ 38,934**	**$ 32,173**	**$ 20,229**	**$ 18,446**	**$109,782**

Note G - Interest Rate Swap Agreement

Effective January 1, 2007, the University entered into a $103 million notional amount swap agreement (hedging derivative instrument) expiring on July 1, 2034, in conjunction with the 2008 variable rate demand system revenue refunding bonds (2008 Bonds). The outstanding $91.1 million notional amount at June 30, 2015 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, 2015 was 0.07 percent. At June 30, 2015, 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	(0.07)
Net interest rate swap payments		3.84
Variable rate bond coupon payments	Spread to SIFMA	0.07
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, 2015, 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 A by Fitch, A by Standard & Poor's and A1 by Moody's Investor Services as of June 30, 2015. 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, 2015, the swap had a fair value of $(16.8) million, which represents the cost to the University to terminate the swap. The June 30, 2014 fair value was $(14.1) 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 H - Unrestricted Net Position

As discussed in the Summary of Significant Accounting Policies, the University follows accounting standards for external reporting purposes that require net position to be classified for accounting and reporting purposes into one of three net position categories according to externally imposed restrictions. Unrestricted net position, as defined by GASB, is not subject to externally imposed stipulations; however, it is subject to internal designations. For example, unrestricted net position may be designated for specific purposes by actions of management or may otherwise be limited by contractual purchase obligation agreements with outside parties. As of June 30, 2015, substantially all of the University's unrestricted net position was from University-generated revenues and was internally designated for academic and research programs and initiatives, and capital projects.

Note I - Compensated Absences

The University has recorded a liability for accruals of vacation leave earned, but not taken at fiscal year end. At fiscal year end the University accrued up to the maximum 22 days allowed by University policy for which an employee can be paid upon termination of employment. Changes in accrued compensated absences for the year ended June 30, 2015 consisted of the following (Dollars in thousands):

Beginning Balance	$ 27,773
Additions	39,202
Reductions	(36,961)
Ending Balance	$ 30,014
Current Portion	$ 3,167

Note J - Operating Expenses by Natural Classification

Operating expenses by functional and natural classification for the year ended June 30, 2015, are summarized as follows (Dollars in thousands):

	Year ended June 30, 2015				
	Personal Services and Benefits	Supplies and Services	Student Aid	Depreciation	Total
Instruction	$ 549,129	$ 134,219	$ 3,049		$ 686,397
Research	159,930	80,900	3,933		244,763
Public service	17,736	18,135	330		36,201
Academic support	156,374	90,003	1,323		247,700
Student services	64,488	29,504	4,499		98,491
Institutional support	89,119	60,616	1,878		151,613
Operation and maintenance of plant	25,585	76,582			102,167
Scholarships and fellowships	2,073	1,339	133,263		136,675
Auxiliary enterprises	56,066	85,047	2,071		143,184
Depreciation				$ 114,617	114,617
Total Operating Expenses	**$ 1,120,500**	**$ 576,345**	**$ 150,346**	**$ 114,617**	**$ 1,961,808**

Note K - Retirement Plans

The University participates in the Arizona State Retirement System (ASRS), a cost-sharing, multiple-employer defined benefit pension plan, and two defined contribution plans which are described below. The University also contributes to the Public Safety Personnel Retirement System (PSPRS), a state administered agent multiple-employer defined benefit pension plan. Although a PSPRS net pension liability has been recorded at June 30, 2015, 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, 2015, was comprised of the following (Dollars in thousands):

ASRS	$ 451,741
PSPRS	14,993
Defined contribution pension plans	17,399
Total net pension liability	$ 484,133

Changes in the University's net pension liability during the fiscal year ended June 30, 2015, were as follows (Dollars in thousands):

Beginning balance	$ 513,933
Increases	83,357
Decreases	(113,157)
Ending balance	$ 484,133

Defined Benefit Plan

Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) 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, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. That report may be obtained by visiting www.azasrs.gov.

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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

*With actuarially reduced benefits

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

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the University was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the University was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) 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, 2015, were $32.0 million. The University's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows (Dollars in thousands):

FY	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	$ 1,714	$ 352
2014	1,631	662
2013	1,674	626

Pension Liability. At June 30, 2015, the University reported a liability of $451.7 million for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014.

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, 2014. The University's proportion measured as of June 30, 2014 was 3.053 percent which was an increase of 0.1 percent from its proportion measured as of June 30, 2013.

<u>Pension Expense and Deferred Outflows/Inflows of Resources.</u> For the year ended June 30, 2015, the University recognized pension expense for ASRS of $35.6 million. At June 30, 2015, 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	$ 22,959	
Net difference between projected and actual earnings on pension plan investments		$ 78,996
Changes in proportion and differences between University contributions and proportionate share of contributions	13,412	
University contributions subsequent to the measurement date	32,018	
Total	**$ 68,389**	**$ 78,996**

The $32.0 million reported as deferred outflows of resources related to ASRS pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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):

Year ending June 30,	
2016	$ (3,935)
2017	(3,935)
2018	(15,005)
2019	(19,749)

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

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3.00% - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 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 arithmetic 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	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

<u>Discount Rate.</u> The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 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 8 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 (7 percent) or 1 percentage point higher (9 percent) than the current rate (Dollars in thousands):

	University's proportionate share of the net pension liability
1% decrease (7%)	$ 570,977
Current discount rate (8%)	451,741
1% increase (9%)	387,049

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 $0.9 million for outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2015.

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, 2015, plans offered by the Teachers Insurance Annuity Association/ College Retirement Equities Fund (TIAA/CREF) 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, 2015, 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, 2015, the University reported a liability of $17.4 million for 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, 2015, the University recognized pension expense for Defined Contribution Plans of $24.6 million. FY 2015 forfeitures were $1.4 million.

Pension Contributions Payable. The University's accrued payroll and employee benefits included $0.7 million of outstanding pension contribution amounts payable to TIAA/CREF and Fidelity for the year ended June 30, 2015.

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. The ongoing development of the campus is seen as a partnership between the University, the City, and area neighborhoods and businesses to help with the revitalization of the historic urban core of Phoenix. Per the terms of the agreement, the City has acquired land and existing buildings which have been identified by the University as being within the boundaries of the Downtown Phoenix campus. All property, except the residential life facility and the fitness complex, are owned by the City until the property is conveyed to the University. 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 the 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. The University has agreed to cooperate with the City to maximize the effective use of the Mercado property in augmenting the Downtown Phoenix campus facilities.

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 *Comprehensive Annual Financial Report*.

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 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 August 2008 on the Tempe campus, consists of approximately 1,800 apartment-style beds, with amenities such as a pool, community center, parking garage, and retail space. In FY 2014, the University entered into a three-year lease for retail space within Vista del Sol to be used as tutoring, study and meeting space to support the Barrett Honors College students living at Vista del Sol. In FY 2015, the University entered into an agreement to lease 601 beds to accommodate overflow from Barrett Honors College, with an option for four one-year renewals.

- Villas at Vista del Sol, an expansion of the Vista del Sol complex, opened in August 2012 and includes 400 beds intended for upper-classmen in a mix of apartment-style housing and townhome units. Residents will have access to existing Vista del Sol amenities, such as the pool and community center. In FY 2015, the University entered into an agreement to lease 400 beds to accommodate overflow from Barrett Honors College and fraternity housing, with an option for four one-year renewals.

- Barrett Honors College, opened August 2009 on the Tempe campus, provides housing and academic space for the Barrett Honors College including approximately 1,700 beds, classrooms, faculty offices, and dining facilities.

- Casa de Oro, a West campus housing project, was opened in August 2012 and includes 385 double occupancy suite-style beds for first-year students.

- Manzanita, a renovated Tempe campus facility, re-opened for the fall 2013 semester. The facility includes 816 double occupancy suite-style beds for first-year students.

- ASU entered into a ground lease on October 15, 2015 for a new facility on the Tempe campus scheduled to open Fall 2017. The new facility will provide approximately 1,600 double occupancy suite-style beds for first-year students on the current site of the almost 60 year old 555 bed Palo Verde Main residence hall.

Inland American Communities. ASU entered into a ground lease with Inland American Communities (IAC) for development of student housing on the Polytechnic campus. Century Hall opened in August 2012 and includes 321 double occupancy suite-style beds. During the term of the ground lease, 65 years with two ten-year options to renew, IAC 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.

Note O - Summary Financial Information for ASU Component Units

Arizona State University's discretely presented component units are comprised of two major component units, the ASU Foundation for A New American University (ASU Foundation) and Arizona Capital Facilities Finance Corporation (ACFFC), and several smaller component units consisting of the ASU Alumni Association, Arizona State University Research Park, Inc., Downtown Phoenix Student Housing, LLC, Sun Angel Endowment, Sun Angel Foundation, Thunderbird School of Global Management, 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: unrestricted net assets, temporarily restricted net assets, and 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 unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or 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), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Pledges Receivable

The ASU Foundation's pledges receivable (unconditional promises to give) are recorded at their net realizable value, which is net of a discount and loss allowance. Pledges are discounted using the applicable risk free rate at the date the pledge was recognized. The discount rates range from 1.20 percent to 10.90 percent. An allowance for uncollectible pledges is estimated based on the ASU Foundation'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 2.20 percent to 5.14 percent for the year ended June 30, 2015.

Pledges receivable consist of *(Dollars in thousands)*

	ASU Foundation	Sun Angel Foundation	Other Component Units	Total
Gross pledges receivable	$ 163,949	$ 35,519	$ 408	$ 199,876
Present value discount	(11,548)	(2,213)		(13,761)
Allowance for uncollectible pledges	(39,409)	(3,779)	(167)	(43,355)
Net pledges receivable	**$ 112,992**	**$ 29,527**	**$ 241**	**$ 142,760**

Members of the ASU Foundation's Board of Directors and Board of Trustees have made contributions and pledges to the Foundation in the current and prior years. At June 30, 2015 and 2014, net unconditional pledges receivable from these members included approximately $135 thousand and $120 thousand, respectively. The Foundation had conditional pledges receivable totaling $32.6 million at June 30, 2015; none are included in pledges receivable. Conditional pledges receivable are recorded when the conditions are substantially met.

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

	ASU Foundation	Sun Angel Foundation	Other Component Units	Total
Receivable in one year	$ 43,247	$ 5,247	$ 344	$ 48,838
Receivable in two to five years	39,069	15,288	64	54,421
Receivable after five years	81,633	14,984		96,617
Total gross pledges to be received	**$ 163,949**	**$ 35,519**	**$ 408**	**$ 199,876**

Direct Financing Lease Agreements

ASU Foundation. ASU Foundation leases a portion of the Fulton Center building (ASU Foundation headquarters) to the University under a direct financing lease. At the end of the lease, ASU Foundation and Affiliates will gift their portion of the building to the University and the University will receive title to the building. ASU Foundation's net investment in this direct financing lease at June 30, 2015 is $23.7 million.

Arizona Capital Facilities Finance Corporation (ACFFC). Pursuant to a sublease agreement, dated April 7, 2004 and amended on April 1, 2009 (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 2009A and 2009B 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 2009A and 2009B 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 $30.1 million at June 30, 2015.

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 September 1, 2008 to change the annual renewal period through June 30, 2039 to correspond with the maturity of the Hassayampa 2008 Bonds. Any right, title or interest of Hassayampa in and to the academic portions of the Hassayampa Project will pass to the University without further cost upon the payment in full of the Hassayampa 2008 Bonds. Lease payments are based on the fixed interest rates determined by the Hassayampa 2008 Bonds maturity schedule. ACFFC's net investment in the McAllister (HAV) direct financing lease is $12.0 million at June 30, 2015.

Contingent Agreements

In order to ensure the success of certain component unit student housing facilities, the University entered into various contingent agreements which allow 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.

On December 9, 2011 the Sun Angel Endowment executed an agreement with the Sun Angel Foundation and the Arizona Board of Regents for and on behalf of Arizona State University. The agreement provides for the merger of the Sun Angel Endowment into the Sun Angel Foundation upon satisfaction of certain conditions. The conditions to the merger were met in the fiscal year ending June 30, 2013; however the legal process of merging Sun Angel Endowment into the Sun Angel Foundation is expected to occur sometime in the future.

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. The contract with ACFFC is for 25 years, along with the related ground lease, and calls for minimum annual energy purchase obligations on the part of the University of approximately $7.5 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. The contract with ACFFC is for 20 years, along with the related ground lease, and calls for minimum annual purchase obligations by the University of approximately $2 million to cover ACFFC's fixed capital and management services costs. Additional billing amounts will be based on a pass through to the University of the service provider's variable costs, primarily electricity.

Investments in Securities

The ASU Foundation 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. The ASU Foundation 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.

The ASU Foundation 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 (0.80 percent for 2015), collared by a cap and floor of 4.00 percent and 3.00 percent, respectively, of a 12-quarter moving average calculated mid-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.

ASU Foundation has ownership of certain cash and cash equivalents that are not in the possession of ASU Foundation but are held, along with other marketable securities, by outside investment managers for the benefit of the ASU Foundation. Although these cash and cash equivalents are readily available to ASU Foundation, it is the intent of ASU Foundation 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.

Foundation Endowment and Net Asset Classification

Management of the ASU Foundation's endowment is governed by laws in the State of Arizona based on the Uniform Prudent Management of Institutional Funds Act. The ASU Foundation 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 ASU Foundation 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. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ (3,517)	$ 44,375	$ 375,569	$ 416,427
Quasi-endowments		73,622		73,622
Board-designated endowments	12,000			12,000
Total funds	**$ 8,483**	**$ 117,997**	**$ 375,569**	**$ 502,049**

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

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.

Reclassifications

Certain amounts have been reclassified in the FY 2014 consolidated ASU Foundation's financial statements to conform to the presentation of the FY 2015 consolidated financial statements. The reclassifications include a change in permanently restricted donor restricted endowments and endowments net assets, permanently restricted contributions and other additions in FY 2014. These reclassifications resulted in no change in the total net assets reported for FY 2014.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2014, as reclassified	$ 11,051	$ 116,581	$ 361,414	$ 489,046
Contributions and other additions		15,306	15,649	30,955
Investment Return:				
Interest and dividends		7,200	389	7,589
Net realized and unrealized gains/(losses)	(2,568)	(3,021)	(202)	(5,791)
Changes in assets due to other entities		(1,894)		(1,894)
Total Investment Return	(2,568)	2,285	187	(96)
Appropriation for expenditure		(16,026)	(452)	(16,478)
Reclassification of donor intent		(149)	(1,229)	(1,378)
Endowment net assets, June 30, 2015	**$ 8,483**	**$ 117,997**	**$375,569**	**$ 502,049**

Investment Summary

Investments consist of *(Dollars in thousands)*	**ASU Foundation**	**ACFFC**	**Other Component Units**	**Total**
Money market funds and cash equivalents	$ 30,305	$ 16,260	$ 38,077	$ 84,642
International equities	329,713			329,713
Fixed Income	115,370			115,370
Mutual funds:				
Equity mutual funds			5,368	5,368
Inflation hedge	219,641			219,641
Total mutual funds	219,641		5,368	225,009
Other securities	41,404		18,585	59,989
Other investments	50,208		704	50,912
Total investments	**$ 786,641**	**$ 16,260**	**$ 62,734**	**$ 865,635**

Property and Equipment

Property and equipment consist of *(Dollars in thousands)*	**ASU Foundation**	**ACFFC**	**Other Component Units**	**Total**
Cost or donated value:				
Buildings and improvements	$ 17,397	$ 174,045	$ 173,337	$ 364,779
Furniture, fixtures, and equipment	7,852	79,027	37,836	124,715
Leasehold improvements			19,649	19,649
Library books			1,163	1,163
Land			820	820
Total cost or donated value	25,249	253,072	232,805	511,126
Accumulated depreciation	(11,932)	(97,065)	(105,800)	(214,797)
Net property and equipment	**$ 13,317**	**$ 156,007**	**$ 127,005**	**$ 296,329**

Bonds and Obligations under Capital lease

Bonds payable consist of *(Dollars in thousands)*

	Final Maturity	ASU Foundation	ACFFC	Downtown Phoenix Student Housing, LLC	Other Component Units	Total
Series 2014A Tax-Exempt Lease Revenue Bonds (DC Project)	2035	$ 31,390				$ 31,390
Series 2014B Taxable Lease Revenue Bonds (DC Project)	2019	3,610				3,610
Series 2014A Revenue Refunding Bonds (Fulton)	2034	39,050				39,050
Series 2014B Revenue Refunding Bonds (Fulton)	2016	2,465				2,465
Series 2011 Tax-Exempt Revenue Refunding Bonds (Energy Management Services)	2018		$ 11,065			11,065
Series 2009 Revenue Bonds (Energy Management Services)	2024		32,035			32,035
Series 2009A Lease Revenue Refunding Bonds (Nanotechnology Research)	2034		22,955			22,955
Series 2009B Lease Revenue Refunding Bonds (Nanotechnology Research)	2022		7,415			7,415
Series 2008 Revenue Bonds (ASU Energy Center)	2028		13,375			13,375
Series 2008 Revenue Refunding Bonds (Hassayampa Academic Village)	2039		140,930			140,930
Series 2008 Variable Rate Demand Revenue Refunding Bonds (Sun Devil Energy Center)	2030		35,560			35,560
Series 2007 A&C Revenue Bonds	2042			$ 117,530		117,530
Series 2007 D Tax-Exempt Revenue Bonds	2042			22,700		22,700
Series 2006 Development Refunding Bonds (ASU Research Park)	2021				$ 6,120	6,120
Series 2004A Variable Rate Revenue Bonds (Brickyard)	2034	22,420				22,420
Series 2004B Variable Rate Revenue Bonds (Brickyard)	2022	6,755				6,755
Capital Lease	2015				94	94
Deferred Cost of Refunding			(225)			(225)
Unamortized bond premium (discount)			178	(1,013)		(835)
		$ 105,690	**$ 263,288**	**$ 139,217**	**$ 6,214**	**$ 514,409**

The following schedule reflects future principal payment commitments to investors:

Future principal commitments consist of *(Dollars in thousands)*

Year Ending June 30,	ASU Foundation	ACFFC	Downtown Phoenix Student Housing, LLC	Other Component Units	Total
2016	$ 2,195	$ 9,640	$ 810	$ 1,014	$ 13,659
2017	3,590	10,300	1,025	955	15,870
2018	3,730	10,985	1,245	995	16,955
2019	3,900	11,715	1,480	1,040	18,135
2020	4,085	9,345	1,735	1,080	16,245
Thereafter	88,190	211,303	132,922	1,130	433,545
	$ 105,690	**$ 263,288**	**$ 139,217**	**$ 6,214**	**$ 514,409**

Financial Statement Information

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

Component Units
Statement of Financial Position
June 30, 2015
(Dollars in thousands)

	ASU Foundation	ACFFC	Nonmajor Component Units	Total
Assets				
Cash and cash equivalents	$ 15,696	$ 4,244	$ 16,933	$ 36,873
Pledges receivables, net	112,992		29,768	142,760
Other receivables, net	6,691	350	31,681	38,722
Investments in securities	736,433	16,260	62,030	814,723
Other investments	50,208		704	50,912
Net direct financing leases	23,690	42,007		65,697
Property and equipment, net	13,317	156,007	127,005	296,329
Other assets	38,631	3,572	9,953	52,156
Total assets	$ 997,658	$ 222,440	$ 278,074	$ 1,498,172
Liabilities				
Accounts payable and accrued liabilities	$ 9,297	$ 7,957	$ 23,387	$ 40,641
Deferred revenue			14,968	14,968
ASU endowment trust liability	116,254			116,254
Other liabilities	28,167		11,568	39,735
Long-term debt	105,690	263,288	145,431	514,409
Total liabilities	$ 259,408	$ 271,245	$ 195,354	$ 726,007
Net Assets				
Unrestricted	$ 32,557	$ (48,805)	$ 45,360	$ 29,112
Temporarily restricted	287,938		35,518	323,456
Permanently restricted	417,755		1,842	419,597
Total net assets (deficit)	**$ 738,250**	**$ (48,805)**	**$ 82,720**	**$ 772,165**

Component Units
Statement of Activities
Year ended June 30, 2015
(Dollars in thousands)

	ASU Foundation	ACFFC	Nonmajor Component Units	Total
Revenues				
Contributions	$ 109,391		$ 47,120	$ 156,511
Rental revenues	1,430	$ 15,043	20,053	36,526
Sales and services	21,757	9,570	37,204	68,531
Net investment return	10,744	1	80	10,825
Grant and aid			15,616	15,616
Tuition and fees			11,849	11,849
Other revenues	3,766	8,545	913	13,224
Total revenues	$ 147,088	$ 33,159	$ 132,835	$ 313,082
Expenses				
Payments to the benefit of ASU -				
Cash and transfers to ASU	$ 63,867		$ 11,999	$ 75,866
Vendor payments	8,008			8,008
Scholarship fund transfers to ASU	6,480			6,480
Rent payments to ASU		$ 514	2,709	3,223
Management and general	32,941	9,662	74,845	117,448
Interest expense	1,592	12,659	7,670	21,921
Depreciation/amortization	763	12,448	9,329	22,540
Other expenses	8,656	127	2,522	11,305
Total expenses	$ 122,307	$ 35,410	$ 109,074	$ 266,791
Increase/(Decrease) in net assets, before transfers, gains and losses	24,781	(2,251)	23,761	46,291
Transfers, equity interest, gains and losses		7,882	24,010	31,892
Increase in net assets, after transfers, gains and losses	24,781	5,631	47,771	78,183
Net assets (deficit), beginning of year	713,469	(54,436)	34,949	693,982
Net assets (deficit), end of year	**$ 738,250**	**$ (48,805)**	**$ 82,720**	**$ 772,165**

Sun Devil Fitness Complex pool at the Downtown Phoenix campus

Required Supplementary Information

Schedule of the University's Proportionate Share of the Net Pension Liability Arizona State Retirement System June 30, 2015 *(Dollars in thousands)*	
	Reporting Fiscal Year (Measurement Date)
	2015 (2014)
University's proportion of the net pension liability	3.05%
University's proportionate share of the net pension liability	$ 451,741
University's covered-employee payroll	$ 276,606
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.32%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

Schedule of University Contributions
Arizona State Retirement System
Year ended June 30, 2015
(Dollars in thousands)

	Reporting Fiscal Year									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Statutorily required contribution	$ 32,018	$ 29,447	$ 26,714	$ 24,826	$ 23,825	$ 21,578	$ 20,429	$ 21,278	$ 18,832	$ 13,142
University's contributions in relation to the statutorily required contribution	32,018	29,447	26,714	24,826	23,825	21,578	20,429	21,278	18,832	13,142
University's contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
University's covered-employee payroll	$ 297,275	$ 276,606	$ 262,923	$ 258,178	$ 269,291	$ 264,710	$ 259,520	$ 264,213	$ 255,740	$ 232,480
University's contributions as a percentage of covered-employee payroll	10.77%	10.65%	10.16%	9.62%	8.85%	8.15%	7.87%	8.05%	7.36%	5.65%

Polytechnic Academic Complex at the Polytechnic campus

Supplementary Information

Nonmajor Component Units
Combining Statement of Financial Position
June 30, 2015
(Dollars in thousands)

	ASU Alumni Association	ASU Preparatory Academy, Inc.	Arizona State University Research Park, Inc.	Downtown Phoenix Student Housing, LLC	Sun Angel Endowment	Sun Angel Foundation	Thunderbird School of Global Management	Total
Assets								
Cash and cash equivalents	$ 43	$ 4,499	$ 2,481	$ 1,384	$ 211	$ 4,297	$ 4,018	$ 16,933
Pledges receivables, net	41	200				29,527		29,768
Other receivables, net	227	722	21,838	52		284	8,558	31,681
Investments in securities	16,414		1,180	14,255	7,471		22,710	62,030
Other investments					704			704
Property and equipment, net		150	4,850	93,870		12	28,123	127,005
Other assets	76	40	2,455	5,562	32	186	1,602	9,953
Total assets	$ 16,801	$ 5,611	$ 32,804	$ 115,123	$ 8,418	$ 34,306	$ 65,011	$ 278,074
Liabilities								
Accounts payable and accrued liabilities	$ 175	$ 1,304	$ 169	$ 17,797	$ 3	$ 509	$ 3,430	$ 23,387
Deferred revenue	30	358	13,074	11		9	1,486	14,968
Other liabilities	18	171	2,209	797	3,000		5,373	11,568
Long-term debt		94	6,120	139,217				145,431
Total liabilities	$ 223	$ 1,927	$ 21,572	$ 157,822	$ 3,003	$ 518	$ 10,289	$ 195,354
Net Assets								
Unrestricted	$ 16,287	$ 2,342	$ 11,232	$ (42,699)	$ 2,684	$ 813	$ 54,701	$ 45,360
Temporarily restricted	291	1,342			889	32,975	21	35,518
Permanently restricted					1,842			1,842
Total net assets (deficit)	**$ 16,578**	**$ 3,684**	**$ 11,232**	**$ (42,699)**	**$ 5,415**	**$ 33,788**	**$ 54,722**	**$ 82,720**

Nonmajor Component Units
Combining Statement of Activities
Year ended June 30, 2015
(Dollars in thousands)

	ASU Alumni Association	ASU Preparatory Academy, Inc.	Arizona State University Research Park, Inc.	Downtown Phoenix Student Housing, LLC	Sun Angel Endowment	Sun Angel Foundation	Thunderbird School of Global Management	Total
Revenues								
Contributions	$ 2,654	$ 4,068				$ 39,872	$ 526	$ 47,120
Rental revenues			$ 9,594	$ 10,459				20,053
Sales and services	2,280	1,356				534	33,034	37,204
Net investment return	175		5	11	$ 91	8	(210)	80
Grant and aid		15,616						15,616
Tuition and fees							11,849	11,849
Other revenues	193	22	67	155	1	128	347	913
Total revenues	$ 5,302	$ 21,062	$ 9,666	$ 10,625	$ 92	$ 40,542	$ 45,546	$ 132,835
Expenses								
Payments to the benefit of ASU -								
Cash donation transfers to ASU						$ 11,999		$ 11,999
Rent payments to ASU			$ 2,709					2,709
Management and general	$ 5,082	$ 18,353	1,123	$ 3,025	$ 139	1,318	$ 45,805	74,845
Interest expense			295	7,206	169			7,670
Depreciation/amortization		174	404	4,587			4,164	9,329
Other expenses	329		150	830		1,213		2,522
Total expenses	$ 5,411	$ 18,527	$ 4,681	$ 15,648	$ 308	$ 14,530	$ 49,969	$ 109,074
Increase/(Decrease) in net assets, before gains	(109)	2,535	4,985	(5,023)	(216)	26,012	(4,423)	23,761
Equity interest and gains							24,010	24,010
Increase/(Decrease) in net assets, after gains	(109)	2,535	4,985	(5,023)	(216)	26,012	19,587	47,771
Net assets (deficit), beginning of year	16,687	1,149	6,247	(37,676)	5,631	7,776	35,135	34,949
Net assets (deficit), end of year	**$ 16,578**	**$ 3,684**	**$ 11,232**	**$ (42,699)**	**$ 5,415**	**$ 33,788**	**$ 54,722**	**$ 82,720**

The annual Pat's Run raises scholarship funds for the Tillman Scholars who are carrying forward Pat Tillman's legacy of service

Statistical Section

NARRATIVE TO THE STATISTICAL SECTION

Net Position by Component										
Fiscal year ended June 30,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
(Dollars in thousands)										
Net investment in capital assets [1]	$ 718,642	$ 695,591	$ 664,867	$ 643,008	$ 634,253	$ 661,691	$ 665,895	$ 725,527	$ 595,819	$ 580,333
Restricted, Non-expendable	64,833	59,476	55,572	52,941	49,513	46,883	44,819	42,279	62,035	54,767
Restricted, Expendable	109,664	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854
Unrestricted [2]	161,623	563,307	511,298	462,958	359,430	235,290	165,914	27,368	155,702	145,128
Total Net Position	**$1,054,762**	**$1,432,322**	**$1,336,617**	**$1,251,568**	**$1,130,440**	**$1,036,795**	**$952,012**	**$894,388**	**$890,464**	**$843,082**
Expressed as a percent of the total										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	68.1	48.5	49.7	51.4	56.1	63.8	70.0	81.1	66.9	68.8
Restricted, Non-expendable	6.2	4.2	4.2	4.2	4.4	4.5	4.7	4.7	7.0	6.5
Restricted, Expendable	10.4	8.0	7.8	7.4	7.7	9.0	7.9	11.1	8.6	7.5
Unrestricted	15.3	39.3	38.3	37.0	31.8	22.7	17.4	3.1	17.5	17.2
Total Net Position	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Percentage increase/(decrease) from prior year										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	3.3	4.6	3.4	1.4	(4.1)	(0.6)	(8.2)	21.8	2.7	n/a
Restricted, Non-expendable	9.0	7.0	5.0	6.9	5.6	4.6	6.0	(31.8)	13.3	n/a
Restricted, Expendable	(3.8)	8.6	13.2	6.2	(6.1)	23.3	(24.0)	29.0	22.4	n/a
Unrestricted	(71.3)	10.2	10.4	28.8	52.8	41.8	506.2	(82.4)	7.3	n/a
Total Net Position	**(26.4)**	**7.2**	**6.8**	**10.7**	**9.0**	**8.9**	**6.4**	**0.4**	**5.6**	**n/a**

[1] Balances prior to FY 2014 have not been adjusted for the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
[2] Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

CHANGES IN NET POSITION

Changes in Net Position *(Dollars in thousands)*

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
Revenues										
Operating Revenues										
Student tuition and fees, net	$ 1,021,014	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319	$ 499,467	$ 436,657	$ 399,890	$ 349,414
Research grants and contracts	237,489	244,293	238,031	229,801	217,012	199,901	168,557	162,178	145,851	133,207
Sales and services										
Auxiliary enterprises	145,008	140,535	122,453	105,510	136,540	134,899	131,010	135,590	118,237	106,707
Educational departments	67,230	58,449	56,006	53,866	43,514	37,625	37,094	49,007	45,517	37,098
Other revenues	12,001	8,447	8,018	8,947	9,093	10,295	12,226	10,645	7,230	7,033
Total Operating Revenues	**$ 1,482,742**	**$1,348,645**	**$1,227,473**	**$1,155,341**	**$1,045,483**	**$ 949,039**	**$ 848,354**	**$ 794,077**	**$ 716,725**	**$ 633,459**
Expenses										
Operating Expenses										
Educational and general										
Instruction	$ 686,397	$ 617,091	$ 548,998	$ 519,117	$ 495,815	$ 472,979	$ 454,929	$ 461,082	$ 425,744	$ 383,553
Research	244,763	235,720	225,453	211,569	201,255	189,599	180,901	166,271	144,781	127,343
Public service	36,201	40,209	44,860	46,938	48,208	41,196	43,121	43,071	42,992	40,038
Academic support	247,700	225,853	204,831	185,890	187,435	176,213	171,546	166,778	149,280	135,635
Student services	98,491	72,409	65,908	60,737	55,244	49,078	51,412	53,959	49,823	45,333
Institutional support	151,613	136,334	124,546	120,491	124,893	122,706	126,920	129,104	113,072	99,286
Operation and maintenance of plant	102,167	98,901	91,077	86,750	83,939	77,598	87,530	94,582	83,265	64,665
Scholarships and fellowships	136,675	127,468	112,363	113,171	120,428	109,404	88,335	68,006	63,223	56,726
Auxiliary enterprises	143,184	130,550	119,509	115,799	142,492	135,141	121,467	127,229	113,434	97,068
Depreciation	114,617	112,270	106,992	98,005	97,202	95,745	93,768	83,448	78,085	66,121
Total Operating Expenses	**$1,961,808**	**$1,796,805**	**$1,644,537**	**$1,558,467**	**$1,556,911**	**$1,469,659**	**$1,419,929**	**$1,393,530**	**$1,263,699**	**$1,115,768**
Operating Loss	**$ (479,066)**	**$ (448,160)**	**$ (417,064)**	**$ (403,126)**	**$ (511,428)**	**$ (520,620)**	**$ (571,575)**	**$ (599,453)**	**$ (546,974)**	**$ (482,309)**
Nonoperating Revenues (Expenses)										
State appropriations	$ 338,042	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914	$ 402,452	$ 468,406	$ 423,120	$ 368,568
Federal fiscal stabilization funds					867	32,502	69,822			
Share of state tax - TRIF	26,526	27,785	25,225	23,799	21,770	21,303	23,735	28,161	31,566	22,113
Financial aid grants	115,070	106,855	104,415	110,222	104,498	84,998	49,969	42,198	36,176	36,310
Grants and contracts	49,037	35,863	42,195	49,237	50,133	48,390	50,892	34,905	34,741	40,392
Private gifts	57,651	64,928	59,807	55,329	50,584	45,847	49,211	42,620	39,222	40,155
Financial aid trust funds	13,615	12,393	11,114	11,027	9,279	9,249	8,812	8,680	6,606	3,754
Net investment return (loss)	5,133	20,263	9,494	(1,629)	17,130	7,510	(10,930)	11,387	28,700	20,383
Interest on debt	(53,428)	(52,674)	(53,331)	(48,101)	(47,505)	(42,740)	(39,451)	(36,929)	(33,283)	(28,805)
Other expenses	(9,814)	(9,642)	(10,995)	(8,358)	(6,980)	(10,002)	(6,186)	(16,492)	(13,540)	(13,983)
Net Nonoperating Revenues	**$ 541,832**	**$ 520,264**	**$ 485,326**	**$ 499,291**	**$ 580,690**	**$ 577,971**	**$ 598,326**	**$ 582,936**	**$ 553,308**	**$ 488,887**
Income (loss) before other revenues, expenses, gains, or losses	**$ 62,766**	**$ 72,104**	**$ 68,262**	**$ 96,165**	**$ 69,262**	**$ 57,351**	**$ 26,751**	**$ (16,517)**	**$ 6,334**	**$ 6,578**
Capital appropriations	$ 15,000	$ 14,471	$ 14,472	$ 14,472	$ 14,472	$ 14,472	$ 14,472	$ 14,472	$ 6,452	
Capital commitments	5,121	2,733	4,268	1,646	990					
Capital grants	158	893	761	1,636	1,371	2,086	1,432	2,283	2,190	1,548
Capital private gifts	7,106	8,308	2,503	7,206	3,567	3,351	4,961	7,576	9,614	4,447
Additions to permanent endowments	2,089	904	77	3	99	443	48	735	368	975
Property additions									22,424	
Special Items			(5,294)				7,240	(20,100)		(7,874)
Extraordinary Item - insurance recovery		3,900			3,884	7,080	2,720	15,475		
Increase (Decrease) in Net Position	**$ 92,240**	**$ 103,313**	**$ 85,049**	**$ 121,128**	**$ 93,645**	**$ 84,783**	**$ 57,624**	**$ 3,924**	**$ 47,382**	**$ 5,674**
Total Revenues	$ 2,117,290	$ 1,962,434	$ 1,799,206	$ 1,736,054	$ 1,705,041	$ 1,607,184	$ 1,523,190	$ 1,470,975	$ 1,357,904	$ 1,172,104
Total Expenses	$ 2,025,050	1,859,121	1,714,157	1,614,926	1,611,396	1,522,401	1,465,566	1,467,051	1,310,522	1,166,430
Increase (Decrease) in Net Position	**$ 92,240**	**$ 103,313**	**$ 85,049**	**$ 121,128**	**$ 93,645**	**$ 84,783**	**$ 57,624**	**$ 3,924**	**$ 47,382**	**$ 5,674**

Grants and contracts prior to FY 2008 were restated between operating and non-operating categories in order to provide comparison among years. This is a presentation change only.

Changes in Net Position (Expressed as a percent of Total Revenues / Total Expenses)

Fiscal Year Ended June 30,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007** *(as restated)*	**2006** *(as restated)*
	%	%	%	%	%	%	%	%	%	%
Revenues										
Operating Revenues										
Student tuition and fees, net	48.2	45.7	44.6	43.6	37.5	35.2	32.8	29.7	29.4	29.8
Research grants and contracts	11.2	12.4	13.2	13.2	12.7	12.4	11.1	11.0	10.7	11.4
Sales and services										
Auxiliary enterprises	6.9	7.2	6.8	6.1	8.0	8.4	8.6	9.2	8.7	9.1
Educational departments	3.2	3.0	3.1	3.1	2.6	2.3	2.4	3.3	3.4	3.2
Other revenues	0.6	0.4	0.4	0.5	0.5	0.6	0.8	0.7	0.5	0.6
Total Operating Revenues	**70.1**	**68.7**	**68.1**	**66.5**	**61.3**	**58.9**	**55.7**	**53.9**	**52.7**	**54.1**
Expenses										
Operating Expenses										
Educational and general										
Instruction	*33.9*	*33.2*	*32.0*	*32.1*	*30.8*	*31.1*	*31.0*	*31.4*	*32.5*	*32.9*
Research	*12.1*	*12.7*	*13.2*	*13.1*	*12.5*	*12.5*	*12.3*	*11.3*	*11.0*	*10.9*
Public service	*1.8*	*2.2*	*2.6*	*2.9*	*3.0*	*2.7*	*2.9*	*2.9*	*3.3*	*3.4*
Academic support	*12.2*	*12.1*	*11.9*	*11.5*	*11.6*	*11.6*	*11.7*	*11.4*	*11.4*	*11.6*
Student services	*4.9*	*3.9*	*3.8*	*3.8*	*3.4*	*3.2*	*3.5*	*3.7*	*3.8*	*3.9*
Institutional support	*7.5*	*7.3*	*7.3*	*7.5*	*7.8*	*8.1*	*8.7*	*8.8*	*8.6*	*8.5*
Operation and maintenance of plant	*5.0*	*5.3*	*5.3*	*5.4*	*5.2*	*5.1*	*6.0*	*6.4*	*6.4*	*5.5*
Scholarships and fellowships	*6.7*	*6.9*	*6.6*	*7.0*	*7.5*	*7.2*	*6.0*	*4.6*	*4.8*	*4.9*
Auxiliary enterprises	*7.1*	*7.0*	*7.0*	*7.2*	*8.8*	*8.9*	*8.3*	*8.7*	*8.7*	*8.3*
Depreciation	*5.7*	*6.0*	*6.2*	*6.1*	*6.0*	*6.3*	*6.4*	*5.7*	*6.0*	*5.7*
Total Operating Expenses	**92.7**	**91.5**	**91.4**	**89.8**	**91.3**	**91.4**	**93.2**	**94.7**	**93.1**	**95.2**
Operating Loss	**(22.6)**	**(22.8)**	**(23.3)**	**(23.3)**	**(30.0)**	**(32.5)**	**(37.5)**	**(40.8)**	**(40.4)**	**(41.1)**
Nonoperating Revenues (Expenses)										
State appropriations	16.0	16.0	16.5	17.7	22.3	23.7	26.4	31.8	31.2	31.4
Federal fiscal stabilization funds	0.0	0.0	0.0	0.0	0.1	2.0	4.6	0.0	0.0	0.0
Share of state tax - TRIF	1.3	1.4	1.4	1.4	1.3	1.3	1.6	1.9	2.3	1.9
Financial aid grants	5.4	5.4	5.8	6.3	6.1	5.3	3.3	2.9	2.7	3.1
Grants and contracts	2.3	1.8	2.3	2.8	2.9	3.0	3.3	2.4	2.6	3.4
Private gifts	2.7	3.3	3.3	3.2	3.0	2.9	3.2	2.9	2.9	3.4
Financial aid trust funds	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.5	0.3
Net investment return (loss)	0.2	1.0	0.5	(0.1)	1.0	0.5	(0.7)	0.8	2.1	1.7
Interest on debt	*(2.6)*	*(2.8)*	*(3.1)*	*(3.0)*	*(2.9)*	*(2.8)*	*(2.7)*	*(2.5)*	*(2.5)*	*(2.5)*
Other expenses	*(0.5)*	*(0.5)*	*(0.6)*	*(0.5)*	*(0.4)*	*(0.7)*	*(0.4)*	*(1.1)*	*(1.0)*	*(1.2)*
Net Nonoperating Revenues	**25.6**	**26.5**	**27.0**	**28.8**	**34.1**	**36.0**	**39.3**	**39.6**	**40.7**	**41.7**
Income (loss) before other revenues, expenses, gains, or losses	**3.0**	**3.7**	**3.7**	**5.5**	**4.1**	**3.5**	**1.8**	**(1.2)**	**0.3**	**0.6**
Capital appropriations	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.0	0.5	0.0
Capital commitment	0.2	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Capital grants	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.1
Capital private gifts	0.4	0.4	0.1	0.4	0.2	0.2	0.3	0.5	0.7	0.4
Additions to permanent endowments	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Property additions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0
Special Items	0.0	0.0	*(0.3)*	0.0	0.0	0.0	0.5	*(1.4)*	0.0	*(0.7)*
Extraordinary Item - insurance recovery	0.0	0.2	0.0	0.0	0.2	0.4	0.2	1.1	0.0	0.0
Increase (Decrease) in Net Position	**4.4**	**5.3**	**4.7**	**7.0**	**5.5**	**5.3**	**3.8**	**0.3**	**3.5**	**0.5**

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,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007** *(as restated)*	**2006** *(as restated)*
	%	%	%	%	%	%	%	%	%	%
Revenues										
Operating Revenues										
Student tuition and fees, net	13.8	11.7	6.0	18.4	12.9	13.4	14.4	9.2	14.4	n/a
Research grants and contracts	(2.8)	2.6	3.6	5.9	8.6	18.6	3.9	11.2	9.5	n/a
Sales and services										
Auxiliary enterprises	3.2	14.8	16.1	(22.7)	1.2	3.0	(3.4)	14.7	10.8	n/a
Educational departments	15.0	4.4	4.0	23.8	15.7	1.4	(24.3)	7.7	22.7	n/a
Other revenues	42.1	5.4	(10.4)	(1.6)	(11.7)	(15.8)	14.9	47.2	2.8	n/a
Total Operating Revenues	9.9	9.9	6.2	10.5	10.2	11.9	6.8	10.8	13.1	n/a
Expenses										
Operating Expenses										
Educational and general										
Instruction	11.2	12.4	5.8	4.7	4.8	4.0	(1.3)	8.3	11.0	n/a
Research	3.8	4.6	6.6	5.1	6.1	4.8	8.8	14.8	13.7	n/a
Public service	(10.0)	(10.4)	(4.4)	(2.6)	17.0	(4.5)	0.1	0.2	7.4	n/a
Academic support	9.7	10.3	10.2	(0.8)	6.4	2.7	2.9	11.7	10.1	n/a
Student services	36.0	9.9	8.5	9.9	12.6	(4.5)	(4.7)	8.3	9.9	n/a
Institutional support	11.2	9.5	3.4	(3.5)	1.8	(3.3)	(1.7)	14.2	13.9	n/a
Operation and maintenance of plant	3.3	8.6	5.0	3.3	8.2	(11.3)	(7.5)	13.6	28.8	n/a
Scholarships and fellowships	7.2	13.4	(0.7)	(6.0)	10.1	23.9	29.9	7.6	11.5	n/a
Auxiliary enterprises	9.7	9.2	3.2	(18.7)	5.4	11.3	(4.5)	12.2	16.9	n/a
Depreciation	2.1	4.9	9.2	0.8	1.5	2.1	12.4	6.9	18.1	n/a
Total Operating Expenses	9.2	9.3	5.5	0.1	5.9	3.5	1.9	10.3	13.3	n/a
Operating Loss	6.9	7.5	3.5	(21.2)	(1.8)	(8.9)	(4.7)	9.6	13.4	n/a
Nonoperating Revenues (Expenses)										
State appropriations	7.5	5.7	(3.4)	(19.2)	0.0	(5.4)	(14.1)	10.7	14.8	n/a
Federal fiscal stabilization funds	n/a	n/a	n/a	n/a	(97.3)	(53.5)	n/a	n/a	n/a	n/a
Share of state tax - TRIF	(4.5)	10.1	6.0	9.3	2.2	(10.2)	(15.7)	(10.8)	42.7	n/a
Financial aid grants	7.7	2.3	(5.3)	5.5	22.9	70.1	18.4	16.6	(0.4)	n/a
Grants and contracts	36.7	(15.0)	(14.3)	(1.8)	3.6	(4.9)	45.8	0.5	(14.0)	n/a
Private gifts	(11.2)	8.6	8.1	9.4	10.3	(6.8)	15.5	8.7	(2.3)	n/a
Financial aid trust funds	9.9	11.5	0.8	18.8	0.3	5.0	1.5	31.4	76.0	n/a
Net investment return (loss)	(74.7)	113.4	(682.8)	(109.5)	128.1	(168.7)	(196.0)	(60.3)	40.8	n/a
Interest on debt	1.4	(1.2)	10.9	1.3	11.1	8.3	6.8	11.0	15.5	n/a
Other expenses	1.8	(12.3)	31.6	19.7	(30.2)	61.7	(62.5)	21.8	(3.2)	n/a
Net Nonoperating Revenues	4.1	7.2	(2.8)	(14.0)	0.5	(3.4)	2.6	5.4	13.2	n/a
Income (loss) before other revenues, expenses, gains, or losses	(13.0)	5.6	(29.0)	38.8	20.8	114.4	(262.0)	(360.8)	(3.7)	n/a
Capital appropriations	3.7	0.0	0.0	0.0	0.0	0.0	0.0	124.3	n/a	n/a
Capital commitment	87.4	(36.0)	159.3	66.3	n/a	n/a	n/a	n/a	n/a	n/a
Capital grants	(82.3)	17.3	(53.5)	19.3	(34.3)	45.7	(37.3)	4.2	41.5	n/a
Capital private gifts	(14.5)	231.9	(65.3)	102.0	6.4	(32.5)	(34.5)	(21.2)	116.2	n/a
Additions to permanent endowments	131.1	1,074.0	2,466.7	(97.0)	(77.7)	822.9	(93.5)	99.7	(62.3)	n/a
Property additions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Items	n/a	n/a	n/a	n/a	n/a	n/a	(136.0)	n/a	n/a	n/a
Extraordinary Item - insurance recovery	n/a	n/a	n/a	n/a	(45.1)	160.3	(82.4)	n/a	n/a	n/a
Increase (Decrease) in Net Position	(10.7)	21.5	(29.8)	29.3	10.5	47.1	1,368.5	(91.7)	735.1	n/a

OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating Expenses by Natural Classification										
Fiscal year ended June 30,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
(Dollars in thousands)										
Personal services	$ 830,440	$ 761,778	$ 711,641	$ 679,715	$ 692,246	$ 664,755	$ 666,331	$ 666,673	$ 617,620	$ 567,723
Benefits	290,060	268,025	236,380	231,295	226,400	216,684	206,828	194,583	174,682	149,472
Personal services and benefits	1,120,500	1,029,803	948,021	911,010	918,646	881,439	873,159	861,256	792,302	717,195
Supplies and services	576,345	514,355	464,452	423,693	407,826	371,588	352,567	368,370	319,301	266,418
Student aid, net scholarship allowance	150,346	140,377	125,072	125,759	133,237	120,887	100,435	80,456	74,011	66,034
Depreciation	114,617	112,270	106,992	98,005	97,202	95,745	93,768	83,448	78,085	66,121
Total Operating Expenses by Natural Classification	**$1,961,808**	**$1,796,805**	**$1,644,537**	**$1,558,467**	**$1,556,911**	**$1,469,659**	**$1,419,929**	**$1,393,530**	**$1,263,699**	**$1,115,768**
Expressed as a percent of the total										
	%	%	%	%	%	%	%	%	%	%
Personal services	42.3	42.4	43.3	43.6	44.5	45.2	46.9	47.8	48.9	50.9
Benefits	14.8	14.9	14.4	14.8	14.5	14.8	14.6	14.0	13.8	13.4
Personal services and benefits	57.1	57.3	57.7	58.4	59.0	60.0	61.5	61.8	62.7	64.3
Supplies and services	29.4	28.6	28.2	27.2	26.2	25.3	24.8	26.4	25.3	23.9
Student aid, net scholarship allowance	7.7	7.8	7.6	8.1	8.6	8.2	7.1	5.8	5.8	5.9
Depreciation	5.8	6.3	6.5	6.3	6.2	6.5	6.6	6.0	6.2	5.9
Total Operating Expenses by Natural Classification	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Percentage increase/(decrease) from prior year										
	%	%	%	%	%	%	%	%	%	%
Personal services	9.0	7.0	4.7	(1.8)	4.1	(0.2)	(0.1)	7.9	8.8	n/a
Benefits	8.2	13.4	2.2	2.2	4.5	4.8	6.3	11.4	16.9	n/a
Personal services and benefits	8.8	8.6	4.1	(0.8)	4.2	0.9	1.4	8.7	10.5	n/a
Supplies and services	12.1	10.7	9.6	3.9	9.8	5.4	(4.3)	15.4	19.8	n/a
Student aid, net scholarship allowance	7.1	12.2	(0.5)	(5.6)	10.2	20.4	24.8	8.7	12.1	n/a
Depreciation	2.1	4.9	9.2	0.8	1.5	2.1	12.4	6.9	18.1	n/a
Total Operating Expenses by Natural Classification	**9.2**	**9.3**	**5.5**	**0.1**	**5.9**	**3.5**	**1.9**	**10.3**	**13.3**	**n/a**
Scholarship allowance	$ 269,503	$ 231,124	$ 211,919	$ 203,501	$ 180,646	$ 155,161	$ 113,874	$ 95,315	$ 83,665	$ 75,919

COMBINED SOURCES AND USES

Combined Sources and Uses *(Dollars in millions)*

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
Sources										
Student Tuition and Fees, net	$ 1,021.0	$ 896.9	$ 803.0	$ 757.2	$ 639.3	$ 566.3	$ 499.5	$ 436.7	$ 399.9	$ 349.4
Gross Tuition and Fees	*1,278.0*	*1,117.8*	*1,005.8*	*952.5*	*811.4*	*711.1*	*608.5*	*526.3*	*479.6*	*422.6*
Scholarship Allowance	*257.0*	*220.9*	*202.8*	*195.3*	*172.1*	*144.8*	*109.0*	*89.6*	*79.7*	*73.2*
State Appropriation	353.0	329.0	311.9	322.2	395.4	395.4	416.9	482.9	429.6	368.6
Capital Appropriation	*15.0*	*14.5*	*14.5*	*14.5*	*14.5*	*14.5*	*14.5*	*14.5*	*6.5*	
Federal Fiscal Stabilization Funds					0.8	32.5	69.8			
Grants and Contracts	286.7	281.1	281.0	280.7	268.5	250.4	220.9	199.4	182.8	175.3
Federally Funded	*229.9*	*247.9*	*225.4*	*232.3*	*219.8*	*191.9*	*151.8*	*148.6*	*150.0*	*139.8*
Financial Aid Grants	115.1	106.9	104.4	110.2	104.5	85.0	50.0	42.2	36.2	36.1
Federally Funded	*114.8*	*106.4*	*104.0*	*109.8*	*104.1*	*84.6*	*49.6*	*40.4*	*36.2*	*36.1*
Auxiliary Enterprises, net	145.0	140.5	122.5	105.5	136.6	134.9	131.0	135.6	118.2	106.7
Private and Capital Gifts	66.8	74.1	62.3	62.6	54.2	49.6	54.2	50.9	49.2	45.6
Capital Gifts	*7.1*	*8.3*	*2.5*	*7.2*	*3.6*	*3.4*	*5.0*	*7.6*	*9.6*	*4.4*
Sales and Services	67.2	58.4	56.0	53.9	43.5	37.6	37.1	49.0	45.5	37.1
Technology and Research Initiatives Funds (TRIF)	26.5	27.8	25.2	23.8	21.8	21.3	23.7	28.1	31.6	22.1
Other Sources	35.9	47.7	32.9	20.0	40.4	34.2	20.1	46.1	64.9	31.2
Total Sources	**$ 2,117.2**	**$ 1,962.4**	**$ 1,799.2**	**$ 1,736.1**	**$ 1,705.0**	**$ 1,607.2**	**$ 1,523.2**	**$ 1,470.9**	**$ 1,357.9**	**$ 1,172.1**
Uses										
Instruction	$ 686.4	$ 617.1	$ 549.0	$ 519.1	$ 495.8	$ 473.0	$ 454.9	$ 461.1	$ 425.7	$ 383.6
Organized Research	244.8	235.7	225.5	211.6	201.3	189.6	180.9	166.3	144.8	127.3
Public Service	36.2	40.2	44.9	46.9	48.2	41.2	43.1	43.1	43.0	40.0
Academic Support	247.7	225.8	204.8	185.9	187.4	176.2	171.6	166.8	149.3	135.6
Student Services	98.4	72.4	65.9	60.7	55.2	49.1	51.5	54.0	49.8	45.3
Institutional Support	151.6	136.3	124.5	120.5	124.9	122.7	126.9	129.1	113.1	99.3
Operation and Maintenance of Plant	102.2	98.9	91.1	86.7	83.9	77.6	87.5	94.5	83.3	64.7
Scholarships and Fellowships	136.7	127.5	112.4	113.2	120.5	109.4	88.3	68.0	63.2	56.7
Auxiliary Enterprises	143.2	130.6	119.5	115.8	142.5	135.1	121.5	127.2	113.4	97.1
Depreciation	114.6	112.3	107.0	98.0	97.2	95.7	93.8	83.4	78.1	66.1
Academic and Research Buildings	*67.6*	*63.9*	*60.0*	*52.1*	*50.3*	*50.1*	*48.7*	*45.7*	*44.4*	*39.7*
Other Expenses	63.2	62.3	69.6	56.5	54.5	52.8	45.6	73.5	46.8	50.7
Total Uses	**$ 2,025.0**	**$ 1,859.1**	**$ 1,714.2**	**$ 1,614.9**	**$ 1,611.4**	**$ 1,522.4**	**$ 1,465.6**	**$ 1,467.0**	**$ 1,310.5**	**$ 1,166.4**

Principal Revenue Sources *(Dollars in thousands)*

Fiscal year ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Tuition and Fees, net of scholarship allowance	**$1,021,014**	**$ 896,921**	**$ 802,965**	**$ 757,217**	**$ 639,324**	**$ 566,319**	**$ 499,467**	**$ 436,657**	**$ 399,890**	**$349,414**
percent of total revenue	48%	46%	45%	44%	37%	35%	33%	30%	29%	30%
percent increase from prior year	14%	12%	6%	18%	13%	13%	14%	9%	14%	n/a
State of Arizona Government										
State appropriations	$ 338,042	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914	$ 402,452	$ 468,406	$ 423,120	$ 368,568
Technology and research initiative fund	26,526	27,785	25,225	23,799	21,770	21,303	23,735	28,161	31,566	22,113
Capital appropriations and capital commitments	20,121	17,204	16,642	16,118	15,462	14,472	14,472	14,472	6,452	
Financial aid trust fund	5,483	5,350	4,920	5,242	5,322	5,569	5,412	5,322	3,723	1,102
State grants and contracts	6,848	3,055	1,514	9,136	6,386	10,800	11,143	7,958	3,267	7,033
Capital grants									150	
State of Arizona Government	**$ 397,020**	**$ 367,887**	**$ 345,703**	**$ 362,060**	**$ 429,854**	**$ 433,058**	**$ 457,214**	**$ 524,319**	**$ 468,278**	**$398,816**
percent of total revenue	19%	19%	19%	21%	25%	27%	30%	36%	34%	34%
percent increase (decrease) from prior year	8%	6%	(5%)	(16%)	(1%)	(5%)	(13%)	12%	17%	n/a
Federal Government										
Federal grants and contracts	$ 229,925	$ 247,015	$ 224,603	$ 230,747	$ 218,704	$ 189,909	$ 150,683	$ 146,758	$ 147,798	$ 138,278
Financial aid grants	114,816	106,360	103,965	109,779	104,057	84,574	49,588	40,397	36,176	36,101
Capital grants		859	761	1,517	1,142	2,031	1,067	1,826	1,752	1,548
Federal fiscal stabilization funds					867	32,502	69,822			
Federal Government	**$ 344,741**	**$ 354,234**	**$ 329,329**	**$ 342,043**	**$ 324,770**	**$ 309,016**	**$ 271,160**	**$ 188,981**	**$ 185,726**	**$175,927**
percent of total revenue	16%	18%	18%	20%	19%	19%	18%	13%	14%	15%
percent increase (decrease) from prior year	(3%)	8%	(4%)	5%	5%	14%	43%	2%	6%	n/a
Total from principal revenue sources	**$1,762,775**	**$1,619,042**	**$1,477,997**	**$1,461,320**	**$1,393,948**	**$1,308,393**	**$1,227,841**	**$1,149,957**	**$1,053,894**	**$924,157**
percent of total revenue	83%	83%	82%	85%	81%	81%	81%	79%	77%	79%
percent increase from prior year	9%	10%	1%	5%	7%	7%	7%	9%	14%	n/a

ACADEMIC YEAR TUITION AND REQUIRED FEES

Academic Year Tuition and Required Fees										
Fiscal year ended June 30,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
RESIDENT UNDERGRADUATE										
Arizona State University	$10,127	$ 9,861	$ 9,724	$ 9,720	$ 8,132	$ 6,334	$ 5,661	$ 4,971	$ 4,688	$ 4,406
percent increase from prior year	2.7%	1.4%	0.0%	19.5%	28.4%	11.8%	13.9%	6.0%	6.4%	n/a
PAC-12 Public Average	$10,972	$10,729	$10,484	$ 9,831	$ 8,990	$ 7,803	$ 6,811	$ 6,322	$ 5,809	$ 5,539
percent increase from prior year	2.3%	2.3%	6.6%	9.4%	15.2%	14.6%	7.7%	8.8%	4.9%	n/a
ABOR Peers Average	$11,871	$11,675	$11,440	$10,846	$10,146	$ 9,443	$ 8,904	$ 8,356	$ 7,902	$ 7,418
percent increase from prior year	1.7%	2.1%	5.5%	6.9%	7.4%	6.1%	6.6%	5.7%	6.5%	n/a
NON-RESIDENT UNDERGRADUATE										
Arizona State University	$24,503	$23,654	$22,977	$22,319	$20,596	$18,919	$17,949	$17,003	$15,847	$15,095
percent increase from prior year	3.6%	2.9%	2.9%	8.4%	8.9%	5.4%	5.6%	7.3%	5.0%	n/a
PAC-12 Public Average	$30,469	$29,436	$28,653	$27,510	$26,753	$25,123	$22,812	$21,357	$20,100	$19,008
percent increase from prior year	3.5%	2.7%	4.2%	2.8%	6.5%	10.1%	6.8%	6.3%	5.7%	n/a
ABOR Peers Average	$30,003	$29,146	$28,297	$27,066	$25,665	$24,436	$23,068	$22,192	$20,904	$19,666
percent increase from prior year	2.9%	3.0%	4.5%	5.5%	5.0%	5.9%	3.9%	6.2%	6.3%	n/a
RESIDENT GRADUATE										
Arizona State University	$11,303	$10,818	$10,517	$10,220	$8,848	$ 7,465	$ 7,041	$ 6,377	$ 6,027	$ 5,561
percent increase from prior year	4.5%	2.9%	2.9%	15.5%	18.5%	6.0%	10.4%	5.8%	8.4%	n/a
PAC-12 Public Average	$12,676	$12,374	$12,039	$11,494	$10,321	$ 9,824	$ 9,093	$ 8,516	$ 7,725	$ 7,255
percent increase from prior year	2.4%	2.8%	4.7%	11.4%	5.1%	8.0%	6.8%	10.2%	6.5%	n/a
ABOR Peers Average	$13,955	$13,598	$13,207	$12,603	$11,843	$11,022	$10,472	$ 9,708	$ 9,066	$ 8,488
percent increase from prior year	2.6%	3.0%	4.8%	6.4%	7.4%	5.3%	7.9%	7.1%	6.8%	n/a
NON-RESIDENT GRADUATE										
Arizona State University	$26,736	$25,804	$25,066	$24,345	$22,397	$20,659	$19,606	$18,070	$16,613	$15,825
percent increase from prior year	3.6%	2.9%	3.0%	8.7%	8.4%	5.4%	8.5%	8.8%	5.0%	n/a
PAC-12 Public Average	$26,281	$25,597	$24,952	$24,051	$22,722	$21,823	$20,513	$19,002	$17,936	$17,625
percent increase from prior year	2.7%	2.6%	3.7%	5.8%	4.1%	6.4%	8.0%	5.9%	1.8%	n/a
ABOR Peers Average	$27,958	$27,206	$26,485	$25,552	$24,435	$23,437	$22,457	$21,292	$20,268	$19,289
percent increase from prior year	2.8%	2.7%	3.7%	4.6%	4.3%	4.4%	5.5%	5.1%	5.1%	n/a

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

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

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

Summary of Composite Financial Index Ratios[1]

Fiscal year ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
COMPOSITE FINANCIAL INDEX										
+ Primary Reserve Ratio	**0.27**	**0.45**	**0.43**	**0.40**	**0.35**	**0.27**	**0.22**	**0.23**	**0.33**	**0.29**
/ 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	2.03	3.38	3.23	3.01	2.63	2.03	1.65	1.73	2.48	2.18
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.71	1.18	1.13	1.05	0.92	0.71	0.58	0.61	0.87	0.76
+ Return on Net Position/Net Assets	**10.3%**	**8.5%**	**8.3%**	**7.1%**	**10.5%**	**6.7%**	**(4.8%)**	**2.6%**	**11.8%**	**11.2%**
/ Strength Factor	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
= Ratio / Strength Factor	5.15	4.25	4.15	3.55	5.25	3.35	(1.00)	1.30	5.90	5.60
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	1.03	0.85	0.83	0.71	1.05	0.67	(0.20)	0.26	1.18	1.12
+ Net Operating Revenues Ratio	**3.4%**	**4.4%**	**3.9%**	**3.5%**	**4.9%**	**3.3%**	**(2.2%)**	**(2.7%)**	**0.0%**	**1.4%**
/ Strength Factor	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
= Ratio / Strength Factor	2.62	3.38	3.00	2.69	3.77	2.54	(1.00)	(1.00)	0.00	1.08
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.26	0.34	0.30	0.27	0.38	0.25	(0.10)	(0.10)	0.00	0.11
+ Viability Ratio	**0.3**	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**	**0.2**	**0.3**	**0.4**	**0.3**
/ Strength Factor	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417
= Ratio / Strength Factor	0.72	1.20	1.20	0.96	0.96	0.72	0.48	0.72	0.96	0.72
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.25	0.42	0.42	0.34	0.34	0.25	0.17	0.25	0.34	0.25
Composite Financial Index	**2.25**	**2.79**	**2.68**	**2.37**	**2.69**	**1.88**	**0.45**	**1.02**	**2.39**	**2.24**

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

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

[1]Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

SUMMARY OF RATIOS *(continued)*

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

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
PRIMARY RESERVE RATIO										
Unrestricted Net Position	$ 161,623	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290	$ 165,914	$ 27,368	$ 155,702	$ 145,128
Unrestricted Net Assets - Component Units	29,112	(28,470)	(51,915)	(62,932)	(34,119)	(57,636)	(57,447)	6,512	32,802	38,154
Expendable Restricted Net Position	109,664	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854
Temporarily Restricted Net Assets - Component Units	323,456	286,599	260,101	232,312	214,130	182,878	174,586	233,668	219,495	115,184
Expendable Net Position/Net Assets	**$ 623,855**	**$ 935,384**	**$ 824,364**	**$ 724,999**	**$ 626,685**	**$ 453,463**	**$ 358,437**	**$ 366,762**	**$ 484,907**	**$ 361,320**
Operating Expenses	$ 1,961,808	$ 1,796,805	$ 1,644,537	$ 1,558,467	$ 1,556,911	$ 1,469,659	$ 1,419,929	$ 1,393,530	$ 1,263,699	$ 1,115,768
Nonoperating Expenses	63,242	62,316	64,326	56,459	54,485	52,742	45,637	53,421	46,823	42,788
Component Unit Total Expenses	266,791	201,738	186,523	202,475	182,983	171,174	163,219	158,433	137,843	103,421
Total Expenses	**$2,291,841**	**$2,060,859**	**$1,895,386**	**$1,817,401**	**$1,794,379**	**$1,693,575**	**$1,628,785**	**$1,605,384**	**$1,448,365**	**$1,261,977**
Expendable Net Position/Net Assets	$ 623,855	$ 935,384	$ 824,364	$ 724,999	$ 626,685	$ 453,463	$ 358,437	$ 366,762	$ 484,907	$ 361,320
Total Expenses	$ 2,291,841	$ 2,060,859	$ 1,895,386	$ 1,817,401	$ 1,794,379	$ 1,693,575	$ 1,628,785	$ 1,605,384	$ 1,448,365	$ 1,261,977
Ratio	**0.27**	**0.45**	**0.43**	**0.40**	**0.35**	**0.27**	**0.22**	**0.23**	**0.33**	**0.29**

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.

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
RETURN ON NET POSITION/NET ASSETS RATIO										
Change in Total Net Position/Net Assets	$ 170,423	$ 163,969	$ 148,312	$ 118,202	$ 159,068	$ 94,407	$ (72,049)	$ 37,286	$ 153,438	$ 130,457
Total Net Position/Net Assets (Beginning of Year)	$ 1,656,504	$ 1,927,200	$ 1,786,613	$ 1,668,411	$ 1,509,343	$ 1,414,936	$ 1,486,985	$ 1,449,699	$ 1,296,682	$ 1,165,922
Ratio	**10.3%**	**8.5%**	**8.3%**	**7.1%**	**10.5%**	**6.7%**	**(4.8%)**	**2.6%**	**11.8%**	**11.2%**

Return on Net Position/Net Assets Ratio calculation includes component unit information.

Measures total economic return. While an increasing trend reflects strength, a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.

[1]Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

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

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
NET OPERATING REVENUES RATIO										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	$ 62,766	$ 72,104	$ 68,262	$ 96,165	$ 69,262	$ 57,351	$ 26,751	$ (16,517)	$ 6,334	$ 6,578
Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	17,131	23,577	8,169	(30,703)	23,517	(189)	(61,911)	(25,750)	(5,655)	10,904
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	**$ 79,897**	**$ 95,681**	**$ 76,431**	**$ 65,462**	**$ 92,779**	**$ 57,162**	**$ (35,160)**	**$ (42,267)**	**$ 679**	**$ 17,482**
Total Operating Revenues	$ 1,482,742	$ 1,348,645	$ 1,227,473	$ 1,155,341	$ 1,045,483	$ 949,039	$ 848,354	$ 794,077	$ 716,725	$ 633,459
State Appropriations and State Related Revenues	364,568	342,278	322,627	331,564	403,551	434,719	496,009	496,567	454,686	390,681
Non-capital Gifts and Grants, net	221,758	207,646	206,417	214,788	205,215	179,235	150,072	119,723	110,139	116,857
Financial aid trust	13,615	12,393	11,114	11,027	9,279	9,249	8,812	8,680	6,606	3,754
Investment Income (Loss), net	5,133	20,263	9,494	(1,629)	17,130	7,510	(10,930)	11,387	28,700	20,383
Component Units Total Unrestricted Revenue	283,922	225,315	194,692	171,772	206,500	170,985	101,308	132,683	132,188	114,325
Adjusted Net Operating Revenue	**$ 2,371,738**	**$2,156,540**	**$1,971,817**	**$1,882,863**	**$1,887,158**	**$1,750,737**	**$1,593,625**	**$1,563,117**	**$1,449,044**	**$1,279,459**
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	$ 79,897	$ 95,681	$ 76,431	$ 65,462	$ 92,779	$ 57,162	$ (35,160)	$ (42,267)	$ 679	$ 17,482
Adjusted Net Operating Revenue	$ 2,371,738	$ 2,156,540	$ 1,971,817	$ 1,882,863	$ 1,887,158	$ 1,750,737	$ 1,593,625	$ 1,563,117	$ 1,449,044	$ 1,279,459
Ratio	**3.4%**	**4.4%**	**3.9%**	**3.5%**	**4.9%**	**3.3%**	**(2.2%)**	**(2.7%)**	**0.0%**	**1.4%**

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.

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
VIABILITY RATIO										
Unrestricted Net Position	$ 161,623	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290	$ 165,914	$ 27,368	$ 155,702	$ 145,128
Unrestricted Net Assets - Component Units	29,112	(28,470)	(51,915)	(62,932)	(34,119)	(57,636)	(57,447)	6,512	32,802	38,154
Expendable Restricted Net Position	109,664	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854
Temporarily Restricted Net Assets - Component Units	323,456	286,599	260,101	232,312	214,130	182,878	174,586	233,668	219,495	115,184
Expendable Net Position/Net Assets	**$ 623,855**	**$ 935,384**	**$ 824,364**	**$ 724,999**	**$ 626,685**	**$ 453,463**	**$ 358,437**	**$ 366,762**	**$ 484,907**	**$ 361,320**
University Long-Term Debt, net capital leases with Component Units	$ 1,511,891	$ 1,319,199	$ 1,266,524	$ 1,227,702	$ 1,078,340	$ 1,032,441	$ 874,100	$ 765,272	$ 796,474	$ 742,714
Component Unit Long-Term Debt	514,409	509,339	521,101	546,488	586,851	596,104	603,843	540,121	416,703	417,311
Total Adjusted University Debt	**$ 2,026,300**	**$ 1,828,538**	**$ 1,787,625**	**$1,774,190**	**$1,665,191**	**$1,628,545**	**$1,477,943**	**$1,305,393**	**$1,213,177**	**$1,160,025**
Expendable Net Position/Net Assets	$ 623,855	$ 935,384	$ 824,364	$ 724,999	$ 626,685	$ 453,463	$ 358,437	$ 366,762	$ 484,907	$ 361,320
Total Adjusted University Debt	$ 2,026,300	$ 1,828,538	$ 1,787,625	$ 1,774,190	$ 1,665,191	$ 1,628,545	$ 1,477,943	$ 1,305,393	$ 1,213,177	$ 1,160,025
Ratio	**0.3**	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**	**0.2**	**0.3**	**0.4**	**0.3**

Measures the ability of the institution to cover its debt as of the statement of net position date, should the institution need to do so.

[1]Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

SUMMARY OF RATIOS *(continued)*

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

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
EXPENDABLE RESOURCES TO DEBT										
Unrestricted Net Position	$ 161,623	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290	$ 165,914	$ 27,368	$ 155,702	$ 145,128
Expendable Restricted Net Position	109,664	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854
Expendable Net Position	**$ 271,287**	**$ 677,255**	**$ 616,178**	**$ 555,619**	**$ 446,674**	**$ 328,221**	**$ 241,298**	**$ 126,582**	**$ 232,610**	**$ 207,982**
Expendable Net Position	$ 271,287	$ 677,255	$ 616,178	$ 555,619	$ 446,674	$ 328,221	$ 241,298	$ 126,582	$ 232,610	$ 207,982
Total Bonds, COPS, and Capital Leases	$ 1,553,342	$ 1,354,886	$ 1,321,417	$ 1,275,403	$ 1,140,423	$ 1,094,882	$ 949,063	$ 840,228	$ 872,278	$ 807,109
Ratio	**0.2**	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**	**0.3**	**0.2**	**0.3**	**0.3**

Measures the ability of the institution to cover its debt using expendable resources as of the balance sheet date, should the institution need to do so.

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
TOTAL FINANCIAL RESOURCES TO DIRECT DEBT										
Unrestricted Net Position	$ 161,623	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290	$ 165,914	$ 27,368	$ 155,702	$ 145,128
Expendable Restricted Net Position	109,664	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854
Non-expendable Restricted Net Position	64,833	59,476	55,572	52,941	49,513	46,883	44,819	42,279	62,035	54,767
Total Financial Resources	**$ 336,120**	**$ 736,731**	**$ 671,750**	**$ 608,560**	**$ 496,187**	**$ 375,104**	**$ 286,117**	**$ 168,861**	**$ 294,645**	**$ 262,749**
Total Financial Resources	$ 336,120	$ 736,731	$ 671,750	$ 608,850	$ 496,187	$ 375,104	$ 286,117	$ 168,861	$ 294,645	$ 262,749
Total Bonds, COPS, and Capital Leases	$ 1,553,342	$ 1,354,886	$ 1,321,417	$ 1,275,403	$ 1,140,423	$ 1,094,882	$ 949,063	$ 840,228	$ 872,278	$ 807,109
Ratio	**0.2**	**0.5**	**0.5**	**0.5**	**0.4**	**0.3**	**0.3**	**0.2**	**0.3**	**0.3**

A broader measure of the ability of the institution to cover its debt as of the balance sheet date, should the institution need to do so.

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
DIRECT DEBT TO ADJUSTED CASH FLOW										
Net Cash Used by Operating Activities	$ (367,867)	$ (319,052)	$ (322,858)	$ (346,453)	$ (420,160)	$ (441,550)	$ (470,853)	$ (482,720)	$ (461,252)	$ (417,216)
State Appropriations and Federal Stabilization Funds	338,042	314,493	297,402	307,765	381,781	413,416	472,274	468,406	423,120	368,568
Share of State Sales Tax - TRIF	26,526	27,785	25,225	23,799	21,770	21,303	23,735	28,161	31,566	22,113
Non-capital Grants and Contracts, Gifts, Other [1]	235,373	220,039	217,531	225,815	214,494	188,484	158,884	128,403	116,745	120,611
Adjusted Cash Flow from Operations	**$ 232,074**	**$ 243,265**	**$ 217,300**	**$ 210,926**	**$ 197,885**	**$ 181,653**	**$ 184,040**	**$ 142,250**	**$ 110,179**	**$ 94,076**
Total Bonds, COPS, and Capital Leases	$ 1,553,342	$ 1,354,886	$ 1,321,417	$ 1,275,403	$ 1,140,423	$ 1,094,882	$ 949,063	$ 840,228	$ 872,278	$ 807,109
Adjusted Cash Flow from Operations	$ 232,074	$ 243,265	$ 217,300	$ 210,926	$ 197,885	$ 181,653	$ 184,040	$ 142,250	$ 110,179	$ 94,076
Ratio	**6.7**	**5.6**	**6.1**	**6.0**	**5.8**	**6.0**	**5.2**	**5.9**	**7.9**	**8.6**

[1] Includes financial aid grants, grants and contracts, private gifts, and financial aid trust funds.

Measures the financial strength of the institution by indicating how long (in years) the institution would take to repay the debt using the cash provided by its operations. A decreasing ratio over time denotes strength.

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*
DEBT SERVICE TO OPERATIONS										
Interest and Fees Paid on Debt and Leases	$ 53,428	$ 52,674	$ 53,331	$ 48,101	$ 47,505	$ 42,740	$ 39,451	$ 36,929	$ 33,283	$ 28,805
Principal Paid on Debt and Leases [1]	305,910	50,596	137,349	124,871	50,626	43,097	39,889	140,357	91,172	19,836
Principal Paid from Refinancing Activities [2]	(243,340)		(90,955)	(82,130)	(8,090)			(103,000)	(65,385)	
Debt Service	**$ 115,998**	**$ 103,270**	**$ 99,725**	**$ 90,842**	**$ 90,041**	**$ 85,837**	**$ 79,340**	**$ 74,286**	**$ 59,070**	**$ 48,641**
Debt Service	$ 115,998	$ 103,270	$ 99,725	$ 90,842	$ 90,041	$ 85,837	$ 79,340	$ 74,286	$ 59,070	$ 48,641
Operating Expenses	$ 1,961,808	$ 1,796,805	$ 1,644,537	$ 1,558,467	$ 1,556,911	$ 1,469,659	$ 1,419,929	$ 1,393,530	$ 1,263,699	$ 1,115,768
Ratio	**5.9%**	**5.7%**	**6.1%**	**5.8%**	**5.8%**	**5.8%**	**5.6%**	**5.3%**	**4.7%**	**4.4%**

[1] Obtained from "Bonds Payable, Certificates of Participation, Capital Leases, and Other Lease Obligations" disclosures included in the applicable fiscal year's audited Notes to Financial Statements.

[2] Obtained amount from refunding bonds official statements.

Measures the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures. The ratio measures the relative cost of debt to overall expenses and a declining trend is generally desirable, however the ratio can increase during times of specific funding activity to support the institution's strategic mission.

[1]Balances prior to FY 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

Summary of Ratios *(Dollars in thousands)*										
Fiscal Year Ended June 30,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES										
Operating Expenses	$ 1,961,808	$ 1,796,805	$ 1,644,537	$ 1,558,467	$ 1,556,911	$ 1,469,659	$ 1,419,929	$ 1,393,530	$ 1,263,699	$ 1,115,768
Scholarships and Fellowships	(136,675)	(127,468)	(112,363)	(113,171)	(120,428)	(109,404)	(88,335)	(68,006)	(63,223)	(56,726)
Interest on Debt	53,428	52,674	53,331	48,101	47,505	42,740	39,451	36,929	33,283	28,805
Total Adjusted Operating Expenses	**$1,878,561**	**$1,722,011**	**$1,585,505**	**$1,493,397**	**$1,483,988**	**$1,402,995**	**$1,371,045**	**$1,362,453**	**$1,233,759**	**$1,087,847**
Research Expenses	$ 244,763	$ 235,720	$ 225,453	$ 211,569	$ 201,255	$ 189,599	$ 180,901	$ 166,271	$ 144,781	$ 127,343
Total Adjusted Operating Expenses	$ 1,878,561	$ 1,722,011	$ 1,585,505	$ 1,493,397	$ 1,483,988	$ 1,402,995	$ 1,371,045	$ 1,362,453	$ 1,233,759	$ 1,087,847
Ratio	**13.0%**	**13.7%**	**14.2%**	**14.2%**	**13.6%**	**13.5%**	**13.2%**	**12.2%**	**11.7%**	**11.7%**
Measures the institution's research expense to the total operating expenses.										
NET TUITION PER STUDENT										
Student Tuition and Fees, net	$ 1,021,014	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319	$ 499,467	$ 436,657	$ 399,890	$ 349,414
Financial Aid Grants	115,070	106,855	104,415	110,222	104,498	84,998	49,969	42,198	36,176	36,310
Scholarships and Fellowships	(136,675)	(127,468)	(112,363)	(113,171)	(120,428)	(109,404)	(88,335)	(68,006)	(63,223)	(56,726)
Net Tuition and Fees	**$ 999,409**	**$ 876,308**	**$ 795,017**	**$ 754,268**	**$ 623,394**	**$ 541,913**	**$ 461,101**	**$ 410,849**	**$ 372,843**	**$ 328,998**
Net Tuition and Fees	$ 999,409	$ 876,308	$ 795,017	$ 754,268	$ 623,394	$ 541,913	$ 461,101	$ 410,849	$ 372,843	$ 328,998
Student FTE	81,254	76,376	73,062	72,558	69,459	66,988	64,011	60,543	59,068	56,900
Net Tuition per Student (whole dollars)	**$ 12,300**	**$ 11,474**	**$ 10,881**	**$ 10,395**	**$ 8,975**	**$ 8,090**	**$ 7,203**	**$ 6,786**	**$ 6,312**	**$ 5,782**
Measures the institution's net student tuition and fees received per student.										
STATE APPROPRIATIONS PER STUDENT										
State Appropriations	$ 338,042	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914	$ 402,452	$ 468,406	$ 423,120	$ 368,568
Capital State Appropriations	15,000	14,471	14,472	14,472	14,472	14,472	14,472	14,472	6,452	
Adjusted State Appropriations	**$ 353,042**	**$ 328,964**	**$ 311,874**	**$ 322,237**	**$ 395,386**	**$ 395,386**	**$ 416,924**	**$ 482,878**	**$ 429,572**	**$ 368,568**
Adjusted State Appropriations	$ 353,042	$ 328,964	$ 311,874	$ 322,237	$ 395,386	$ 395,386	$ 416,924	$ 482,878	$ 429,572	$ 368,568
Student FTE	81,254	76,376	73,062	72,558	69,459	66,988	64,011	60,543	59,068	56,900
Adjusted State Appropriations per Student (whole dollars)	**$ 4,345**	**$ 4,307**	**$ 4,269**	**$ 4,441**	**$ 5,692**	**$ 5,902**	**$ 6,513**	**$ 7,976**	**$ 7,272**	**$ 6,477**
Measures the institution's dependency on state appropriations.										

DEBT COVERAGE FOR SENIOR AND SUBORDINATE LIEN BONDS

Summary of Ratios *(Dollars in thousands)*

Bond Resolution Covenant. The Board has covenanted in the Bond Resolution to fix, revise and collect tuition, registration, matriculation, health services, laboratory, and admission fees from students matriculated, registered or enrolled at or attending the University, and to fix, revise and collect all other fees, admissions, rentals and other charges received from students, faculty, staff members and others using or being served by the System of Building Facilities, in an aggregate amount so the Gross Revenues of the University for each fiscal year will be at least 150% of the Maximum Annual Debt Service due in any fiscal year on all outstanding senior lien bonds and sufficient at all times to continually operate and maintain the System of Building Facilities and to make necessary deposits at the times and in the amounts specified in the Bond Resolution.*

Bond Resolution Requirement. Pursuant to the Bond Resolution, the Board may issue additional Parity Bonds if the Gross Revenues of the University for the fiscal year preceding the issuance of such Parity Bonds are at least equal to 300% of the Maximum Annual Debt Service on all Outstanding Parity Bonds and the Parity Bonds proposed to be issued.*

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 (as restated)	2006 (as restated)
REVENUES AVAILABLE FOR DEBT SERVICE										
Tuition and Fees, net of scholarship allowance	$ 1,021,014	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319	$ 499,467	$ 436,657	$ 399,890	$ 349,414
Receipts from Other Major Revenue Sources (Facilities Revenue)	279,610	264,385	244,696	220,610	237,446	216,408	203,329	202,050	180,212	156,476
Net Revenues Available for Debt Service	**$ 1,300,624**	**$1,161,306**	**$1,047,661**	**$ 977,827**	**$ 876,770**	**$ 782,727**	**$ 702,796**	**$ 638,707**	**$ 580,102**	**$ 505,890**
SENIOR LIEN MAXIMUM BONDS DEBT SERVICE										
Interest on Debt	$ 46,842	$ 40,342	$ 42,079	$ 38,702	$ 32,895	$ 30,405	$ 20,190	$ 13,551	$ 13,527	$ 10,583
Principal Paid on Debt	40,155	42,635	44,770	43,020	39,670	37,150	33,040	27,805	27,780	24,555
Senior Lien Bonds Debt Service Requirement [1]	**$ 86,997**	**$ 82,977**	**$ 86,849**	**$ 81,722**	**$ 72,565**	**$ 67,555**	**$ 53,230**	**$ 41,356**	**$ 41,307**	**$ 35,138**
Coverage	**14.95**	**14.00**	**12.06**	**11.97**	**12.08**	**11.59**	**13.20**	**15.44**	**14.04**	**14.40**

Debt Service Assurance Agreement and SPEED Bond Resolution Covenant. The Board has further covenanted in the Debt Service Assurance Agreement entered into in connection with the 2006 ASU Research Park Bonds and in the bond resolution for the Board's SPEED Revenue Bonds to fix, revise and collect Student Tuition and Fees Revenues and Facilities Revenues in an aggregate amount so that Gross Revenues of the University in any fiscal year will be at least equal to 100% of (i) the annual debt service due on all Outstanding Parity Bonds and the Subordinate Obligations in such fiscal year and (ii) the expense of operating and maintaining the System of Building Facilities.*

Fiscal Year Ended June 30,	2015	2014	2013	2012	2011	2010	2009	2008	2007 (as restated)	2006 (as restated)
SENIOR LIEN BONDS DEBT SERVICE										
Interest on Debt	$ 46,842	$ 38,584	$ 42,079	$ 38,702	$ 32,895	$ 30,405	$ 20,190	$ 13,551	$ 13,527	$ 10,583
Principal Paid on Debt	40,155	42,640	44,770	43,020	39,670	37,150	33,040	27,805	27,780	24,555
Senior Lien Bonds Debt Service Requirement	**$ 86,997**	**$ 81,224**	**$ 86,849**	**$ 81,722**	**$ 72,565**	**$ 67,555**	**$ 53,230**	**$ 41,356**	**$ 41,307**	**$ 35,138**
SUBORDINATE LIEN BONDS DEBT SERVICE										
Interest on Debt	$ 7,154	$ 7,154	$ 3,441	$ 3,441	$ 2,110	$ 328	$ 328	$ 328	$ 328	$ 328
Principal Paid on Debt	6,440	6,440	845	845	845	845	845	845	845	845
Subordinate Lien Bonds Debt Service Requirements	**$ 13,594**	**$ 13,594**	**$ 4,286**	**$ 4,286**	**$ 2,955**	**$ 1,173**	**$ 1,173**	**$ 1,173**	**$ 1,173**	**$ 1,173**
Combined Senior/Subordinate Lien Debt Service [1]	**$ 100,591**	**$ 94,818**	**$ 91,135**	**$ 86,008**	**$ 75,520**	**$ 68,728**	**$ 54,403**	**$ 42,529**	**$ 42,480**	**$ 36,311**
Coverage	**12.93**	**12.25**	**11.50**	**11.37**	**11.61**	**11.39**	**12.92**	**15.02**	**13.66**	**13.93**

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

Long-Term Debt *(Dollars in thousands)*										
Fiscal year ended June 30,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
System Revenue Bonds	$ 1,157,535	$ 1,002,655	$ 959,000	$ 902,845	$ 769,285	$ 710,550	$553,755	$432,540	$448,985	$387,350
Unamortized Premium	91,298	42,844	37,946	29,399	8,585	7,265	7,825	8,537	10,082	8,798
Deferred Amount on Refundings	(32,255)	(10,094)	(11,829)	(8,880)	(3,724)	(4,017)	(4,284)	(4,546)	(4,161)	(4,401)
Net System Revenue Bonds	**$ 1,216,578**	**$1,035,405**	**$ 985,117**	**$ 923,364**	**$ 774,146**	**$ 713,798**	**$557,296**	**$436,531**	**$454,906**	**$391,747**
Certificates of Participation	$ 224,965	$ 235,505	$ 248,385	$ 261,910	$ 271,920	$ 281,965	$297,265	$312,090	$327,835	$335,595
Unamortized Premium	8,731	9,892	11,202	4,582	5,458	6,372	7,254	8,258	9,318	5,773
Deferred Amount on Refundings	(9,556)	(6,971)	(8,086)	(3,501)	(3,793)	(3,863)	(4,133)	(4,631)	(5,129)	(680)
Net Certificates of Participation	**$ 224,140**	**$ 238,426**	**$ 251,501**	**$ 262,991**	**$ 273,585**	**$ 284,474**	**$300,386**	**$315,717**	**$332,024**	**$340,688**
Total Bonds Payable	$ 1,216,578	$ 1,035,405	$ 985,117	$ 923,364	$ 774,146	$ 713,798	$557,296	$436,531	$454,906	$391,747
COPS Payable	224,140	238,426	251,501	262,991	273,585	284,474	300,386	315,717	332,024	340,688
Capital and Operating Leases Payable	112,624	81,055	84,799	89,048	92,692	96,610	91,381	87,980	85,348	74,674
Total	**$ 1,553,342**	**$1,354,886**	**$1,321,417**	**$1,275,403**	**$1,140,423**	**$1,094,882**	**$949,063**	**$840,228**	**$872,278**	**$807,109**
Long-Term Debt										
per Student FTE *(whole dollars)*	$ 19,117	$ 17,740	$ 18,086	$ 17,578	$ 16,419	$ 16,344	$ 14,827	$ 13,878	$ 14,767	$ 14,185
per Dollar of State Appropriations and State Capital Appropriations	$ 4.40	$ 4.12	$ 4.24	$ 3.96	$ 2.88	$ 2.77	$ 2.28	$ 1.74	$ 2.03	$ 2.19
per Dollar of Total Grants and Contracts	$ 5.42	$ 4.82	$ 4.70	$ 4.54	$ 4.25	$ 4.37	$ 4.30	$ 4.21	$ 4.77	$ 4.60
Data Used in Above Calculations										
Total Student FTE	81,254	76,376	73,062	72,558	69,459	66,988	64,011	60,543	59,068	56,900
State Appropriations and State Capital Appropriations	$ 353,042	$ 328,964	$ 311,874	$ 322,237	$ 395,386	$ 395,386	$416,924	$482,878	$429,572	$368,568
Grants and Contracts	$ 286,684	$ 281,049	$ 280,987	$ 280,674	$ 268,516	$ 250,377	$220,881	$199,366	$182,782	$175,356

Student FTE based on fall enrollment of the fiscal year.

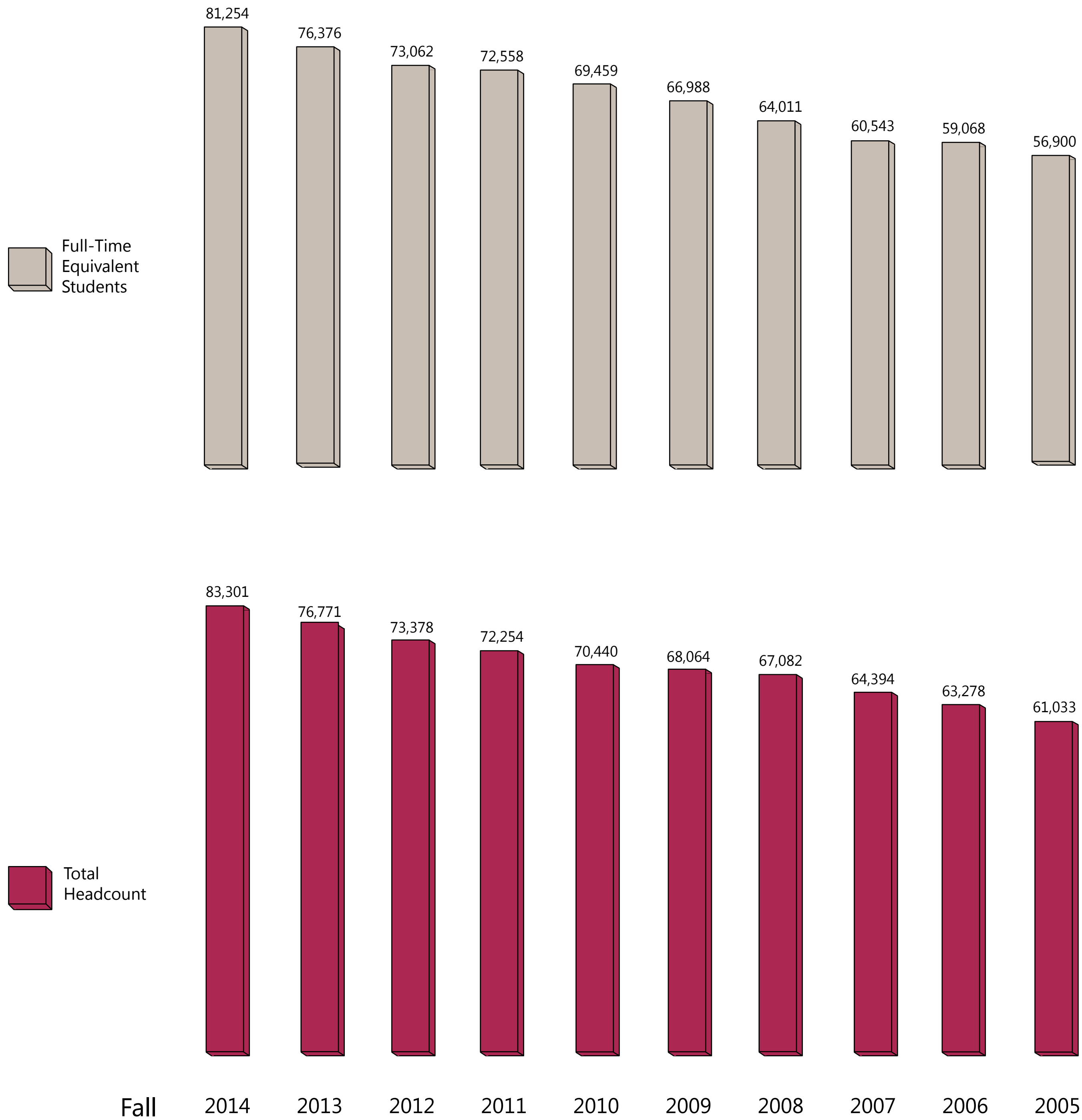
ADMISSIONS, ENROLLMENT, AND DEGREES EARNED

Admissions, Enrollment, and Degrees Earned *(Fall Enrollment)*

Fall enrollment of fiscal year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ADMISSIONS - FRESHMEN										
Applications [1]	38,280	35,294	37,982	37,225	35,449	32,188	30,809	28,644	27,877	24,727
Accepted	30,028	26,915	26,986	26,425	25,795	25,616	24,473	23,504	22,226	19,791
Enrolled	11,079	10,232	9,265	9,254	9,544	9,344	9,707	9,274	9,052	8,467
Accepted as Percentage of Application	78%	76%	71%	71%	73%	80%	79%	82%	80%	80%
Enrolled as Percentage of Accepted	37%	38%	34%	35%	37%	36%	40%	39%	41%	43%
Average SAT scores - Total	1112	1108	1111	1107	1100	1083	1082	1077	1083	1103
Verbal	549	546	547	546	542	535	534	532	534	547
Math	563	562	564	561	557	547	548	545	549	556
ENROLLMENT										
Student FTE	81,254	76,376	73,062	72,558	69,459	66,988	64,011	60,543	59,068	56,900
Student Headcount	83,301	76,771	73,378	72,254	70,440	68,064	67,082	64,394	63,278	61,033
Men (Headcount)	42,194	38,580	36,401	35,758	34,491	33,005	32,318	30,856	29,899	28,735
Percentage of Total	50.7%	50.3%	49.6%	49.5%	49.0%	48.5%	48.2%	47.9%	47.3%	47.1%
Women (Headcount)	41,107	38,191	36,977	36,496	35,949	35,059	34,764	33,538	33,379	32,298
Percentage of Total	49.3%	49.7%	50.4%	50.5%	51.0%	51.5%	51.8%	52.1%	52.7%	52.9%
African American (Headcount)	4,002	3,663	3,491	3,521	3,452	3,257	2,914	2,489	2,391	2,211
Percentage of Total	4.8%	4.8%	4.8%	4.9%	4.9%	4.8%	4.4%	3.9%	3.8%	3.6%
White (Headcount)	45,407	43,713	43,494	43,774	43,291	42,728	42,742	40,709	40,430	39,537
Percentage of Total	54.5%	56.9%	59.3%	60.6%	61.5%	62.8%	63.7%	63.2%	63.9%	64.8%
Other (Headcount)	33,892	29,395	26,393	24,959	23,697	22,079	21,426	21,196	20,457	19,285
Percentage of Total	40.7%	38.3%	35.9%	34.5%	33.6%	32.4%	31.9%	32.9%	32.3%	31.6%
DEGREES EARNED										
Bachelor's	14,842	14,381	13,913	13,210	12,194	11,810	11,229	10,706	10,137	9,855
Master's	5,268	4,584	4,163	4,007	4,150	3,914	3,615	3,082	2,900	2,631
Doctoral	687	596	636	611	545	490	587	418	394	389
Professional	223	200	204	217	201	166	179	238	198	180
Total Degrees Earned	**21,020**	**19,761**	**18,916**	**18,045**	**17,090**	**16,380**	**15,610**	**14,444**	**13,629**	**13,055**

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

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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ENROLLMENT (Headcount)										
Undergraduate	67,507	62,089	59,382	58,404	56,562	54,277	53,298	51,311	50,755	48,955
Graduate	15,794	14,682	13,996	13,850	13,878	13,787	13,784	13,083	12,523	12,078
Resident (Arizona)	49,940	49,537	50,400	51,235	51,128	50,374	49,055	46,217	46,538	45,046
Non-Resident	33,361	27,234	22,978	21,019	19,312	17,690	18,027	18,177	16,740	15,987

DEMOGRAPHIC DATA

Demographic Data										
Fiscal Year Ended June 30,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Arizona Population	6,731,484	6,626,624	6,553,255	6,482,505	6,413,158	6,343,154	6,280,362	6,167,681	6,029,141	5,839,077
Arizona Personal Income *(in millions)*	255,089	244,011	235,781	227,287	216,590	212,873	226,465	218,588	206,958	188,152
Arizona Per Capita Personal Income	37,895	36,823	35,979	35,062	33,773	33,560	36,059	35,441	34,326	32,223
Arizona Unemployment Rate	6.90%	8.00%	8.30%	9.50%	10.50%	9.90%	6.00%	3.70%	4.10%	4.70%

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

Principal Employers						
	Calendar Year Ended December 31, 2014			Calendar Year Ended December 31, 2005		
Employer	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment
State of Arizona	48,910	1	1.58%	49,958	1	1.73%
Wal-Mart Stores, Inc.	32,438	2	1.05%	28,246	2	0.98%
Banner Health	30,266	3	0.98%	19,250	3	0.67%
City of Phoenix	14,875	4	0.48%	13,844	4	0.48%
Wells Fargo	14,126	5	0.46%	11,533	6	0.40%
Maricopa County	13,341	6	0.43%	13,002	5	0.45%
Arizona State University	12,229	7	0.40%	11,202	7	0.39%
Intel Corp.	11,700	8	0.38%			
Scottsdale Lincoln Health Network	10,500	9	0.34%			
Honeywell	10,000	10	0.32%	10,700	9	0.37%
U.S. Postal Service				11,000	8	0.38%
Raytheon Co.				10,300	10	0.36%
	198,385		6.42%	179,035		6.21%

Sources: Phoenix Business Journal, Book of Lists 2015 and 2006 for employers; Arizona Department of Administration website, www.workforce.az.gov for annual state employment.

FACULTY AND STAFF

Faculty and Staff										
Fall employment of fiscal year	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
FACULTY										
Full-time	2,963	2,777	2,635	2,612	2,644	2,611	2,671	2,529	2,471	2,419
Part-time	515	375	276	253	231	380	424	441	391	159
Total Faculty	**3,478**	**3,152**	**2,911**	**2,865**	**2,875**	**2,991**	**3,095**	**2,970**	**2,862**	**2,578**
Percentage Tenured	54.2%	58.0%	61.1%	61.2%	63.7%	61.6%	60.3%	61.4%	63.2%	63.0%
STAFF										
Full-time	5,966	5,693	5,487	5,485	5,561	5,523	5,957	5,690	5,416	5,872
Part-time	4,183	3,565	3,684	3,699	3,838	3,628	3,624	3,776	3,940	1,600
Total Staff	**10,149**	**9,258**	**9,171**	**9,184**	**9,399**	**9,151**	**9,581**	**9,466**	**9,356**	**7,472**
Total Faculty and Staff	**13,627**	**12,410**	**12,082**	**12,049**	**12,274**	**12,142**	**12,676**	**12,436**	**12,218**	**10,050**

Source: Arizona State University Fact Book and Institutional Analysis.

Percentage Tenured includes tenured and tenure track faculty.

Capital Assets										
Fiscal Year Ended June 30,	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
CAPITAL ASSETS *(Number of Facilities)*										
Academic/Support Facilities	248	224	223	221	235	240	239	235	237	219
Auxiliary Facilities	172	153	153	149	152	157	133	111	112	117
Total	**420**	**377**	**376**	**370**	**387**	**397**	**372**	**346**	**349**	**336**

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 2007 - 2013 have been restated to include ASU partnership facilities.

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