

Arizona State University

CONCLUSION: Arizona State University is responsible for preparing its annual financial report, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the University's financial statements annually. Since the University is a component of the State of Arizona, the information in its financial statements will also be incorporated in the State of Arizona's Comprehensive Annual Financial Report. A summary of the University's financial statements is presented below.

Based on our audit, we issued our opinions on the University's financial statements and a report on internal control and compliance over financial reporting. The information in the University's fiscal year 2017 financial statements is reliable. Our Office did not report any weaknesses in the University's internal control or instances of noncompliance over financial reporting.

Condensed financial information

Statement of net position—This statement reports all of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three major categories:

- **Net investment in capital assets**—shows the equity in property, buildings, and equipment.
- **Restricted**—shows the resources that must be used for restricted purposes as specified by donors and other external entities, such as the federal government.
- **Unrestricted**—shows the remaining net position balance after allocating the net investment in capital assets and restricted balances.

Statement of revenues, expenses, and changes in net position—This statement reports all revenues, expenses, and other changes to net position. The increase or decrease in net position indicates whether financial health has improved or deteriorated because of current-year activities. Net position increased by \$99 million, or 8 percent, in fiscal year 2017.

Statement of net position As of June 30, 2017 (In millions)

Assets and deferred outflows	
Current and other assets	\$1,533
Capital assets, net of depreciation	2,434
Deferred outflows of resources	184
Total assets and deferred outflows	4,151
Liabilities and deferred inflows	
Current liabilities	372
Noncurrent liabilities:	
Long-term debt	1,698
Net pension liability	590
Other	88
Deferred inflows of resources	69
Total liabilities and deferred inflows	2,817
Net position	
Net investment in capital assets	852
Restricted	199
Unrestricted	283
Total net position	\$1,334

Statement of revenues, expenses, and changes in net position Year ended June 30, 2017 (In millions)

Revenues	
Tuition and fees, net of scholarship allowances	\$1,251
Grants and contracts	457
State appropriations	297
Auxiliary enterprises, net of scholarship allowances	162
Other revenues	275
Total revenues	2,442
Expenses	
Instruction and academic support	1,105
Scholarships and student services	310
Research and public service	303
Institutional support and operation and maintenance of plant	269
Auxiliary enterprises	155
Depreciation	124
Other expenses	77
Total expenses	2,343
Increase in net position	99
Net position—beginning (as restated)	1,235
Net position—ending	\$1,334

Understanding the University's financial report

Understanding how to extract information from the University's financial report is important when reviewing financial performance and evaluating future financial decisions. As described below, our Office's financial report user guide and internal control and compliance reports user guide, available at azauditor.gov under reports and publications, help users identify and understand important and useful information in the University's financial report and in our report on internal control and on compliance over financial reporting. Specifically:

- **Financial report user guide**—describes key financial information contained in university financial reports and indicates where to find this information. Key components in a financial report include the independent auditors' report, management's discussion and analysis, financial statements, notes to financial statements, and other required supplementary information.
- **Internal control and compliance reports user guide**—describes our internal control and compliance report over financial reporting, which provides information about whether the University has effective internal control procedures and whether it has complied with certain financial-related laws and regulations.