



THE UNIVERSITY
OF ARIZONA

ANNUAL COMPREHENSIVE
FINANCIAL
REPORT

Year Ended June 30, 2024
Included as an Enterprise Fund of the State of Arizona
Tucson, Arizona

COVER IMAGE

Old Main's sign, unveiled in April 2024, includes the Hopi word "Kiisonvi," referring to "the focal point of a community where thoughts and prayers become one to benefit all life." In an ongoing effort to add the languages of Arizona's Native tribes to building signs across campus, in late August 2023, the university unveiled a sign outside Arizona Stadium in the language of the San Carlos Apache that reads: "Dagonitnané zhi nadagonitkaad," or "we will fight until we win." The Communication building sign became the first to have a Native language added in early 2022, with the Tohono O'odham phrase "Ñi'okĩ Ma:cig Ki:" for "place of the study of language."

Photo: Andrew Bourland, Marketing & Brand Development

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FOR THE YEAR ENDED JUNE 30, 2024

Tucson, Arizona

Prepared by Financial Services

Included as an Enterprise Fund of the State of Arizona



Photo: University Marketing & Brand Development

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INTRODUCTORY SECTION



Photo: University Marketing & Brand Development

MESSAGE FROM THE PRESIDENT



Dear Members of the Arizona Board of Regents,

The University of Arizona is a world-class institution with outstanding students, faculty, and staff, premier programs in areas ranging from space sciences to the arts, championship-caliber student-athletes, and deeply loyal alumni and supporters around the world.

Our focus remains on helping students stay enrolled and graduate in a timely manner as is reflected by the U of A reaching our highest ever first-time full-time (FTFT) retention rate. The university has also made key advancements in our distinctive research strengths, such as in the space sciences, where our ongoing exploration benefits our state economy with an annual impact of \$560 million and positions the university as a leading contributor in the nation and the world in this area. The University of Arizona Health Sciences remains the state's best asset to meet its healthcare workforce and innovation needs for the future. For instance, this month we will break ground on the Center for Advanced Molecular and Immunological Therapies (CAMI) at the

Phoenix Bioscience Core. CAMI will advance research in new cell-based therapies and immunotherapies to fight disease and place Arizona at the forefront of medical discovery for decades to come.

Though the University of Arizona faces financial challenges, we are on a path to addressing them. Stewardship of state and other resources remains critically important as we focus on the impact and success of our mission as Arizona's land-grant and flagship university.

I am grateful to everyone who has worked hard to position this university as a world-leader, and am looking forward to working with members of the Wildcat community to continue to enhance the excellence of the University of Arizona.

Best wishes,

Suresh Garimella
President



Photo: University Marketing & Brand Development

LETTER OF TRANSMITTAL



John Arnold, Senior Vice President, Chief Operating Officer and Chief Financial Officer

December 4, 2024

To President Suresh Garimella, Members of the Arizona Board of Regents, and the University of Arizona community:

I respectfully submit the University of Arizona *Annual Comprehensive Financial Report* (ACFR) for the fiscal year ended June 30, 2024. The ACFR includes the Management's Discussion and Analysis (MD&A) and the basic financial statements, as well as other supplemental information that helps provide an understanding of the university's financial position and activities, and the economic landscape of the surrounding area. Responsibility for the accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the university's management. We believe to the best of our knowledge the information is accurate in all material respects and fairly presents the university's financial position, revenues, expenses, and other changes in net position.

The university is responsible for implementing and maintaining an internal control structure to safeguard and prevent misuse of the university's assets. We

believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors and the Arizona Board of Regents (ABOR) Audit and Risk Management Committee. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements, and to provide management with reasonable, although not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition.

The university's ACFR is intended to fulfill the State of Arizona Transparency Law, Arizona Revised Statutes § 41-725. Additionally, federal guidelines and bond covenants require that the university's accounting and financial records be subject to an annual independent audit. The university's annual audit is performed by the Arizona Auditor General. The reports resulting from the audit are public documents and are shared with university management and the Arizona Board of Regents. The audit of the university's federal financial assistance programs is performed by the Arizona Auditor General in conjunction with the statewide Single Audit. The Independent Auditors' Report on page 16 of the Financial Section includes the auditors' unmodified opinion on the fair presentation of the university's financial statements.

The ACFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The MD&A is presented to supplement the financial statements by providing the necessary information for the reader to gain a broad understanding of the university's financial position and results of operations. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditors' Report.

Institutional Profile

History: The University of Arizona was established as a land-grant institution in 1885, 27 years before Arizona

Territory became a state. The years following World War II and the Korean War were a period of substantial growth for the university. In the late 1950s, enrollment greatly increased, with the university gaining an average of more than 1,200 students per year for 17 years. During this period, the foundation was laid for the development of a leading research institution.

The university was one of the original Carnegie Research I institutions. In 1985, the university was elected to membership in the Association of American Universities, a prestigious group limited to North America’s preeminent public and private research universities.

The university’s outstanding research programs provide advances in applied and basic or pure knowledge that fulfill the institution’s obligation to the State and the nation. Such programs attract internationally distinguished faculty who serve the university’s students through a comprehensive range of undergraduate and graduate programs.

Enrollment: The university serves 85,791 students through 23 colleges offering 482 degree programs and is ranked among the leading research universities in the country.

Enrollment Statistics: Academic Year 2023-24

Undergraduate enrollment, Fall 2023	67,024
Graduate and Professional enrollment, Fall 2023	18,767
Degrees awarded, Bachelor’s	13,175
Degrees awarded, Advanced	5,780
Degrees awarded, Associate	189
Certificates awarded	530
Tuition and fees for main campus full-time student, Resident	\$ 13,606
Tuition and fees for main campus full-time student, Non-resident	\$ 41,075

The university’s faculty and graduate teaching and research assistants and associates educate a diverse student population. The university’s student population is 57.7% female, 23.5% Hispanic or Latino, 13.3% African American or Black, 3.3% Asian, and 1.0% American Indian or Alaska Native. It includes students from all 50 states, the District of Columbia, and 128 foreign countries. International students represented 5.1% of the Fall 2023

enrollment; this figure is primarily represented by 16.4% from India, 16.3% from China, 6.0% from Kuwait, 4.4% from Saudi Arabia, and 3.4% from Mexico.

Component Units: The basic financial statements of the university include the operations of the University of Arizona Foundation, Inc., Campus Research Corporation, Law College Association of the University of Arizona, University of Arizona Applied Research Corporation, and Eller Executive Education, all discretely presented component units. More information relating to the component units can be found in Notes 2 and 15 to the financial statements.

Budget: The university is responsible for planning, developing, and controlling its budget and expenses in accordance with Arizona Board of Regents and university policies, and state and federal laws and regulations. The Arizona Board of Regents approves the university’s annual operating budget in accordance with ABOR Policy 3-403. The budget includes the general purpose (State general funds and tuition and fees) budget and the local funds budget, which consists of the designated, restricted, and auxiliary funds. The State Legislature reviews the university’s local funds budget and adopts and appropriates the general purpose budget through legislation.

After the budget has been approved, the university monitors the budget through UAccess Financials, the university’s financial enterprise system. While there are many controls built into UAccess Financials, colleges and departments also use financial reports to monitor budgetary compliance. Additionally, Financial Services, a part of the university’s central administration, provides periodic financial reports to management and the Arizona Board of Regents. The reports include a comparison of actuals to budget, highlight the changes that occurred throughout the fiscal year, and project revenues, expenses, and change in net position for the fiscal year.

Economic Condition

Local Economy: As reported by the University of Arizona Eller College of Management Economic and Business Research Center in June 2024, the State of Arizona’s economy remains solid. The labor market has somewhat normalized, with quit and hire rates back to pre-pandemic levels and steady job gains. The State

unemployment rate is near historic lows. The baseline outlook for the State calls for continued but gradually slowing growth. Even though growth slows, the State is forecast to add jobs significantly faster than the nation.

Employment growth for Arizona slowed from 2.6% in 2023 to 2.2% in 2024. Using data through June 2024, the job gains specific to the Tucson area with the largest increases have been noted in the following sectors: mining and logging, private education and health services, financial activities, and construction.

Population growth decreased from 1.6% in 2023 to 1.3% in 2024, driven by a slower pace of net migration. The housing market remains stressed, with rising home prices and elevated mortgage interest rates impacting housing affordability. However, housing permit activity rose in 2024, after declining in the previous year.

State personal income growth decreased to 5.7% in 2024, down from 6.5% in 2023. Arizona's retail sales decreased to 2.6% in 2024, which is lower than last year's rate of 3.2%. According to the June 2024 Index of State Economic Momentum, Arizona ranked No. 7 in employment growth, No. 10 in economic momentum, No. 12 in population growth, and No. 20 in personal income growth.

Long-Term Planning

With nearly 90% of its initiatives completed, the Strategic Plan came to a successful close. Accomplishments were wide-ranging, resulting in higher retention rates, a new general education curriculum, improved student support systems, and enhanced educational opportunities for health sciences students. Related projects include:

Health Analytics: With the development and launch of the UA Soteria system, the university now has a secure data analysis platform and additional data services for campus researchers working with protected and private data. With more access to advanced analytics, Arizona Health Sciences is poised to pursue new leading-edge programs, generate inventive pilot programs and bolster future grant submissions.

Grand Challenges Research Building: Construction was completed on GCRB, a new research facility that will leverage the University of Arizona's core strengths to address the grand challenges outlined in the university's

strategic plan. GCRB is an interdisciplinary facility designed to foster conversations among sciences and programs, including new laboratories for optical sciences researchers in order to support the university's international reputation in that field.

Major Initiatives

The University of Arizona, a land-grant university with two independently accredited medical schools, is one of the nation's top public universities, according to U.S. News & World Report. It is widely recognized as a student-centric university and has been designated as a Hispanic-Serving Institution by the U.S. Department of Education. For decades, the university has been one of the leading research universities in the nation, with particular strengths in space, physical, biological and health sciences programs.

High quality research programs secure extensive federal and corporate funding, enrich instructional programs, and provide tremendous education and research opportunities for students, as well as contribute to the economic engine of the city of Tucson and the State of Arizona.

The following are notable activities of fiscal year 2024.

Fuel Wonder: The University of Arizona launched the Fuel Wonder campaign with a goal of raising \$3.0 billion in donations. Gifts made to the campaign are giving every student access to a cohesive ecosystem of support, powering new insights into the human immunome, and transforming research in areas including cancer, engineering, space sciences and the humanities.

OSIRIS-REx: The university-led OSIRIS-REx mission delivered the largest-ever asteroid sample to Earth. The 121.6 grams of material will help scientists make discoveries to better understand planet formation and the origin of organics and water that led to life on Earth, as well as benefit all of humanity by expanding knowledge around potentially hazardous asteroids.

New Frontiers of Sound: The university was awarded \$30.0 million over five years to establish New Frontiers of Sound, a new National Science Foundation Science and Technology Center. The center brings together researchers working in topological acoustics from the University of Arizona, the California Institute of

Technology, the Georgia Institute of Technology, the University of California, Los Angeles and other partner institutions.

Micro/Nano Fabrication Center: The Arizona Commerce Authority awarded the College of Engineering \$35.5 million to expand a facility that supports manufacturing and research efforts involving semiconductors, computer chips, optical devices and quantum computing systems. The funding also supports expansion of training and educational modules to ensure that the State of Arizona will have the workforce needed to meet increasing demand in an industry of national importance.

James Webb Space Telescope: University astronomers using the largest, most powerful telescope ever launched into space made a steady stream of discoveries, including images revealing never-before-seen details of 19 spiral galaxies. Astronomers also had their first glimpses of supernovas from a time when the universe was young, obtained images showing the birth of planets, and explored galaxy evolution and black hole growth in the early universe.

Safety: The university continued its efforts to create a culture of safety for the faculty, staff, students and community members who live, work, study and visit the main campus. In addition to purchasing more automated external defibrillators, the Office of Public Safety placed Stop the Bleed emergency kits in several locations. The University of Arizona Police Department implemented the Blue Envelope Program. During a traffic stop, drivers on the autism spectrum hand over the envelope – containing their registration and proof of insurance documents – to cue the officer.

CAMI: The Center for Advanced Molecular and Immunological Therapies received a boost with a decision by the Phoenix City Council to provide \$20 million in support for the effort. Once completed, the biomedical research hub being developed at the Phoenix Bioscience Core, will occupy a seven-story, 200,000-square-foot building in downtown Phoenix.

Weil Center: The university completed construction of the Andrew Weil Center for Integrative Medicine, a 30,000-square-foot, three-building complex designed to embody and promote whole-person wellness and the principles of integrative health. Each building represents an aspect of the whole person: mind, body and spirit.

Baker Center: The university and Arizona Public Media broke ground for the Paul and Alice Baker Center for Public Media at the Tech Park at The Bridges. Scheduled for completion in 2025, the state-of-the-art building will feature upgraded production and broadcast technology as well as improved community engagement spaces. Together, these will create new opportunities for more original local content for and about Southern Arizona.

Awards and Acknowledgments

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 annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the eleventh consecutive year that the university has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Other notable acknowledgements include:

- U.S. News & World Report's 2024-2025 Best Global Universities rankings placed the university at No. 8 globally, No. 6 in the U.S. and No. 2 among public universities. In water resources, the university ranked No. 2 in the U.S. and No. 29 globally. ShanghaiRanking's 2023 Global Ranking of Academic Subjects placed the university at No. 2 in the U.S. and No. 8 in the world for its water resources program.
- The Center for World University Rankings ranked the university No. 93 globally, No. 48 in the U.S., and No. 26 among public colleges and universities.
- Per U.S. News & World Report, the university ranks No. 3 among public graduate institutions in geology and has the largest mineral database in the world.

The same report ranks the university No. 1 among U.S. public graduate programs in management information systems, No. 2 among public graduate programs in photography, No. 5 among public graduate programs for legal writing, and No. 6 among public graduate programs in speech language pathology. The university's rehabilitation counseling program tied for No. 9 among public institutions.

- The university is ranked No. 6 overall, No. 5 among public universities and No. 1 in the West in the latest edition of the Military Times Best for Vets: Colleges 2023 ranking.
- In the most recent ranking (fiscal year 2022), the National Science Foundation ranked the University of Arizona No. 1 among all public and private U.S. institutions in astronomy science expenditures – a ranking the university has held every year since 1987. Overall, the NSF ranked the university 20th among public research universities, third among institutions with high Hispanic enrollment, seventh for research expenditures in the physical sciences, and 37th among all public and private universities and colleges.
- Arizona Online tied for No. 11 out of 339 programs in the 2024 Best Online Bachelor's Programs rankings by U.S. News & World Report. Arizona Online also earned a No. 4 ranking overall (No. 3 among public universities) for its bachelor's program offerings for veterans.
- The university was awarded a four-star rating and a place on Money's list of The Best Colleges in America 2024 and earned a spot in The Princeton Review's "Best Value Colleges."

- The University of Arizona is the top doctorate-granting institution for American Indian/Alaska Native students, according to the National Science Foundation's most recent survey of earned doctorates.

- The University of Arizona Global Campus online bachelor's program in business information systems is ranked No. 3 by TechGuide.

Preparation of this ACFR required extensive time and effort. The completion of the report would not have been possible without the professionalism, skill, and dedication of staff and student employees in Financial Services, including Accounting Services, Accounts Payable, Purchasing, Treasury, Bursar's Office, Initiatives & Outreach, and Communications, as well as the business officers, administrators, and staff in the Office of Budget and Planning, Finance Strategy & Solutions, and colleges and departments. In addition, we recognize the valuable contributions from Sponsored Projects Services, University Information Technology Services, University Analytics & Institutional Research, and University Marketing & Communications.

Respectfully Submitted,

John Arnold
*Senior Vice President, Chief Operating
Officer and Chief Financial Officer*



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

University of Arizona

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

ARIZONA BOARD OF REGENTS

June 30, 2024

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Governor of Arizona

Honorable Tom Horne

Superintendent of Public Instruction

Appointed Members

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Chair, Sierra Vista

Gregg Brewster

Secretary, Paradise Valley

Fred DuVal

Treasurer, Phoenix

Liz Archuleta

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Doug Goodyear

Regent, Scottsdale

Jessica Pacheco

Regent, Phoenix

Larry Penley

Regent, Phoenix

Katelyn Rees

Student Regent, University of Arizona

David Zaragoza

Student Regent, Arizona State University

EXECUTIVE ADMINISTRATION

June 30, 2024

Dr. Robert C. Robbins

President

Craig Henderson

Vice President, Executive Office of the President

John Arnold

Interim Senior Vice President, Business Affairs and Chief Financial Officer

Lehman Benson

Vice President, Black Advancement and Engagement

Elliott Cheu

Interim Senior Vice President, Research and Innovation

Michael Dake

Senior Vice President, Health Sciences

Jon Dudas

Senior Vice President, Senior Associate to the President and Secretary of the University

N. Levi Esquerra

Senior Vice President, Native American Advancement and Tribal Engagement

Marla Franco

Vice President, Hispanic Serving Institution Initiatives

Laura Todd Johnson

Senior Vice President, Legal Affairs and General Counsel

Ronald Marx

Interim Senior Vice President, Academic Affairs and Provost

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Vice President and Director, Athletics

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President and Chief Executive Officer, UA Foundation

Helena Rodrigues

Senior Vice President and Chief Human Resources Officer

Nicole Salazar

Vice President, Financial Services

Garth Perry

Vice President and Chief Budget Officer, Office of Budget and Planning

ORGANIZATION CHART

June 30, 2024

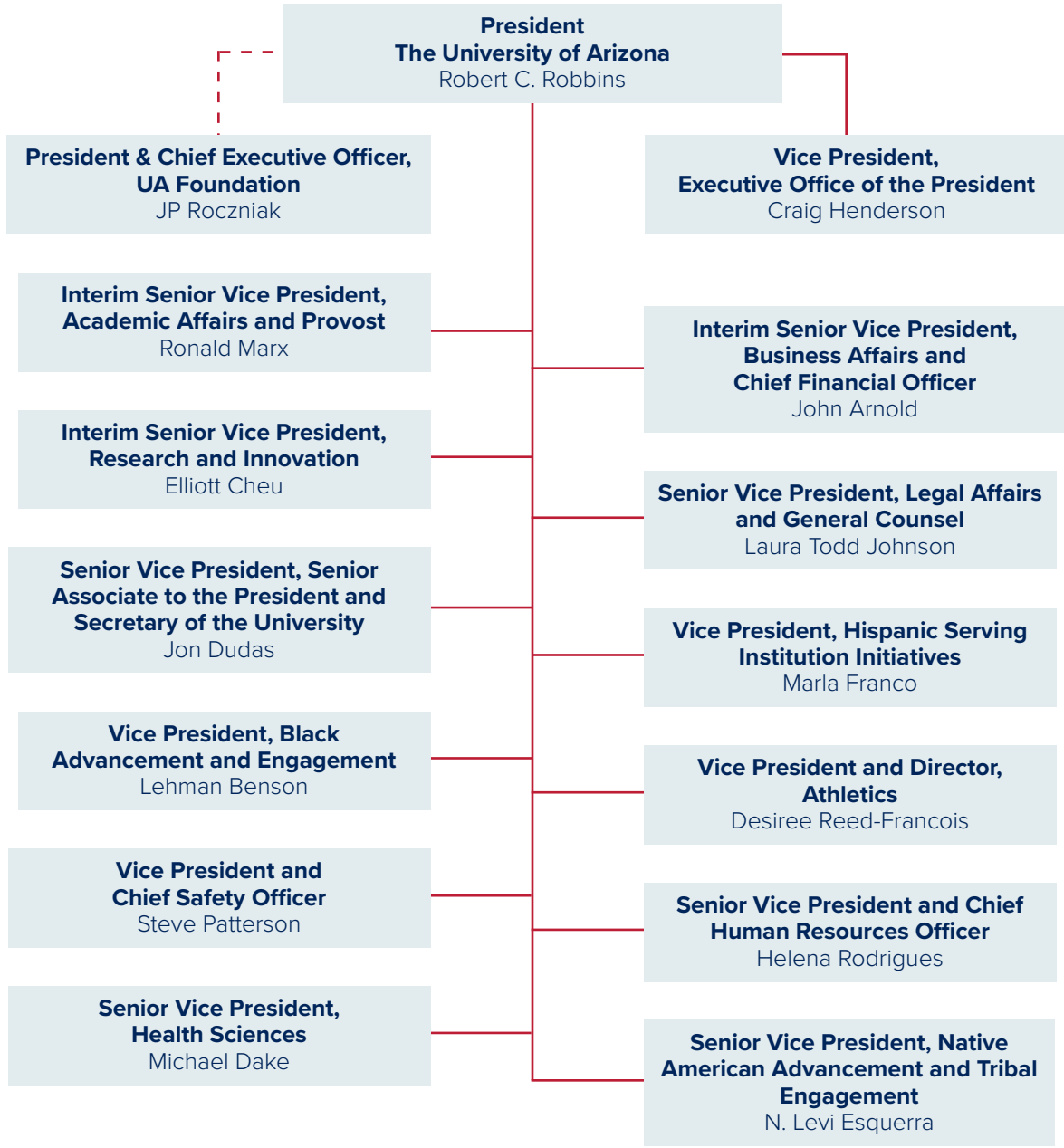




Photo: University Marketing & Brand Development



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Arizona Board of Regents

Report on the audit of the financial statements

Opinions

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the aggregate discretely presented component units, are based solely on the other auditors' reports.

Basis for opinions

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

Emphasis of matter

As discussed in Note 1 to the financial statements, the University's financial statements are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only those portions of the business-type activities, major fund, and aggregate discretely presented component units of the State of Arizona that are attributable to the University's transactions. They do not purport to, and do not, present fairly the financial position of the State of Arizona as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Management's responsibilities for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 20 through 29, schedule of the University's proportionate share of the net pension liability on page 71, schedule of University pension contributions on page 71, and schedule of the University's proportionate share of the total OPEB liability on page 71 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The combining statements on pages 72 and 73 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other information

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

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

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The

purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

December 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (MD&A) provides an overview of the University of Arizona financial performance based on currently known facts, data, and conditions and is designed to assist readers in understanding the accompanying financial statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles and focus on the university as a whole. The MD&A, financial statements, notes, and other required supplementary information are the responsibility of university management. The MD&A should be read in conjunction with the financial statements and notes to the financial statements.

The financial statements encompass the university and its discretely presented component units; however, the MD&A focuses only on the university. Information relating to the component units can be found in their separately issued financial statements.

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. While audited financial statements for fiscal year 2023 are not presented with this report, condensed financial information is presented in the MD&A to illustrate certain increases and decreases in comparison to fiscal year 2024.

Key Reporting Implementations

For the year ended June 30, 2024, the university implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error

corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement prescribes the accounting and financial reporting for each type of accounting change and error correction. It also requires that the aggregate amount of any adjustments to and restatements of beginning net position be displayed by reporting unit in the financial statements and that disclosure in the notes to financial statements include descriptive information about accounting changes and error corrections.

Overview of Financial Statements

Statement of Net Position

The Statement of Net Position (SNP) presents the financial position of the university at fiscal year-end. This information allows stakeholders to review the assets available to continue the operations of the university and how much the university owes vendors, investors, and lending institutions. The SNP also provides a summary of the university's net position. The change in net position is one indicator of whether the financial condition has improved or worsened during the fiscal year. The change in net position should be analyzed in conjunction with nonfinancial facts, such as, but not limited to, enrollment levels and the condition of university facilities.

Condensed Schedule of Net Position

A comparison of the university's assets, deferred outflows of resources (consumption of the university's net position that is applicable to a future reporting period), liabilities, deferred inflows of resources (acquisition of net position by the university that is applicable to a future reporting period), and net position (in thousands of dollars) at June 30, 2024 and June 30, 2023, is as follows:



Photo: Carlos Moreno

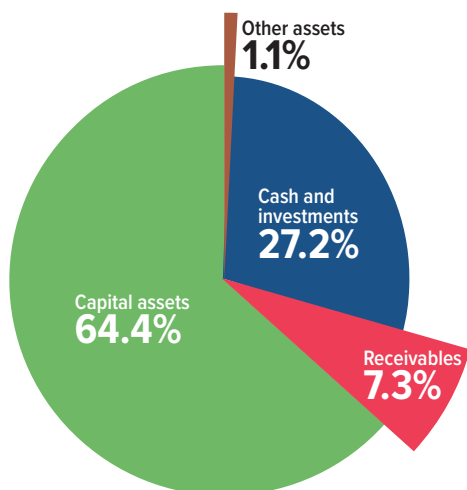
	FY 2024	FY 2023 - As Restated*	% Change
Other assets	\$ 1,578,386	\$ 1,679,812*	(6.0)%
Capital assets	2,854,245	2,845,226	0.3%
Total assets	\$ 4,432,631	4,525,038*	(2.0)%
Total deferred outflows of resources	\$ 177,200	\$ 183,447	(3.4)%
Other liabilities	\$ 296,045	\$ 271,435	9.1%
Long-term liabilities	2,596,976	2,763,637*	(6.0)%
Total liabilities	\$ 2,893,021	\$ 3,035,072*	(4.7)%
Total deferred inflows of resources	\$ 540,230	\$ 492,121	9.8%
Net position			
Net investment in capital assets	\$ 1,115,109	\$ 1,044,572	6.8%
Restricted nonexpendable	208,588	191,107	9.1%
Restricted expendable	252,828	291,609	(13.3)%
Unrestricted (deficit)	(399,945)	(345,996)	(15.6)%
Total net position	\$ 1,176,580	\$ 1,181,292	(0.4)%

*Due to reclassification of the net OPEB asset in the financial statements as disclosed in Note 1 in the accompanying notes to the financial statements, ending balances were restated in the comparative table shown above. There was no effect on net position.

Total Assets

Assets are what the university owns and are measured in current or fair value, except for capital assets, which are recorded at historical cost less the applicable accumulated depreciation and amortization. The following table and chart present total assets, in thousands of dollars and percent:

Cash and investments	\$ 1,203,682	27.2%
Receivables	325,224	7.3%
Capital assets	2,854,245	64.4%
Other assets	49,480	1.1%
Total assets	\$ 4,432,631	100.0%

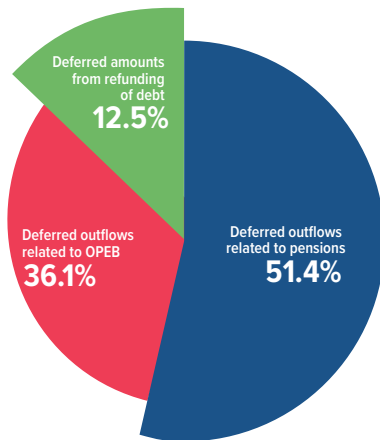


When compared to fiscal year 2023, the university's total assets decreased by \$92.4 million. This change is attributed to decreases in cash and investments and other assets of \$103.0 million, offset by increases in capital assets of \$9.0 million and receivables of \$1.6 million. The decrease in cash and investments of \$101.7 million is primarily due to the purchase of capital assets of \$210.7 million and payment for debt service principal and interest totaling \$192.1 million, offset by increases of \$224.1 million in net cash provided by operating activities, noncapital financing activities, and capital appropriations, commitments and gifts, \$33.8 million in net change in fair value of investments, \$42.1 million in interest and dividends on investments, and \$1.1 million in proceeds from the sale of capital assets. Capital assets increased by \$9.0 million primarily due to additions for building projects totaling \$138.4 million, which includes additions in capitalized costs for the Grand Challenges Research Building of \$20.5 million and the Andrew Weil Center for Integrative Medicine Building of \$7.1 million which were placed in service during the fiscal year (see "Capital and Debt Analysis" on page 28 for more information), the Biomedical Sciences Partnership Building 2nd Floor Buildout project of \$12.0 million, the Applied Research Building of \$9.0 million, as well as a cumulative \$89.8 million in various other building projects. Other net additions include \$35.5 million in intangible assets, \$28.3 million in equipment, and \$14.4 million in library materials. These additions are offset by increases in accumulated depreciation and amortization of \$207.6 million.

Total Deferred Outflows of Resources

Deferred outflows of resources are consumptions of the university's net position that are applicable to a future reporting period. The following table and chart present total deferred outflows of resources, in thousands of dollars and percent:

Deferred outflows related to pensions	\$ 90,999	51.4%
Deferred outflows related to OPEB	63,946	36.1%
Deferred amounts from refunding of debt	22,255	12.5%
Total deferred outflows of resources	\$ 177,200	100.0%

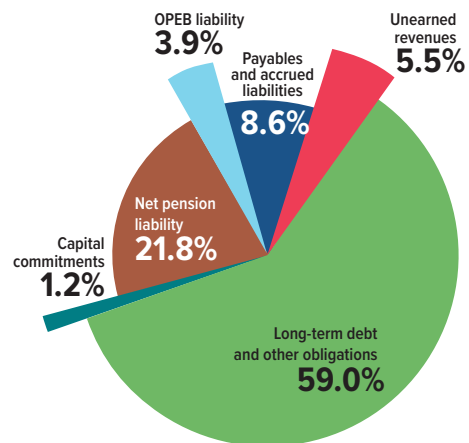


The decrease in deferred outflows of \$6.2 million is primarily attributed to an \$8.5 million decrease in deferred outflows of resources related to pensions due to actuarial adjustments provided by the Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS). Additionally, there was a decrease of \$2.3 million in deferred amounts from refunding of debt. This is offset by an increase in deferred outflows of resources related to other postemployment benefits (OPEB) of \$4.6 million due to actuarial adjustments provided by ASRS, PSPRS, and the Arizona Department of Administration (ADOA).

Total Liabilities

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

Payables and accrued liabilities	\$ 249,895	8.6%
Unearned revenues	157,504	5.5%
Long-term debt and other obligations	1,707,261	59.0%
Capital commitments	35,000	1.2%
Net pension liability	631,768	21.8%
OPEB liability	111,593	3.9%
Total liabilities	\$ 2,893,021	100.0%



Total liabilities decreased by \$142.1 million as compared to fiscal year 2023 due to decreases in long-term debt and other obligations of \$107.3 million, OPEB liability of \$69.4 million, and capital commitments of \$5.0 million, offset by increases in payables and accrued liabilities of \$32.7 million, net pension liability of \$4.2 million and unearned revenues of \$2.7 million. The decrease in long-term debt and other obligations of \$107.3 million is primarily due to the annual principal payments on long-term debt of \$88.8 million, the annual amortization of



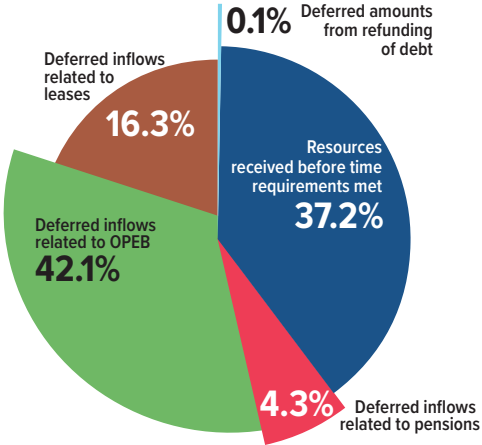
Photo: Rick Wiley

bond premium and discounts of \$9.6 million, and a net reduction of lease and subscription-based information technology arrangements (SBITAs) liabilities of \$8.9 million. The decrease in OPEB liability of \$69.4 million is due to actuarial adjustments as provided by ASRS, PSPRS and ADOA. The change in capital commitments of \$5.0 million is due to the fiscal year 2024 payment associated with the fifth amendment to the university's commitment to the Giant Magellan Telescope Organization (GMTO). The increase in payables and accrued liabilities of \$32.7 million is primarily due to increases of \$10.8 million in accrued compensated absences due to fluctuations in vacation usage and the addition of 1,200 vacation-eligible University of Arizona Global Campus (UAGC) employees, \$10.5 million in miscellaneous payables primarily due to timing differences, \$6.0 million in construction accruals for capital projects, and \$5.4 million in accrued payroll and benefits due to an increase in the number of days accrued and an increase in employees due to UAGC. The increase in net pension liability of \$4.2 million is due to actuarial adjustments as provided by ASRS and PSPRS.

Total Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the university that is applicable to a future reporting period. The following table and chart present total deferred inflows of resources, in thousands of dollars and percent:

Resources received before time requirements met	\$ 200,782	37.2%
Deferred inflows related to pensions	23,200	4.3%
Deferred inflows related to OPEB	227,376	42.1%
Deferred inflows related to leases	88,088	16.3%
Deferred amounts from refunding of debt	784	0.1%
Total deferred inflows of resources	\$ 540,230	100.0%



The increase in deferred inflows of \$48.1 million is primarily attributed to an increase of \$62.9 million in deferred inflows of resources related to OPEB due to actuarial adjustments provided by ASRS, PSPRS and ADOA. This is offset by decreases of \$10.9 million in deferred inflows related to leases where the university is the lessor and \$9.8 million in deferred inflows related to pensions due to actuarial adjustments provided by ASRS and PSPRS.

Total Net Position

Net position is divided into three categories. Net investment in capital assets represents the historical cost of capital assets reduced by the balance of related outstanding debt and accumulated depreciation and amortization. Restricted net position includes amounts that have been restricted for use by an external party and is further broken down into nonexpendable and expendable. Restricted nonexpendable net position represents the funds that are required to be retained in perpetuity. Restricted expendable net position includes amounts restricted by external parties for such things as debt service, academic and departmental uses, scholarships and fellowships, and capital projects. Finally, unrestricted net position includes amounts institutionally designated or committed to support specific academic and research programs and for working capital requirements.

The following table represents net position categories, in thousands of dollars and percent:

Net investment in capital assets	\$ 1,115,109	94.8%
Restricted	461,416	39.2%
Unrestricted (deficit)	(399,945)	(34.0)%
Total net position	\$ 1,176,580	100.0%

Total net position decreased by \$4.7 million in fiscal year 2024, which is attributed to decreases in unrestricted and restricted net position, offset by an increase in net investment in capital assets. Unrestricted net position decreased by \$53.9 million primarily due to a decrease of \$40.8 million in net position associated with Intercollegiate Athletics due to flat revenues from ticket sales, less distributed revenue from the Pac-12 Conference, and higher costs, \$11.7 million associated with compensated absences due to fluctuations in vacation usage as well as the addition of UAGC employees, and net decreases across various colleges and units of \$16.1 million due to multiple factors including inflation in the cost of goods and services and investment in employees through the FY 2024 Salary Increase Program that was effective July 1, 2023, and provided across-the-board and merit increases, offset by increases of \$10.0 million due to net actuarial adjustments as provided by the ADOA, ASRS, and

PSPRS for pension and OPEB, \$3.2 million for Housing and Residential Life due to higher usage of residence halls, and \$1.5 million for UAGC. Restricted net position decreased by \$21.3 million primarily due to decreases of \$47.2 million for the spend-down of restricted capital funding sources for capital construction projects and \$3.7 million for debt service, offset by increases of \$12.2 million in departmental restricted expendable accounts primarily due to an increase in funding from the Arizona Board of Regents for various initiatives, \$9.7 million in the fair value of endowments, and \$7.8 million for student loans primarily due to the Accelerated Nursing Loan Program and Primary Care loan programs. Net investment in capital assets increased by \$70.5 million due to net reductions of the university's debt portfolio of \$61.5 million, which is primarily attributed to annual payments on issued debt, offset by the spend down of available bond proceeds. Additionally, there were net additions to capital assets of \$9.0 million.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the university's revenues earned and the expenses incurred during fiscal year 2024, regardless of when cash is received or paid. Activities are reported as either operating or non-operating. Generally, operating revenues are earned in exchange for providing goods and services. Operating expenses are incurred in the normal operation of the university, including a provision for depreciation and amortization on capital assets. Certain revenue sources that the university relies on for operations, including state appropriations, gifts, grants, and investment income are required by GASB Statement No. 35 to be classified as non-operating revenues.



Photo: Steven Meckler

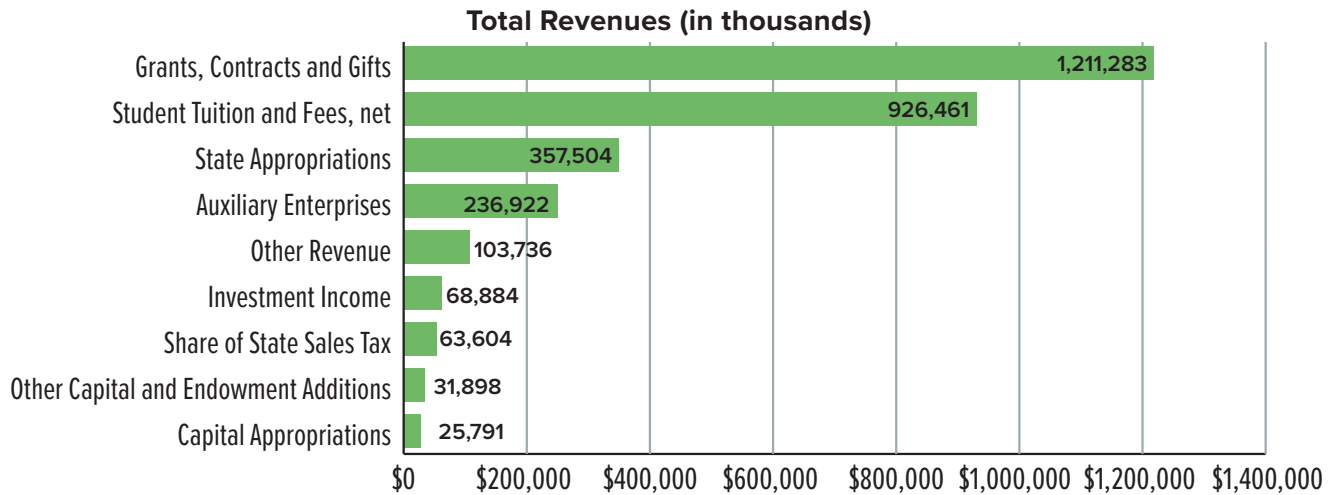
Condensed Schedule of Revenues, Expenses and Changes in Net Position

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

	FY 2024	FY 2023	% Change
Operating revenues			
Student tuition and fees, net	\$ 926,461	\$ 717,928	29.0%
Grants and contracts	673,069	618,808	8.8%
Auxiliary enterprises, net	236,922	219,820	7.8%
Other	92,282	68,630	34.5%
Total operating revenues	\$ 1,928,734	\$ 1,625,186	18.7%
Operating expenses			
Instruction and academic support	\$ 1,061,531	\$ 939,596	13.0%
Research and public service	778,114	704,469	10.5%
Student services and scholarships	310,975	161,226	92.9%
Institutional support and operation of plant	390,726	326,139	19.8%
Auxiliary enterprises	209,627	205,137	2.2%
Depreciation and amortization	223,230	190,848	17.0%
Total operating expenses	\$ 2,974,203	\$ 2,527,415	17.7%
Operating loss	\$ (1,045,469)	\$ (902,229)	15.9%
Non-operating revenues (expenses)			
State appropriations	\$ 357,504	\$ 350,729	1.9%
Grants, contracts and gifts	538,214	462,548	16.4%
Share of State sales tax revenues	63,604	36,832	72.7%
Investment income	68,884	42,592	61.7%
Interest expense on debt	(56,592)	(56,395)	0.3%
Other non-operating revenues, net	11,454	20,056	(42.9)%
Net non-operating revenues	\$ 983,068	\$ 856,392	14.8%
Loss before capital, endowments, and special item	\$ (62,401)	\$ (45,837)	36.1%
Capital appropriations	25,791	25,562	0.9%
Other capital and endowment additions	31,898	31,668	0.7%
Special item – Transfer of operations	-	67,948	(100.0)%
Total capital, endowments, and special item	\$ 57,689	\$ 125,178	(53.9)%
Increase (decrease) in net position	\$ (4,712)	\$ 79,341	(105.9)%
Net position, beginning of year	1,181,292	1,101,951	7.2%
Net position, end of year	\$ 1,176,580	\$ 1,181,292	(0.4)%

Total Revenues

The following chart represents total revenues of \$3,026,083 for fiscal year 2024:



Student tuition and fees, net: Student tuition and fees, net increased by \$208.5 million primarily due to the addition of UAGC with \$161.4 million in net student tuition and fees. Additionally, there was a net increase of \$47.1 million primarily associated with an increase in enrollment.

Operating and non-operating grants, contracts and gifts: Revenues vary from year to year for many reasons, including the availability of funding from sponsors, the commencement or closure of particularly large, sponsored projects, and unanticipated gift revenues. Grants, contracts and gifts increased by \$129.9 million in comparison to fiscal year 2023 primarily due to increases of \$61.0 million in Federal Pell Grant and Federal Supplemental Education Opportunity Grant (FSEOG) revenue mainly due to the addition of UAGC, which had \$52.9 million in Federal Pell Grant and FSEOG revenue. There were also increases of \$58.2 million in federal funding from various agencies primarily for sponsored projects across multiple colleges and divisions, \$6.5 million received under the Coronavirus Response and Relief Supplemental Appropriations Act Governor's Emergency Education Relief (GEER) II, and

\$5.0 million in American Rescue Plan Act State and Local Fiscal Recovery Funds. Additionally, there were increases of \$26.4 million primarily due to gifts from the University of Arizona Foundation for various colleges and divisions and \$14.8 million in commitment funds associated with partner hospitals. These increases were offset by a decrease of \$42.1 million for one-time non-appropriated monies received in the prior year from the State of Arizona for capital improvements.

Share of State sales tax: Share of State sales tax revenues increased by \$26.8 million primarily due to an increase in funding from Arizona Board of Regents Technology and Research Initiative Funds (TRIF) Opportunity Grant Funds of \$14.0 million, TRIF Regents Opportunity Initiatives-Improve Arizona's Healthcare Outcomes for \$10.0 million, and TRIF Regents Research Grants for \$2.0 million.

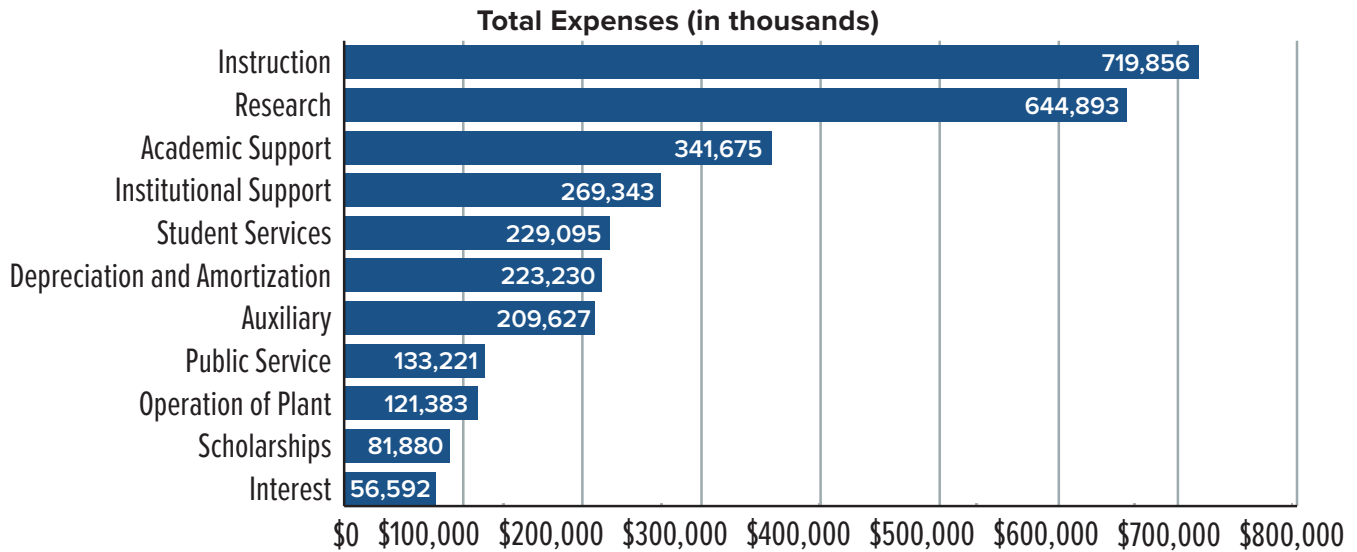
Investment income: Investment income increased by \$26.3 million resulting in current year investment income of \$68.9 million primarily due to higher bond yields and favorable market conditions.



Photo: University Marketing & Brand Development

Total Expenses

The following chart represents total expenses by functional classification of \$3,030,795 for fiscal year 2024:

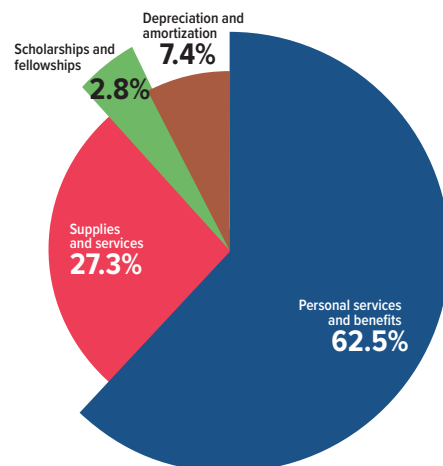


Total expenses increased by \$447.0 million in comparison to fiscal year 2023. Personal services and benefits increased by \$291.8 million, with \$142.4 million associated with the addition of personnel from UAGC. The university also experienced an increase of 9.5% in research and an overall increase in personnel (excluding UAGC) of 5% and made strategic investment in its employees through the FY 2024 Salary Increase Program that was effective July 1, 2023, and provided across-the-board and merit increases. Additionally, there were increases of \$3.6 million related to compensated absences and \$6.9 million related to actuarial expense adjustments for pension and OPEB. Supplies and services increased by \$114.0 million. The addition of UAGC contributed to the increase by \$69.8 million. The university also experienced an increase of \$7.0 million in general research expenses. Additionally, there were increases due to inflation in the cost of goods and services and utilities. Depreciation and amortization increased by \$32.4 million primarily due to \$21.1 million associated with the addition of UAGC and net increases in non-UAGC depreciation for buildings and improvements of \$7.2 million, right-to-use SBITAs of \$2.4 million, and moveable equipment of \$1.6 million. Scholarships and fellowships increased by \$8.6 million primarily due to an increase of \$8.5 million associated with Federal Pell Grant and FSEOG aid associated with students from UAGC.

Operating Expenses by Natural Classification

In addition to programmatic (functional) classification of operating expenses, a summary of the university's expenses by natural classification (in thousands of dollars), as listed in Note 12, for the years ended June 30, 2024 and 2023 is as follows:

	FY 2024	FY 2023	% Change
Personal services and benefits	\$ 1,858,590	\$ 1,566,789	18.6%
Supplies and services	810,503	696,480	16.4%
Scholarships and fellowships	81,880	73,298	11.7%
Depreciation and amortization	223,230	190,848	17.0%
Total operating expenses	\$ 2,974,203	\$ 2,527,415	17.7%



Condensed Statement of Cash Flows

The statement of cash flows provides additional information about the university's financial results by reporting the major sources and uses of cash and cash equivalents. This statement assists in evaluating the university's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the university. Due to the categorization of operating and non-operating expenses by GASB, cash flows from operating activities are typically a net cash use. Net cash flows from noncapital financing activities is a major funding source for operating expenses and includes state appropriations, donations, and other activities not covered in the other sections. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show all the uses of cash and cash equivalents to purchase investments, and all the increases in cash and cash equivalents as a result of selling investments or earning income on cash and investments. The following summarizes cash flows for fiscal years 2024 and 2023 (in thousands of dollars):

Cash Provided By (Used For):	FY 2024	FY 2023
Operating activities	\$ (789,725)	\$ (699,188)
Noncapital financing activities	960,943	850,281
Capital financing activities	(348,803)	(387,043)
Investing activities	179,410	223,914
Net increase (decrease) in cash and cash equivalents	1,825	(12,036)
Cash and cash equivalents, beginning of year	83,439	95,475
Cash and cash equivalents, end of year	\$ 85,264	\$ 83,439

Capital and Debt Analysis

The University of Arizona capital program is developed through a formal process involving internal committees, the Arizona Board of Regents (ABOR), and the State Joint Committee on Capital Review (JCCR). The process starts with the preparation of a comprehensive annual Capital Improvement Plan (CIP) as required by Arizona Revised Statutes § 41-793 and ABOR Policy 7-102. The CIP presents the university's strategic plan on space and capital acquisition to meet short and long-term requirements. It outlines the current capital funding allocation for the university, specifically for building renewal, deferred maintenance, facility leases, and other critical construction projects. The CIP covers a three-year period and focuses on addressing space deficiencies in academic, research, student services/support services,

and deferred maintenance. The CIP also provides a summary of the university debt information including debt ratio projections to comply with ABOR policy and State statutes. The projects in the CIP are prioritized at a later date by university management and presented to ABOR for approval through the Annual Capital Plan (ACP). The ACP presents immediate need for capital projects in the coming 12 months including the estimated budget costs of the project, how the project aligns with the university's strategic plan, funding source(s), and any associated debt information. Each project on the ACP must also receive an individual project and financing approval that authorizes the university to proceed with financing and execution of construction contracts for the project. Projects to be financed by debt must also be reviewed or approved by JCCR.

During fiscal year 2024, the university completed and placed in service two major building projects: the Grand Challenges Research Building and the Andrew Weil Center for Integrative Medicine Building. The Grand Challenges Research Building Project was constructed with a total cost of \$99.0 million and was financed by System Revenue Bonds. This is a new research facility that will leverage the university's core strengths in an interdisciplinary structure designed to foster conversations among research areas including optical sciences, space sciences, sound sciences and health sciences. This facility will be home to the Quantum Networks Engineering Research Center, the New Frontiers of Sound Science Technology Center, and will include activity for the Arizona Space Institute. The Andrew Weil Center for Integrative Medicine Building was constructed with a total cost of \$23.0 million and was primarily financed by gifts. This facility enables the Center to achieve its core goal of creating a physical environment that supports the evidence-based principles of integrative medicine and promotes healthy work environments.

In addition, there were ongoing major building projects at various stages within the capital process with total budgets including: the Center for Advanced Molecular and Immunotherapies of \$290.0 million, the Shantz Building Renovation of \$100.0 million and the Arizona Public Media New Facility of \$63.0 million.

The university generally finances capital improvements and acquisitions through the issuance of System Revenue Bonds (SRBs), Stimulus Plan for Economic and Education Development (SPEED) Revenue Bonds, or Certificates of Participation (COPs). Stimulus Plan for Economic and Education Development (SPEED) was authorized by the Arizona State Legislature to stimulate the State's economy through capital construction for State universities. This legislation also authorizes the use of State lottery revenue allocations to fund up to 80% of the annual debt service on all projects financed by

SPEED Revenue Bonds. The three State universities are responsible for at least 20% of the debt service. Prior to issuing any non-refunding Bonds or COPs, the university must provide a financing and funding plan in the ACP for ABOR approval. Additionally, the project is required to be reviewed or approved by JCCR. The amount of debt the university is capable of issuing is limited by a debt ratio of 8% as defined by State law (Arizona Revised Statutes § 15-1683) and ABOR Policy 7-102(B)(2)(e)(3). The debt ratio is determined by annual debt service on Bonds and COPs as a percentage of total operating expenses and debt service. At June 30, 2024, the university's debt ratio was 4.1%. The university's credit rating on its outstanding SRBs is Aa2 by Moody's and AA- by Standard and Poor's.

Detailed capital asset and debt information can be found in Notes 5 and 8, respectively, in the accompanying notes to the financial statements.

Economic Outlook

The University of Arizona continuously evaluates programmatic and institutional changes necessary to serve as a center for advanced graduate and professional studies while emphasizing research and providing excellence in undergraduate programs. University management has been diligently working to develop long and short-term strategic plans to address these programmatic and institutional changes and other challenges to the financial health of the institution. The Arizona Board of Regents and the university are actively evaluating creative solutions to contain costs and generate new revenues to continue providing quality and affordable education.

In January 2024, the university projected a current operating budget deficit of \$177.0 million. The university implemented budget reductions with administrative units taking the highest percentage reductions compared to academic units. This included reductions of 10.3% in the Office of the President, 27.1% in the Office of the Secretary of the University, and 11.1% in the Office of Business Affairs and Chief Financial Officer. The immediate actions taken, including temporary measures implemented by the university, coupled with better than projected revenue performance, reduced the fiscal year 2024 budget deficit from the projected \$177.0 million

to \$63.0 million. During fiscal year 2025, the university will evaluate existing changes and continue to address the deficit thoughtfully and with minimal impact to the overall mission.

The Arizona Board of Regents approved the university's fiscal year 2025 annual operating budget, which includes an estimated 8.0% increase in revenues and a \$6.9 million increase in net position over the fiscal year 2024 budget. This includes the fiscal year 2025 total State appropriation to the University of Arizona of \$371.3 million, which reflects a decrease by the State of \$12.0 million, or approximately (3.1)%. University-wide adjustments reflecting changes in organizational structure, such as centralization of Human Resources and information technology activities, and changes in budget reporting protocols, policy updates, and a more transparent budget planning process will allow the university to enhance its research, teaching, and community engagement mission on a much stronger financial footing. It alleviates the risk to the university's operating cash and lays a solid foundation to address the remaining deficit and, ultimately, bring the university back to a budget surplus. The university is committed to its students, parents, employees, and the State to providing the most efficient and effective services as possible. The fiscal year 2025 budget is one example of this commitment.

The university has continued the Guaranteed Tuition Program, started in the fall of 2014, which is a constant tuition rate set by ABOR for eight semesters. Additionally, the university continues to return a portion of tuition revenue in the form of need-based aid. For fiscal year 2025 incoming students participating in the Guaranteed Tuition Program, the Arizona Board of Regents voted to increase undergraduate tuition and fees by 2.2% for residents and 2.9% for non-residents. The university will be eliminating the Guaranteed Tuition Program in fall 2025 for new students.

Since the university is ultimately subject to the same economic variables that affect other financial entities, it is difficult to predict future outcomes. Management is working diligently to continue to provide quality instruction, research and public service to the State of Arizona and the nation.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2024 (in thousands of dollars)

Assets

Current assets

Cash and cash equivalents (Note 3)	\$	52,843
Short-term investments (Note 3)		294,514
Receivables:		
Accounts receivable (net of allowances of \$12,713)		97,736
Government grants and contracts receivable		99,329
Leases receivable		4,423
Student loans (net of allowances of \$29)		1,437
Inventories		6,676
Prepaid expenses		17,951
Total current assets	\$	574,909

Noncurrent assets

Restricted cash and cash equivalents (Note 3)	\$	32,421
Restricted investments with trustee (Note 3)		226,782
Restricted investments with bond trustees (Note 3)		24,344
Restricted long-term investments (Note 3)		32,036
Long-term investments (Note 3)		212,949
Endowment investments (Note 3)		327,793
Equity interest in joint venture (Note 4)		3,245
Student loans receivable (net of allowances of \$1,510)		35,435
Leases receivable		86,864
Net OPEB asset (Note 11)		20,822
Prepaid expenses		786
Capital assets, not being depreciated/amortized (Note 5)		403,684
Capital assets, being depreciated/amortized, net (Note 5)		2,450,561
Total noncurrent assets	\$	3,857,722
Total Assets	\$	4,432,631

Deferred Outflows of Resources

Deferred outflows related to pensions (Note 10)	\$	90,999
Deferred outflows related to OPEB (Note 11)		63,946
Deferred amounts from refunding of debt		22,255
Total Deferred Outflows of Resources	\$	177,200

Statement of Net Position (continued)

Liabilities

Current liabilities

Accounts payable	\$ 95,428
Accrued payroll and benefits	43,113
Accrued compensated absences, current portion (Note 7)	14,108
Unearned revenue and deposits (Note 6)	157,504
Pension liability, current portion (Note 10)	5,449
OPEB liability, current portion (Note 11)	3,280
Current portion of long-term debt and other obligations (Note 8)	
To be funded by university revenues	98,736
To be funded by State of Arizona appropriations and State Lottery monies	24,508
Capital commitments, current portion (Note 4)	2,000
Total current liabilities	\$ 444,126

Noncurrent liabilities

Accrued compensated absences (Note 7)	\$ 97,246
Net pension liability (Note 10)	626,319
OPEB liability (Note 11)	108,313
Long-term debt and other obligations (Note 8)	
To be funded by university revenues	1,193,062
To be funded by State of Arizona appropriations and State Lottery monies	390,955
Capital commitments (Note 4)	33,000
Total noncurrent liabilities	\$ 2,448,895
Total Liabilities	\$ 2,893,021

Deferred Inflows of Resources

Deferred inflows related to pensions (Note 10)	\$ 23,200
Deferred inflows related to OPEB (Note 11)	227,376
Deferred amounts from refunding of debt	784
Deferred inflows related to leases	88,088
Resources received before time requirements met (Note 3)	200,782
Total Deferred Inflows of Resources	\$ 540,230

Net Position

Net investment in capital assets	\$ 1,115,109
Restricted for nonexpendable:	
Endowments	164,383
Student loans	44,205
Restricted for expendable:	
Scholarships and fellowships	3,431
Academic/departmental uses	194,543
Capital projects	33,662
Debt service	21,192
Unrestricted (deficit)	(399,945)
Total Net Position	\$ 1,176,580

See Notes to Financial Statements

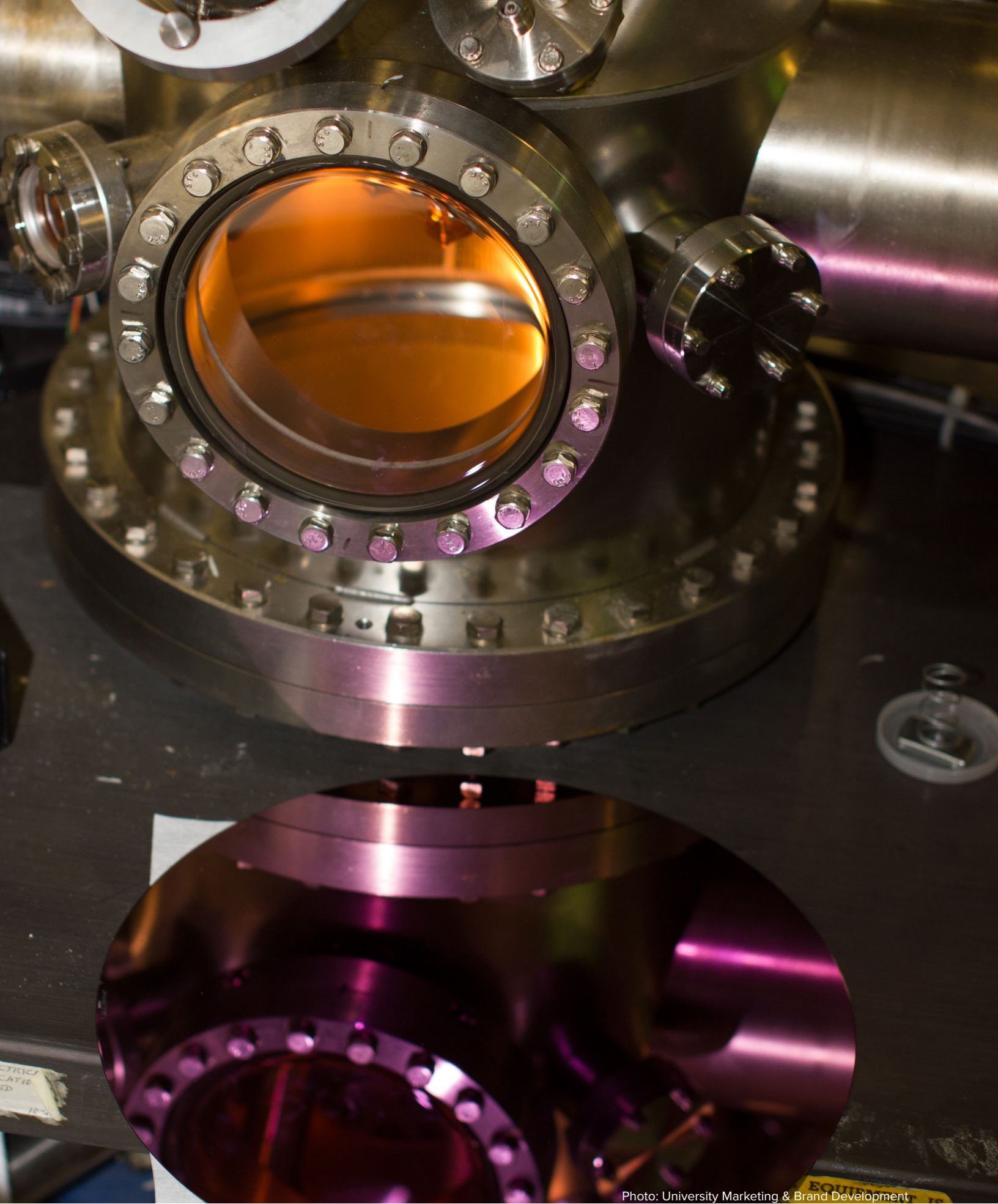


Photo: University Marketing & Brand Development

STATEMENT OF FINANCIAL POSITION – COMPONENT UNITS

June 30, 2024 (in thousands of dollars)

	University of Arizona Foundation	Other	Total
Assets			
Cash and cash equivalents	\$ 268,902	\$ 7,380	\$ 276,282
Pledges receivable, net	34,299	1,571	35,870
Accounts receivable, net	-	3,187	3,187
Contract assets	-	63	63
Investments in securities	1,345,355	16,173	1,361,528
Other investments	-	166	166
Prepaid expenses	-	184	184
Property and equipment, net	1,042	29,417	30,459
Intangible assets, net	-	1,169	1,169
Operating lease assets	-	3,162	3,162
Other assets	3,599	1,436	5,035
Total Assets	\$ 1,653,197	\$ 63,908	\$ 1,717,105
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 5,782	\$ 2,498	\$ 8,280
Fair value of endowments managed for the university	232,712	-	232,712
Annuities payable and other trust liabilities	16,995	-	16,995
Deferred revenue and deposits	-	2,376	2,376
Short-term and long-term debt and lease obligations	-	7,605	7,605
Total Liabilities	\$ 255,489	\$ 12,479	\$ 267,968
Net Assets			
Without donor restrictions	\$ 24,684	\$ 34,198	\$ 58,882
With donor restrictions	1,373,024	17,231	1,390,255
Total Net Assets	\$ 1,397,708	\$ 51,429	\$ 1,449,137
Total Liabilities and Net Assets	\$ 1,653,197	\$ 63,908	\$ 1,717,105

See Notes to Financial Statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2024 (in thousands of dollars)

Operating Revenues

Student tuition and fees, net of scholarship allowances of \$589,559	\$ 926,461
Federal grants and contracts	478,988
State grants and contracts	20,106
Local grants and contracts	5,688
Nongovernment grants and contracts	168,287
Sales and services of educational departments	80,351
Auxiliary enterprises, net of scholarship allowances of \$10,113	236,922
Other operating revenues	11,931
Total operating revenues	\$ 1,928,734

Operating Expenses

Educational and general	
Instruction	\$ 719,856
Research	644,893
Public service	133,221
Academic support	341,675
Student services	229,095
Institutional support	269,343
Operation and maintenance of plant	121,383
Scholarships and fellowships	81,880
Auxiliary enterprises	209,627
Depreciation and amortization (Note 5)	223,230
Total operating expenses	\$ 2,974,203
Operating Loss	\$ (1,045,469)

Nonoperating Revenues (Expenses)

State appropriations	\$ 357,504
Share of State sales tax revenues	63,604
Federal grants and appropriations	210,104
State and other government grants	30,657
Nongovernment grants and contracts	162,429
Gifts	135,024
Investment income	68,884
Interest expense on debt	(56,592)
Other nonoperating revenues, net	11,454
Net nonoperating revenues	\$ 983,068
Loss before Capital and Endowment Additions	\$ (62,401)

Statement of Revenues, Expenses and Changes in Net Position (continued)

Capital grants, gifts and conveyances	\$ 7,277
Capital appropriations	25,791
Capital commitment - State Lottery Revenue	20,813
Additions to permanent endowments	3,808
Total capital and endowment additions	\$ 57,689
Decrease in Net Position	\$ (4,712)

Net Position

Net Position - Beginning of year	1,181,292
Net Position - End of year	\$ 1,176,580

See Notes to Financial Statements



Photo: Office of Sustainability

STATEMENT OF ACTIVITIES – COMPONENT UNITS

Year Ended June 30, 2024 (in thousands of dollars)

	University of Arizona Foundation	Other	Total
Revenues			
Sales and services	\$ 7,849	\$ 8,138	\$ 15,987
Contributions and grants	144,281	6,689	150,970
Rental revenues	-	14,042	14,042
Investment income, net	90,712	1,879	92,591
Other income	12,305	186	12,491
Total revenues	<u>\$ 255,147</u>	<u>\$ 30,934</u>	<u>\$ 286,081</u>
Expenses			
Program services:			
Contracting related expenses	-	\$ 4,929	\$ 4,929
Leasing related expenses	-	16,114	16,114
Payments to the university	\$ 112,290	-	112,290
Payments on behalf of the university	17,362	4,652	22,014
Supporting services:			
Administration and general	10,128	6,024	16,152
Fundraising	16,372	135	16,507
Total expenses	<u>\$ 156,152</u>	<u>\$ 31,854</u>	<u>\$ 188,006</u>
Increase (Decrease) in Net Assets	\$ 98,995	\$ (920)	\$ 98,075
Net Assets - Beginning of year	<u>\$ 1,298,713</u>	<u>\$ 52,349</u>	<u>\$ 1,351,062</u>
Net Assets - End of year	<u>\$ 1,397,708</u>	<u>\$ 51,429</u>	<u>\$ 1,449,137</u>

See Notes to Financial Statements



Photo: Andrew Bourland, University Marketing & Brand Development

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024 (in thousands of dollars)

Cash Flows from Operating Activities

Tuition and fees	\$	928,935
Grants and contracts		670,250
Payments for salaries, wages and benefits		(1,852,426)
Payments to suppliers		(797,398)
Payments for scholarships and fellowships		(81,880)
Loans issued to students		(11,295)
Collections on loans to students		3,238
Auxiliary enterprise receipts		241,676
Sales and services of educational departments		78,768
Funds held for others received		12,048
Funds held for others disbursed		(12,786)
Other receipts		31,145
Net cash used for operating activities	\$	(789,725)

Cash Flows from Noncapital Financing Activities

State appropriations	\$	357,504
Share of State sales tax receipts		66,650
Gifts, contracts and grants for other than capital purposes		537,753
Direct Loans received		403,858
Direct Loans disbursed		(404,822)
Net cash provided by noncapital financing activities	\$	960,943

Cash Flows from Capital Financing Activities

Capital appropriations, grants and gifts received	\$	32,096
Capital commitment - State Lottery revenue		20,813
Proceeds from sale of capital assets		1,075
Purchase of capital assets		(210,671)
Principal paid on capital debt/obligations		(124,962)
Interest paid on capital debt/obligations		(67,154)
Net cash used for capital financing activities	\$	(348,803)

Cash Flows from Investing Activities

Proceeds from sales and maturities of investments	\$	2,023,225
Interest and dividends on investments		42,139
Purchase of investments		(1,885,954)
Net cash provided by investing activities	\$	179,410
Net increase in Cash and Cash Equivalents	\$	1,825

Statement of Cash Flows (continued)

Cash and Cash Equivalents

Cash and Cash Equivalents, July 1, 2023	83,439
Cash and Cash Equivalents, June 30, 2024	<u>\$ 85,264</u>

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

Operating loss	\$ (1,045,469)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization	223,230
Net funds held for others	(738)
Miscellaneous income	19,635
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Net OPEB asset	(20,822)
Net pension liability	1,985
Deferred outflows of resources related to pensions	8,555
Deferred inflows of resources related to pensions	(9,808)
OPEB liability	(48,214)
Deferred outflows of resources related to OPEB	(4,612)
Deferred inflows of resources related to OPEB	62,867
Receivables, net	(9,471)
Equity interest in joint venture	(180)
Inventories	1,872
Prepaid expenses	(159)
Accounts payable	10,502
Accrued payroll and benefits and compensated absences	16,211
Unearned revenue and deposits	4,891
Net cash used for operating activities	<u>\$ (789,725)</u>

Significant Noncash Transactions

Gifts and conveyances of capital assets	\$ 1,568
Change in fair value of investments	26,801
Change in fair value of equity interest in joint venture	(2,367)
Change in fair value of restricted investments with trustee	24,752
Amortization of bond discount, prepaid insurance, and deferred cost of refundings	(2,208)
Amortization of bond premium	9,628
Net loss on disposal of capital assets with an original cost of \$32,693 and accumulated depreciation of \$22,119 and cash proceeds of \$1,075	(9,499)
Capital-related accounts payable	6,001
Intangible right-to-use lease and subscription asset additions	27,273

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements include all activities that the university directly controls. In addition, the financial statements include the financial position and activities of the university's discretely presented component units as described in Notes 2 and 15. Fiscal responsibility for the university remains with the State of Arizona; therefore, the university is an integral part of the State of Arizona's tri-university system, which is an enterprise fund in the State of Arizona's *Annual Comprehensive Financial Report*.

The component units are legally separate, private, nonprofit organizations that report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component units' financial information in the university's financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the university.

Basis of Presentation

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

For the year ended June 30, 2024, the university implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement prescribes the accounting and financial reporting for each type of accounting change and error correction. It also requires that the aggregate amount of any adjustments to and restatements of beginning net position be displayed by reporting unit in the financial statements and that disclosure in the notes to financial statements include descriptive information about accounting changes and error corrections.

The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and

Changes in Net Position; and a Statement of Cash Flows.

The Statement of Net Position provides information about assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the university at June 30. Assets and liabilities are classified as either current or noncurrent. Current liabilities are obligations that will be paid within one year of the statement date, and current assets are those resources available to satisfy current liabilities. Deferred outflows/inflows of resources are resources that have been consumed or acquired that are applicable to a future reporting period. Net position is the residual amount and is classified according to external donor restrictions or availability of assets to satisfy university obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation and amortization, less any outstanding liabilities incurred to acquire or construct the assets. Nonexpendable restricted net position is comprised of gifts received for endowment purposes and revolving student loan funds, the corpus of which cannot be expended. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.

The Statement of Revenues, Expenses and Changes in Net Position provides information about the university's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition and fees, sales and services of auxiliary enterprises, and most government and nongovernment research grants and contracts, in which each party receives and gives up essentially equal values, are considered operating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations, nonexchange grants, gifts, and investment income. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization of capital assets. Other expenses, such as interest expense on debt, are considered nonoperating expenses.

The Statement of Cash Flows provides information about the university's sources and uses of cash and cash equivalents during the year. Increases and decreases



in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The university eliminates all internal activity.

Reclassification in the Financial Statements Resulting from an Error Correction

During fiscal year 2024, the university reclassified the beginning balance of \$21.2 million for the net other postemployment benefit (OPEB) asset related to the Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS) OPEB plans from OPEB liability (noncurrent liabilities) to net OPEB asset (noncurrent assets). The ASRS and PSPRS net OPEB asset was previously netted against the Arizona Department of Administration (ADOA) OPEB-related liability rather than reported separately as required by the GASB. Fiscal year 2023 ending balances have been restated in the MD&A and the beginning OPEB liability balance has been restated in Note 11. There was no effect on beginning net position.

Significant Accounting Policies

The methods of applying GAAP that materially affect financial presentation are summarized below:

Cash and Investments:

- Cash equivalents include all highly liquid investments with an original maturity of 90 days or less.
- Investments are stated at fair value at June 30.
- Investment income includes interest and dividend earnings and changes in fair value of investments during the fiscal year from the investment of endowment, operating, and applicable trustee funds.

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 managed by the university, the Investment Committee and university administration consider long- and short-term needs, total investment return and price level trends, and general economic conditions. For fiscal year 2024, the expendable rate was established at 4.25% based on a twelve-quarter average fair value of principal account balances as of December 31, 2022, and assumes no additions or deductions to those balances from that date forward. Donor restricted endowments that are available for expenditure are reported as restricted and expendable on the Statement of Net Position.

Inventories: Inventories consist primarily of items held for resale and supplies. Items held for resale are stated at the lower of cost (determined by the first-in, first-out or the weighted average method) or market. Supplies are stated at cost.

Special Collections and Historical Treasures: The university maintains special collections and historical treasures for educational purposes and public exhibition. These special collections include Kress,

Pfeiffer, and Gallagher artwork, Ansel Adams, Harry Callahan, David Hume Kennerly, and Edward Weston photography collections, American Indians of the Southwest archeological collection, pottery whole vessel collection, and several medical and law book collections. They are not subject to disposal for financial gain or encumbrance. Accordingly, such collections are not capitalized for financial statement purposes but are inventoried for property control purposes.

Capital Assets: Capital assets are reported at actual cost or, if donated, at acquisition value. The capitalization thresholds and estimated useful lives for capital assets of the university are as follows:

Asset Category	Capitalization Threshold (\$)	Estimated Useful Life (yrs)
Land	1	n/a
Construction in progress	100,000	n/a
Buildings and improvements	100,000	15 – 50
Infrastructure	100,000	10 – 100
Equipment (various equipment, machinery, vehicles and other)	5,000	3 – 25
Library materials	1	10
Intangibles:		
Intangible assets, computer software ≥ \$10 million	10,000,000	10
Intangible assets, computer software < \$10 million	1,000,000	5
Right-to-use subscription assets	1,000,000	See below
Right-to-use lease assets (buildings)	100,000	See below

Capital assets, other than land, construction in progress, and intangible assets with indefinite useful lives, are depreciated over their estimated useful lives using the straight-line method.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the university has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Pension and Other Postemployment Benefits: For purposes of measuring the net pension and OPEB assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Scholarship Allowances: A scholarship allowance is the difference between the stated charge for tuition and fees or dormitory charges and the amount paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as fee waivers, Pell grants, and scholarship awards are considered scholarship allowances if used to pay tuition and residence fees. These allowances are netted against tuition and auxiliary revenues in the Statement of Revenues, Expenses and Changes in Net Position.

Leases: As lessee, the university recognizes lease liabilities with an initial, individual value of \$0.1 million or more. The university uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The university's estimated incremental borrowing rate is based on its most recent public debt issuance.

As lessor, the university recognizes lease receivables with an initial, individual value of \$0.1 million or more. The university leases ground and building space to third parties under the provisions of various lease agreements for uses including offices, commercial space, clinical space, and mixed-use space. If there is no stated rate in the lease contract (or if the stated rate is not the rate the university charges the lessee) and the implicit rate cannot be determined, the university uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The university's estimated incremental borrowing rate is calculated as described above. During the fiscal year ended June 30, 2024, the university had \$4.4 million in current leases receivable and \$86.9 million in non-current leases receivable and recognized total lease-related revenues of \$10.2 million.

Subscription-based Information Technology Arrangements: The university recognizes subscription liabilities with an initial, individual value of \$1.0 million or more. The university uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the

arrangement. The university's estimated incremental borrowing rate is calculated as described above.

Restricted and Unrestricted Resources: The university has both restricted and unrestricted resources available for most programs. Restricted resources are externally restricted for a specific purpose and primarily include sponsored research grants and contracts and gifts. The university's policy regarding whether to first apply restricted or unrestricted resources is made on a case-by-case basis. Restricted resources remain classified as such until spent.

NOTE 2. Component Units

The financial statements of the university include the operations of the University of Arizona Foundation, Inc., Campus Research Corporation, Law College Association of the University of Arizona, University of Arizona Applied Research Corporation, and Eller Executive Education, all discretely presented component units. For financial reporting purposes, only the statement of financial position and statement of activities are included in the university's financial statements as required by U.S. generally accepted accounting principles for public colleges and universities. Discretely presented component units are reported on separate pages following the university's respective counterpart financial statements because those component unit financial statements are prepared in accordance with non-governmental U.S. generally accepted accounting principles (i.e., FASB). Each discretely presented component unit discussed below has a June 30 year-end.

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 Statements No. 14 and No. 34* have set forth criteria to be considered in determining financial accountability. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion under GASB Statement No. 14, *The Financial Reporting Entity*, 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.

Discretely Presented Component Units

The University of Arizona Foundation, Inc. (Foundation) is a legally separate, tax-exempt, private nonprofit corporation governed by a separate Board of Trustees. The Foundation was established for the primary purpose of advancing the university by building relationships, securing philanthropic support, and stewarding assets. Although the university does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources are significant to the university and can only be used by, or for the benefit of, the university or its constituents. As the university is also entitled to the benefit of these resources, the Foundation is considered a component unit of the university and is discretely presented in the university's financial statements. The Foundation's financial statements are not publicly available. For information regarding the Foundation's financial statements, contact the University of Arizona Foundation Comptroller at the following address: The University of Arizona Foundation, Financial Services Office, 1111 N. Cherry Ave., Room 403, Tucson, Arizona 85721-0109.

Campus Research Corporation (CRC) is a legally separate, tax-exempt, private nonprofit corporation governed by a separate Board of Directors and was established to assist the university in the acquisition, improvement, and operation of the University of Arizona Science and Technology Parks, the original UA Tech Park at Rita Road and the UA Tech Park at the Bridges, related properties and entities. CRC currently leases from the university all the buildings at the UA Tech Park at Rita Road. CRC is responsible for assisting in the development of the presently undeveloped portions of the UA Tech Parks and for subleasing unoccupied space, newly developed space, and space now occupied by IBM or its subtenants once the current subleases terminate. The university is

responsible for payment of the operational expenses associated with the space occupied by university departments, offices, and programs. All net proceeds received by CRC from its activities, after retention for operations and improvements, as defined by the master lease agreement, and reserves, will be distributed to the university. As the university approves CRC's budget and can access its resources (i.e., leased property and new building construction on the property), fiscal dependency and a benefit/burden relationship exist between the organizations, making CRC a component unit of the university. As CRC does not meet any of the blending criteria in GASB Statement No. 14, as amended, CRC is presented as a discrete component unit in the university's financial statements. For information regarding CRC's financial statements, contact the Chief Financial Officer at the following address: Tech Parks Arizona, 9070 South Rita Road, Suite 1750, Tucson, Arizona 85747-6112.

The Law College Association of the University of Arizona (Law College Association) is a legally separate, tax-exempt, private nonprofit corporation governed by a separate Board of Directors and was established to provide support and financial assistance to the College of Law at the University of Arizona. The Law College Association funds provide support to the College on many levels, from endowed student scholarships to named faculty professorships. The funds also provide support for various academic programs. As the economic resources held by the Law College Association are significant to the university and are entirely or almost entirely for the direct benefit of the university, and as the university is entitled to a majority of the economic resources received or held by the Law College Association, it is considered a component unit of the university and is discretely presented in the university's financial statements. For information regarding the Law College Association's financial statements, contact the Law College Association at the following address: Law College Association, James E. Rogers College of Law at the University of Arizona, 1201 E. Speedway Blvd., Tucson, Arizona 85721-0176.

The University of Arizona Applied Research Corporation (UA-ARC) is a legally separate, tax-exempt, private nonprofit corporation governed by a separate Board of Directors, all members of which are appointed by the President and Provost of the University of Arizona. UA-ARC was established to further the educational, research and development objectives of the university through conducting applied multidisciplinary research and development in the areas of optics, hypersonics, quantum information science, artificial intelligence cyber security, and space related research. As the university President and Provost appoint all UA-ARC board members and can remove any member at will, the

university can impose its will on UA-ARC, making UA-ARC a component unit of the university. As UA-ARC does not meet any of the blending criteria in GASB Statement No. 14, as amended, UA-ARC is presented as a discrete component unit in the university's financial statements. For information regarding UA-ARC's financial statements, contact UA-ARC at the following address: The University of Arizona Applied Research Corporation, 1600 East Idea Lane, Suite 401, Tucson, Arizona 85713-0011.

Eller Executive Education (EEE) is a legally separate, tax-exempt, private nonprofit corporation governed by a separate Board of Directors, all members of which are appointed by the President of the University of Arizona. EEE was established to advance the missions of the Eller College of Management and University of Arizona through noncredit, non-degree programs for business, government, and nonprofit leaders. Through leadership and business programs for local, regional, and international organizations, EEE helps organizations solve their leadership challenges. Given that these programs are customized and unlike any typical university course, EEE fills an education market that is not otherwise effectively addressed by the university. In the process, EEE advances university goals in outreach, workforce, and faculty development. As the university President appoints all EEE board members and can remove any member at will, the university can impose its will on EEE, making EEE a component unit of the university. As EEE does not meet any of the blending criteria in GASB Statement No. 14, as amended, EEE is presented as a discrete component unit in the university's financial statements. For information regarding EEE's financial statements, contact EEE at the following address: Eller Executive Education, P.O. Box 210108, Tucson, Arizona 85721-0108.

NOTE 3. Deposits and Investments

A. General

At June 30, 2024, the university's deposits and investments had a fair value of \$1.2 billion. The required disclosures are included in sections B through D of this footnote.

Included in the university's deposits and investments are capital project funds totaling \$24.3 million which are held in trust by a commercial bank and available for future construction costs. Trust funds are invested in accordance with the Arizona Board of Regents' authorizing resolutions, as disclosed in section B of this footnote.

Endowment funds totaling \$232.7 million managed by the University of Arizona Foundation (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 Foundation and invested in the Foundation's Endowment Pool (Pool). The university's endowment assets are maintained separately on the financial system of the Foundation and receive a proportional share of the Pool activity. As such, the 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 Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The Foundation's Investment Committee is responsible for oversight of the Pool in accordance with Foundation policies. Included in these investments are balances invested on behalf of the Arizona Student Financial Aid Trust (ASFAT). ASFAT was established by the Arizona Board of Regents and is funded by the Arizona State Legislature and student fees. The university's ASFAT funds are recorded as endowment investments at \$51.3 million.

Further, the university is the sole beneficiary of the University of Arizona Academic Enhancement Fund Trust (Trust). Trust assets totaled \$226.8 million at June 30, 2024 and are recorded in the university's Statement of Net Position as restricted investments with trustee. Trust assets, less university contributions to the trust, are offset by a \$200.8 million deferred inflow of resources because not all time requirements have been met. The purpose of the Trust is to provide ongoing funding over 30 years, beginning in fiscal year 2015, in the form of \$20.0 million annual distributions to the university for academic enhancements, faculty recruitment, and program development at the Arizona Health Science Center. The university has entered into an investment agreement with a third party, Banner Health, to direct the investment activity of the trustee in accordance with Banner policies. In the event the Trust becomes insolvent or does not generate sufficient income to make the annual distributions, Banner Health is contractually obligated to make the annual distribution payments to the university from other sources.

B. Statutory and Arizona Board of Regents' Policies

Arizona Revised Statutes requires collateral for deposits at 102% of all deposits of the university not covered by federal deposit insurance. Further policy regarding deposits is provided by the Arizona Board of Regents. According to Board policy, deposits can be made only at depository banks approved by the Board.

The Statutes do not specifically address the investment policy of the university; rather, Arizona Board of Regents' policy governs in this area. Board policy requires that the university arrange for the safekeeping of securities

by a bank or other financial institution approved by the Board. Also under Board policy, the university is limited to investing its pooled operating funds in certificates of deposit, collateralized repurchase agreements, United States Treasury securities, federal agency securities, investment grade corporate bonds or in the government investment pool administered by the State Treasurer's Office.

Investment of capital project funds held with bond trustees are subject to investment policy set by the Board and included in bond indentures. The monies may be invested in obligations of or guaranteed by the federal government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities; or in certificates of deposit of federally insured banks, trust companies or savings and loan associations in the State of Arizona.

With regard to endowments, Arizona Board of Regents' policy dictates that these funds are to be invested under the direction of an investment committee designated by the president of each university. At the University of Arizona, the investment committee is responsible for defining, developing, and implementing investment objectives, policies, and restrictions. However, if donors restrict investments, Board policy requires that the university invest those funds separately as directed by the donor, and the individual endowments bear all changes in value.

The State of Arizona Treasurer's pools are not registered with the SEC. The State of Arizona Board of Investment provides oversight for the State of Arizona Treasurer's pools.

The university's deposit and investment policies follow the Arizona Board of Regents' policies.

C. Deposit and Investment Risk

Custodial Credit Risk: University policy for its operating funds requires all repurchase agreements to be collateralized with government debt securities or cash balances held in the comptroller's demand deposit account. Beyond this requirement, the university does not have a policy that specifically addresses custodial credit risk. At June 30, 2024, \$25.1 million of the university's total deposits and investments is exposed to custodial credit risk since a portion of the university's endowment funds are held by trustees. These deposits and securities are held by the counterparties in the names of the individual donors as irrevocable trusts for the benefit of the university.

Credit Risk: With regard to credit risk, university policy restricts investment of the operating funds to certificates of deposit and collateralized repurchase agreements, United States Treasury securities, federal

agency securities, investment grade corporate bonds or the government investment pool administered by the State Treasurer's Office. When investing operating funds, university policy requires corporate bonds and notes to be of investment grade quality, rated Baa or higher by Moody's Investors Service, at the time of purchase.

The university does not have a formal policy that specifically addresses credit risk over endowment funds. As indicated in Section A of this note, \$232.7 million of the university's endowment funds are held in the Foundation's Endowment Pool, which is not rated. The Foundation's Investment Committee manages the credit risk of the Pool's investments. Other university endowment funds held by external trustees are invested in accordance with donor restrictions and those investments' credit quality ratings are included in the following table.

The following table presents credit risk by investment type (in thousands of dollars) at June 30, 2024:

Investment Type	Moody's/Standard & Poor's Rating						
	Fair Value	Not Rated	Aaa/AAA	Aa/AA	A/A	Baa/BBB	Ba/BB
Certificates of Deposit*	\$ 245	\$ 245	-	-	-	-	-
Corporate Bonds	355,989	-	\$ 2,982	\$ 26,920	\$ 141,914	\$ 178,382	\$ 5,791
Federal Agency Securities	278	-	-	278	-	-	-
Fixed Income Mutual Funds	1,783	1,783	-	-	-	-	-
Money Market Mutual Funds	215,152	-	215,152	-	-	-	-
Municipal Bonds	245	-	-	245	-	-	-
State Treasurer's Pool 3	2,218	2,218	-	-	-	-	-
Total	\$ 575,910	\$ 4,246	\$ 218,134	\$ 27,443	\$ 141,914	\$ 178,382	\$ 5,791

* Although the certificates of deposit are unrated by Moody's Investor Service or Standard & Poor's, \$0.2 million is covered by federal deposit insurance and would be returned to the university in the situation of default by the issuer.

The university used both Moody's and Standard & Poor's to determine the credit quality ratings of its debt securities. When a debt security investment was rated by only one of the rating agencies, that credit quality rating was disclosed. When a debt security was rated by both rating agencies, the university disclosed the credit quality rating with the greatest degree of risk.

Concentration of Credit Risk: Other than United States Treasury securities and other federal agency securities, which can represent greater than 5% of total investments, university policy limits investment in a single issuer to 5% or less of the fair value of the total portfolio. The university does not have an investment in any single issuer that exceeds 5% of the overall portfolio.

Interest Rate Risk: The university does not have a formal policy for interest rate risk. The following chart presents the interest rate risk for the university's debt investments (in thousands of dollars) at June 30, 2024, utilizing the segmented time distribution method:

Investment Type	Fair Value	Maturity Date			
		< 1 Year	1-5 Years	6-10 Years	> 10 Years
Certificates of Deposit	\$ 245	\$ 245	-	-	-
Corporate Bonds	355,989	176,312	\$ 178,808	\$ 869	-
Federal Agency Securities	278	29	124	125	-
Fixed Income Mutual Funds	1,783	18	708	517	\$ 540
Money Market Mutual Funds	215,152	215,152	-	-	-
Municipal Bonds	245	-	122	123	-
State Treasurer's Pool 3	2,218	-	2,218	-	-
US Treasury Securities	44,130	23,984	11,840	8,306	-
Total	\$ 620,040	\$ 415,740	\$ 193,820	\$ 9,940	\$ 540

Foreign Currency Risk: The university's foreign investments (in thousands of dollars) at June 30, 2024 are shown in the table below. Foreign currency - denominated investments are part of the university's endowment portfolios. University policy does not include any specific requirements for foreign currency risk. University endowment funds held by external trustees are invested in accordance with donor restrictions.

Investment Type	Currency	Fair Value
Common Stocks	Various	\$ 352
Equity Mutual Funds	Various	5,819
Fixed Income Mutual Funds	Various	723
Mutual Funds - Asset Allocation	Various	1,273
Total		\$ 8,167

D. Fair Value of Investment Assets

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

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

Fair value measurements (in thousands of dollars) as of June 30, 2024, were as follows:

	As of June 30, 2024	Hierarchy Fair Value		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Certificates of Deposit	\$ 245	-	\$ 245	-
Common Stocks	6,282	\$ 5,653	629	-
Corporate Bonds	353,664	-	353,664	-
Equity Mutual Funds	83,621	83,092	-	\$ 529
Federal Agency Securities	29	-	29	-
Fixed Income Mutual Funds	1,720	1,720	-	-
Money Market Mutual Funds	214,947	214,947	-	-
Mutual Funds - Asset Allocation	1,273	797	-	476
Private Equities	497	-	-	497
Real Estate	602	-	-	602
US Treasury Securities	44,130	44,130	-	-
Total investments by fair value level	\$ 707,010	\$ 350,339	\$ 354,567	\$ 2,104
Other Investments at Fair Value				
Academic Enhancement Fund Trust	226,782			
State Treasurer's Pool 3	2,218			
Interest in Permanent Endowment	12,286			
University of Arizona Foundation	232,712			
Total other investments at fair value	\$ 473,998			
Investments at Net Asset Value (NAV)				
Equity Mutual Funds	10,095			
Total investments at net asset value	\$ 10,095			
Total investments at fair value	\$ 1,191,103			

Investments Classified in Fair Value Hierarchy

Investments categorized as Level 1 of the fair value hierarchy are valued using unadjusted prices quoted for identical assets in active, exchange and brokered markets for those securities. Investments categorized as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments categorized as Level 3 of the fair value hierarchy are valued using various methods. The fair value of private equities are valued using multiple pricing options. For managed assets, business appraisers use valuation methodologies based on a number of assumptions to create the price.

For non-managed assets, pricing is provided by various sources including the issuer or private investment manager. Real estate is valued by using the market approach industry standard valuation technique which includes independent appraisals.

Other Investments at Fair Value

The fair values of the Academic Enhancement Fund Trust and Interest in Permanent Endowment are derived from their respective custodial bank's independent pricing services. The university has beneficial interests in these investment accounts, and determines fair value based on the university's percentage of beneficial interest, which is the unit of account for purposes of fair value determination.

The fair value of a participant's portion in the State Treasurer's Pool 3 approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the university held.

The fair value of the university's position in the University of Arizona Foundation Pool is based on the university's proportionate share of the Pool, which is valued at marked-to-market monthly.

Investments at Net Asset Value

Equity mutual funds include event-driven hedge funds investing in corporate financial restructurings, major operational reorganizations, distressed situations, and other events. The funds are valued using the Net Asset Valuation per share and have a quarterly redemption frequency with 90 days' notice. There are no unfunded commitments.

NOTE 4. Joint Venture and Jointly Governed Organization

Joint Venture: The university is a participant in the Large Binocular Telescope Corporation (LBT). LBT was formally incorporated as a nonprofit corporation in August 1992 pursuant to a Memorandum of Understanding, as amended, executed on February 24, 1989, between the university and INAF Astrophysical Observatory in Florence, Italy. The purpose of the joint venture is to design, develop, construct, own, operate and maintain a binocular telescope located in Arizona. The current members of LBT are the university, Istituto Nazionale di Astrofisica, The Ohio State University, and LBT Beteiligungsgesellschaft (LBTB).

The university has committed resources equivalent to 26.25% of LBT's construction costs and annual operating costs. The university has made total cash contributions of \$19.2 million and contributions of services and materials of \$6.0 million, which is recorded as equity interest in joint venture on the statement of net position. The university's financial interest represents future viewing/observation rights. As of December 31, 2007, the assets had been substantially completed and the telescope entered the commissioning phase. During calendar year 2007, the telescope became operational for research purposes and depreciation of the property and equipment commenced. The university recorded its proportionate share of the use of the viewing/observation rights, \$2.4 million in calendar year 2024, as a reduction in its equity interest. At June 30, 2024, the equity interest totaled \$3.2 million. According to the most recent audited financial statements of LBT for the year ended December 31, 2023, assets, liabilities, revenues and expenses totaled \$101.6 million, \$7.7 million, \$24.2 million, and \$22.7 million, respectively. For information regarding LBT's financial statements, contact the University of Arizona Comptroller at the following address: The University of Arizona, Financial Services, 888 N. Euclid Ave., Room 502, Tucson, Arizona 85721.

Jointly Governed Organization: The Giant Magellan Telescope Organization (GMTO) is a non-stock, nonprofit, jointly governed corporation founded to own and administer the planning, design, construction and operation of the 25-meter Giant Magellan Telescope, a proposed astronomical telescope and its associated buildings, equipment and instrumentation, to be located in northern Chile. The GMTO is jointly governed by several leading educational and research institutions from the United States, Australia, Brazil, Chile, Israel, South Korea, and Taiwan, including the University of Arizona. The university comprises two of the fifteen members of the GMTO Board of Directors and is one of fourteen founders and participants. The GMTO will hold all rights,

title and interest to and in the telescope. Although the university does not have a defined equity interest, as a founder the university will receive viewing rights to the telescope in proportion to its voluntary contributions to the project. The university has recognized an intangible asset related to the costs incurred during the Design Development and Construction/Commissioning Phases. The university has also signed agreements outlining capital commitments to the GMTO between July 2022 and July 2031. Changes in capital commitments related to the GMTO (in thousands of dollars) during the fiscal year ended June 30, 2024, were as follows:

GMTO Capital Commitments

Beginning balance	\$	40,000
Additions		-
Reductions		(5,000)
Ending balance	\$	35,000
Current portion	\$	2,000

The university has contributed a total of \$107.8 million to the GMTO as of June 30, 2024. The university has been and will be responsible for manufacturing the telescope’s mirrors and will receive compensation from other GMTO founders and participants based on individual contractual agreements. As of June 30, 2024, the university has received contractual payments related to the project from the GMTO and related partners totaling \$89.7 million. Contractual payments were for projects related to mirror construction and process development and include the acquisition of glass and mold materials, the development of mirror testing systems, design study, and engineering support.



Photo: Nick Letson

NOTE 5. Capital Assets

Capital asset activity (in thousands of dollars) for the year ended June 30, 2024, was as follows:

	Beginning Balance July 1, 2023	Additions	Retirements	Transfers/ Reclasses	Ending Balance June 30, 2024
Land	\$ 130,084	\$ 241	\$ (377)	-	\$ 129,948
Construction in progress:					
Real property	214,539	131,744	-	\$ (216,328)	129,955
Intangible assets:					
Telescope viewing rights	143,348	7,161	-	(7,706)	142,803
Computer software	718	2,933	(7,706)	5,033	978
Total non-depreciable/amortizable capital assets	<u>\$ 488,689</u>	<u>\$ 142,079</u>	<u>\$ (8,083)</u>	<u>\$ (219,001)</u>	<u>\$ 403,684</u>
Buildings and improvements	\$ 3,497,214	\$ 4,572	\$ (162)	\$ 208,776	\$ 3,710,400
Infrastructure	326,671	594	-	7,249	334,514
Equipment	670,042	52,574	(22,272)	303	700,647
Intangible assets:					
Computer software	161,911	-	(855)	2,673	163,729
Right-to-use lease buildings	207,080	5,623	-	1,799	214,502
Right-to-use subscription assets	38,291	21,650	-	4,642	64,583
Library materials	390,857	15,731	(1,321)	-	405,267
Total depreciable/amortizable capital assets	<u>\$ 5,292,066</u>	<u>\$ 100,744</u>	<u>\$ (24,610)</u>	<u>\$ 225,442</u>	<u>\$ 5,593,642</u>
Less: accumulated depreciation/amortization					
Buildings and improvements	\$ 1,733,065	\$ 114,487	\$ (99)	-	\$ 1,847,453
Infrastructure	195,025	10,806	-	-	205,831
Equipment	486,789	36,647	(19,844)	-	503,592
Intangible assets:					
Computer software	143,889	9,032	(855)	-	152,066
Right-to-use lease buildings	39,819	20,853	-	\$ 1,799	62,471
Right-to-use subscription assets	9,742	17,210	-	4,642	31,594
Library materials	327,200	14,195	(1,321)	-	340,074
Total accumulated depreciation/amortization	<u>\$ 2,935,529</u>	<u>\$ 223,230</u>	<u>\$ (22,119)</u>	<u>\$ 6,441</u>	<u>\$ 3,143,081</u>
Depreciable/amortizable capital assets, net	<u>\$ 2,356,537</u>	<u>\$ (122,486)</u>	<u>\$ (2,491)</u>	<u>\$ 219,001</u>	<u>\$ 2,450,561</u>
Capital assets, net	<u>\$ 2,845,226</u>	<u>\$ 19,593</u>	<u>\$ (10,574)</u>	<u>-</u>	<u>\$ 2,854,245</u>

In addition to expenditures through June 30, 2024, it is estimated that \$319.1 million will be required to complete projects under construction or planned for construction. Of that amount, \$102.3 million is contractually encumbered.

NOTE 6. Unearned Revenue and Deposits

Unearned revenue consists primarily of amounts received from grants and contract sponsors that have not yet been earned under the terms of the agreements as well as tuition and fees received in advance. Unearned revenue also includes amounts received in advance of an event, such as advance ticket sales for sporting events.

Unearned revenue and deposits (in thousands of dollars) at June 30, 2024, consisted of the following:

Current Unearned Revenue and Deposits		
Unexpended cash advances received for sponsored programs	\$	78,629
Tuition and fees		55,575
Auxiliary sales and services		19,903
Other unearned revenue		2,111
Deposits		1,286
Total current unearned revenue and deposits	\$	157,504

NOTE 7. Accrued Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services already rendered. These balances are accrued when earned. Employees may carry forward from one calendar year to the next up to 320 accrued vacation hours depending on classification and years of service. Upon termination, accrued hours up to 176 will be paid. At fiscal year-end, the university accrued all compensated absence balances accumulated to date as a liability in the financial statements. The university does not accrue sick time. Upon retirement, employees with a minimum of 500 hours of accumulated sick time are paid a formulated amount from the Retiree Accumulated Sick Leave (RASL) fund administered by the Arizona Department of Administration (ADOA). The university pays a percentage of its payroll for RASL to ADOA and does not have further liability. Accrued compensated vacation (in thousands of dollars) for the year ended June 30, 2024, was as follows:

Beginning balance	\$	100,546
Additions		83,115
Reductions		(72,307)
Ending balance	\$	111,354
Current portion	\$	14,108



Photo: Andrew Bourland, University Marketing & Brand Development

NOTE 8. Long-Term Liabilities

Long-term debt, financed purchase obligations, lease, and subscription activity (in thousands of dollars) for the year ended June 30, 2024, was as follows:

	Beginning Balance July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024	Due Within One Year
Bonds payable	\$ 1,292,000	-	\$ (59,595)	\$ 1,232,405	\$ 57,275
Certificates of participation	136,465	-	(29,115)	107,350	22,630
Financed purchase obligations	6,321	-	(64)	6,257	106
Subtotal long-term debt	\$ 1,434,786	-	\$ (88,774)	\$ 1,346,012	\$ 80,011
Premium on sale of debt	171,954	-	(9,628)	162,326	10,642
Discount on sale of debt	(47)	-	12	(35)	(11)
Total long-term debt obligations	\$ 1,606,693	-	\$ (98,390)	\$ 1,508,303	\$ 90,642
Lease liabilities	\$ 179,791	\$ 5,629	\$ (18,482)	\$ 166,938	\$ 18,912
Subscription liabilities	28,075	21,651	(17,706)	32,020	13,690
Total long-term liabilities	\$ 1,814,559	\$ 27,280	\$ (134,578)	\$ 1,707,261	\$ 123,244

Bonds: The university's bonded debt consists of various issues of System Revenue Bonds and Stimulus Plan for Economic and Educational Development (SPEED) revenue bonds that are generally callable with interest payable semi-annually. Bond proceeds are used to pay for acquiring or constructing capital facilities, infrastructure and for refunding obligations from previously issued bonds.

For all outstanding SPEED revenue bonds, up to 80%

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



Photo: University Marketing & Brand Development

The following schedule details outstanding bonds payable (in thousands of dollars) at June 30, 2024:

Issue	Original Amount	Year of Final Maturity	Interest Rates	Outstanding Principal
2012C – System Revenue Refunding Bonds	\$ 43,920	2034	3.236-3.912%	\$ 9,180
2014 – System Revenue Refunding Bonds	16,025	2029	5.00%	6,330
2015A – System Revenue Refunding Bonds	103,950	2045	4.00-5.00%	86,680
2016 – System Revenue Refunding Bonds	175,385	2039	3.00-5.00%	146,560
2016A – System Revenue Refunding Bonds	44,175	2040	3.00-5.00%	29,750
2016B – System Revenue Bonds	142,390	2046	4.00-5.00%	127,270
2018A – System Revenue Bonds	93,995	2043	3.25-5.00%	81,570
2018B – System Revenue Bonds	16,840	2043	3.00-5.00%	14,490
2019A – System Revenue Bonds	55,405	2044	4.00-5.00%	49,075
2019B – System Revenue Bonds	15,950	2044	2.95-3.90%	14,485
2020 – System Revenue Refunding Bonds	72,205	2042	2.292-3.201%	68,045
2020A – System Revenue Refunding Bonds	95,575	2048	0.862-2.974%	86,525
2021A – System Revenue Bonds	140,260	2043	5.00%	136,020
2021B – System Revenue Refunding Bonds	43,075	2048	4.00-5.00%	39,140
2021C – System Revenue Bonds	42,460	2043	0.880-2.902%	40,015
Subtotal - System Revenue Bonds	<u>\$ 1,101,610</u>			<u>\$ 935,135</u>
2013 – SPEED Revenue Bonds	70,125	2049	3.75-5.00%	42,290
2014 – SPEED Revenue Bonds	129,185	2045	4.00-5.00%	107,475
2019 – SPEED Revenue Bonds	15,400	2045	2.84-3.94%	13,790
2020A – SPEED Revenue Refunding Bonds	108,180	2045	3.125-5.00%	96,400
2020B – SPEED Revenue Refunding Bonds	19,565	2044	2.053-3.293%	19,160
2020C – SPEED Revenue Refunding Bonds	23,120	2030	5.00%	18,155
Subtotal – SPEED Revenue Bonds	<u>\$ 365,575</u>			<u>\$ 297,270</u>
Total	<u>\$ 1,467,185</u>			<u>\$ 1,232,405</u>

The following schedule details debt service requirements to maturity for System and SPEED Revenue Bonds payable (in thousands of dollars) at June 30, 2024:

Year	Principal	Interest
2025	\$ 57,275	\$ 52,488
2026	59,605	50,149
2027	61,235	47,649
2028	63,770	45,051
2029	66,610	42,263
2030-2034	296,475	169,966
2035-2039	293,055	108,460
2040-2044	262,960	44,418
2045-2049	71,420	4,861
Total	<u>\$ 1,232,405</u>	<u>\$ 565,305</u>

The university has pledged portions of its gross revenues towards the payment of debt related to all system revenue bonds, system revenue refunding bonds, and SPEED revenue bonds outstanding at June 30, 2024. The bonds generally provide financing for various capital projects of the university. These pledged revenues include student tuition and fees, auxiliary enterprise revenue, sales and service revenue and other operating revenues, such as indirect cost recovery and certain investment income. Pledged revenues do not include state appropriations, gifts, endowment income or other restricted revenues. At June 30, 2024, pledged revenues totaled \$2.03 billion of which 5.6% (\$114.5 million) was required to cover current year debt service. Future annual principal and interest payments on the bonds are expected to require approximately 3.7% of pledged revenues. Future pledged revenues required to pay all remaining debt service for the bonds through final maturity of August 1, 2048, is \$1.80 billion.

Certificates of Participation: The university utilizes Certificates of Participation to acquire buildings, equipment, and land. The Certificates are generally callable and are collateralized by the acquired assets. In the event of a default, the underlying asset value would be removed from the university's financial statements and the control of the assets would return to the trustee.

The following schedule details outstanding Certificates of Participation payable (in thousands of dollars) at June 30, 2024:

Issue	Original Amount	Year of Final Maturity	Interest Rates	Outstanding Principal
2006 Arizona Biomedical Research Collaborative Building Project	\$ 18,240	2031	4.375-4.50%	\$ 7,370
2015A Refund COPS 2005A-2005C, 2005F, 2006A & 2006B	89,470	2025	5.00%	1,910
2015B Refund COPS 2007A	13,810	2025	3.09%	2,770
2018B Refund COPS 2007D	32,430	2031	5.00%	18,635
2021A Refund COPS 2012B, 2012C, 2015A, 2015B & 2018A	18,770	2031	5.00%	13,330
2021B Refund COPS 2012C	82,740	2031	1.147-2.284%	63,335
Total	\$ 255,460			\$ 107,350

The following schedule details debt service requirements to maturity for Certificates of Participation payable (in thousands of dollars) at June 30, 2024:

Year	Principal	Interest
2025	\$ 22,630	\$ 3,245
2026	18,505	2,520
2027	13,095	1,933
2028	13,435	1,592
2029	13,800	1,221
2030-34	25,885	1,236
Total	\$ 107,350	\$ 11,747

Financed Purchase Obligations: The university has entered into various long-term financed purchase obligations to acquire real estate and equipment. These purchases transfer ownership by the end of the contract, do not contain termination options, but may contain a fiscal funding or cancellation clause that is not reasonably certain to be exercised.

The following schedule details minimum payments to maturity for financed purchase obligations (in thousands of dollars) at June 30, 2024:

Year	Principal	Interest
2025	\$ 106	\$ 5
2026	130	3
2027	92	-
2028	93	-
2029	94	-
2030-2034	481	-
2035-2039	503	-
2040-2044	528	-
2045-2049	555	-
2050-2054	585	-
2055-2059	730	-
2060-2064	780	-
2065-2069	820	-
2070-2074	686	-
2075-2079	74	-
Total	\$ 6,257	\$ 8

Leases: The university has entered into certain leases that convey control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction. These are generally for real property.

The total amount of lease assets and the related accumulated amortization are as follows (in thousands of dollars):

Total intangible right-to-use lease assets	\$	214,502
Less: accumulated amortization		(62,471)
Carrying Value	\$	152,031

The following schedule details minimum payments to maturity for leases greater than \$0.1 million (in thousands of dollars):

Year	Principal	Interest
2025	\$ 18,912	\$ 3,883
2026	19,523	3,411
2027	19,856	2,927
2028	19,407	2,437
2029	18,916	1,959
2030-2034	26,533	6,043
2035-2039	17,725	3,755
2040-2044	13,627	1,937
2045-2049	6,751	985
2050-2054	5,688	267
Total	\$ 166,938	\$ 27,604

Subscription-based Information Technology Arrangements (SBITAs): The university has entered into certain subscription-based information technology arrangements that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. These are generally for enterprise-scale software as a service contracts.

The total amount of subscription assets and the related accumulated amortization are as follows (in thousands of dollars):

Total intangible right-to-use subscription assets	\$	64,583
Less: accumulated amortization		(31,594)
Carrying Value	\$	32,989

The following schedule details minimum payments to maturity for subscription arrangements greater than \$1.0 million (in thousands of dollars):

Year	Principal	Interest
2025	\$ 13,690	\$ 674
2026	9,943	392
2027	4,635	186
2028	2,222	83
2029	815	34
2030-2034	715	20
Total	\$ 32,020	\$ 1,389

NOTE 9. Self-Insurance Program and Other Claims

The university is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets and data; errors and omissions; injuries to employees; and natural disasters. The university participates in a self-insurance program administered by the State of Arizona Department of Administration, Risk Management. *Arizona Revised Statutes § 41-621 et seq.* provides that losses eligible for coverage and not covered by insurance will be paid by the State from the self-insurance program or by a future appropriation from the State Legislature. Loss risks not covered by Risk Management and for which the university has no insurance coverage are losses that arise from contractual breaches or are directly attributable to an act or omission determined to be a felony by a court of law. The university has an Enterprise Risk Management program to ensure that risk exposures are identified and addressed across all areas of the organization. All estimated losses for unsettled claims and actions of the State are determined on an actuarial basis and are included in the State of Arizona *Annual Comprehensive Financial Report*.

From time to time, various claims and lawsuits associated with the normal conduct of university business are pending or may arise against the university. When the university becomes aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. In accordance with the GASB, the university records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the university discloses the nature of the specific claim if the likelihood of a potential loss is reasonably possible.

On December 1, 2020, The University of Arizona Global Campus, an Arizona nonprofit corporation, acquired substantially all of the assets and operations and

assumed certain liabilities of Ashford University, an accredited and fully online university. On June 30, 2023, the university acquired substantially all of the assets and the operations and assumed substantially all of the liabilities of The University of Arizona Global Campus, including potential liabilities resulting from borrower defense to repayment (BDR) claims of former students of Ashford University approved by the U.S. Department of Education. In a public statement on August 30, 2023, the U.S. Department of Education announced its approval of \$72 million in BDR discharges for students who applied for relief from loans they took out to attend Ashford University. In this announcement, the Department stated its intent “to initiate a recoupment proceeding at a later date to seek repayment of the liabilities associated with these approved claims.” In subsequent communications, the U.S. Department of Education indicated its intent to seek recoupment of these BDR liabilities from the University of Arizona Global Campus and the university, and that additional BDR claims of former students of Ashford University were being considered and could ultimately increase the amount sought from the University of Arizona Global Campus and the university in a future recoupment action. Neither the University of Arizona Global Campus nor the university has received a requisite recoupment notice from the U.S. Department of Education. The university anticipates that it is reasonably possible that the U.S. Department of Education will initiate a recoupment action against the University of Arizona Global Campus and the university for approved BDR claims of former Ashford University students, and the university believes that the amount of loss from such a recoupment action cannot be reasonably estimated based on the current facts and circumstances.

Participation in the various federal student financial assistance programs under Title IV programs allows for oversight and review pursuant to regulations promulgated by the U.S. Department of Education. The University of Arizona Global Campus currently has an open program review for the 2015-16 and 2016-17 award years. The scope of one finding within the program review was expanded to also include the 2014-15, 2017-18, 2018-19, 2019-20, 2020-21, and 2021-22 award years. The university anticipates repayment to the U.S. Department of Education to be probable and estimates the range from \$2.1 million to \$8.0 million. At June 30, 2024, the university accrued \$2.1 million.

NOTE 10. Pension Plans

The university participates in the Arizona State Retirement System (ASRS), a cost-sharing, multiple-employer defined benefit pension plan, and two defined contribution plans which are described below. The university also contributes to the Public Safety Personnel Retirement System (PSPRS) state administered multiple-employer defined benefit pension plans. Although a PSPRS net pension liability has been recorded at June 30, 2024, PSPRS has not been further disclosed due to its relative insignificance to the university’s financial statements.

For the year ended June 30, 2024, the university recognized total pension expense for all plans of \$107.3 million.

Changes in the university’s net pension liability (in thousands of dollars) during the fiscal year ended June 30, 2024, were as follows:

Beginning balance	\$	627,564
Increases		89,717
Decreases		(85,513)
Ending balance	\$	631,768
Current portion*	\$	5,449

**The current portion is attributable to the defined contribution pension plans.*

A. Defined Benefit Plan

Arizona State Retirement System

Full benefit eligible Classified Staff are required, and full benefit eligible university staff, faculty, academic professionals, and administrative officers have the option, to participate in the Arizona State Retirement System (ASRS) defined benefit plan.

The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. That report may be obtained by visiting www.azasrs.gov.

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

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

**With actuarially reduced benefits*

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

Contributions: In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.14% of the members’ annual covered payroll for retirement benefits, and statute required the university to contribute at the actuarially determined rate of 12.03% of the active members’ annual covered payroll for retirement benefits. In addition, the university was required by statute to contribute at the actuarially determined rate of 9.94% of annual covered payroll of retired members who worked for the university in

positions that an employee who contributes to the ASRS would typically fill. The university’s contributions to the pension plan for the year ended June 30, 2024, were \$69.0 million.

Pension Liability: At June 30, 2024, the university reported a liability of \$613.8 million for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023. The university’s proportion of the net pension liability was based on the university’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2023. The university’s proportion measured as of June 30, 2023, was 3.79% which was an increase of 0.04 from its proportion measured as of June 30, 2022.

Pension Expense and Deferred Outflows/Inflows of Resources: For the year ended June 30, 2024, the university recognized pension expense for ASRS of \$68.8 million. At June 30, 2024, the university reported deferred outflows of resources and deferred inflows of resources related to pensions (in thousands of dollars) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,870	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 21,717
Changes in proportion and differences between university contributions and proportionate share of contributions	4,599	1,032
University contributions subsequent to the measurement date	69,045	-
Total	\$ 87,514	\$ 22,749

The \$69.0 million reported as deferred outflows of resources related to ASRS pensions resulting from university contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense (in thousands of dollars) as follows:

Year ending June 30	
2025	\$ (1,606)
2026	\$ (23,380)
2027	\$ 23,404
2028	\$ (2,698)
2029	-

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

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

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

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

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return
Public equity	44%	3.50%
Credit	23%	5.90%
Real estate	17%	5.90%
Private equity	10%	6.70%
Interest rate sensitive	6%	1.50%
Total	100%	

Discount Rate: At June 30, 2023, the discount rate used to measure the ASRS total pension liability was 7.0%. 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 (in thousands of dollars) calculated using the discount rate of 7.0%, as well as what the university's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
University's proportionate share of the net pension liability	\$ 919,391	\$ 613,806	\$ 359,002

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

B. Defined Contribution Plans

Plan Descriptions: In accordance with ARS § 15-1628, defining the authority under which benefit terms are established or may be amended, university staff, faculty, academic professionals, and administrative officers have the option to participate in defined contribution pension plans. For the year ended June 30, 2024, 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. For the year ended June 30, 2024, plan members and the university were each required by statute to contribute an amount equal to 7.0% of a member’s compensation.

Pension Liability: At June 30, 2024, the university reported a liability of \$15.8 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, 2024, the university recognized pension expense for Defined Contribution Plans of \$37.0 million. The university’s recognized pension expense includes forfeitures totaling \$2.3 million for the year ended June 30, 2024.

NOTE 11. Other Postemployment Benefits

Other postemployment benefits (OPEB) provided as part of university employment include the Arizona Department of Administration (ADOA) sponsored single-employer defined benefit postemployment plan as well as the ASRS sponsored cost-sharing, multi-employer defined benefit plan for the Long-Term Disability Fund (LTD) and the Health Benefit Supplement Fund (HBS). University public safety personnel who are regularly assigned to hazardous duty participate in the Public

Safety Personnel Retirement System (PSPRS). PSPRS administers an agent multi-employer defined benefit health insurance premium benefit plan. Although an ASRS LTD OPEB liability and an ASRS HBS and PSPRS net OPEB asset have been recorded at June 30, 2024, these plans have not been further disclosed due to the relative insignificance to the university’s financial statements.

For the year ended June 30, 2024, the university recognized total negative OPEB expense for all plans of \$6.0 million.

Changes in the university’s OPEB liability (in thousands of dollars) during the fiscal year ended June 30, 2024, were as follows:

Beginning balance, as restated*	\$	180,968
Increases		1,043
Decreases		(70,418)
Ending balance	\$	111,593
Current portion	\$	3,280

**Due to reclassification of the net OPEB asset in the financial statements as disclosed in Note 1, the beginning liability balance was restated by an increase of \$21.2 million.*

The Arizona Department of Administration

Plan Descriptions: The Arizona Department of Administration (ADOA) administers a single-employer defined benefit postemployment plan that provides medical and accident benefits to retired State employees, including university employees and their dependents. Title 38, Chapter 4 of the A.R.S. assigns the authority to establish and amend the benefit provisions to the Arizona State Legislature. The ADOA pays the medical costs incurred by retired employees minus a specified premium amount, which is paid for entirely by the retiree or on behalf of the retiree. These premium rates are based on a blend of active employee and retiree experience, resulting in a contribution basis which is lower than the expected claim costs for retirees only, which results in an implicit subsidization of retirees by the State. ADOA does not issue a separate, publicly available financial report.

A portion of the ADOA plan’s implicit rate subsidy represents a liability to the university for its proportionate share of the total OPEB liability. The total OPEB liability is allocated to the university based on its percentage of contributions to the ADOA medical and dental plans.

Benefits Provided: The ADOA provides medical and accident benefits to retired State employees and their dependents. Dental and vision benefits are also available but are not valued as there is no implicit subsidization in the retiree rates.

Funding Policy: The ADOA's current funding policy for the single-employer plan is pay-as-you-go for OPEB benefits. There are no dedicated plan assets accumulated in a GASB-complaint trust to offset the total OPEB liability.

OPEB Liability: At June 30, 2024, the university reported a liability of \$111.1 million for its proportionate share of the ADOA's total OPEB liability. The total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date. The total OPEB liability as of June 30, 2023, reflects an increase in the discount rate due to changes in the bond index and updates to the health care trend rates to reflect the plan's anticipated experience.

The university's proportion measured as of June 30, 2023, was 20.17%, which was an increase of 0.63% from its proportion measured as of June 30, 2022.

OPEB Expense and Deferred Outflows/Inflows of Resources: For the year ended June 30, 2024, the university recognized a negative OPEB expense for ADOA of \$3.9 million. At June 30, 2024, the university reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (in thousands of dollars) from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 37,704	\$ 53,363
Difference between expected and actual experience	2,638	150,586
Changes in proportion and differences between university contributions and proportionate share of contributions	17,190	12,895
University benefit payments subsequent to the measurement date	3,280	-
Total	\$ 60,812	\$ 216,844

The \$3.3 million reported as deferred outflows of resources related to ADOA OPEB resulting from university benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ADOA OPEB will be recognized in OPEB expense as follows (in thousands of dollars):

Year Ended June 30	
2025	\$ (23,945)
2026	\$ (20,739)
2027	\$ (25,486)
2028	\$ (31,264)
2029	\$ (27,408)
Thereafter	\$ (30,470)

Actuarial Assumptions: The significant actuarial assumptions used to measure ADOA's total OPEB liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Salary increases	2.90% to 8.40% varying by years of service
Discount rate	3.86% as of June 30, 2023
Healthcare cost trend rates:	
Medical (pre-65)	7.20% declining to 4.25% after 16 years
Medical (post-65)	5.10% declining to 4.25% after 10 years
Administrative costs	None
Contribution trend rates:	
Pre-65	7.20% declining to 4.25% after 16 years
Post-65	5.10% declining to 4.25% after 10 years
Mortality rates:	
Employees	Pub-2010 General Employee Mortality Tables projected with generational improvements from 2017 in accordance with the Ultimate MP scales.
Healthy Retirees and Spouses	2017 State Retirees of Arizona Mortality Tables projected with generational improvements from 2017 in accordance with the Ultimate MP scales.
Disabled Retirees	Pub-2010 Disabled Retiree Mortality Tables projected with generational improvements from 2017 in accordance with the Ultimate MP scales.

Benefit projections assume the specified premium amount will follow the current pattern of practice of being paid for entirely by the retiree or on behalf of the retiree. The specified premium amounts are projected to increase at the contribution trend rates noted above. Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

Discount Rate: The discount rate was based on the Fidelity “20-Year Municipal GO AA Index.”

Sensitivity of the University’s Proportionate Share of the ADOA’s Total OPEB Liability: The following table presents the university’s proportionate share of the total OPEB liability (in thousands of dollars) calculated using the discount rate of 3.86%, as well as what the university’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.86%) or 1 percentage point higher (4.86%) than the current rate (in thousands of dollars):

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
University’s proportionate share of the total OPEB liability	\$ 127,913	\$ 111,089	\$ 97,402

The following table presents the university’s proportionate share of the total OPEB liability (in thousands of dollars) calculated using the healthcare cost and contribution trend rates stated above, as well as what the university’s proportionate share of the total OPEB liability would be if it were calculated using healthcare cost and contribution trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
University’s proportionate share of the total OPEB liability	\$ 94,118	\$ 111,089	\$ 132,724



Photo: University Marketing & Brand Development

NOTE 12. Operating Expenses by Classification

Operating expenses by functional and natural classification (in thousands of dollars) for the year ended June 30, 2024, consisted of the following:

	Personal Services and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation and Amortization	Total
Instruction	\$ 606,790	\$ 113,066	-	-	\$ 719,856
Research	432,078	212,815	-	-	644,893
Public service	83,098	50,123	-	-	133,221
Academic support	225,262	116,413	-	-	341,675
Student services	160,072	69,023	-	-	229,095
Institutional support	190,617	78,726	-	-	269,343
Operation and maintenance of plant	40,544	80,839	-	-	121,383
Scholarships and fellowships	-	-	\$ 81,880	-	81,880
Auxiliary enterprises	120,129	89,498	-	-	209,627
Depreciation and amortization	-	-	-	\$ 232,230	223,230
Total operating expenses	\$ 1,858,590	\$ 810,503	\$ 81,880	\$ 223,230	\$ 2,974,203

NOTE 13. UAGC 90/10 Revenue Percentage Calculation

The University of Arizona Global Campus (UAGC) derives a substantial portion of its revenues from Federal educational assistance received directly by the school or by its students. To continue to participate in the programs authorized by Title IV of the Higher Education Act (HEA), UAGC must comply with the regulations promulgated under the HEA. This rule is commonly referred to as the “90/10 rule” and the calculation is prepared on the cash basis of accounting in accordance with the U.S. Department of Education Office of Inspector General Guide for Audits of Proprietary Schools (Title IV Audit Guide, March 2023) and 34 C.F.R. § 668.28. The regulations require a proprietary institution to derive at least 10% of its cash basis revenues for each fiscal year from sources other than Federal funds. If an institution derives more than 90% of its cash basis revenues from Federal funds in a fiscal year, the school becomes provisionally certified for the next two fiscal years and may be subject to other enforcement measures. Any institution that violates the 90/10 rule for two consecutive fiscal years becomes ineligible to participate in Title IV programs for at least two fiscal years. UAGC remains classified as a proprietary school and must continue to comply with the HEA until the U.S. Department of Education approves the program participation agreement as part of the change in ownership process to the University of Arizona. The below information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements. The following table provides UAGC’s 90/10 calculation (in thousands of dollars) for the year ended June 30, 2024:

Adjusted Student Federal Revenue	\$ 167,331	=	72.88%
Adjusted Student Federal Revenue + Adjusted Non-Federal Revenue and Revenue from Other Sources	\$ 229,592		

Revenue Category	Amount Disbursed	Amount Adjusted
Student Title IV Revenue		
Title IV Credit Balance Carried Over from Prior Year	\$ 4,223	\$ 3,637
Federal Direct Loan	155,814	125,196
Federal Pell Grant	56,591	36,468
FSEOG	1,920	612
Total Student Title IV Revenue	\$ 218,548	\$ 165,913
Refunds Paid to Students	(33,605)	(33,605)
Adjusted Student Title IV Revenue	\$ 184,943	\$ 132,308
Student/Other Federal Funds Paid Directly to Student		
Federal Funds Paid Directly to Students	\$ 2,009	\$ 1,839
Total Student/Other Federal Funds Paid Directly to Student	\$ 2,009	\$ 1,839
Refunds Paid to Student	(56)	(56)
Adjusted Student/Other Federal Funds Paid Directly to Student	\$ 1,953	\$ 1,783
Student/Other Federal Funds Paid Directly to the Institution		
Federal Agency Payments Paid Directly to the Institution	\$ 41,640	\$ 33,819
Total Student Federal Funds Paid Directly to Institution	\$ 41,640	\$ 33,819
Refunds Paid to Students	(579)	(579)
Adjusted Student Title IV Federal Funds Paid Directly to the Institution	\$ 41,061	\$ 33,240
Adjusted Student Federal Revenue	\$ 227,957	\$ 167,331
Revenue From Other Sources		
Activities conducted by the institution that are necessary for education and training	-	-
Funds paid to the institution by, or on behalf of, students for education and training in qualified non-Title IV eligible programs	-	-
Revenue from Other Sources	-	-
Adjusted Non-Federal Revenue and Revenue from Other Sources	\$ 64,929	\$ 62,261
Total Federal and Non-Federal Revenue	\$ 292,886	\$ 229,592
Student Non-Federal Revenue		
Grant funds for the student from non-Federal public agencies or private sources independent of the institution	\$ 50,025	\$ 49,490
Funds provided for the student under a contractual arrangement with a Federal, State, or local government agency for the purpose of providing job training to low-income individuals	-	-
Funds used by a student from savings plan for educational expenses established by or on behalf of the student that qualify for special tax treatment under the Internal Revenue Code	-	-
Qualified institutional scholarships disbursed to the student	-	-
Student payments	17,005	14,872
Student Non-Title IV Revenue	\$ 67,030	\$ 64,362
Refunds Paid to Student	(2,101)	(2,101)
Adjusted Non-Federal Revenue	\$ 64,929	\$ 62,261

NOTE 14. Subsequent Events

In May 2024, the university established Arizona Sports Enterprises (ASE), a legally separate nonprofit corporation, to manage its multimedia rights agreements beginning in fiscal year 2025. An affiliation agreement was established between the university and ASE in July 2024. The economic resources received or held by ASE will be entirely or almost entirely for the direct benefit of the university and the university will be entitled to a majority of those economic resources. Due to the nature and anticipated significance of the relationship between the university and ASE, ASE will be considered a discretely presented component unit of the university and included in the university's fiscal year 2025 financial statements.

On October 9, 2024, the university issued the 2024 Stimulus Plan for Economic and Educational Development (SPEED) Revenue Refunding Bonds (2024 SPEED) in the amount of \$116.5 million dated October 24, 2024, to refund a portion of the university's SPEED 2013 and 2014 for interest expense savings. The 2024 SPEED bears coupon interest rates of 5.00% and will mature in 2044.

NOTE 15. Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

The University of Arizona Foundation

Basis of Accounting: For financial reporting purposes, two net asset categories are utilized to reflect resources according to the existence or lack thereof of donor-imposed restrictions.

- *Without donor restrictions* - include assets and contributions that are not restricted by donors or for which such restrictions have expired.
- *With donor restrictions* - include assets and contributions for which donor-imposed restrictions have not been met. Temporarily restricted net assets are those which have been limited by donors to a specified purpose and permanently restricted net assets have been restricted by donors to be maintained or invested in perpetuity. Donor-restricted contributions are classified as such even if restrictions are satisfied in the same reporting period in which the contributions are received. The Foundation's endowment is included in net assets with donor restrictions.

Cash and Cash Equivalents: Cash and cash equivalents with original maturities of three months or less include

monies held in overnight money market accounts and U.S. Treasury money market funds. Cash equivalents are stated at cost which approximates fair value.

Investments in Securities: Investments are stated at fair value. Such investments are exposed to various risks including market risk, company-specific risk, country-specific risk, interest rate risk, liquidity risk and credit risk. Investments in domestic and international equity securities and mutual funds, U.S. fixed income obligations and mutual funds, REIT funds and international fixed income mutual funds are valued based on quoted market prices. Investments in real estate and natural resources limited partnerships are recorded at fair value as determined by the fund manager.

Absolute return limited partnership and fund interests are recorded at fair value based on quoted market prices (where the underlying investment is a mutual fund) or as determined by the fund manager. Private equity (venture capital and buyout), private credit and natural resource limited partnership interests are recorded at fair value as determined by the fund manager. Investments in such alternative securities are highly susceptible to valuation changes.

Investment income comprises the sum of realized and unrealized gains and losses on investments and interest and dividends, net of investment expenses including the Foundation's Endowment Fee.

Annuities Payable and Other Trust Liabilities: Annuities payable and other trust liabilities of \$17.0 million at June 30, 2024 are stated at the actuarially-computed present value of future payments to the annuitants, which approximates fair value. The excess of the fair values of assets received (classified according to their nature in the statement of financial position) pursuant to annuity agreements over the actuarially computed annuities payable (using market rates in effect on the contribution date) is recorded as contributions in the year received (\$0.5 million in the year ended June 30, 2024). The fair values of assets held in trust at June 30, 2024 are \$28.6 million, of which \$1.4 million were without donor restrictions and \$27.2 million were with donor restrictions and are included in cash and cash equivalents and investments in securities, respectively.

Net Assets Released from Restriction: As the restrictions on donor-restricted net assets are met, the net assets are reported as released from restriction and reclassified to net assets without donor restrictions. Payouts made from donor-restricted net assets are reported as released from restriction and transferred to net assets without donor restrictions. The total net assets reclassified and reported as net assets released from restriction for the year ended June 30, 2024, was \$131.0 million.

Fair Value of Financial Instruments: The Foundation’s cash and cash equivalents, pledges receivable, investments in securities, and annuities payable and other trust liabilities represent financial instruments. The carrying value of cash and cash equivalents, pledges receivable, and annuities payable and other trust liabilities approximates fair value.

Campus Research Corporation

Property, Equipment, Depreciation, and Amortization: Property and equipment are stated at cost. Expenditures for major improvements to property are capitalized and expenditures for repairs and maintenance are expensed as incurred. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets. CRC has recorded in the financial statements a building and related debt for which ABOR, on behalf of the university, holds the title to the building under the requirements of a lease.

Solar Zone Development: CRC has an agreement with Tucson Electric Power (TEP) to develop a portion of the Tech Park for a series of projects focused on the advancement of solar energy technologies. Under the terms of the agreement, CRC incurred certain infrastructure costs to develop the land to facilitate the construction of a solar zone and TEP reimbursed CRC for a portion of these costs. As CRC enters into various lease agreements with lessees who will construct solar projects, each lessee is charged a prorated portion of the development costs reimbursed by TEP and those costs are refunded to TEP. Costs related to the development of the solar zone are capitalized as incurred and included in property and equipment. Reimbursements from TEP are recorded as deferred revenues. The capitalized costs and deferred revenues are allocated to the various solar projects and recognized as expenses and revenues over the term of the related leases.

Protected Water Facility Rights: CRC developed a well, well pump, one million gallon storage tank, various booster pumps, piping, valving, electrical and other equipment and improvements required to operate a well booster station and water storage facility (Water Project) in accordance with their master water plan. The purpose of this development is to provide water throughout the Tech Park. The Water Project is substantially complete and title is held by ABOR. Ultimately, title of the Water Project will pass to the City of Tucson in exchange for protected water rights. Costs related to the construction of the Water Project are capitalized as incurred and allocated to specific phases of the project. These capitalized costs are expected to be reimbursed over time through the realization of the protected water rights. As each phase of the project is complete, CRC negotiates cost reimbursement from the end water user. These reimbursements are recognized as other revenue

in the period that they are determined realizable. The allocated capitalized costs related to each phase are expensed in the period that the related reimbursement is recognized.

B. Investments

The University of Arizona Foundation

Investments in securities (in thousands of dollars) are comprised of the following amounts at June 30, 2024:

	Carrying Value	Cost
Domestic/international equity securities and mutual funds	\$ 549,899	\$ 456,592
Private equity limited partnerships	272,849	203,072
Absolute return and private credit limited partnerships and funds	202,817	165,145
U.S. fixed income obligations and mutual funds	172,285	180,121
Natural resources limited partnerships	107,108	82,461
REIT funds and real estate limited partnerships	38,687	39,945
International fixed income mutual fund	1,710	1,837
Totals	\$ 1,345,355	\$ 1,129,173

Fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Market or observable inputs are the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

As a basis for considering such assumptions, the Foundation utilizes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- *Level 1* – Quoted prices in active markets for identical securities.
- *Level 2* – Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.) and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investments.
- *Level 3* – Significant unobservable inputs (including

investee partnership's own assumptions in determining the fair value of investments). The inputs into determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the investments. The fair values are determined using factors involving considerable judgment.

Certain of the Foundation's investments are in alternative investment funds and limited partnerships (private equity, real estate, private credit, natural resources and absolute return). The Foundation values its investments in alternative investment funds and limited partnership interests at the net asset value (NAV) as determined by the fund manager as a practical expedient to fair value. NAVs are updated monthly for domestic/international equity, absolute return and certain private credit investments, and the Foundation uses the NAV as of the valuation date. As the NAVs for the real estate, natural resources, private equity and certain private credit partnerships are provided quarterly, the Foundation uses the latest NAV made available by the manager prior to the valuation date.

It is required that when observable market data is available, it be used in determining the fair value measurement. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The following table presents the Foundation's investments in securities (in thousands of dollars) at June 30, 2024, by valuation hierarchy:

	Quoted Prices In Active Markets for Identical Securities (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Domestic/international equity securities and mutual funds	\$ 306,431	-	-	\$ 306,431
U.S. fixed income obligations and mutual funds	172,285	-	-	172,285
Absolute return funds	16,613	-	-	16,613
REIT funds	4,135	-	-	4,135
International fixed income mutual fund	1,710	-	-	1,710
Totals	\$ 501,174			\$ 501,174
Investments measured at NAV				844,181
				\$ 1,345,355

In accordance with Accounting Standards Codification (ASC) 820-10, investments that were measured at NAV have not been classified in the fair value hierarchy but have been summarized in the table above. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the statement of financial position.

Additional information on investments that are measured at NAV per share as a practical expedient (in thousands of dollars):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity limited partnerships	\$ 272,849	\$ 116,953	Not Applicable	Not Applicable
Equity long-only hedge funds	130,384	-	Monthly to Biennially	60-120 days
Natural resources limited partnerships	107,108	32,324	Not Applicable	Not Applicable
Equity long-only funds	106,172	-	Daily to semi-annually	5-90 days
Multi-strategy hedge funds	73,801	5,497	Quarterly	60-90 days
Redemptions in Process	45,018	-	Not Applicable	Not Applicable
Equity long/short hedge funds	37,640	-	Quarterly	90 days
Private credit limited partnerships	36,657	10,082	Not Applicable	Not Applicable
Private real estate limited partnerships	34,552	14,609	Not Applicable	Not Applicable
Totals	\$ 844,181	\$ 179,465		

C. Endowment

The University of Arizona Foundation

The Foundation's endowment pool, included in assets with donor restrictions, consists of approximately 3,300 individual funds (2,600 for the Foundation and 700 for the university) established for a variety of purposes. The endowment pool is subject to the Arizona Management of Charitable Funds Act. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's endowment also includes certain endowment assets owned by the University of Arizona which it manages for the university under the terms of the Development Services and Asset Management Agreement. The fair value of the university endowment assets is reported as an asset in donor-restricted investments in securities and as a liability (fair value of endowments managed for the university).

The endowment payout rate (Payout Rate), a percentage (4.25% of the average fair value at the end of the twelve quarterly periods within the three previous calendar year-ends) of the fair value of each endowment account, as determined from time to time by the Foundation's Board of Trustees, is made available to support the purposes as specified by the donors of the individual endowment accounts that comprise the endowment pool. The Foundation considers the following factors in making a determination to appropriate donor-restricted endowment funds:

- The net rate of return earned by each endowment account in each of the five most recent fiscal years;
- The net real rate of return (as measured by the Higher Education Price Index) earned by the endowment pool in each of the five most recent fiscal years (i.e., the duration and preservation of the endowment pool);
- Payout rates established by other university endowments as published in the National Association of College and University Business Officers (NACUBO) Study of Endowments;
- Any unusual or extraordinary circumstances impacting the university's flow of funds from other sources (i.e., tuition revenues, State appropriations, etc.);
- The extent to which programs benefiting from the Payout Rate rely on these funds to achieve their goals and objectives (i.e., the purposes of the institution and the endowment pool);

- General economic conditions;
- The possible effect of inflation or deflation; and
- The expected total return from income and appreciation of investments per the most recent asset allocation study.

The Foundation charges an endowment fee (Endowment Fee), based on a percentage of the fair value of the endowment pool as determined from time to time by the Foundation's Board of Trustees (1.00% in fiscal 2024). The Endowment Fee is used to defray the Foundation's costs of holding, managing and stewarding the endowment pool, including costs for safeguarding, investing and accounting for such funds. During fiscal year 2024, endowment fees of \$12.4 million were recognized by the Foundation and \$2.3 million in such fees were distributed to the university.

The Foundation's goal is to manage endowment assets such that the annual nominal return exceeds the annual "hurdle rate" (the sum of the Payout Rate and the Endowment Fee) so the endowment principal is able to grow and continue to fund in perpetuity the set of activities envisioned by the donor(s) at the time of the gift. The Foundation expects its endowment pool to provide an annual average rate of return of 8.0% with a standard deviation of 11.2% over a 10-year period. Actual returns in any given year may vary from this goal. These returns and risks reflect a broadly diversified asset allocation including domestic and international equities, domestic and international fixed income securities, private equity, private credit, absolute return, and natural resources strategies.

The Foundation holds certain endowment funds that have a historic dollar value larger than fair value. As of June 30, 2024, the Foundation had endowment funds in this category with an aggregated historic dollar value of \$114.6 million and an aggregated current fair value of \$107.1 million and deficiencies totaling \$7.5 million. As documented in endowment gift agreements with donors and the Investment Policy Statement, the payout will continue to be distributed even if the historic dollar value of an endowment fund exceeds its fair value.

The following shows the changes in endowment assets (in thousands of dollars) for the fiscal year ended June 30, 2024:

	With Donor Restrictions
Endowment net assets, beginning of fiscal year	\$ 1,207,150
Investment return:	
Investment income	28,145
Less endowment fee	(12,367)
Net appreciation	64,148
Total investment return	79,926
Contributions	49,392
Transfers	885
Appropriation for payout	(51,608)
Capitalization of payout	6,424
Endowment net assets, end of fiscal year	\$ 1,292,169

D. Pledges Receivable

The University of Arizona Foundation

Unconditional promises are included in the financial statements as pledges receivable and contribution

revenue in the period pledges are received. Pledges that are to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of an expected present value calculation using yields on U.S. Treasury obligations of equivalent maturity dates in the fiscal year in which they were received. The change in the estimated value of the future cash flows in periods subsequent to initial recognition is included in contribution revenue. Pledges receivable, net at June 30, 2024, totaled \$34.3 million.

E. Property and Equipment

Campus Research Corporation

Property and equipment, net (in thousands of dollars) consisted of the following as of June 30, 2024:

Building, infrastructure and improvements	\$ 57,611
Furniture, equipment and other property	5,591
Total	\$ 63,202
Less accumulated depreciation	(33,815)
Property and equipment, net	\$ 29,387



Photo: University Marketing & Brand Development

F. Long-Term Debt and Lease Obligations

Campus Research Corporation

Long-term debt (in thousands of dollars) is comprised of the following as of June 30, 2024:

Note payable, Washington Federal Bank, payable in monthly installments of \$23.5 thousand including interest at 3.60% through October 2026.	\$	640
Note payable, Washington Federal Bank, payable in monthly installments of \$26.4 thousand including interest at 2.68% through July 2024.		29
Note payable, Washington Federal Bank, payable in monthly installments of \$17.0 thousand including interest at 2.95% through October 2026.		463
Note payable, Washington Federal Bank, payable in monthly installments of \$28.3 thousand including interest at 2.66% through October 2024.		116
Note payable, Washington Federal Bank, payable in monthly installments of \$11.6 thousand including interest at 3.06% through October 2028.		564
Note payable, Washington Federal Bank, payable in monthly installments of \$37.8 thousand including interest at 6.85% through January 2031.		2,387
Less unamortized deferred financing fees		(28)
Total long-term debt	\$	4,171

The notes payable to Washington Federal Bank are collateralized by leasehold interests in real property and an assignment of rents and require CRC to be in compliance with certain financial and nonfinancial covenants.

CRC entered into a line of credit agreement during 2022 with Washington Federal Bank for a maximum amount of \$1.5 million through November 2024. Interest is payable at the prime rate (8.50% at June 30, 2024) plus 0.50%. CRC did not have an outstanding balance related to this line of credit at June 30, 2024. Washington Federal Bank requires CRC to be in compliance with certain financial and nonfinancial covenants.

CRC leases real estate under noncancelable operating leases, which expire at various dates through December 2031. Lease liabilities (in thousands of dollars) as of June 30, 2024 were as follows:

Future lease payments	\$	262
Less interest		(14)
Present value of lease liabilities	\$	248

The University of Arizona Applied Research Corporation

UA-ARC subleases office space and other facilities, which expire at various dates through March 2027. Lease liabilities (in thousands of dollars) as of June 30, 2024 were as follows:

Future lease payments	\$	3,178
Less interest		(120)
Present value of lease liabilities	\$	3,058

G. Project Operation Agreement (POA)

Campus Research Corporation

CRC has an agreement with IBM whereby all common services at the Tech Park are to be provided by the Managing Operator, which is currently IBM. Common services consist of the operation, maintenance and repair of the central utility system, project fire and security services, and the common areas. The term of the agreement coincides with the IBM master lease agreement that expires in August 2024. CRC and IBM have finalized a new lease agreement which extends from September 2024 through August 2039, with extension options. The new agreement calls for additional rent and an additional work agreement for deferred maintenance.

CRC is required to pay a monthly amount based on an annual operating budget for these services that is prepared by IBM. CRC has the right to review and consult with IBM in the process of preparing the operating budget. A quarterly analysis of central utility and occupant electric expenses is prepared for each building and its occupants, and these costs are reconciled to the budget. Annual common service expenses are also reconciled to the budget. Based on these reconciliations, an additional charge or refund is assessed. Lease agreements between CRC and its

tenants provide for either the inclusion of a factor for these costs in their monthly rent or a proration of these costs based on the quarterly budget and subject to a quarterly reconciliation. Leases with one tenant include a maximum on the amount of cumulative annual capital expenditures that will be paid by the tenant. CRC is responsible for any capital expenditures allocated to this tenant in excess of the maximum.

H. Related Party Transactions

The University of Arizona Foundation

The Foundation has a Fee for Service Agreement with the university, under which the Foundation provides fundraising, funds management and other services to advance the mission and interests of the university. The Foundation received \$7.8 million for services rendered for the year ended June 30, 2024.

Campus Research Corporation

CRC has master lease agreements expiring in 2113 with ABOR on behalf of the university under which CRC develops, leases and operates certain buildings at the Tech Park and The Bridges. The leases provide that all new buildings constructed by CRC are owned by ABOR on behalf of the university. The leases require CRC to pay \$1 annually and additional, discretionary rent on an annual basis based in part on the previous year's net proceeds as defined in the agreement. CRC recognized \$1.7 million of contributed nonfinancial assets and operating lease costs related to this lease during 2024 to record the lease at its fair value.

During 2024, CRC incurred development costs related to land owned by ABOR on behalf of the university. Total costs incurred during 2024 applicable to these projects were \$0.1 million. It was determined through an agreement between CRC and the university that CRC would incur these costs. Accordingly, CRC has expensed the costs incurred on behalf of the university related to these projects. Although there is no contractual agreement, CRC may be reimbursed by the university for these costs at a later date. During 2024, CRC did not receive any reimbursements.

Law College Association of the University of Arizona

During the year ended June 30, 2024, the Law College Association distributed funds or paid distributions on behalf of the Law College of the University of Arizona in the amount of \$3.8 million.

The University of Arizona Applied Research Corporation

UA-ARC and the university have executed Interpersonal, Business Services, and IT Service Agreements. Under these agreements, UA-ARC may use the university's personnel, facilities, and materials on a reimbursement basis. Total payments due to the university under these agreements at June 30, 2024 were \$0.2 million.

UA-ARC and the university have agreements in place whereby the university has made payments to UA-ARC in consideration of technical services. Total revenue received by UA-ARC from the university for technical services was \$2.6 million for the year ended June 30, 2024. Additionally, UA-ARC received \$1.0 million in revenue from the university for services performed as part of its normal course of operations during the year ended June 30, 2024.

Eller Executive Education

EEE has an Affiliation Agreement with the Arizona Board of Regents for and on behalf of the university through June 2026. The agreement covers policies, procedures, working relationships, respective rights and responsibilities between EEE and the university. The university provides the services of certain university employees to perform management and program support functions on a part-time basis for EEE, for which EEE must reimburse the university for all salary and employee related expenses. Program expenses relating to the university during the year ended June 30, 2024, were \$0.5 million.

I. Concentrations

Campus Research Corporation

CRC derives its rental revenue from leases with various tenants. At times, rental revenue from particular tenants may constitute a concentration of credit risk. Rent from two tenants comprised 73% of rental revenues in fiscal year 2024. In addition, receivables from two tenants comprised 37% of accounts receivable at June 30, 2024.

Eller Executive Education

At June 30, 2024, four customers comprised 68% of total revenue, and three customers comprised 90% of accounts receivable.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – ARIZONA STATE RETIREMENT SYSTEM Year Ended June 30, 2024 (in thousands of dollars)

Reporting Fiscal Year (Measurement Date)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
University's proportion of the net pension liability	3.79%	3.75%	3.77%	4.06%	4.28%	4.05%	3.84%	3.85%	3.91%	3.94%
University's proportionate share of the net pension liability	\$ 613,806	\$ 611,727	\$ 495,225	\$ 702,890	\$ 622,751	\$ 565,000	\$ 598,493	\$ 621,697	\$ 608,338	\$ 582,754
University's covered payroll	\$ 497,425	\$ 447,627	\$ 424,788	\$ 443,989	\$ 452,293	\$ 403,949	\$ 375,912	\$ 362,043	\$ 362,516	\$ 365,347
University's proportionate share of the net pension liability as a percentage of its covered payroll	123.40%	136.66%	116.58%	158.31%	137.69%	139.87%	159.21%	171.72%	167.81%	159.51%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF UNIVERSITY PENSION CONTRIBUTIONS – ARIZONA STATE RETIREMENT SYSTEM Year Ended June 30, 2024 (in thousands of dollars)

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 69,045	\$ 59,099	\$ 53,618	\$ 49,388	\$ 50,804	\$ 50,496	\$ 43,892	\$ 40,395	\$ 39,128	\$ 39,376
University's contribution in relation to the statutorily required contribution	\$ 69,045	\$ 59,099	\$ 53,618	\$ 49,388	\$ 50,804	\$ 50,496	\$ 43,892	\$ 40,395	\$ 39,128	\$ 39,376
University's contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
University's covered payroll	\$ 575,783	\$ 497,425	\$ 447,627	\$ 424,788	\$ 443,989	\$ 452,293	\$ 403,949	\$ 375,912	\$ 362,043	\$ 362,516
University's contributions as a percentage of covered payroll	11.99%	11.88%	11.98%	11.63%	11.44%	11.16%	10.87%	10.75%	10.81%	10.86%

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY – ARIZONA DEPARTMENT OF ADMINISTRATION Year Ended June 30, 2024 (in thousands of dollars)

Reporting Fiscal Year (Measurement Date)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 - 2015
University's proportion of the total OPEB liability	20.17%	19.54%	18.38%	19.32%	19.70%	19.13%	19.20%	Information Not Available
University's proportionate share of the total OPEB liability	\$ 111,089	\$ 180,617	\$ 220,277	\$ 311,107	\$ 250,691	\$ 166,725	\$ 161,905	
University's covered-employee payroll	\$ 1,027,526	\$ 827,953	\$ 804,619	\$ 841,752	\$ 819,622	\$ 738,315	\$ 718,904	
University's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	10.81%	21.81%	27.38%	36.96%	30.59%	22.58%	22.52%	

*There are no dedicated plan assets accumulated in a GASB-compliant trust to offset the total OPEB liability.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF FINANCIAL POSITION – OTHER COMPONENT UNITS

June 30, 2024 (in thousands of dollars)

	Other				Total Nonmajor Component Units
	Campus Research Corporation	Law College Association	Applied Research Corporation	Eller Executive Education	
Assets					
Cash and cash equivalents	\$ 6,273	\$ 376	\$ 469	\$ 262	\$ 7,380
Pledges receivable, net	-	1,571	-	-	1,571
Accounts receivable, net	1,867	373	500	447	3,187
Contract assets	-	-	63	-	63
Investments in securities	-	16,173	-	-	16,173
Other investments	-	166	-	-	166
Prepaid expenses	87	97	-	-	184
Property and equipment, net	29,387	-	30	-	29,417
Intangible assets, net	1,169	-	-	-	1,169
Operating lease assets	165	-	2,997	-	3,162
Other assets	1,229	6	146	55	1,436
Total Assets	\$ 40,177	\$ 18,762	\$ 4,205	\$ 764	\$ 63,908
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	\$ 1,674	\$ 69	\$ 576	\$ 179	\$ 2,498
Deferred revenue and deposits	2,168	-	22	186	2,376
Short-term and long-term debt and lease obligations	4,419	-	3,058	128	7,605
Total Liabilities	\$ 8,261	\$ 69	\$ 3,656	\$ 493	\$ 12,479
Net Assets					
Without donor restrictions	\$ 31,916	\$ 1,462	\$ 549	\$ 271	\$ 34,198
With donor restrictions	-	17,231	-	-	17,231
Total Net Assets	\$ 31,916	\$ 18,693	\$ 549	\$ 271	\$ 51,429
Total Liabilities and Net Assets	\$ 40,177	\$ 18,762	\$ 4,205	\$ 764	\$ 63,908

COMBINING STATEMENT OF ACTIVITIES – OTHER COMPONENT UNITS

Year Ended June 30, 2024 (in thousands of dollars)

	Other				Total Nonmajor Component Units
	Campus Research Corporation	Law College Association	Applied Research Corporation	Eller Executive Education	
Revenues					
Sales and services	-	-	\$ 6,503	\$ 1,635	\$ 8,138
Contributions and grants	\$ 2,552	\$ 4,137	-	-	6,689
Rental revenues	14,042	-	-	-	14,042
Investment income, net	126	1,748	5	-	1,879
Other income	-	186	-	-	186
Total revenues	\$ 16,720	\$ 6,071	\$ 6,508	\$ 1,635	\$ 30,934
Expenses					
Program services:					
Contracting related expenses	-	-	\$ 3,788	\$ 1,141	\$ 4,929
Leasing related expenses	\$ 16,114	-	-	-	16,114
Payments on behalf of the university	145	\$ 4,507	-	-	4,652
Supporting services:					
Administration and general	1,549	374	3,485	616	6,024
Fundraising	-	135	-	-	135
Total expenses	\$ 17,808	\$ 5,016	\$ 7,273	\$ 1,757	\$ 31,854
Increase (Decrease) in Net Assets	\$ (1,088)	\$ 1,055	\$ (765)	\$ (122)	\$ (920)
Net Assets - Beginning of year	\$ 33,004	\$ 17,638	\$ 1,314	\$ 393	\$ 52,349
Net Assets - End of year	\$ 31,916	\$ 18,693	\$ 549	\$ 271	\$ 51,429



Photo: University Marketing & Brand Development



STATISTICAL SECTION

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June 30, 2024

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NET POSITION BY COMPONENT

As of June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	\$ 1,115,109	\$ 1,044,572	\$ 959,468	\$ 888,422	\$ 951,375	\$ 801,215	\$ 776,373	\$ 730,135	\$ 687,149	\$ 637,380
Restricted, Nonexpendable	208,588	191,107	179,033	189,845	157,378	161,496	154,227	142,774	134,356	138,464
Restricted, Expendable	252,828	291,609	270,661	239,189	203,957	233,337	244,542	241,080	238,522	218,805
Unrestricted	(399,945)	(345,996)	(307,211)	(269,494)	(320,257)	(130,727)	(135,502)	20,756	(80,965)	(124,204)
Total Net Position	\$ 1,176,580	\$ 1,181,292	\$ 1,101,951	\$ 1,047,962	\$ 992,453	\$ 1,065,321	\$ 1,039,640	\$ 1,134,745	\$ 979,062	\$ 870,445
<i>Expressed as a percent of the total</i>	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	94.8	88.4	87.1	84.8	95.9	75.2	74.6	64.3	70.2	73.2
Restricted, Nonexpendable	17.7	16.2	16.2	18.1	15.9	15.2	14.8	12.6	13.7	16.0
Restricted, Expendable	21.5	24.7	24.6	22.8	20.5	21.9	23.6	21.3	24.4	25.1
Unrestricted	(34.0)	(29.3)	(27.9)	(25.7)	(32.3)	(12.3)	(13.0)	1.8	(8.3)	(14.3)
Total Net Position	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Percentage increase(decrease) from prior year</i>	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	6.8	8.9	8.0	(6.6)	18.7	3.2	6.3	6.3	7.8	4.1
Restricted, Nonexpendable	9.1	6.7	(5.7)	20.6	(2.5)	4.7	8.0	6.3	(3.0)	-
Restricted, Expendable	(13.3)	7.7	13.2	17.3	(12.6)	(4.6)	1.4	1.1	9.0	35.2
Unrestricted	(15.6)	(12.6)	14.0	15.9	(145.0)	3.5	(752.8)	125.6	34.8	(133.3)
Total Net Position	(0.4)	7.2	5.2	5.6	(6.8)	2.5	(8.4)	15.9	12.5	(32.3)

Note: The university implemented GASB 68/71 in FY 2015; historical data has not been restated in the statistical section.
The university implemented GASB 75/85 in FY 2018; historical data has not been restated in the statistical section.

CHANGE IN NET POSITION

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
<i>Operating Revenues</i>										
Student tuition and fees, net of scholarship allowance	\$ 926,461	\$ 717,928	\$ 677,550	\$ 634,092	\$ 644,352	\$ 658,090	\$ 653,519	\$ 653,725	\$ 608,679	\$ 554,768
Federal grants and contracts	478,988	437,943	384,520	373,496	327,006	339,196	304,183	297,409	283,083	290,967
State grants and contracts	20,106	13,156	13,359	16,911	12,582	12,050	13,592	14,201	14,191	8,121
Local grants and contracts	5,688	5,755	5,695	3,793	3,771	2,352	2,424	2,082	1,533	1,754
Nongovernment grants and contracts	168,287	161,954	151,425	174,734	166,144	178,531	179,667	200,291	243,468	174,556
Sales and services of educational departments	80,351	55,255	52,802	59,372	57,622	56,083	54,180	51,753	52,934	51,436
Auxiliary enterprises	236,922	219,820	207,223	110,226	186,918	205,457	205,468	210,496	206,710	203,740
Other operating revenues *	11,931	13,375	10,372	11,213	10,792	16,116	18,558	18,485	14,172	29,749
Total Operating Revenues	\$ 1,928,734	\$ 1,625,186	\$ 1,502,946	\$ 1,383,837	\$ 1,409,187	\$ 1,467,875	\$ 1,431,591	\$ 1,448,442	\$ 1,424,770	\$ 1,315,091
Expenses										
<i>Operating Expenses</i>										
Educational and general										
Instruction	\$ 719,856	\$ 641,656	\$ 577,335	\$ 542,050	\$ 562,485	\$ 527,927	\$ 505,879	\$ 459,357	\$ 460,005	\$ 417,300
Research	644,893	588,697	509,383	492,534	495,462	462,112	426,873	397,512	391,122	421,973
Public Service	133,221	115,772	95,689	98,679	88,365	85,822	82,167	89,221	78,604	78,231
Academic support	341,675	297,940	266,049	258,786	283,095	295,024	302,360	314,480	344,380	264,336
Student services	229,095	91,977	81,454	95,269	108,833	91,224	74,253	56,022	53,033	47,187
Institutional support	269,343	214,843	205,615	201,955	197,209	169,176	146,222	146,185	129,501	136,347
Operation and maintenance of plant	121,383	111,296	101,317	96,017	107,704	105,311	103,087	87,925	84,418	87,079
Scholarships and fellowships	81,880	69,249	102,105	89,556	67,450	58,673	55,421	54,884	51,808	57,158
Auxiliary enterprises	209,627	205,137	162,911	145,242	172,106	167,387	175,576	164,539	164,187	167,150
Depreciation and amortization	223,230	190,848	168,320	150,138	149,793	144,250	135,565	132,726	125,455	124,870
Total Operating Expenses	\$ 2,974,203	\$ 2,527,415	\$ 2,270,178	\$ 2,170,226	\$ 2,232,502	\$ 2,106,906	\$ 2,007,403	\$ 1,902,851	\$ 1,882,513	\$ 1,801,631
Operating loss	\$(1,045,469)	\$(902,229)	\$(767,232)	\$(786,389)	\$(823,315)	\$(639,031)	\$(575,812)	\$(454,409)	\$(457,743)	\$(486,540)
Nonoperating Revenues (Expenses)										
State appropriations	\$ 357,504	\$ 350,759	\$ 310,298	\$ 259,415	\$ 269,495	\$ 252,931	\$ 254,789	\$ 245,146	\$ 241,257	\$ 270,538
Share of State sales tax revenues	63,604	36,832	46,079	31,979	30,683	30,970	28,763	27,618	25,025	24,964
Federal grants and appropriations	210,104	120,403	192,396	218,206	96,357	93,817	78,951	65,128	77,423	79,316
State and other government grants	30,657	86,848	30,862	21,798	20,751	25,524	25,968	21,722	5,609	14,138
Nongovernment grants and contracts	162,429	146,666	151,837	120,989	142,094	112,437	129,621	123,478	128,111	114,408
Gifts	135,024	108,631	109,238	80,582	88,956	84,578	81,746	80,060	80,890	89,975
Investment income (loss)	68,884	42,592	(47,210)	83,281	13,070	48,396	30,911	31,962	10,046	6,638
Interest expense on debt	(56,592)	(56,395)	(58,745)	(50,672)	(60,187)	(55,072)	(53,275)	(51,253)	(49,748)	(46,293)
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	46,874
Other nonoperating revenues, net	11,454	20,056	18,041	9,911	15,015	8,404	9,040	11,072	9,480	18,103
Net Nonoperating Revenues	\$ 983,068	\$ 856,392	\$ 752,796	\$ 775,489	\$ 616,234	\$ 601,985	\$ 586,514	\$ 554,933	\$ 528,093	\$ 618,661
Income/(Loss) before Capital, Endowments, and Special Item	\$ (62,401)	\$ (45,837)	\$ (14,436)	\$ (10,900)	\$ (207,081)	\$ (37,046)	\$ 10,702	\$ 100,524	\$ 70,350	\$ 132,121
Capital grants, gifts and conveyances	\$ 7,277	\$ 9,141	\$ 18,720	\$ 17,078	\$ 85,677	\$ 11,068	\$ 11,447	\$ 9,304	\$ 3,472	\$ 36,489
Capital appropriations	25,791	25,562	25,337	25,205	25,013	24,803	14,249	21,978	9,594	11,204
Capital commitment - State Lottery Revenue	20,813	20,827	20,811	20,827	21,772	21,430	21,211	21,520	22,169	11,604
Additions to permanent endowments	3,808	1,700	3,557	3,299	1,751	5,426	4,746	2,357	3,032	2,793
Special item - Transfer of operations	-	67,948	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Position	\$ (4,712)	\$ 79,341	\$ 53,989	\$ 55,509	\$ (72,868)	\$ 25,681	\$ 62,355	\$ 155,683	\$ 108,617	\$ 194,211
Total Revenues	\$ 3,026,083	\$ 2,663,151	\$ 2,430,122	\$ 2,276,407	\$ 2,219,821	\$ 2,187,659	\$ 2,123,033	\$ 2,109,787	\$ 2,040,878	\$ 2,042,135
Total Expenses	3,030,795	2,583,810	2,376,133	2,220,898	2,292,689	2,161,978	2,060,678	1,954,104	1,932,261	1,847,924
Increase/(Decrease) in Net Position	\$ (4,712)	\$ 79,341	\$ 53,989	\$ 55,509	\$ (72,868)	\$ 25,681	\$ 62,355	\$ 155,683	\$ 108,617	\$ 194,211

*In compliance with Arizona Revised Statutes 35-391, the University of Arizona discloses the following: For fiscal year 2024, the university received a rebate in the amount of \$2.5 million from J.P. Morgan for Purchase Card purchases for the year.

Change in Net Position (continued)

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

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues	%	%	%	%	%	%	%	%	%	%
<i>Operating Revenues</i>										
Student tuition and fees, net of scholarship allowance	30.6	27.0	27.9	27.9	29.0	30.1	30.8	31.0	29.8	27.2
Federal grants and contracts	15.8	16.4	15.8	16.4	14.6	15.4	14.3	14.1	13.9	14.2
State grants and contracts	0.6	0.4	0.6	0.7	0.6	0.6	0.6	0.7	0.7	0.4
Local grants and contracts	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Nongovernment grants and contracts	5.6	6.1	6.2	7.7	7.5	8.2	8.5	9.5	11.9	8.5
Sales and services of educational departments	2.7	2.1	2.2	2.6	2.6	2.6	2.6	2.5	2.6	2.5
Auxiliary enterprises	7.8	8.3	8.5	4.8	8.4	9.4	9.7	10.0	10.1	10.0
Other operating revenues	0.4	0.5	0.4	0.5	0.5	0.7	0.9	0.9	0.7	1.5
Total Operating Revenues	63.7	61.0	61.8	60.8	63.4	67.1	67.4	68.7	69.8	64.4
Expenses										
<i>Operating Expenses</i>										
Educational and general										
Instruction	23.7	24.8	24.3	24.4	24.6	24.5	24.5	23.5	23.8	22.6
Research	21.3	22.8	21.4	22.2	21.6	21.4	20.7	20.3	20.2	22.8
Public Service	4.4	4.5	4.0	4.4	3.9	4.0	4.0	4.6	4.1	4.2
Academic support	11.3	11.5	11.2	11.7	12.3	13.6	14.7	16.1	17.8	14.3
Student services	7.6	3.6	3.4	4.3	4.8	4.2	3.6	2.9	2.7	2.6
Institutional support	8.9	8.3	8.7	9.1	8.6	7.8	7.1	7.5	6.7	7.4
Operation and maintenance of plant	4.0	4.3	4.3	4.3	4.7	4.9	5.0	4.5	4.4	4.7
Scholarships and fellowships	2.7	2.7	4.3	4.0	2.9	2.7	2.7	2.8	2.7	3.1
Auxiliary enterprises	6.9	7.9	6.9	6.5	7.5	7.7	8.5	8.4	8.5	9.0
Depreciation and amortization	7.4	7.4	7.1	6.8	6.5	6.7	6.6	6.8	6.5	6.8
Total Operating Expenses	98.2	97.8	95.6	97.7	97.4	97.5	97.4	97.4	97.4	97.5
Operating loss	(34.5)	(34.9)	(32.3)	(35.4)	(35.9)	(29.6)	(27.9)	(23.3)	(22.4)	(23.8)
Nonoperating Revenues (Expenses)										
State operating appropriations	11.8	13.2	12.8	11.4	12.1	11.6	12.0	11.6	11.8	13.2
Share of State sales tax revenues	2.1	1.4	1.9	1.5	1.4	1.4	1.4	1.3	1.2	1.2
Federal grants and appropriations	6.9	4.5	7.9	9.6	4.3	4.3	3.7	3.1	3.8	3.9
State and other government grants	1.0	3.3	1.3	1.0	0.9	1.2	1.2	1.0	0.3	0.7
Nongovernment grants and contracts	5.4	5.5	6.3	5.3	6.4	5.1	6.1	5.9	6.3	5.6
Gifts	4.5	4.1	4.5	3.5	4.0	3.9	3.9	3.8	4.0	4.4
Investment income (loss)	2.3	1.6	(2.0)	3.7	0.6	2.2	1.5	1.5	0.5	0.3
Interest expense on debt	(1.9)	(2.2)	(2.5)	(2.3)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.5)
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	2.3
Other nonoperating revenues, net	0.4	0.8	0.7	0.4	0.7	0.4	0.4	0.5	0.5	0.9
Net Nonoperating Revenues	32.5	32.2	31.0	34.1	27.8	27.5	27.6	26.3	25.9	30.3
Income/(Loss) before Capital, Endowments, and Special Item	(2.1)	(1.7)	(0.6)	(0.5)	(9.3)	(1.7)	0.5	4.8	3.4	6.5
Capital grants, gifts and conveyances	0.2	0.3	0.8	0.8	3.9	0.5	0.5	0.5	0.2	1.8
Capital appropriations	0.9	1.0	1.0	1.1	1.1	1.1	0.7	1.0	0.5	0.5
Capital commitment - State Lottery Revenue	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.0	1.1	0.6
Additions to permanent endowments	0.1	0.1	0.1	0.1	0.1	0.3	0.2	0.1	0.1	0.1
Special item - Transfer of operations	0.0	2.5	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Position	(0.2)	3.0	2.2	2.4	(3.3)	1.2	2.9	7.4	5.3	9.5

Change in Net Position (continued)

(Percentage increase (decrease) from prior year)

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues	%	%	%	%	%	%	%	%	%	%
<i>Operating Revenues</i>										
Student tuition and fees, net of scholarship allowance	29.0	6.0	6.9	(1.6)	(2.1)	0.7	-	7.4	9.7	14.4
Federal grants and contracts	9.4	13.9	3.0	14.2	(3.6)	11.5	2.3	5.1	(2.7)	(5.6)
State grants and contracts	52.8	(1.5)	(21.0)	34.4	4.4	(11.3)	(4.3)	0.1	74.7	(28.0)
Local grants and contracts	(1.2)	1.1	50.1	0.6	60.3	(3.0)	16.4	35.8	(12.6)	8.7
Nongovernment grants and contracts	3.9	7.0	(13.3)	5.2	(6.9)	(0.6)	(10.3)	(17.7)	39.5	81.6
Sales and services of educational departments	45.4	4.6	(11.1)	3.0	2.7	3.5	4.7	(2.2)	2.9	16.1
Auxiliary enterprises	7.8	6.1	88.0	(41.0)	(9.0)	-	(2.4)	1.8	1.5	6.6
Other operating revenues	(10.8)	29.0	(7.5)	3.9	(33.0)	(13.2)	0.4	30.4	(52.4)	81.5
Total Operating Revenues	18.7	8.1	8.6	(1.8)	(4.0)	2.5	(1.2)	1.7	8.3	14.0
Expenses										
<i>Operating Expenses</i>										
Educational and general										
Instruction	12.2	11.1	6.5	(3.6)	6.5	4.4	10.1	(0.1)	10.2	(2.0)
Research	9.5	15.6	3.4	(0.6)	7.2	8.3	7.4	1.6	(7.3)	6.4
Public Service	15.1	21.0	(3.0)	11.7	3.0	4.4	(7.9)	13.5	0.5	(7.5)
Academic support	14.7	12.0	2.8	(8.6)	(4.0)	(2.4)	(3.9)	(8.7)	30.3	29.9
Student services	149.1	12.9	(14.5)	(12.5)	19.3	22.9	32.5	5.6	12.4	1.7
Institutional support	25.4	4.5	1.8	2.4	16.6	15.7	-	12.9	(5.0)	15.6
Operation and maintenance of plant	9.1	9.8	5.5	(10.9)	2.3	2.2	17.2	4.2	(3.1)	1.1
Scholarships and fellowships	18.2	(32.2)	14.0	32.8	15.0	5.9	1.0	5.9	(9.4)	(10.8)
Auxiliary enterprises	2.2	25.9	12.2	(15.6)	2.8	(4.7)	6.7	0.2	(1.8)	3.9
Depreciation and amortization	17.0	13.4	12.1	0.2	3.8	6.4	2.1	5.8	0.5	6.9
Total Operating Expenses	17.7	11.3	4.6	(2.8)	6.0	5.0	5.5	1.1	4.5	5.8
Operating loss	15.9	17.6	(2.4)	(4.5)	28.8	11.0	26.7	(0.7)	(5.9)	(11.3)
Nonoperating Revenues (Expenses)										
State operating appropriations	1.9	13.0	19.6	(3.7)	6.5	(0.7)	3.9	1.6	(10.8)	2.1
Share of State sales tax revenues	72.7	(20.1)	44.1	4.2	(0.9)	7.7	4.1	10.4	0.2	5.9
Federal grants and appropriations	74.5	(37.4)	(11.8)	126.5	2.7	18.8	21.2	(15.9)	(2.4)	-
State and other government grants	(64.7)	181.4	41.6	5.0	(18.7)	(1.7)	19.5	287.3	(60.3)	(13.5)
Nongovernment grants and contracts	10.7	(3.4)	25.5	(14.9)	26.4	(13.3)	5.0	(3.6)	12.0	24.5
Gifts	24.3	(0.6)	35.6	(9.4)	5.2	3.5	2.1	(1.0)	(10.1)	14.9
Investment income (loss)	61.7	190.2	(156.7)	537.2	(73.0)	56.6	(3.3)	218.2	51.3	(84.6)
Interest expense on debt	0.3	(4.0)	15.9	(15.8)	9.3	3.4	3.9	3.0	7.5	(8.5)
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	(100.0)	-
Other nonoperating revenues, net	(42.9)	11.2	82.0	(34.0)	78.7	(7.0)	(18.4)	16.8	(47.6)	(9.5)
Net Nonoperating Revenues	14.8	13.8	(2.9)	25.8	2.4	2.6	5.7	5.1	(14.6)	9.1
Income/(Loss) before Capital, Endowments, and Special Item	36.1	217.5	32.4	(94.7)	459.0	(446.2)	(89.4)	42.9	(46.8)	622.0
Capital grants, gifts and conveyances	(20.4)	(51.2)	9.6	(80.1)	674.1	(3.3)	23.0	168.0	(90.5)	14.1
Capital appropriations	0.9	0.9	0.5	0.8	0.8	74.1	(35.2)	129.1	(14.4)	(21.4)
Capital commitment - State Lottery Revenue	(0.1)	0.1	(0.1)	(4.3)	1.6	1.0	(1.4)	(2.9)	91.0	20.9
Additions to permanent endowments	124.0	(52.2)	7.8	88.4	(67.7)	14.3	101.4	(22.3)	8.6	(42.2)
Special item - Transfer of Operations	(100.0)	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Net Position	(105.9)	47.0	(2.7)	176.2	(383.7)	(58.8)	(59.9)	43.3	(44.1)	145.9

OPERATING EXPENSES BY NATURAL CLASSIFICATION

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Personal Services and Benefits	\$ 1,858,590	\$ 1,566,789	\$ 1,410,808	\$ 1,420,434	\$ 1,462,234	\$ 1,340,973	\$ 1,283,072	\$ 1,229,939	\$ 1,248,749	\$ 1,138,615
Supplies and Services	810,503	696,480	585,118	506,999	549,572	560,018	530,930	482,530	454,215	479,021
Scholarships and Fellowships	81,880	73,298	105,932	92,655	70,903	61,665	57,836	57,656	54,094	59,125
Depreciation and amortization	223,230	190,848	168,320	150,138	149,793	144,250	135,565	132,726	125,455	124,870
Total Operating Expenses by Natural Classification	\$ 2,974,203	\$ 2,527,415	\$ 2,270,178	\$ 2,170,226	\$ 2,232,502	\$ 2,106,906	\$ 2,007,403	\$ 1,902,851	\$ 1,882,513	\$ 1,801,631
<i>Expressed as a percent of the total</i>	%	%	%	%	%	%	%	%	%	%
Personal Services and Benefits	62.5	62.0	62.1	65.4	65.5	63.6	63.9	64.6	66.3	63.2
Supplies and Services	27.3	27.6	25.8	23.4	24.6	26.6	26.4	25.4	24.1	26.6
Scholarships and Fellowships	2.8	2.9	4.7	4.3	3.2	2.9	2.9	3.0	2.9	3.3
Depreciation and amortization	7.4	7.5	7.4	6.9	6.7	6.9	6.8	7.0	6.7	6.9
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
<i>Percentage increase(decrease) from prior year</i>	%	%	%	%	%	%	%	%	%	%
Personal Services and Benefits	18.6	11.1	(0.7)	(2.9)	9.0	4.5	4.3	(1.5)	9.7	8.6
Supplies and Services	16.4	19.0	15.4	(7.7)	(1.9)	5.5	10.0	6.2	(5.2)	1.8
Scholarships and Fellowships	11.7	(30.8)	14.3	30.7	15.0	6.6	0.3	6.6	(8.5)	(11.1)
Depreciation and amortization	17.0	13.4	12.1	0.2	3.8	6.4	2.1	5.8	0.5	6.9
Total Operating Expenses by Natural Classification	17.7	11.3	4.6	(2.8)	6.0	5.0	5.5	1.1	4.5	5.8

ACADEMIC YEAR TUITION AND REQUIRED FEES

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Resident Undergraduate										
University of Arizona	\$ 13,606	\$ 13,255	\$ 12,696	\$ 12,696	\$ 12,691	\$ 12,467	\$ 12,248	\$ 11,789	\$ 11,424	\$ 10,957
percent increase from prior year	2.6%	4.4%	0.0%	0.0%	1.8%	1.8%	3.9%	3.2%	4.3%	5.4%
Pac-12 Public Average	\$ 13,477	\$ 13,005	\$ 12,529	\$ 12,350	\$ 12,126	\$ 11,823	\$ 11,586	\$ 10,885	\$ 10,866	\$ 10,217
percent increase from prior year	3.6%	3.8%	1.4%	1.8%	2.6%	2.0%	6.4%	0.2%	6.4%	0.7%
ABOR Peers Average	\$ 13,306	\$ 12,876	\$ 12,583	\$ 12,374	\$ 12,197	\$ 12,034	\$ 11,904	\$ 11,613	\$ 11,454	\$ 11,289
percent increase from prior year	3.3%	2.3%	1.7%	1.5%	1.4%	1.1%	2.5%	1.4%	1.5%	1.4%
Non-Resident Undergraduate										
University of Arizona	\$ 41,075	\$ 39,557	\$ 37,218	\$ 36,723	\$ 36,718	\$ 36,366	\$ 35,678	\$ 34,987	\$ 32,652	\$ 29,421
percent increase from prior year	3.8%	6.3%	1.3%	0.0%	1.0%	1.9%	2.0%	7.2%	11.0%	8.7%
Pac-12 Public Average	\$ 39,447	\$ 38,001	\$ 36,570	\$ 35,953	\$ 35,401	\$ 34,447	\$ 33,561	\$ 31,640	\$ 30,492	\$ 28,088
percent increase from prior year	3.8%	3.9%	1.7%	1.6%	2.8%	2.6%	6.1%	3.8%	8.6%	1.4%
ABOR Peers Average	\$ 39,819	\$ 38,429	\$ 37,503	\$ 36,881	\$ 36,430	\$ 35,452	\$ 34,457	\$ 32,728	\$ 31,480	\$ 30,159
percent increase from prior year	3.6%	2.5%	1.7%	1.2%	2.8%	2.9%	5.3%	4.0%	4.4%	2.9%
Resident Graduate										
University of Arizona	\$ 14,389	\$ 14,015	\$ 13,460	\$ 13,272	\$ 13,271	\$ 13,044	\$ 12,812	\$ 12,397	\$ 12,062	\$ 11,723
percent increase from prior year	2.7%	4.1%	1.4%	0.0%	1.7%	1.8%	3.3%	2.8%	2.9%	1.8%
Pac-12 Public Average	\$ 15,044	\$ 14,593	\$ 14,196	\$ 14,011	\$ 13,800	\$ 13,427	\$ 13,246	\$ 13,057	\$ 12,897	\$ 12,007
percent increase from prior year	3.1%	2.8%	1.3%	1.5%	2.8%	1.4%	1.4%	1.2%	7.4%	2.5%
ABOR Peers Average	\$ 16,089	\$ 15,637	\$ 15,324	\$ 15,079	\$ 14,993	\$ 14,680	\$ 14,358	\$ 13,994	\$ 13,760	\$ 13,247
percent increase from prior year	2.9%	2.0%	1.6%	0.6%	2.1%	2.2%	2.6%	1.7%	3.9%	1.7%
Non-Resident Graduate										
University of Arizona	\$ 33,961	\$ 33,957	\$ 33,644	\$ 33,399	\$ 33,398	\$ 33,393	\$ 32,762	\$ 32,149	\$ 30,384	\$ 28,705
percent increase from prior year	0.0%	0.9%	0.7%	0.0%	0.0%	1.9%	1.9%	5.8%	5.8%	4.8%
Pac-12 Public Average	\$ 32,465	\$ 31,591	\$ 30,731	\$ 30,270	\$ 29,877	\$ 28,860	\$ 28,223	\$ 27,978	\$ 27,336	\$ 25,622
percent increase from prior year	2.8%	2.8%	1.5%	1.3%	3.5%	2.3%	0.9%	2.3%	6.7%	2.8%
ABOR Peers Average	\$ 31,680	\$ 32,114	\$ 31,557	\$ 30,914	\$ 30,759	\$ 30,079	\$ 29,413	\$ 28,673	\$ 28,077	\$ 27,474
percent increase/(decrease) from prior year	(1.4)%	1.8%	2.1%	0.5%	2.3%	2.3%	2.6%	2.1%	2.2%	1.8%

The amounts shown are based on a full academic year and are calculated for full-time undergraduate students enrolled at the main campus at the guaranteed tuition and fees rate that is not program specific.

Sources:

The University of Arizona Interactive Fact Book and University Analytics & Institutional Research (UAIR) <https://uair.arizona.edu>

A complete list of the university's fifteen ABOR peers can be found at <https://uair.arizona.edu/content/uairizona-peers>

Tuition rates are approved by the Arizona Board of Regents.

Some Pac-12 Tuition and Fees were acquired from the Association of American Universities Data Exchange (AAUDE) and universities' websites.

PRINCIPAL REVENUE SOURCES

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tuition and Fees, net of scholarship allowance	\$ 926,461	\$ 717,928	\$ 677,550	\$ 634,092	\$ 644,352	\$ 658,090	\$ 653,519	\$ 653,725	\$ 608,679	\$ 554,768
percent of total revenue	31%	27%	28%	28%	29%	30%	31%	31%	30%	27%
percent increase/(decrease) from prior year	29%	6%	7%	(2)%	(2)%	1%	0%	7%	10%	14%
State of Arizona Government										
State and local grants and contracts	\$ 46,624	\$ 98,269	\$ 44,805	\$ 40,487	\$ 37,104	\$ 39,926	\$ 41,984	\$ 38,005	\$ 21,333	\$ 24,013
State appropriations	357,504	350,759	310,298	259,415	269,495	252,931	254,789	245,146	241,257	270,538
Technology and research initiatives funding	63,604	36,832	46,079	31,979	30,683	30,970	28,763	27,618	25,025	24,964
Capital appropriations and capital commitments	46,604	46,389	46,148	46,032	46,785	46,233	35,460	43,498	31,763	22,808
Financial aid grants	9,827	7,490	5,111	2,015	-	-	-	-	-	-
State of Arizona Government	\$ 524,163	\$ 539,739	\$ 452,441	\$ 379,928	\$ 384,067	\$ 370,060	\$ 360,996	\$ 354,267	\$ 319,378	\$ 342,323
percent of total revenue	17%	20%	19%	17%	17%	17%	17%	17%	16%	17%
percent increase/(decrease) from prior year	(3)%	19%	19%	(1)%	4%	3%	2%	11%	(7)%	0%
Federal Government										
Federal grants and contracts	\$ 567,287	\$ 496,498	\$ 481,392	\$ 505,365	\$ 360,286	\$ 376,132	\$ 329,388	\$ 312,547	\$ 308,469	\$ 318,118
Financial aid grants	121,805	61,848	95,524	86,337	63,077	56,881	53,746	49,990	52,037	52,165
Federal Government	\$ 689,092	\$ 558,346	\$ 576,916	\$ 591,702	\$ 423,363	\$ 433,013	\$ 383,134	\$ 362,537	\$ 360,506	\$ 370,283
percent of total revenue	23%	21%	24%	26%	19%	20%	18%	17%	18%	18%
percent increase/(decrease) from prior year	23%	(3)%	(2)%	40%	(2)%	13%	6%	1%	(3)%	(4)%
Total from principal revenue payers	\$ 2,139,716	\$ 1,816,013	\$ 1,706,907	\$ 1,605,722	\$ 1,451,782	\$ 1,461,163	\$ 1,397,649	\$ 1,370,529	\$ 1,288,563	\$ 1,267,374
percent of total revenue	71%	68%	70%	71%	65%	67%	66%	65%	63%	62%
percent increase/(decrease) from prior year	18%	6%	6%	11%	(1)%	5%	2%	6%	2%	4%

LONG-TERM DEBT

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
System Revenue Bonds and SPEED Revenue Bonds	\$ 1,232,405	\$ 1,292,000	\$ 1,338,225	\$ 1,379,595	\$ 1,168,675	\$ 1,218,745	\$ 1,166,915	\$ 1,090,805	\$ 953,005	\$ 984,265
Plus Unamortized Premium/(Discount)	155,827	164,378	173,231	182,320	137,464	128,207	124,003	115,487	91,269	68,835
Net System Revenue Bonds and SPEED Revenue Bonds	\$ 1,388,232	\$ 1,456,378	\$ 1,511,456	\$ 1,561,915	\$ 1,306,139	\$ 1,346,952	\$ 1,290,918	\$ 1,206,292	\$ 1,044,274	\$ 1,053,100
Certificates of Participation	\$ 107,350	\$ 136,465	\$ 162,100	\$ 193,635	\$ 199,385	\$ 232,816	\$ 264,761	\$ 302,176	\$ 331,861	\$ 354,736
Plus Unamortized Premium/(Discount)	6,464	7,529	10,891	15,089	22,899	26,330	29,760	23,959	26,478	29,001
Net Certificates of Participation	\$ 113,814	\$ 143,994	\$ 172,991	\$ 208,724	\$ 222,284	\$ 259,146	\$ 294,521	\$ 326,135	\$ 358,339	\$ 383,737
Total	\$ 1,707,261	\$ 1,814,559	\$ 1,853,560	\$ 1,783,341	\$ 1,541,684	\$ 1,621,014	\$ 1,600,953	\$ 1,548,735	\$ 1,419,747	\$ 1,478,536
Long Term Debt (whole dollars)										
per student FTE	\$ 22,709	\$ 37,862	\$ 39,581	\$ 39,180	\$ 34,479	\$ 36,529	\$ 36,279	\$ 35,546	\$ 32,771	\$ 34,881
per Dollar of State Appropriations and State Capital Appropriations	\$ 4.45	\$ 4.82	\$ 5.52	\$ 6.27	\$ 5.23	\$ 5.84	\$ 5.95	\$ 5.80	\$ 5.66	\$ 5.25
per Dollar of Total Grants and Contracts	\$ 1.59	\$ 1.87	\$ 1.99	\$ 1.92	\$ 2.01	\$ 2.12	\$ 2.17	\$ 2.13	\$ 1.91	\$ 2.16
Data Used in Above Calculations										
Total Student FTE	75,181	47,926	46,829	45,517	44,714	44,376	44,129	43,570	43,323	42,388
State appropriations and State Capital Appropriations	\$ 383,295	\$ 376,321	\$ 335,635	\$ 284,620	\$ 294,508	\$ 277,734	\$ 269,038	\$ 267,124	\$ 250,851	\$ 281,742
Grants and Contracts	\$ 1,707,259	\$ 972,725	\$ 930,094	\$ 930,488	\$ 768,705	\$ 764,429	\$ 738,688	\$ 726,420	\$ 743,216	\$ 685,400

SUMMARY OF RATIOS

Summary of Composite Financial Index Ratios

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
COMPOSITE FINANCIAL INDEX										
+ Primary Reserve Ratio	0.05	0.09	0.10	0.10	0.04	0.13	0.13	0.20	0.14	0.12
/ 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	0.38	0.68	0.75	0.75	0.30	0.98	0.98	1.50	1.05	0.90
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.13	0.24	0.26	0.26	0.11	0.34	0.34	0.53	0.37	0.32
= Ratio 10.00 Cap Subtotal	0.13	0.24	0.26	0.26	0.11	0.34	0.34	0.53	0.37	0.32
+ Return on Net Assets Ratio	3.7%	9.3%	1.3%	17.2%	(4.4)%	6.6%	12.7%	13.7%	6.2%	17.5%
/ 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	1.85	4.65	0.65	8.60	(1.00)	3.30	6.35	6.85	3.10	8.75
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.37	0.93	0.13	1.72	(0.20)	0.66	1.27	1.37	0.62	1.75
= Ratio 10.00 Cap Subtotal	0.37	0.93	0.13	1.72	(0.20)	0.66	1.27	1.37	0.62	1.75
+ Net Operating Revenues Ratio	(2.2%)	(4.8%)	1.4%	0.2%	(10.5)%	(1.5)%	0.7%	5.5%	3.7%	7.3%
/ 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	(1.00)	(1.00)	1.08	0.15	(1.00)	(1.00)	0.54	4.23	2.85	5.62
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	(0.10)	(0.10)	0.11	0.02	(0.10)	(0.10)	0.05	0.42	0.28	0.56
= Ratio 10.00 Cap Subtotal	(0.10)	(0.10)	0.11	0.02	(0.10)	(0.10)	0.05	0.42	0.28	0.56
+ Viability Ratio	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.3	0.2	0.2
/ 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	0.24	0.24	0.48	0.48	0.24	0.48	0.48	0.72	0.48	0.48
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.09	0.08	0.17	0.17	0.08	0.17	0.17	0.25	0.17	0.17
= Ratio 10.00 Cap Subtotal	0.09	0.08	0.17	0.17	0.08	0.17	0.17	0.25	0.17	0.17
Composite Financial Index	0.49	1.15	0.67	2.17	(0.11)	1.07	1.83	2.57	1.44	2.80
Composite Financial Index with 10.00 Cap	0.49	1.15	0.67	2.17	(0.11)	1.07	1.83	2.57	1.44	2.80

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.

Summary of Ratios (continued)

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PRIMARY RESERVE RATIO										
Unrestricted Net Assets	\$ (399,945)	\$ (345,996)	\$ (307,211)	\$ (269,494)	\$ (320,257)	\$ (130,727)	\$ (135,502)	\$ 20,756	\$ (80,965)	\$ (124,204)
Net Assets Without Donor Restrictions – Component Units	58,882	57,590	126,842	77,930	63,733	62,819	56,189	52,612	44,154	43,592
Expendable Restricted Net Assets	252,828	291,609	270,661	239,189	203,957	233,337	244,542	241,080	238,522	218,805
Expendable Restricted Net Assets – Component Units*	287,129	261,814	223,051	226,345	184,247	152,068	143,895	128,288	122,486	126,134
Investment in Plant - Component Units	(30,459)	(31,518)	(33,485)	(37,273)	(34,166)	(31,095)	(27,696)	(26,777)	(33,163)	(32,712)
Expendable Net Assets	\$ 168,435	\$ 233,499	\$ 279,858	\$ 236,697	\$ 97,514	\$ 286,402	\$ 281,428	\$ 415,959	\$ 291,034	\$ 231,615
Operating Expenses										
Operating Expenses	\$ 2,974,203	\$ 2,527,415	\$ 2,270,178	\$ 2,170,226	\$ 2,232,502	\$ 2,106,906	\$ 2,007,403	\$ 1,902,851	\$ 1,882,513	\$ 1,801,631
Nonoperating Expenses	56,592	56,395	105,955	50,672	60,187	55,072	53,275	51,253	49,748	46,293
Component Unit Total Expenses	188,006	158,265	452,923	132,942	126,925	128,604	108,606	103,419	110,428	130,081
Total Expenses	\$ 3,218,801	\$ 2,742,075	\$ 2,829,056	\$ 2,353,840	\$ 2,419,614	\$ 2,290,582	\$ 2,169,284	\$ 2,057,523	\$ 2,042,689	\$ 1,978,005
Expendable Net Assets										
Expendable Net Assets	\$ 168,435	\$ 233,499	\$ 279,858	\$ 236,697	\$ 97,514	\$ 286,402	\$ 281,428	\$ 415,959	\$ 291,034	\$ 231,615
Total Expenses										
Total Expenses	\$ 3,218,801	\$ 2,742,075	\$ 2,829,056	\$ 2,353,840	\$ 2,419,614	\$ 2,290,582	\$ 2,169,284	\$ 2,057,523	\$ 2,042,689	\$ 1,978,005
Ratio	0.05	0.09	0.10	0.10	0.04	0.13	0.13	0.20	0.14	0.12

Measures the financial strength of the institution by indicating how long the institution could function using its expendable reserves to cover operations should additional net assets not be available. A positive ratio and an increasing amount over time denote strength.

*Beginning in fiscal year 2019, the Financial Accounting Standards Board (FASB) reduced the number of net asset classes presented by the component units from three to two, net assets without donor restrictions and net assets with donor restrictions. For purposes of ratio calculations, the portion of net assets with donor restrictions that represents net assets with temporary restrictions is reported as Expendable Restricted Net Assets – Component Units.

RETURN ON NET ASSETS RATIO										
Change in Net assets	\$ 93,363	\$ 215,161	\$ 30,374	\$ 335,681	\$ (89,445)	\$ 125,916	\$ 215,540	\$ 224,673	\$ 96,154	\$ 229,469
Total Net Assets (Beginning of Year)	\$ 2,532,354	\$ 2,317,193	\$ 2,350,275	\$ 1,954,449	\$ 2,043,894	\$ 1,917,978	\$ 1,702,438	\$ 1,635,225	\$ 1,539,071	\$ 1,309,602
Ratio	3.7%	9.3%	1.3%	17.2%	(4.4)%	6.6%	12.7%	13.7%	6.2%	17.5%

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.

NET OPERATING REVENUES RATIO										
Income/(Loss) before Capital, Endowments, and Special Item	\$ (62,401)	\$ (45,837)	\$ (14,436)	\$ (10,900)	\$ (207,081)	\$ (37,046)	\$ 10,702	\$ 100,524	\$ 70,350	\$ 132,121
Component Units Change in Net Assets Without Donor Restrictions Before Extraordinary or Special Items	1,292	(69,252)	48,912	14,197	914	6,630	3,577	8,458	562	4,173
Adjusted Income/(Loss) before Capital, Endowments, and Special Item and Component Units Change in Net Assets without Donor Restrictions Before Extraordinary or Special Items	\$ (61,109)	\$ (115,089)	\$ 34,476	\$ 3,297	\$ (206,167)	\$ (30,416)	\$ 14,279	\$ 108,982	\$ 70,912	\$ 136,294
Total Operating Revenues	\$ 1,928,734	\$ 1,625,186	\$ 1,502,946	\$ 1,383,837	\$ 1,409,187	\$ 1,467,875	\$ 1,431,591	\$ 1,448,442	\$ 1,424,770	\$ 1,315,091
State Appropriation and State related revenues	439,209	464,220	379,399	308,448	318,200	306,696	306,791	294,486	271,891	309,640
Non-capital Gifts and Grants, net	135,024	108,631	109,238	80,582	88,956	84,578	81,746	80,060	80,890	89,975
Financial Aid Trust Funds*	2,729	2,729	2,729	2,729	2,729	2,729	2,729	2,761	2,880	3,030
Financial Aid - State Grants	9,827	7,490	5,111	2,015	-	-	-	-	-	-
Investment Income/(Loss), net	68,884	42,592	(47,210)	83,281	13,070	48,396	30,911	31,962	10,046	6,638
Component Units Total Revenue Without Donor Restrictions	189,342	152,579	438,721	148,392	127,732	135,079	112,932	111,633	110,779	134,054
Adjusted Net Operating Revenues	\$ 2,773,749	\$ 2,403,427	\$ 2,390,934	\$ 2,009,284	\$ 1,959,874	\$ 2,045,353	\$ 1,966,700	\$ 1,969,344	\$ 1,901,256	\$ 1,858,428
Adjusted Income/(Loss) before Capital, Endowments, and Special Item and Component Units Change in Net Assets without Donor Restrictions Before Extraordinary or Special Items	\$ (61,109)	\$ (115,089)	\$ 34,476	\$ 3,297	\$ (206,167)	\$ (30,416)	\$ 14,279	\$ 108,982	\$ 70,912	\$ 136,294
Adjusted Net Operating Revenues	\$ 2,773,749	\$ 2,403,427	\$ 2,390,934	\$ 2,009,284	\$ 1,959,874	\$ 2,045,353	\$ 1,966,700	\$ 1,969,344	\$ 1,901,256	\$ 1,858,428
Ratio	(2.2)%	(4.8)%	1.4%	0.2%	(10.5)%	(1.5)%	0.7%	5.5%	3.7%	7.3%

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

*Prior to FY2018, Financial Aid Trust Funds were appropriated directly to ABOR on behalf of the universities. Beginning in Fiscal Year 2018, these funds are appropriated directly to the universities.

Summary of Ratios (continued)

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
VIABILITY RATIO										
Unrestricted Net Assets	\$ (399,945)	\$ (345,996)	\$ (307,211)	\$ (269,494)	\$ (320,257)	\$ (130,727)	\$ (135,502)	\$ 20,756	\$ (80,965)	\$ (124,204)
Net Assets Without Donor Restriction – Component Units	58,882	57,590	126,842	77,930	63,733	62,819	56,189	52,612	44,154	43,592
Expendable Restricted Net Assets	252,828	291,609	270,661	239,189	203,957	233,337	244,542	241,080	238,522	218,805
Expendable Restricted Net Assets – Component Units*	287,129	261,814	223,051	226,345	184,247	152,068	143,895	128,288	122,486	126,134
Expendable Net Assets	\$ 198,894	\$ 265,017	\$ 313,343	\$ 273,970	\$ 131,680	\$ 317,497	\$ 309,124	\$ 442,736	\$ 324,197	\$ 264,327
University Long Term Debt and Other Obligations	\$ 1,707,261	\$ 1,814,559	\$ 1,853,560	\$ 1,783,341	\$ 1,541,684	\$ 1,621,014	\$ 1,600,953	\$ 1,548,735	\$ 1,419,747	\$ 1,478,536
Component Units Long Term Debt and Other Obligations	7,605	7,498	3,464	5,245	8,154	5,840	5,553	6,024	4,255	5,279
Total Adjusted University Debt and Other Obligations	\$ 1,714,866	\$ 1,822,057	\$ 1,857,024	\$ 1,788,586	\$ 1,549,838	\$ 1,626,854	\$ 1,606,506	\$ 1,554,759	\$ 1,424,002	\$ 1,483,815
Expendable Net Assets	\$ 198,894	\$ 265,017	\$ 313,343	\$ 273,970	\$ 131,680	\$ 317,497	\$ 309,124	\$ 442,736	\$ 324,197	\$ 264,327
Total Adjusted University Debt and Other Obligations	\$ 1,714,866	\$ 1,822,057	\$ 1,857,024	\$ 1,788,586	\$ 1,549,838	\$ 1,626,854	\$ 1,606,506	\$ 1,554,759	\$ 1,424,002	\$ 1,483,815
Ratio	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.3	0.2	0.2

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. A positive ratio of greater than 1:1 generally denotes strength.

* Beginning in fiscal year 2019, the Financial Accounting Standards Board (FASB) reduced the number of net asset classes presented by the component units from three to two, net assets without donor restrictions and net assets with donor restrictions. For purposes of ratio calculations, the portion of net assets with donor restrictions that represents net assets with temporary restrictions is reported as Expendable Restricted Net Assets – Component Units.

Summary of Ratios – Other Ratios

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
OPERATING MARGIN EXCLUDING GIFTS										
Income/(Loss) before Capital, Endowments, and Special Item	\$ (62,401)	\$ (45,837)	\$ (14,436)	\$ (10,900)	\$ (207,081)	\$ (37,046)	\$ 10,702	\$ 100,524	\$ 70,350	\$ 132,121
Capital appropriations	25,791	25,562	25,337	25,205	25,013	24,803	14,249	21,978	9,594	11,204
Less: Non-capital Gifts	(135,024)	(108,631)	(109,238)	(80,582)	(88,956)	(84,578)	(81,746)	(80,060)	(80,890)	(89,975)
Less: Net investment return/loss	(68,884)	(42,592)	47,210	(83,281)	(13,070)	(48,396)	(30,911)	(31,962)	(10,046)	(6,638)
Less: Other nonoperating revenue, net	(11,454)	(20,056)	(18,041)	(9,911)	(15,015)	(8,404)	(9,040)	(11,072)	(9,480)	(18,103)
Adjusted Income/(Loss) before Capital, Endowments, and Special Item	\$ (251,972)	\$ (191,554)	\$ (69,168)	\$ (159,469)	\$ (299,109)	\$ (153,621)	\$ (96,746)	\$ (592)	\$ (20,472)	\$ 28,609
Total Operating Revenues	\$ 1,928,734	\$ 1,625,186	\$ 1,502,946	\$ 1,383,837	\$ 1,409,187	\$ 1,467,875	\$ 1,431,591	\$ 1,448,442	\$ 1,424,770	\$ 1,315,091
Less: Scholarships and Fellowships	(81,880)	(69,249)	(102,105)	(89,556)	(67,450)	(58,673)	(55,421)	(54,884)	(51,808)	(57,158)
State Appropriation and share of sales tax	418,379	384,862	353,648	288,665	297,449	281,172	280,823	272,764	266,282	295,502
Financial aid grants	131,632	69,338	100,635	88,352	63,077	56,881	53,746	49,990	52,037	52,165
Grants and contracts (Nonoperating)	183,259	226,024	177,588	140,772	162,845	137,961	155,589	145,200	133,720	128,546
Financial Aid Trust Funds*	2,729	2,729	2,729	2,729	2,729	2,729	2,729	2,761	2,880	3,030
Capital appropriations	25,791	25,562	25,337	25,205	25,013	24,803	14,249	21,978	9,594	11,204
Adjust Net Operating Revenues less Non-capital Gifts and Grants	\$ 2,608,644	\$ 2,264,452	\$ 2,060,778	\$ 1,840,004	\$ 1,892,850	\$ 1,912,748	\$ 1,883,306	\$ 1,886,251	\$ 1,837,475	\$ 1,748,380
Adjusted Income/(Loss) before Capital, Endowments, and Special Item	\$ (251,972)	\$ (191,554)	\$ (69,168)	\$ (159,469)	\$ (299,109)	\$ (153,621)	\$ (96,746)	\$ (592)	\$ (20,472)	\$ 28,609
Adjust Net Operating Revenues less Non-capital Gifts and Grants	\$ 2,608,644	\$ 2,264,452	\$ 2,060,778	\$ 1,840,004	\$ 1,892,850	\$ 1,912,748	\$ 1,883,306	\$ 1,886,251	\$ 1,837,475	\$ 1,748,380
Ratio	(9.7)%	(8.5)%	(3.4)%	(8.7)%	(15.8)%	(8.0)%	(5.1)%	0.0%	(1.1)%	1.6%

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

* Prior to FY2018, Financial Aid Trust Funds were appropriated directly to ABOR on behalf of the universities. Beginning in Fiscal Year 2018, these funds are appropriated directly to the universities.

Summary of Ratios – Other Ratios (continued)

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES										
Operating Expenses	\$ 2,974,203	\$ 2,527,415	\$ 2,270,178	\$ 2,170,226	\$ 2,232,502	\$ 2,106,906	\$ 2,007,403	\$ 1,902,851	\$ 1,882,513	\$ 1,801,631
Less: Scholarships and Fellowships	(81,880)	(69,249)	(102,105)	(89,556)	(67,450)	(58,673)	(55,421)	(54,884)	(51,808)	(57,158)
Interest on Debt	56,592	56,395	58,745	50,672	60,187	55,072	53,275	51,253	49,748	46,293
Total Adjusted Operating Expenses	\$ 2,948,915	\$ 2,514,561	\$ 2,226,818	\$ 2,131,342	\$ 2,225,239	\$ 2,103,305	\$ 2,005,257	\$ 1,899,220	\$ 1,880,453	\$ 1,790,766
Research Expenses	\$ 644,893	\$ 588,697	\$ 509,383	\$ 492,534	\$ 495,462	\$ 462,112	\$ 426,873	\$ 397,512	\$ 391,122	\$ 421,973
Total Adjusted Operating Expenses	\$ 2,948,915	\$ 2,514,561	\$ 2,226,818	\$ 2,131,342	\$ 2,225,239	\$ 2,103,305	\$ 2,005,257	\$ 1,899,220	\$ 1,880,453	\$ 1,790,766
Ratio	22%	23%	23%	23%	22%	22%	21%	21%	21%	24%

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

NET TUITION PER STUDENT										
Student Tuition and Fees, net	\$ 926,461	\$ 717,928	\$ 677,550	\$ 634,092	\$ 644,352	\$ 658,090	\$ 653,519	\$ 653,725	\$ 608,679	\$ 554,768
Financial Aid Grants	134,361	72,067	103,364	91,081	65,806	59,610	56,475	52,751	54,917	55,195
Less Scholarships and Fellowships	(81,880)	(69,249)	(102,105)	(89,556)	(67,450)	(58,673)	(55,421)	(54,884)	(51,808)	(57,158)
Net Tuition and Fees	\$ 978,942	\$ 720,746	\$ 678,809	\$ 635,617	\$ 642,708	\$ 659,027	\$ 654,573	\$ 651,592	\$ 611,788	\$ 552,805
Net Tuition and Fees	\$ 978,942	\$ 720,746	\$ 678,809	\$ 635,617	\$ 642,708	\$ 659,027	\$ 654,573	\$ 651,592	\$ 611,788	\$ 552,805
Undergraduate, Graduate, and Professional FTE	75,181	47,926	46,829	45,517	44,714	44,376	44,129	43,570	43,323	42,388
Net Tuition per Student (whole dollars)	\$ 13,021	\$ 15,039	\$ 14,495	\$ 13,964	\$ 14,374	\$ 14,851	\$ 14,833	\$ 14,955	\$ 14,122	\$ 13,042

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

STATE APPROPRIATIONS PER STUDENT										
State Appropriations	\$ 357,504	\$ 350,759	\$ 310,298	\$ 259,415	\$ 269,495	\$ 252,931	\$ 254,789	\$ 245,146	\$ 241,257	\$ 270,538
Capital Appropriations	25,791	25,562	25,337	25,205	25,013	24,803	14,249	21,978	9,594	11,204
Adjusted State Appropriations	\$ 383,295	\$ 376,321	\$ 335,635	\$ 284,620	\$ 294,508	\$ 277,734	\$ 269,038	\$ 267,124	\$ 250,851	\$ 281,742
State Appropriations	\$ 383,295	\$ 376,321	\$ 335,635	\$ 284,620	\$ 294,508	\$ 277,734	\$ 269,038	\$ 267,124	\$ 250,851	\$ 281,742
Undergraduate, Graduate, and Professional FTE	75,181	47,926	46,829	45,517	44,714	44,376	44,129	43,570	43,323	42,388
State Appropriation per Student (whole dollars)	\$ 5,098	\$ 7,852	\$ 7,167	\$ 6,253	\$ 6,586	\$ 6,259	\$ 6,097	\$ 6,131	\$ 5,790	\$ 6,647

Measures the institution's dependency on state appropriations.

Summary of Ratios – Debt Related Ratios

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
EXPENDABLE RESOURCES TO DEBT										
Unrestricted Net Assets	\$ (399,945)	\$ (345,996)	\$ (307,211)	\$ (269,494)	\$ (320,257)	\$ (130,727)	\$ (135,502)	\$ 20,756	\$ (80,965)	\$ (124,204)
Expendable Restricted Net Assets	252,828	291,609	270,661	239,189	203,957	233,337	244,542	241,080	238,522	218,805
Expendable Net Assets	\$ (114,117)	\$ (54,387)	\$ (36,550)	\$ (30,305)	\$ (116,300)	\$ 102,610	\$ 109,040	\$ 261,836	\$ 157,557	\$ 94,601
Expendable Net Assets	\$ (114,117)	\$ (54,387)	\$ (36,550)	\$ (30,305)	\$ (116,300)	102,610	109,040	261,836	157,557	94,601
Total Bonds, COPs, Financed Purchase Obligations, and Lease/Subscription Liabilities	\$ 1,707,261	\$ 1,814,559	\$ 1,853,560	\$ 1,783,341	\$ 1,541,684	\$ 1,621,014	\$ 1,600,953	\$ 1,548,735	\$ 1,419,747	\$ 1,478,536
Ratio	(0.09)	(0.03)	(0.02)	(0.02)	(0.08)	0.06	0.07	0.17	0.11	0.06

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

TOTAL FINANCIAL RESOURCES TO DIRECT DEBT										
Unrestricted Net Assets	\$ (399,945)	\$ (345,996)	\$ (307,211)	\$ (269,494)	\$ (320,257)	\$ (130,727)	\$ (135,502)	\$ 20,756	\$ (80,965)	\$ (124,204)
Expendable Restricted Net Assets	252,828	291,609	270,661	239,189	203,957	233,337	244,542	241,080	238,522	218,805
Nonexpendable Restricted Net Assets	208,588	191,107	179,033	189,845	157,378	161,496	154,227	142,774	134,356	138,464
Total Financial Resources	\$ 61,471	\$ 136,720	\$ 142,483	\$ 159,540	\$ 41,078	\$ 264,106	\$ 263,267	\$ 404,610	\$ 291,913	\$ 233,065
Total Financial Resources	\$ 61,471	\$ 136,720	\$ 142,483	\$ 159,540	\$ 41,078	\$ 264,106	\$ 263,267	\$ 404,610	\$ 291,913	\$ 233,065
Total Bonds, COPs and Financed Purchase Obligations, and Lease/Subscription Liabilities	\$ 1,707,261	\$ 1,814,559	\$ 1,853,560	\$ 1,783,341	\$ 1,541,684	\$ 1,621,014	\$ 1,600,953	\$ 1,548,735	\$ 1,419,747	\$ 1,478,536
Ratio	0.04	0.08	0.08	0.09	0.03	0.16	0.16	0.26	0.21	0.16

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

DIRECT DEBT TO ADJUSTED CASH FLOW										
Net Cash Used by Operating Activities	\$ (789,725)	\$ (699,188)	\$ (620,121)	\$ (517,369)	\$ (571,080)	\$ (551,720)	\$ (464,708)	\$ (295,594)	\$ (287,171)	\$ (336,897)
State Appropriations	357,504	350,759	310,298	259,415	269,495	252,931	254,789	245,146	241,257	270,538
Share of State Sales Tax - TRIF	63,604	36,832	46,079	31,979	30,683	30,970	28,763	27,618	25,025	24,964
Non-capital Grants and Contracts and Gifts (1)	538,214	462,548	484,333	441,575	348,158	316,356	316,286	290,388	292,033	297,837
Adjusted Cash Flow from Operations	\$ 169,597	\$ 150,951	\$ 220,589	\$ 215,600	\$ 77,256	\$ 48,537	\$ 135,130	\$ 267,558	\$ 271,144	\$ 256,442
Total Bonds, COPs and Financed Purchase Obligations, and Lease/Subscription Liabilities	\$ 1,707,261	\$ 1,814,559	\$ 1,853,560	\$ 1,783,341	\$ 1,541,684	\$ 1,621,014	\$ 1,600,953	\$ 1,548,735	\$ 1,419,747	\$ 1,478,536
Adjusted Cash Flow from Operations	\$ 169,597	\$ 150,951	\$ 220,589	\$ 215,600	\$ 77,256	\$ 48,537	\$ 135,130	\$ 267,558	\$ 271,144	\$ 256,442
Ratio	10.07	12.02	8.40	8.27	19.96	33.40	11.85	5.79	5.24	5.77

(1) Includes: Financial aid grants, grants and contracts, and private gifts.

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.

DEBT SERVICE TO OPERATIONS										
Interest and Fees Paid on Debt and Financed Purchase Obligations	\$ 56,592	\$ 56,395	\$ 58,745	\$ 50,672	\$ 60,187	\$ 55,072	\$ 53,275	\$ 51,253	\$ 49,748	\$ 46,293
Principal Paid on Debt and Financed Purchase Obligations	122,878	95,551	85,953	241,389	285,106	67,468	132,499	79,838	254,284	197,381
Less: Principal Paid from Refinancing Activities	-	-	-	(172,510)	(210,660)	-	(65,950)	(15,685)	(181,440)	(157,050)
Debt Service	\$ 179,470	\$ 151,496	\$ 144,698	\$ 119,551	\$ 134,633	\$ 122,540	\$ 119,824	\$ 115,406	\$ 122,592	\$ 86,624
Debt Service	\$ 179,470	\$ 151,496	\$ 144,698	\$ 119,551	\$ 134,633	\$ 122,540	\$ 119,824	\$ 115,406	\$ 122,592	\$ 86,624
Operating Expenses	\$ 2,974,203	\$ 2,527,415	\$ 2,270,178	\$ 2,170,226	\$ 2,232,502	\$ 2,106,906	\$ 2,007,403	\$ 1,902,851	\$ 1,882,513	\$ 1,801,631
Ratio	6.0%	6.0%	6.4%	5.5%	6.0%	5.8%	6.0%	6.1%	6.5%	4.8%

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 spike during times of specific funding activity.

DEBT SERVICE COVERAGE FOR SENIOR LIEN SYSTEM AND SUBORDINATE LIEN SYSTEM REVENUE BONDS

Fiscal Year Ended June 30 (in thousands of dollars)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tuition and Fees, net of scholarship allowance	\$ 926,461	\$ 717,928	\$ 677,550	\$ 634,092	\$ 644,352	\$ 658,090	\$ 653,519	\$ 653,725	\$ 608,679	\$ 554,768
Receipts from Other Major Revenue Sources (Facilities Revenues)	515,494	446,213	429,641	316,980	396,227	425,920	416,819	410,659	402,760	397,917
Net Revenues Available for Debt Service	\$ 1,441,955	\$ 1,164,141	\$ 1,107,191	\$ 951,072	\$ 1,040,579	\$ 1,084,010	\$ 1,070,338	\$ 1,064,384	\$ 1,011,439	\$ 952,685
Senior Lien Bonds Debt Service										
Interest on Debt	\$ 41,011	\$ 42,422	\$ 44,339	\$ 34,259	\$ 37,752	\$ 37,730	\$ 31,849	\$ 28,936	\$ 24,121	\$ 23,290
Principal Paid on Debt	47,770	34,970	30,335	26,320	28,960	24,955	25,135	23,820	25,205	21,575
Senior Lien Bonds Debt Service Requirements	\$ 88,781	\$ 77,392	\$ 74,674	\$ 60,579	\$ 66,712	\$ 62,685	\$ 56,984	\$ 52,756	\$ 49,326	\$ 44,865
Coverage	16.24	15.04	14.83	15.70	15.60	17.29	18.78	20.18	20.51	21.23
<i>Bond Resolution Covenant: The Gross Revenues of the university for each fiscal year will be at least 150% of the Maximum Annual Debt Service due in any fiscal year.</i>										
Subordinate Lien Bonds Debt Service										
Interest on Debt	\$ 13,920	\$ 14,484	\$ 14,689	\$ 15,271	\$ 19,475	\$ 19,575	\$ 20,044	\$ 20,458	\$ 21,412	\$ 14,442
Principal Paid on Debt	11,825	11,255	11,035	11,440	10,400	9,970	9,590	9,260	-	-
Subordinate Lien Bonds Debt Service Requirements	\$ 25,745	\$ 25,739	\$ 25,724	\$ 26,711	\$ 29,875	\$ 29,545	\$ 29,634	\$ 29,718	\$ 21,412	\$ 14,442
Combined Senior/Subordinate Lien Debt Service	\$ 114,526	\$ 103,131	\$ 100,398	\$ 87,290	\$ 96,587	\$ 92,230	\$ 86,618	\$ 82,474	\$ 70,738	\$ 59,307
Coverage	12.59	11.29	11.03	10.90	10.77	11.75	12.36	12.91	14.30	16.06
<i>Debt Service Assurance Agreement and SPEED Bond Resolution Covenant: The Gross Revenues of the university for each fiscal year will be at least 100% of the annual debt service due on all outstanding parity bonds and subordinate obligations.</i>										

ADMISSIONS, ENROLLMENT AND DEGREES EARNED

Fall enrollment of fiscal year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ADMISSIONS - FIRST YEAR UNDERGRADUATES										
Applied	56,466	52,103	48,202	43,540	40,854	39,941	33,608	36,166	35,383	32,723
Admitted	48,369	45,195	41,996	37,064	34,557	33,714	28,089	28,433	27,042	24,417
Enrolled	9,178	9,091	8,485	7,334	7,683	7,750	7,360	7,753	8,037	7,744
Accepted as Percentage of Applied	86%	87%	87%	85%	85%	84%	84%	79%	76%	75%
Enrolled as Percentage of Admitted	19%	20%	20%	20%	22%	23%	26%	27%	30%	32%
Average SAT scores - Total	1265	1265	1275	1256	1262	1229	1136	1123	1121	1114
Verbal	631	628	634	622	623	611	563	555	540	549
Math	634	637	642	633	639	618	575	568	567	565
ENROLLMENT										
Undergraduate, Graduate and Professional FTE	75,181	47,926	46,829	45,517	44,714	44,376	44,129	43,570	43,323	42,388
Undergraduate, Graduate and Professional Headcount	85,791	51,134	49,471	46,932	45,918	45,217	44,831	43,625	43,088	42,236
Men (Headcount)	36,276	22,790	21,956	21,132	21,383	21,456	21,673	21,011	20,833	20,345
Percentage of Total	42.3%	44.6%	44.4%	45.0%	46.6%	47.5%	48.3%	48.2%	48.3%	48.2%
Women (Headcount)	49,515	28,344	27,515	25,800	24,535	23,761	23,158	22,614	22,255	21,891
Percentage of Total	57.7%	55.4%	55.6%	55.0%	53.4%	52.5%	51.7%	51.8%	51.7%	51.8%
Black or African American (Headcount)	11,370	1,995	1,885	1,745	1,670	1,657	1,679	1,601	1,510	1,402
Percentage of Total	13.3%	3.9%	3.8%	3.7%	3.6%	3.7%	3.7%	3.7%	3.5%	3.3%
Hispanic or Latino (Headcount)	20,127	12,723	12,478	12,114	10,869	10,729	10,753	10,161	9,790	9,405
Percentage of Total	23.5%	24.9%	25.2%	25.8%	23.7%	23.7%	24.0%	23.3%	22.7%	22.3%
White (Headcount)	37,165	23,714	23,343	22,073	21,878	21,869	22,040	22,069	22,198	22,050
Percentage of Total	43.3%	46.4%	47.2%	47.0%	47.7%	48.4%	49.2%	50.6%	51.5%	52.2%
Other (Headcount)	17,129	12,702	11,765	11,000	11,501	10,962	10,359	9,794	9,590	9,379
Percentage of Total	19.9%	24.8%	23.8%	23.5%	25.0%	24.2%	23.1%	22.4%	22.3%	22.2%
DEGREES EARNED *										
Bachelor's	13,175	7,772	7,410	7,543	7,406	7,754	7,248	6,949	7,039	6,743
Master's	4,626	2,297	2,358	2,256	2,037	2,100	1,987	1,987	1,960	1,735
Doctoral	526	467	410	486	435	448	435	442	524	528
Professional	628	523	583	524	516	533	513	494	383	411
Associate	189	-	-	-	-	-	-	-	-	-
Certificates	530	495	504	425	343	309	261	220	217	219

Sources: University Analytics & Institutional Research (UAIR) <https://uair.arizona.edu> and the University of Arizona Global Campus <https://www.uagc.edu/institutional-data>
 * Degrees awarded as reported to IPEDS and ABOR. Includes primary awards only.

DEMOGRAPHIC DATA

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Arizona Population	7,431,344	7,359,197	7,276,316	7,421,401	7,278,717	7,171,646	7,016,270	6,931,071	6,829,397	6,731,484
Arizona Personal Income (in millions)	\$ 458,154	\$ 417,021	\$ 395,111	\$ 363,274	\$ 336,514	\$ 313,040	\$ 292,108	\$ 278,925	\$ 266,756	\$ 261,314
Arizona Per Capita Personal Income	\$ 61,652	\$ 56,667	\$ 54,201	\$ 48,950	\$ 46,233	\$ 43,650	\$ 41,633	\$ 40,243	\$ 39,060	\$ 37,895
Arizona Unemployment Rate	3.30%	3.50%	3.30%	6.80%	10.00%	4.90%	4.70%	5.00%	5.60%	5.90%

Sources: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics

PRINCIPAL EMPLOYERS

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
The University of Arizona	19,866	1	4.0%	11,235	1	2.4%
Raytheon Technologies	14,039	2	2.8%	9,600	2	2.1%
Tucson Unified School District	8,125	3	1.6%	7,023	6	1.5%
Banner - University Medical Center	7,964	4	1.6%	6,542	7	1.4%
Pima County Government	7,295	5	1.4%	7,134	5	1.5%
Davis Monthan Air Force Base	6,157	6	1.2%	8,335	4	1.8%
State of Arizona	5,526	7	1.1%	8,524	3	1.8%
Tucson Medical Center	5,278	8	1.1%	-	-	-
City of Tucson	4,916	9	1.0%	-	-	-
Wal-Mart Stores, Inc.	4,301	10	0.9%	5,400	10	1.2%
US Border Patrol	-	-	-	6,470	8	1.4%
Freeman-McMoran Copper	-	-	-	5,800	9	1.3%
Total	83,467		16.7%	76,063		16.4%
Total Work Force			500,578			461,064

Sources:

The University of Arizona Interactive Fact Book and University Analytics & Institutional Research (UAIR) <https://uair.arizona.edu> and <https://www.uagc.edu/institutional-data>

Pima Association of Governments (PAG) - 2024

Economic and Business Research Center, Eller College of Management, June 2024

FACULTY AND STAFF

Fall employment of fiscal year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FACULTY										
Full-time	2,550	2,483	2,458	2,395	2,414	2,447	2,320	2,281	2,363	2,343
Part-time	835	845	808	732	798	754	770	789	795	801
Total Faculty	3,385	3,328	3,266	3,127	3,212	3,201	3,090	3,070	3,158	3,144
Percentage Tenured	45.6%	46.4%	47.9%	51.5%	51.3%	51.4%	52.4%	51.4%	49.4%	49.6%
Tenured Track - Dept. Head	98	89	107	108	110	84	85	85	89	90
Tenured Track - Faculty	1,444	1,454	1,459	1,502	1,539	1,562	1,535	1,493	1,470	1,469
Total Tenured Track	1,542	1,543	1,566	1,610	1,649	1,646	1,620	1,578	1,559	1,559
STAFF										
Full-time	10,707	8,710	8,243	8,367	8,628	8,249	7,793	7,329	7,786	7,775
Part-time	5,774	3,869	4,041	4,073	4,683	4,767	4,740	4,657	4,586	4,696
Total Staff	16,481	12,579	12,284	12,440	13,311	13,016	12,533	11,986	12,372	12,471
Total Faculty and Staff	19,866	15,907	15,550	15,567	16,523	16,217	15,623	15,056	15,530	15,615

Source: The University of Arizona Interactive Fact Book <https://uair.arizona.edu> and the University of Arizona Global Campus <https://www.uagc.edu/institutional-data>
UAGC associate faculty are considered staff under ABOR definition.

CAPITAL ASSETS

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academic/Support Facilities	604	611	620	619	622	621	646	651	651	643
Auxiliary Facilities	86	84	84	78	78	74	71	75	74	74
Total	690	695	704	697	700	695	717	726	725	717

Source: The University of Arizona Capital Improvement Plan from Planning, Design & Construction





Photo: University Marketing & Brand Development



Photo: University Marketing & Brand Development



Credits

Content

John Arnold

Senior Vice President, Chief Operating Officer
and Chief Financial Officer

Garth Perry

Vice President of Finance and Chief Budget Officer

Stacey Lemos

Assistant Vice President and Comptroller, Financial Services

Bethany Prim

Assistant Comptroller, Financial Services

Steve Kelly

Assistant Vice President, Treasury

Tammy Strom

Director, Accounts Payable

Michelle Meyer

Director, Payroll Administration

Stan Park

Assistant Director, Treasury Operations

Chris Pings

Assistant Director, Treasury Accounting

Jennifer Pfennig

Senior Accounting Manager, Financial Services

Layout and Design

Michele Correia

Communications Manager, Financial Services

Joe Gallegos

Web Administrator, Business Affairs Technology Services

Staff Contributions

Christian Anaya, Michael Aramian, Ron Blank, Yvette Carbajal, Stacey Castro, Shawn Clodfelter, Keith Crosby, Steven De La Vergne, Denise Dellinger, Sidney Eagleton, Elvira Fike, Janet Gurton, Steven Ivanoff, Lisa Kemp, Jodi Ketchmark, Nikki Koji, Aaron Kreidl, Andy Lewis, Siyan Lou, Lori Martzke, Juanita McCune, Amy Miller, Myls Miller, Jasmine Montano, Najah Muzahem, Stephen Pedone, Melinda Pelusi, Alex Randall, Sergio Salazar-Castillo, Kristina Sanchez, Claudine Stubblefield, Mark Swingle, Jeremy Thomas, Leslie Trebilcock, Julie Villaverde, Todd Wheeler, Accounts Payable, Bursar's Office, Finance Strategy & Solutions, Payroll Administration, Purchasing, Initiatives & Outreach, Sponsored Projects Services, University Information Technology Services, University Analytics & Institutional Research, University Marketing & Communications



THE UNIVERSITY OF ARIZONA

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